



Investor Presentation

First Half 2006 Results



Company Overview

➤ Shares outstanding:	117.8 ⁽¹⁾
➤ Free float:	65.6 million (56% of total ⁽²⁾)
➤ Share price (as of 1/9/06):	£4.525 (\$8.61)
➤ Market capitalisation:	\$1,013.6 million (£532.9 million)
➤ Enterprise value:	\$1,051.1 million
➤ 2P Oil Reserves:	225 MMBbls
➤ Pro forma Voivozh acquisition:	250 MMBbls ⁽³⁾
➤ 2P Enterprise value:	\$4.65 per barrel

Notes:

1. Fully-diluted basis 121.6 million shares outstanding.
2. On un-diluted basis.
3. Voivozh according to Russian C1-C2 reserves classification.

Portfolio Diversification Through Acquisition



URALS ENERGY



<p>1 Arcticneft (100%)</p> <ul style="list-style-type: none"> ▪2P Reserves: 36MMBbls ▪1,052 avg 1H 2006 ▪2 Refineries 1,200BOPD 	<p>3 Voivozh (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: 109MMBbls ▪1.7 TCF Possible gas reserves ▪614 BOPD avg 1H 2006
<p>2 Dinyu (100%)</p> <ul style="list-style-type: none"> ▪2P Reserves: 21MMBbls ▪2,678 BOPD avg 1H 2006 	<p>4 CNPSEI (100%)</p> <ul style="list-style-type: none"> ▪2P Reserves: 9MMBbls ▪790 BOPD avg 1H 2006 	<p>6 Chepetskoye NGDU (100%)</p> <ul style="list-style-type: none"> ▪2P Reserves: 23MMBbls ▪844 BOPD avg 1H 2006 	<p>8 Petrosakh (97%)</p> <ul style="list-style-type: none"> ▪2P Reserves: 28MMBbls ▪852MMBbls potential gross unrisksed resouces ▪3,088BOPD avg 1H 2006 ▪Refinery 4,100 BOPD

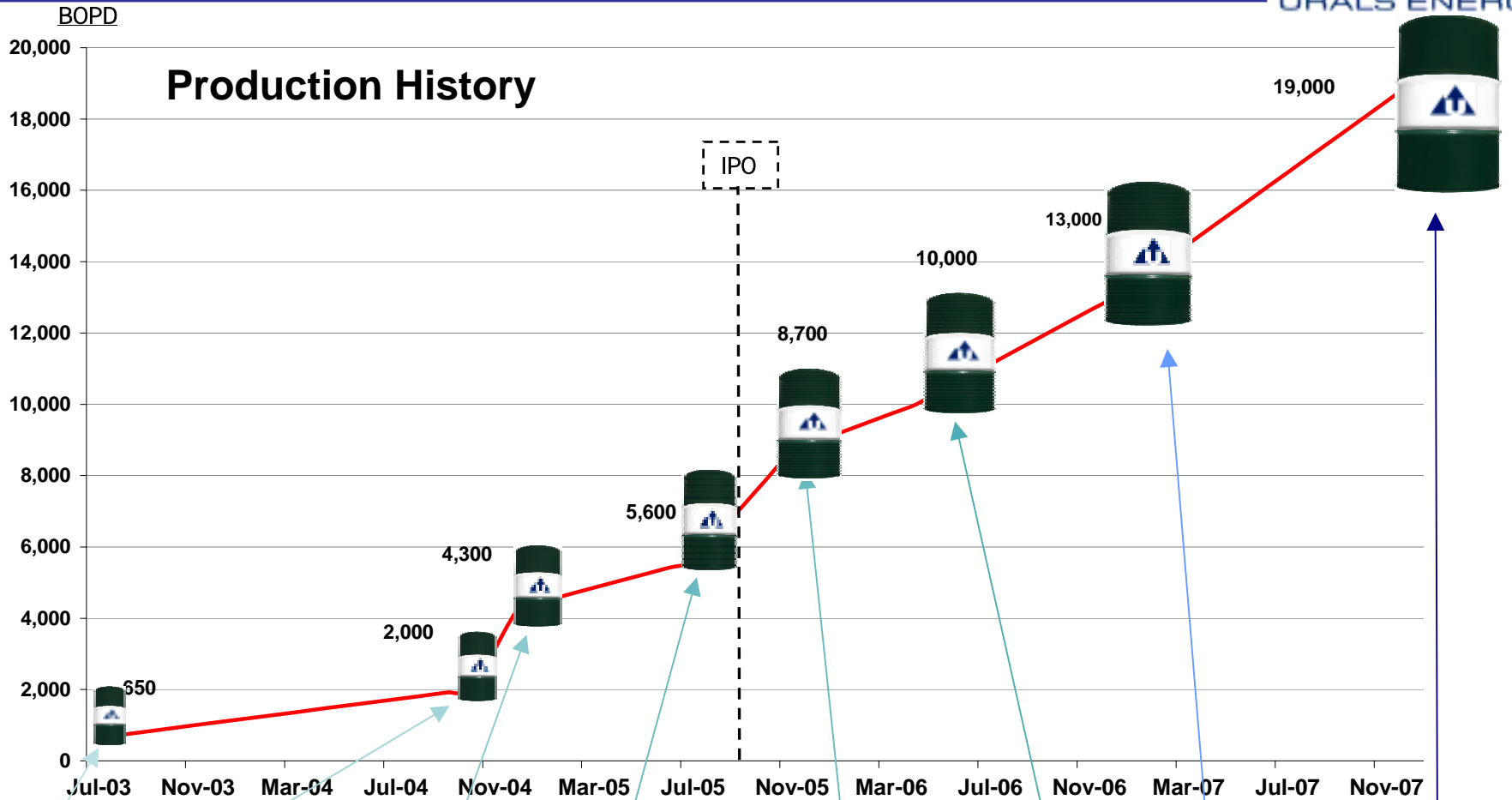


First Half Results Highlights

Urals Energy – Production Growth



URALS ENERGY



July 2003
650 BOPD –
Chepetskoye
Acquisition

Oct. 2004
2,000 BOPD –
CNPSEI
Acquisition

Dec. 2004
4,300 BOPD
– Petrosakh
Acquisition

July 2005
5,600 BOPD –
Arcticneft
Acquisition

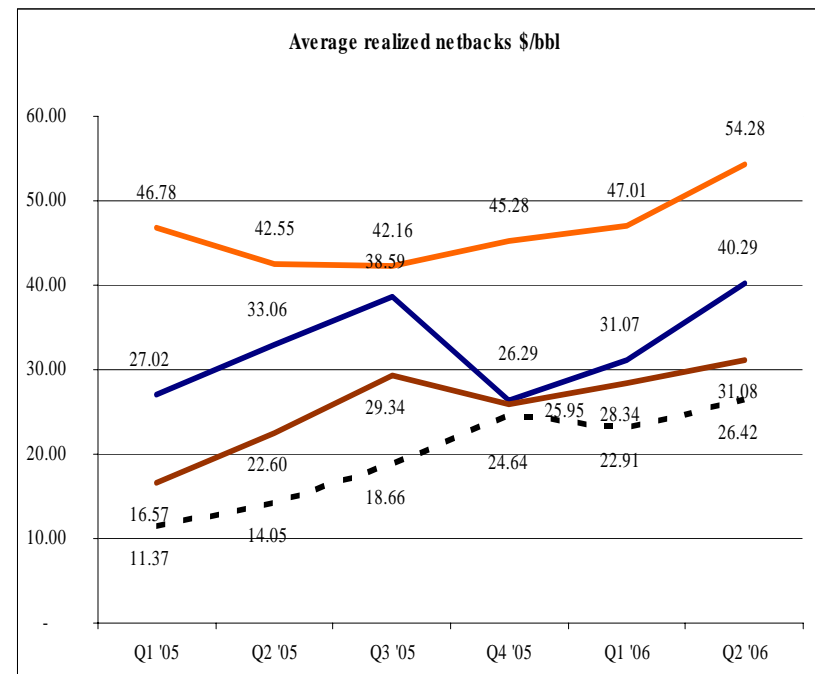
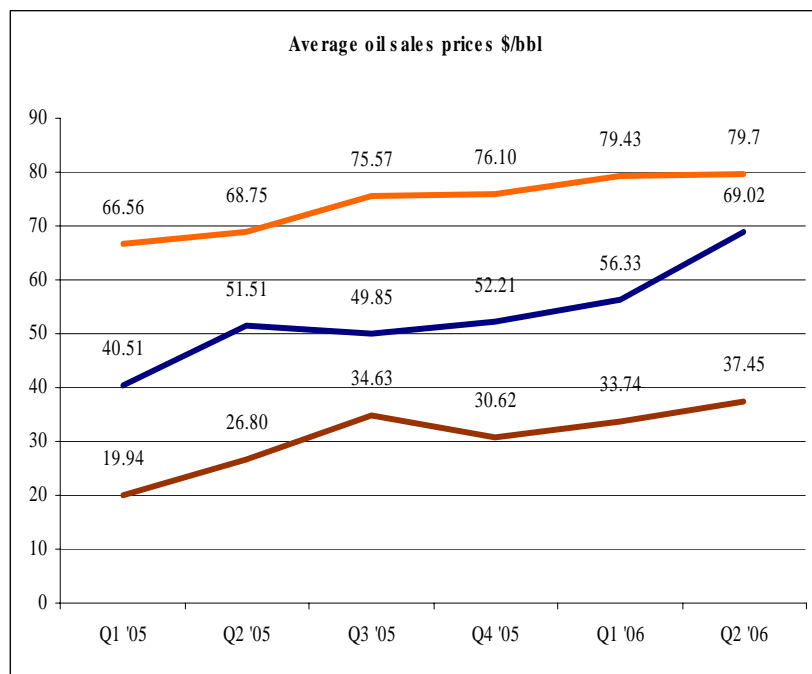
Nov. 2005
8,700 BOPD –
Dinyu
Acquisition

April 2006
10,000 BOPD
– Dulisma
Acquisition

Year-end
2006
13,000 BOPD

Year-end
2007
19,000 BOPD
New Target

Improving Prices and Netbacks



— Products — Export — Domestic

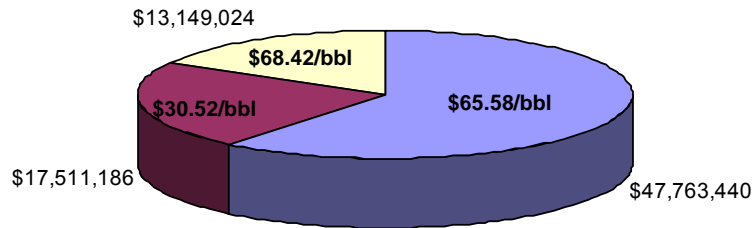
— Products — Export — Domestic - - - - - Export Duty

1H 2006 Gross Revenues & Netback Analysis



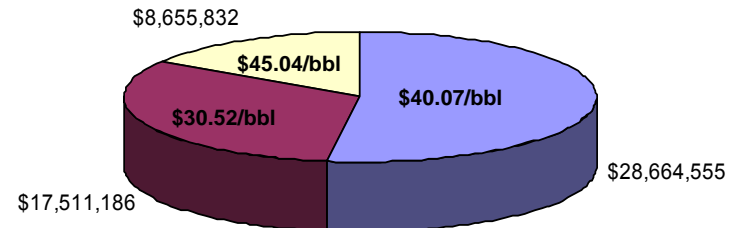
URALS ENERGY

Total Gross Revenues US\$ 78.4MM



■ Crude Export ■ Crude Domestic □ Products Domestic

Total Netback Receipts US\$54.83MM⁽¹⁾



■ Crude Export ■ Crude Domestic □ Products Domestic

1) Netback analysis does not include third party crude sales

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)

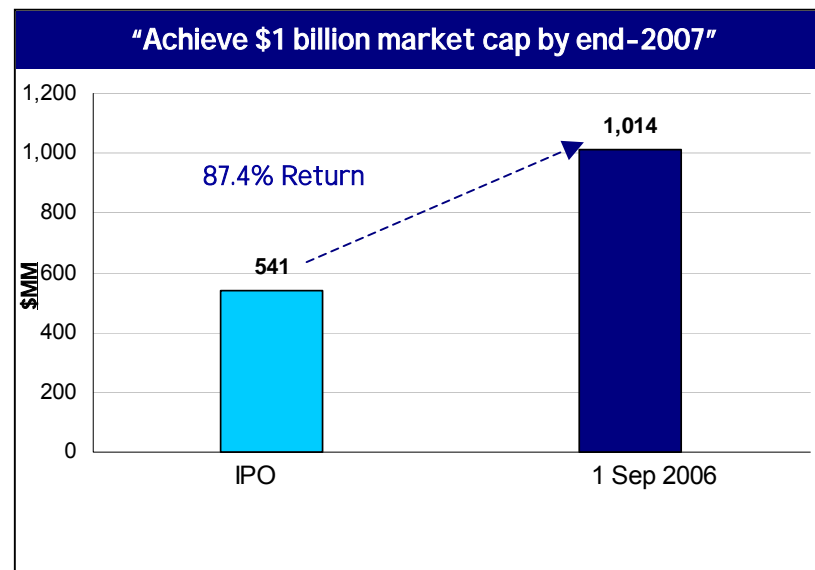
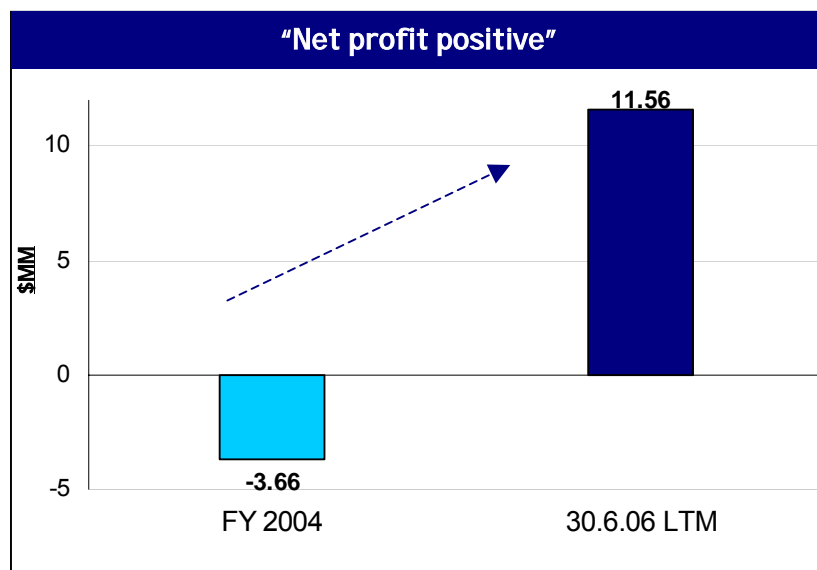
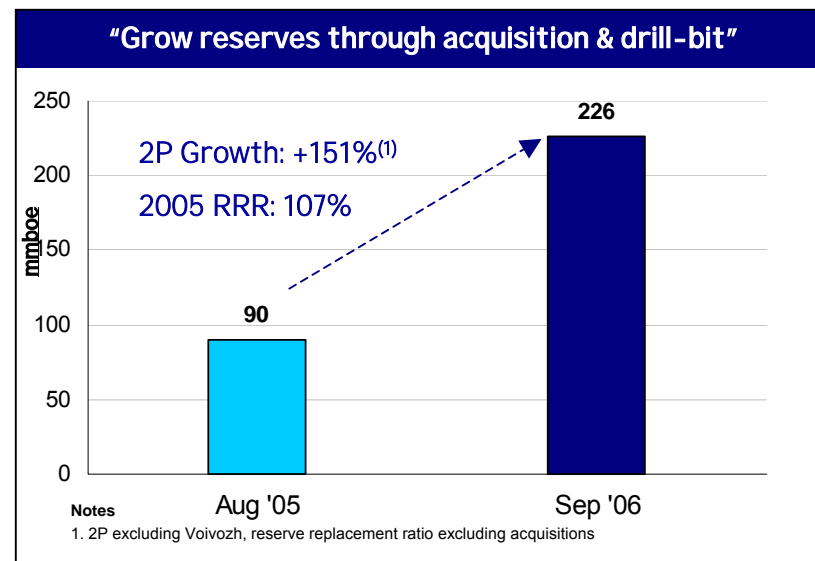
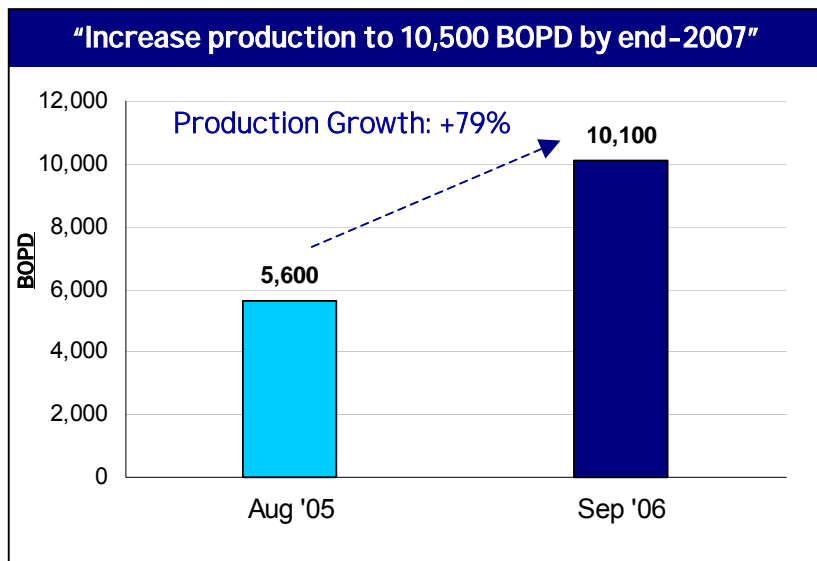
3,790

(800)

Achievements in First Year After IPO



URALS ENERGY

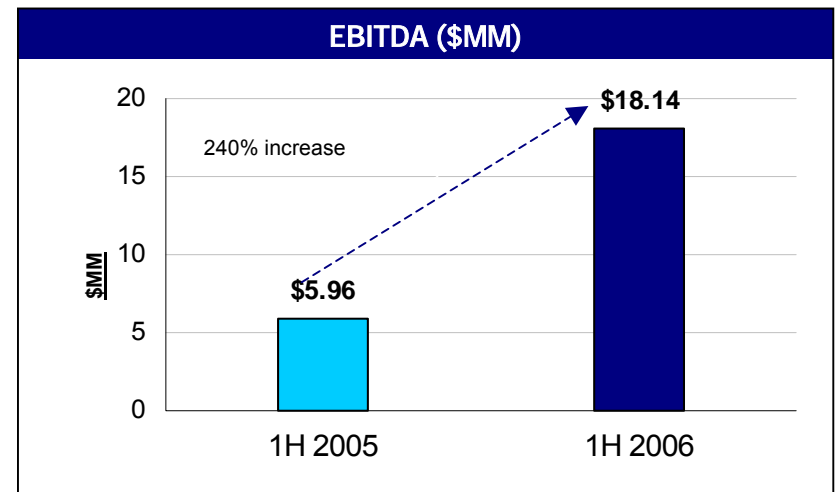
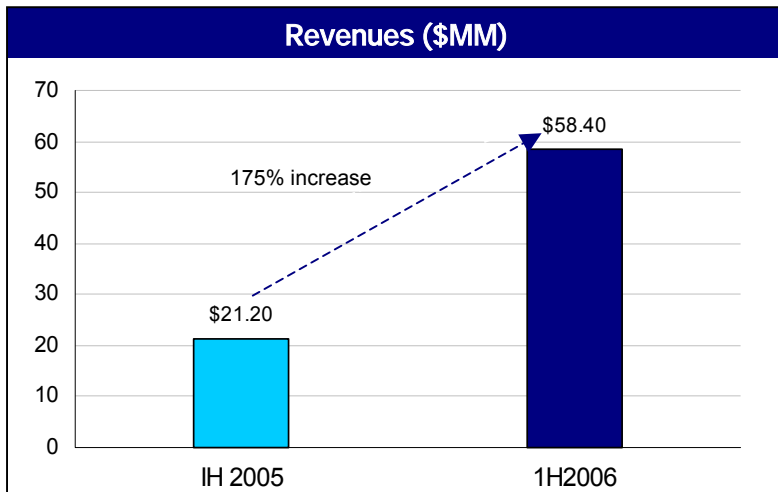


Year – on – Year Results Improvement

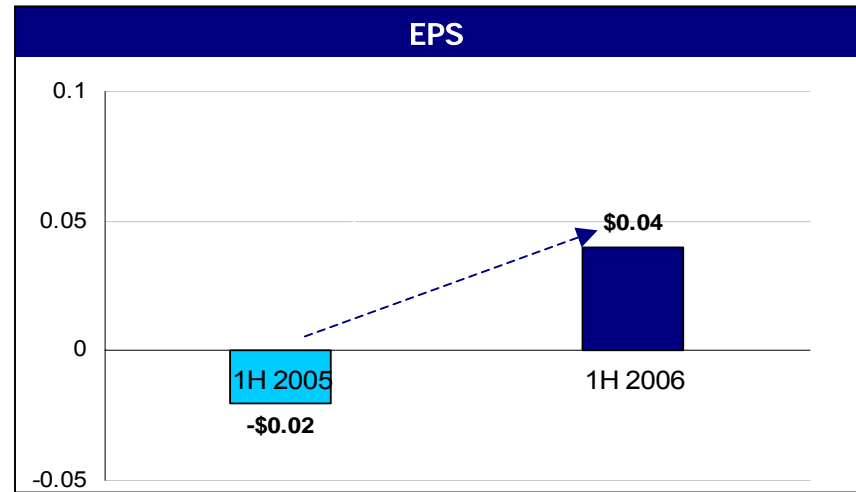
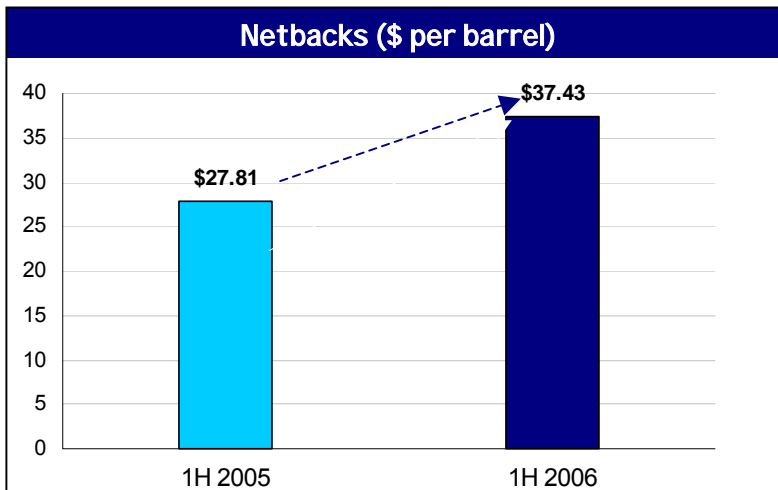


URALS ENERGY

Growth In Scale



Improvement in Economics





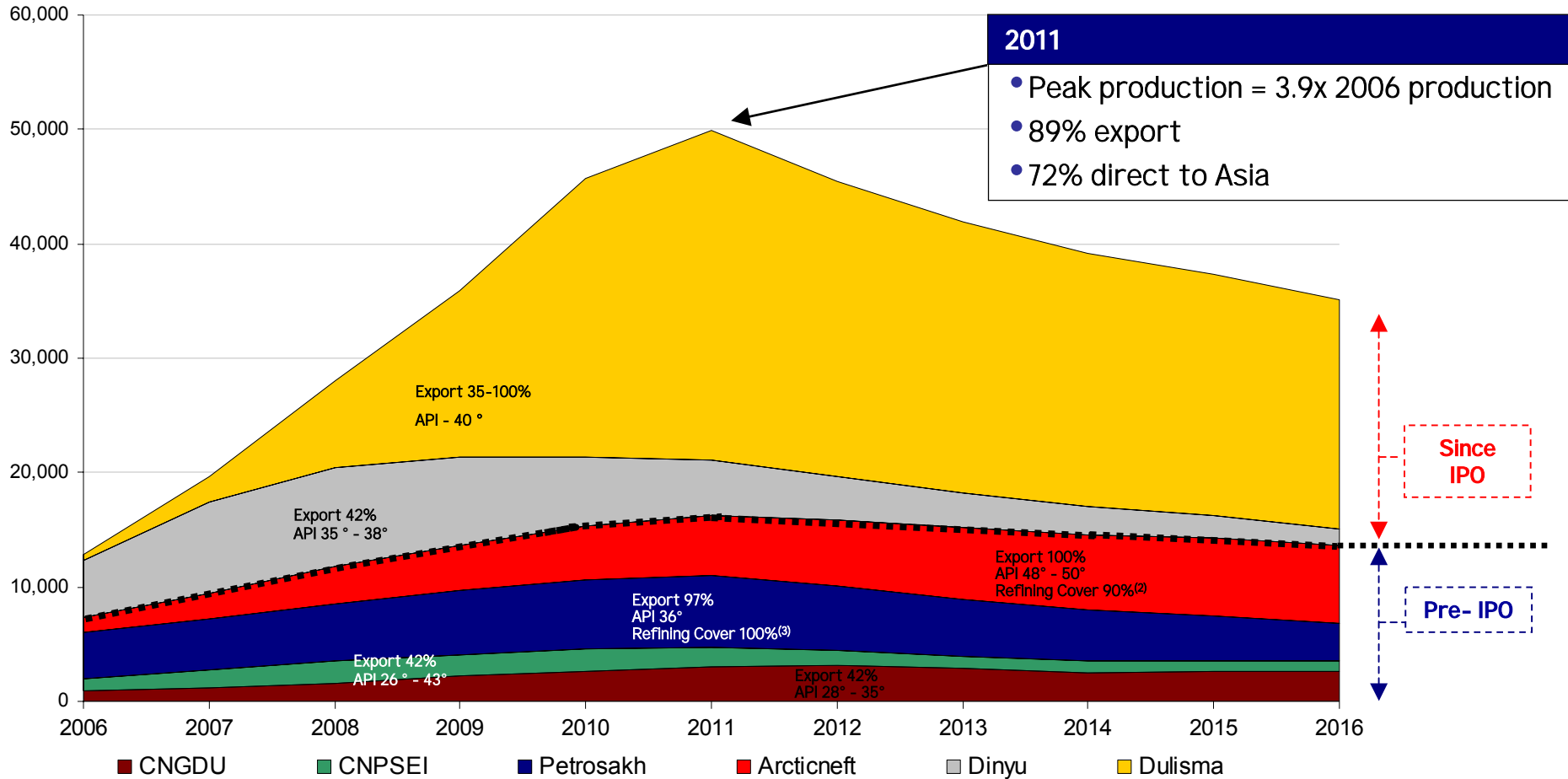
Forward View

D&M Projected Daily Average Oil Production



URALS ENERGY

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



Notes

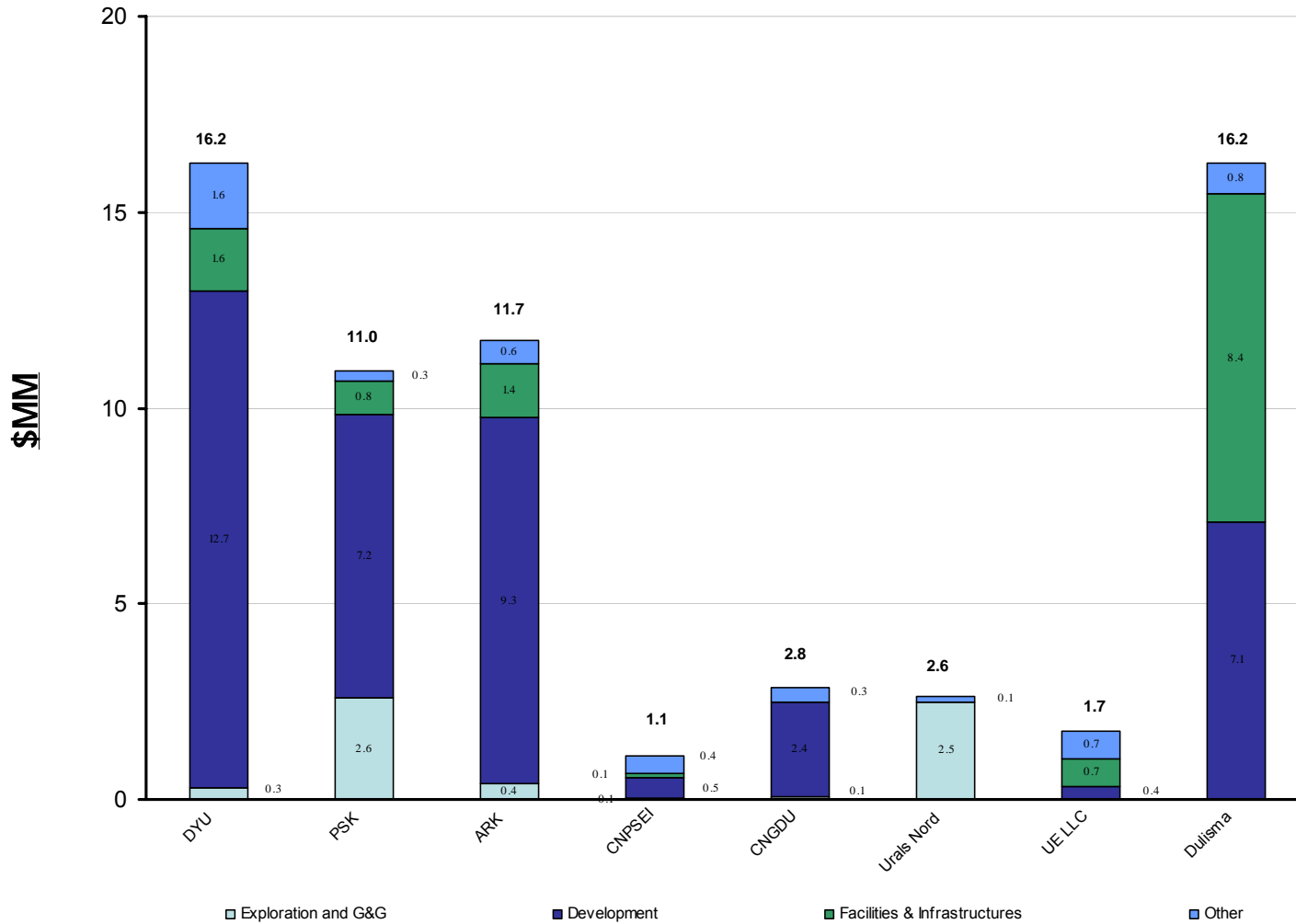
1. Average daily production from proved + probable reserves for each year as estimated by DeGolyer & MacNaughton reports as at 31 December 2005 except for Dulisma as at 31 March 2006, excludes Voivozh
2. Current refining capacity of Arcticneft is 1,200 BOPD
3. Current refining capacity of Petrosakh is 4,100 BOPD, upgradeable to 8,200 BOPD at limited cost

2006 Capital Expenditures



URALS ENERGY

Total Capex for 2006 = US\$60MM – US\$64MM



September 2006

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

October 2006

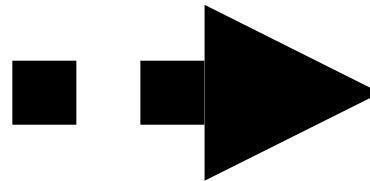
- Petrosakh arrival of fracing equipment
- Dulisma arrival of mobile drilling rig
- Dinyu well completion result

November 2006

- Petrosakh well completion result
- Arcticneft well completion result
- Dinyu well completion result

December 2006

- Petrosakh initial fracing results
- Arcticneft well completion result
- Dinyu well completion result
- Chepetskoye NGDU well completion result



Remainder of 2006

- 9 development wells completed**
- 2 well workovers**
- 2 side-track wells**
- 8 wells fraced**
- 30% oil production increase**



Operating Companies Highlights

Gross Reserves Summary – mmmboe			
1P	2P	3P ⁽¹⁾	2P PV10%
36.8	109.4	476.6	\$410.1 MM

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

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

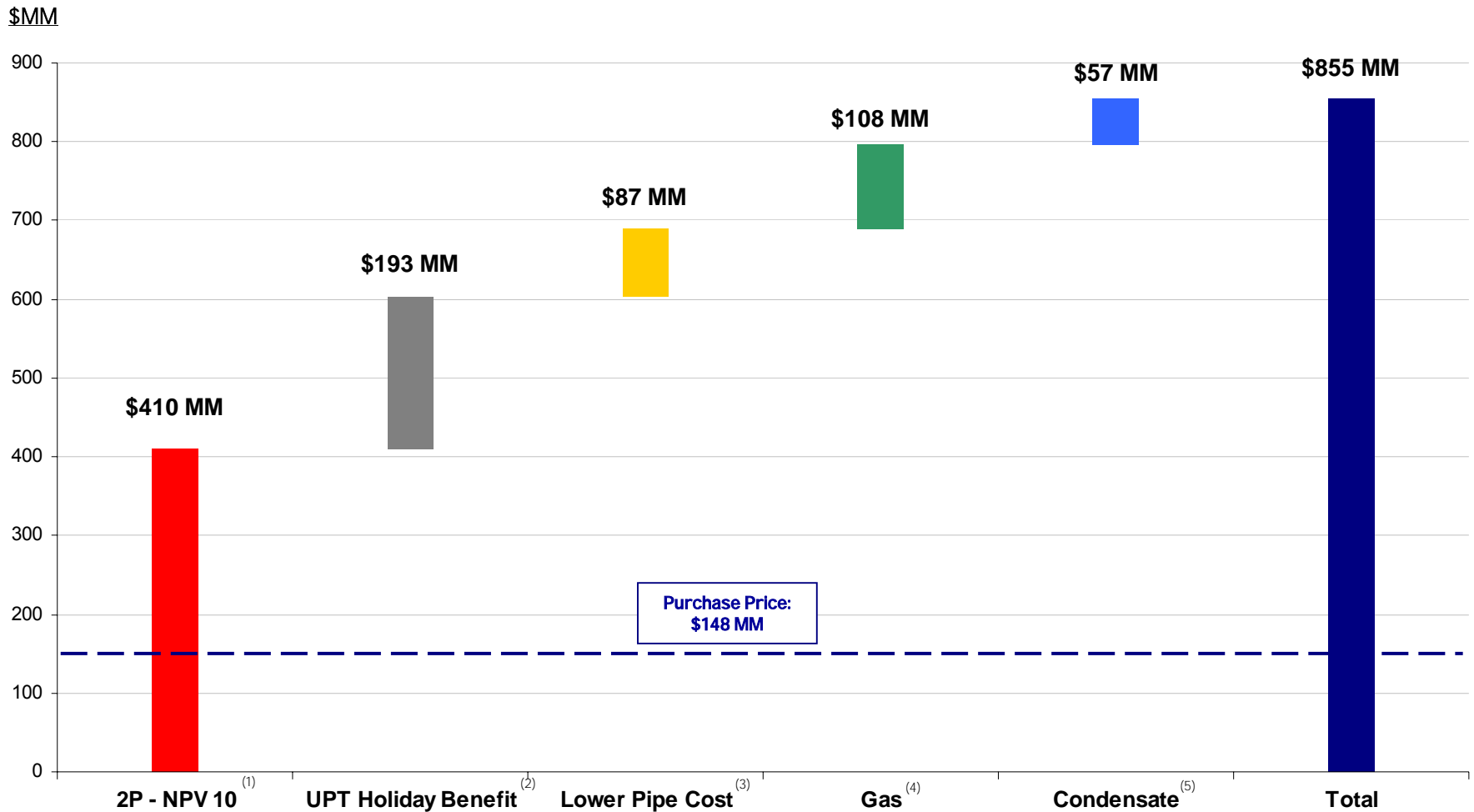
Notes

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

Dulisma - Potential Areas of Value Creation



URALS ENERGY



Notes

1. Estimated by DeGolyer & MacNaughton as at 31 March 2006
2. Company estimates based on D&M report as at 31 March 2006 assuming exemption from Unified Production Tax (UPT) and appropriate capital structure to reduce corporation tax impact, UPT of \$77.40/tonne as of 31 March 2006
3. NPV of pipeline cost investment made in 2008 and 2009, based on D&M
4. Assumes a 1.9\$/Bbl discounted by 80% for the 1.68 TCF gas possible reserves as stated in D&M Dulisma report, as per Morgan Stanley estimate
5. Assumes 2P NPV10 \$/bbl multiple discounted by 80% for the 76.6 mmbbl condensate possible reserves as stated in D&M Dulisma report, as per Morgan Stanley estimate

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

Source D&M as at 31 December 2005

Operations

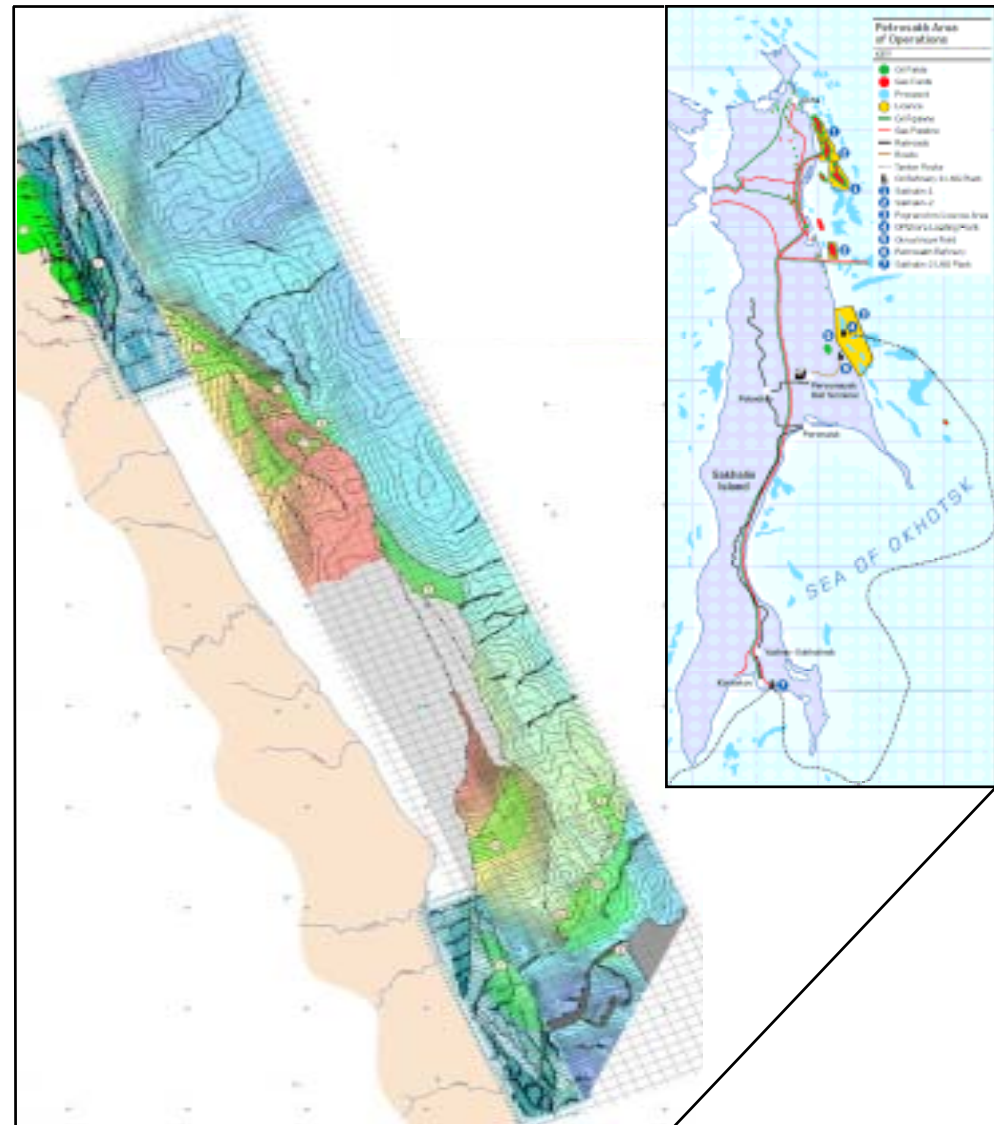
- Average production
 - Current: 3,263 BOPD
 - 2007 est. year end: 5,400 BOPD

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

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, Voivozh)

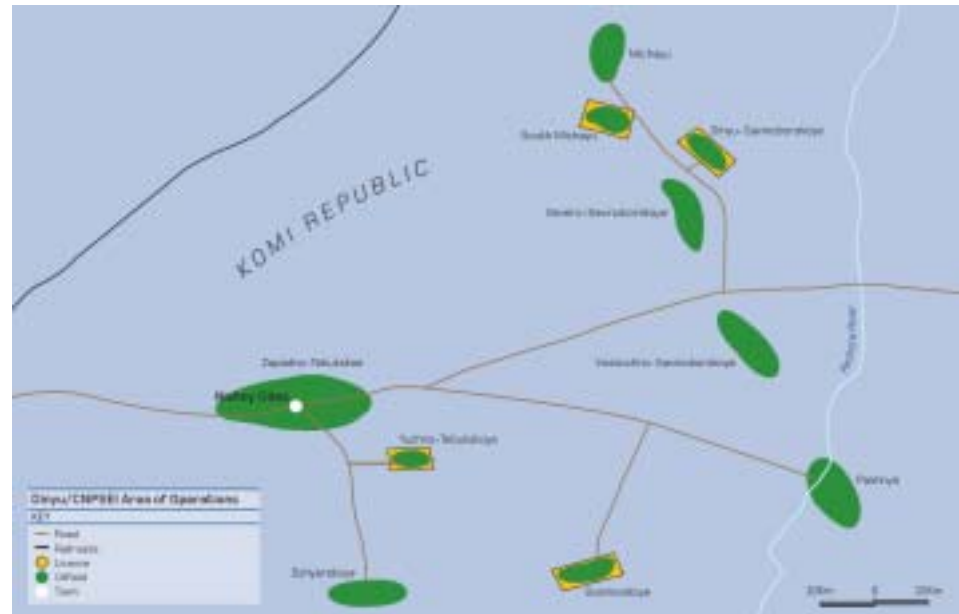
- Average production
 - Current: 3,920 BOPD
 - 2007 est. year end: 6,900 BOPD

Remaining 2006 Activity

- Dinyu
 - 3 development wells
 - 1 side-track well
 - 2D seismic program
- Voivozh
 - \$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
- Voivozh work-over wells
- Komi-wide fracking program



Timan Pechora



URALS ENERGY

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

Operations (Arcticneft, Urals Nord)

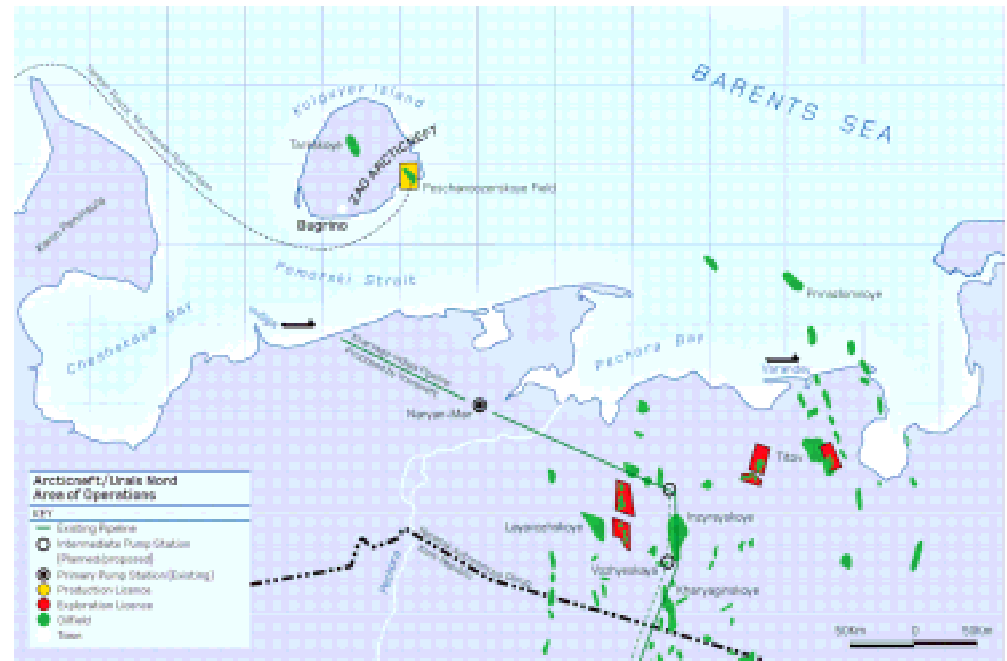
- Average production
 - Current: 1,013 BOPD
 - 2007 est. year end: 2,100 BOPD

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

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

Chepetskoye NGDU

Operations

- 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