



URALS ENERGY

Management Presentation

July 2005

Urals Energy Board and Senior Management



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- **Viatcheslav Rovneiko**
 - Chairman and co-founder
 - Interests in NAFTA (B) N.V., Sarova Water Company and Rosegarden
- **William Thomas**
 - CEO and co-founder
 - Former President and CEO, Nations Energy; former CEO, Siberian American Oil Company
- **Leonid Dyachenko**
 - President and co-founder
 - Interests in other businesses in trucking and transportation, pharmaceuticals and oil trading
- **Stephen Buscher**
 - CFO
 - Former co-head of the Moscow office for Lazard Freres and Merrill Lynch
- **Henry Wolski**
 - Senior VP, Exploration and Production
 - Former Director for Production for Petrokazakhstan, former Technical Director for KMOC

Investment Highlights



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STRONG PLATFORM OF RESERVES AND PRODUCTION

- Proved reserves of 56 mmboe, probable of 34 mmboe, possible of 28 mmboe, prospective resources of 151 mmboe⁽¹⁾
- Daily production of c.5,600 bopd⁽²⁾
- The only independent producer with exposure to Sakhalin; presence in other oil rich regions

FOCUS ON GROWTH

- Base production projected to increase to c.10,500 bopd by end of 2007 ⁽¹⁾⁽³⁾
- Exploration potential in 16 identified prospects, incl. offshore Sakhalin and Timan Pechora
- Pipeline of potential acquisitions based on disciplined investment criteria

VALUE CREATION

- Access to export markets for c. 80% of current production
- 70% of crude produced is of high quality and trades above Brent / Oman benchmarks
- 100% refining cover on Sakhalin Island (4,100 bopd) and 90% on Kolguev Island (1,200 bopd)
- Potential for efficiency improvements in newly acquired companies

COMBINATION OF WESTERN AND RUSSIAN MANAGEMENT

- Track record of value creation as a team; substantial management cash investment
- Extensive relationships and experience in upstream sector and in Russia
- Western standards of operating efficiency and financial discipline

Notes

- (1) SPE reserves, prospective resources (probabilistic best estimates) and production as defined and appraised by DeGolyer & MacNaughton.
(2) Average for 1H2005; pro-forma for ArcticNeft
(3) Production from proved + probable reserves (unrisked) from existing development assets; excludes exploration potential

Strategy for Growth



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- Pace of activity picking up among Russian majors
 - Portfolio restructuring and rationalisation, more disciplined approach to investments
 - Focusing on the next generation of large projects (Sakhalin V/VI, Vankor, Polar Lights, Trebs, Titova, etc)
- Consolidation of the fragmented E&P space on its way
 - Substantial number of small E&P companies lacking technical skills and human and financial resources
- Urals Energy is uniquely positioned to benefit from these trends
 - Management strength and relationships in the sector
 - Ability to evaluate opportunities using Western standards and move quickly
 - Access to capital

– “Lukoil, the Russian listed oil firm, is preparing the sale of core and non-core assets that are regarded as less effective, said Lukoil's president, Vagit Alekperov”

Vedomosti, 11 July 2005

“The key elements of **TNK-BP**'s strategy are... to rationalize and upgrade the Company's asset portfolio through "high-grading"... we can increase the efficiency of our management on a handful of large resource projects, rather than diffusing our focus over a broader diversity of assets”

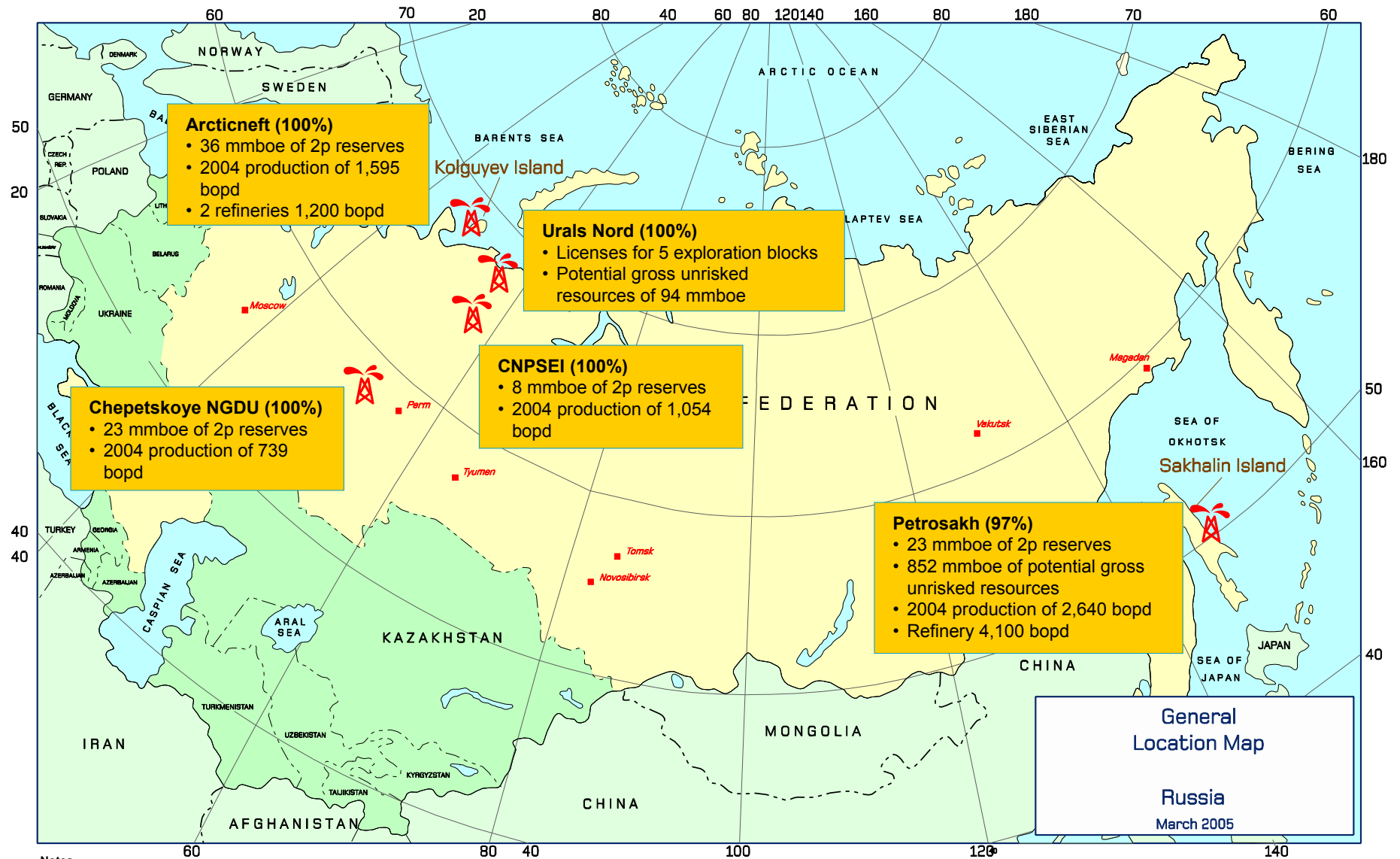
TNK-BP Strategic Overview, 2005



Overview of Assets and Activities



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Notes

1. Reserve and resource estimates by DeGolyer and MacNaughton

SPE Reserves and Production



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Reserves as at 31 March 2005⁽¹⁾ (Millions of Barrels)

Company	SPE Net Oil Reserves ⁽¹⁾				1H 2005 Average Production (boe/day)	Asset Net Present Values @ 12% (\$ MM) ⁽³⁾			
	Proved	Probable	Possible	Risked Prospective Resources ⁽²⁾		1P Before Tax	1P After Tax	2P Before Tax	2P After Tax
Petrosakh	20.1	2.7	10.3	135.8	2,388	-	115.4	-	120.2
Chepetskoye NGDU	5.4	17.6	5.5	-	846	-	15.4	-	44.4
CNPSEI	4.2	3.3	1.0	-	1,014	-	19.8	-	28.1
Arcticneft	26.2	10.2	11.1	-	1,334	-	122.4	-	150.0
Urals Nord	-	-	-	15.0	-	-	-	-	-
TOTAL URALS ENERGY	55.8	33.8	27.9	150.8	5,582	367.4	273.0	465.8	342.7

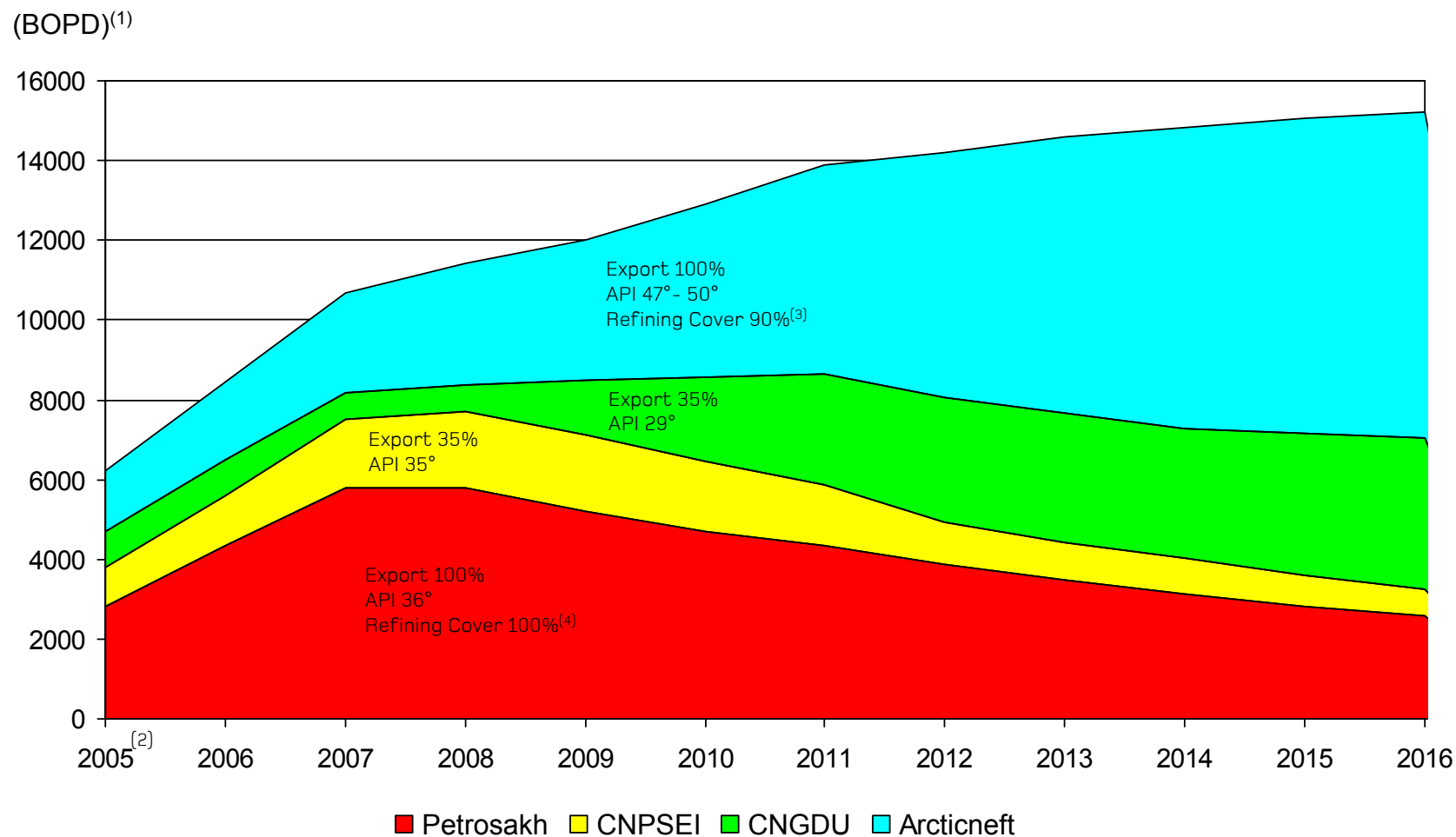
Notes

1. Estimated by DeGolyer and MacNaughton; reserves for ArcticNeft are as of July 15, 2005
2. Probabilistic best estimate of the prospective resources as appraised by D&M. D&M classifies resources as 'those quantities of petroleum that are estimated, on a given date, to be potentially recoverable from undiscovered accumulations'.
3. Excluding SG&A. The Net Present Value calculations are based on the assumption of Brent prices of \$48.00 per bbl for 2005, \$48.00 per bbl for 2006, \$43.00 per bbl for 2007 and \$38.00 per bbl from 2008 onwards (real terms). Discount rate of 12% (real terms).

D&M Projected Daily Average Oil Production (Existing 2P Reserves)



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Source: DeGolyer and MacNaughton

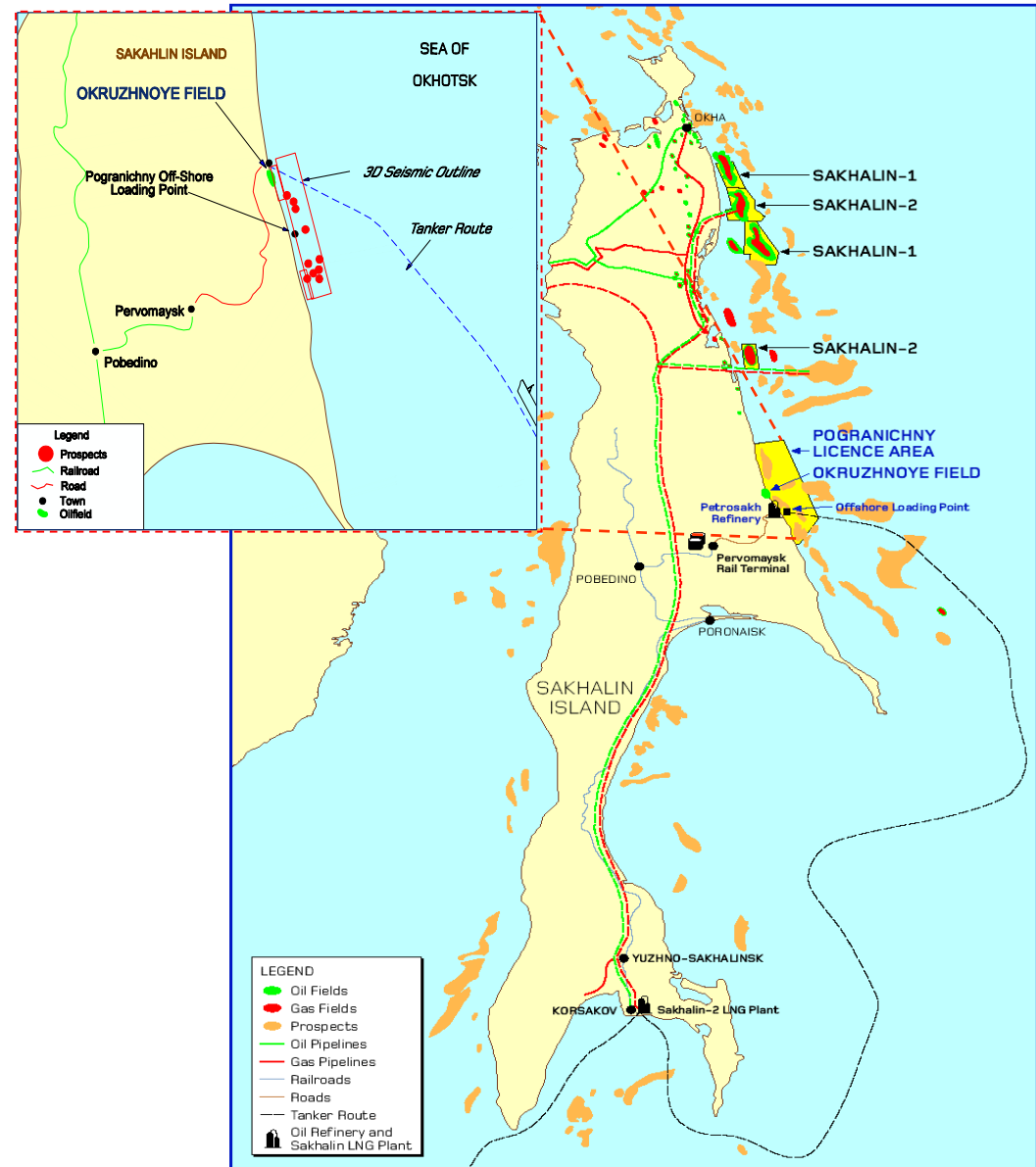
- Notes**
1. Production from Proved + Probable unrisks reserves as estimated by D&M
 2. Average production for 2005 is calculated based on production estimates for April 1, 2005 – December 31, 2005 for Petrosakh, CNPSEI and CNGDU and for July 16, 2005 – December 31, 2005 for Arcticneft as presented by 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 Onshore



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- 97% owned by Urals Energy
- Proved reserves 20 mmboe, Probable 3 mmboe
- Production from Okruzhnoye field to increase from 2,388 bopd in 1H2005 to 5,778 bopd by 2007⁽¹⁾
- 3 development wells to be drilled in 2005 and additional 9 in 2006-08
 - 1 rig already operational, 2nd to be on site in 2006
- High quality oil (c.36° API) crude oil exported in summer months by tankers directly to East Asian markets
- Flexibility to produce and sell refined products year-round



Notes

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

Petrosakh Refining and Other Facilities



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- Owner of only refinery on Sakhalin
- Capacity of c.4,100 bopd; can be doubled at limited cost
- Supplies majority of the island's product supply (fuel oil, gasoline, kerosene and diesel)
- Allows to maximise netbacks
 - Product pricing at all-time high and above crude export netbacks; no export duties
 - Sakhalin product demand expected to grow rapidly
 - Option to export or sell products domestically
- Allows sale of Urals Energy's products in winter
- Storage facilities of up to 300,000 bbl
- Value of refining not included in D&M NPV estimates



Refinery and Refined Product Storage



Tanker Loading Facility



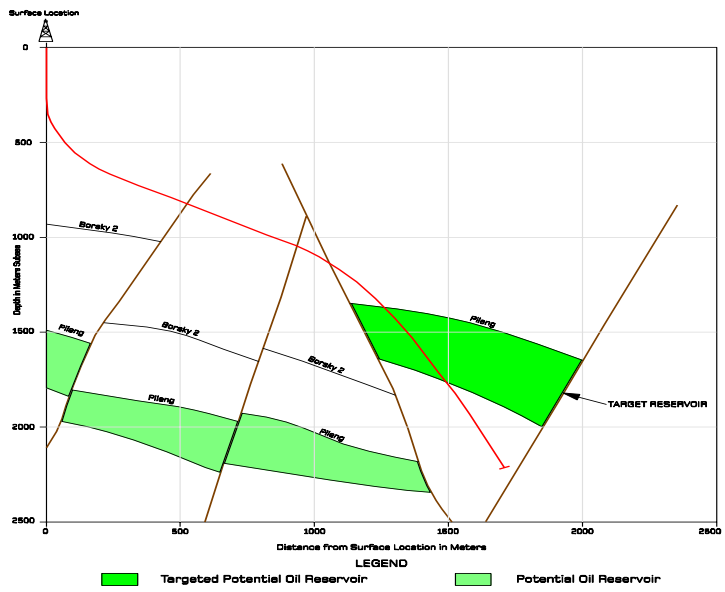
Rail Loading Rack

Petrosakh Offshore



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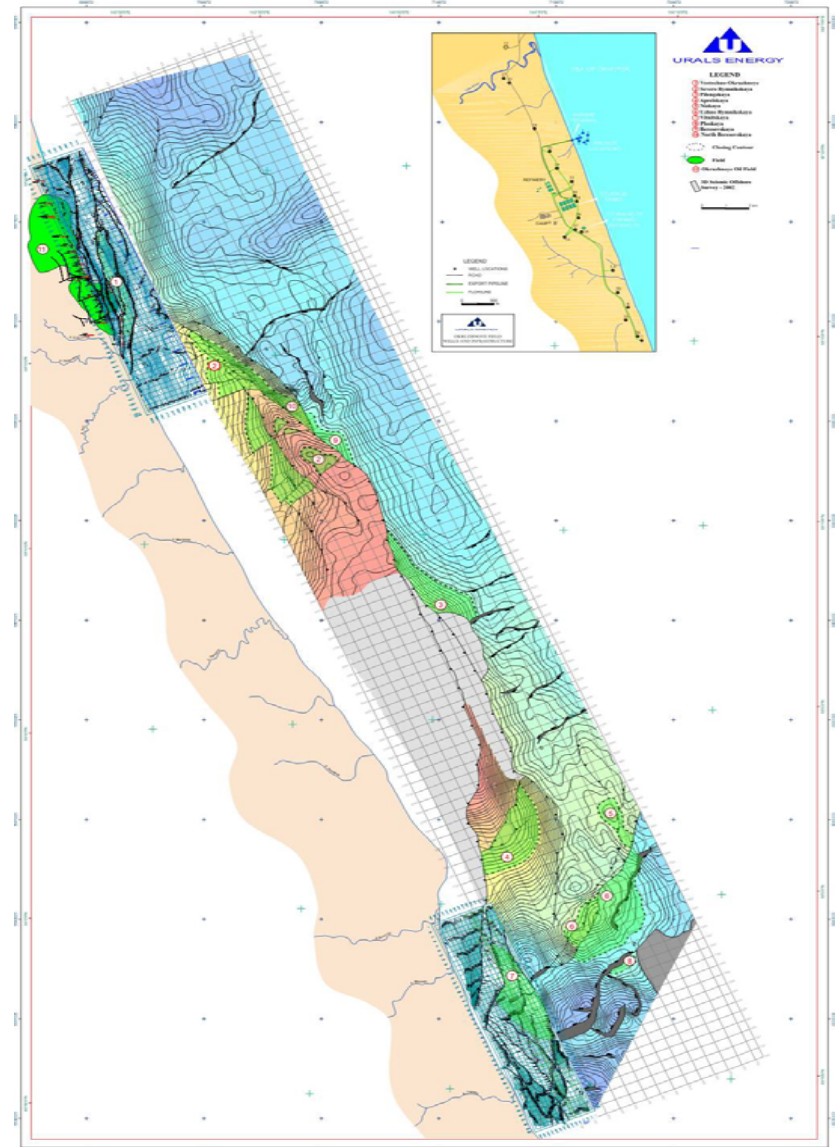
- Prospective gross unrisks resources 852 mmbob, risks resources 136 mmbob⁽¹⁾
- 3 wells to be drilled based on 3D seismic interpretation in 4Q 2005, 1Q 2006 and 2Q 2006. Offshore prospects to be drilled from onshore locations
- New Deutag T-2000 rig contracted and being mobilised to Sakhalin. Drilling management services provided by Schlumberger
- Value of resources not included in D&M NPV estimates



Notes

1. Gross unrisks prospective resources and risks prospective resources (probabilistic best estimate) appraised by D&M

PETROSAXH OFF-SHORE PILENG HORIZON STRUCTURES

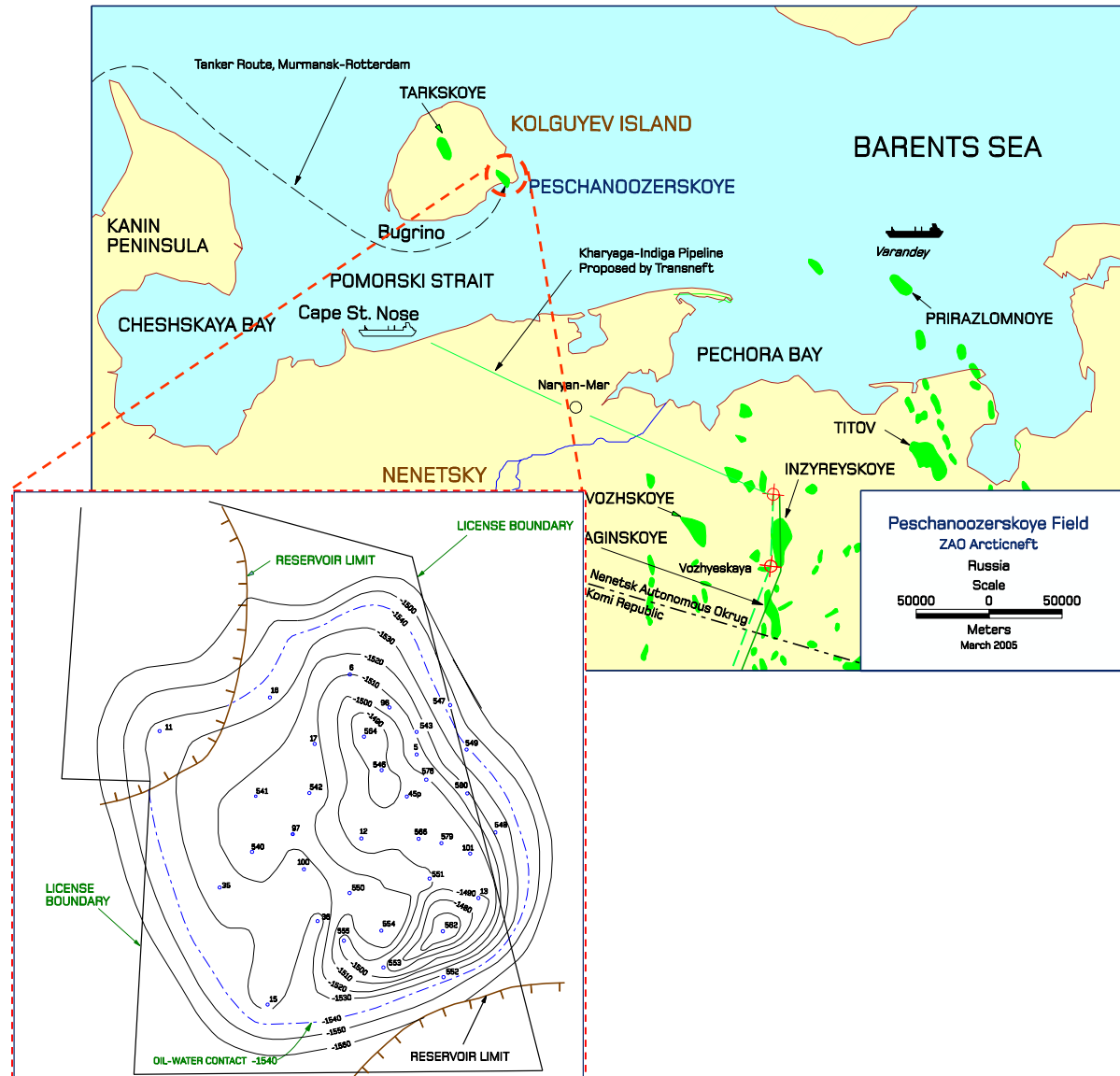


ArcticNeft



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- Recently acquired from Lukoil
- Proved reserves 26 mmeob, Probable 10 mmeob
- Production to increase from the average rate of 1,334 bopd in 1H2005 to 2,504 bopd by 2007 and 5,238 bopd by 2011⁽¹⁾
- High quality crude typically selling at premium to Brent (API° 47-50)
- Two refineries with total capacity of c.1,200 bopd
- Export of 100% of production to Rotterdam



Notes

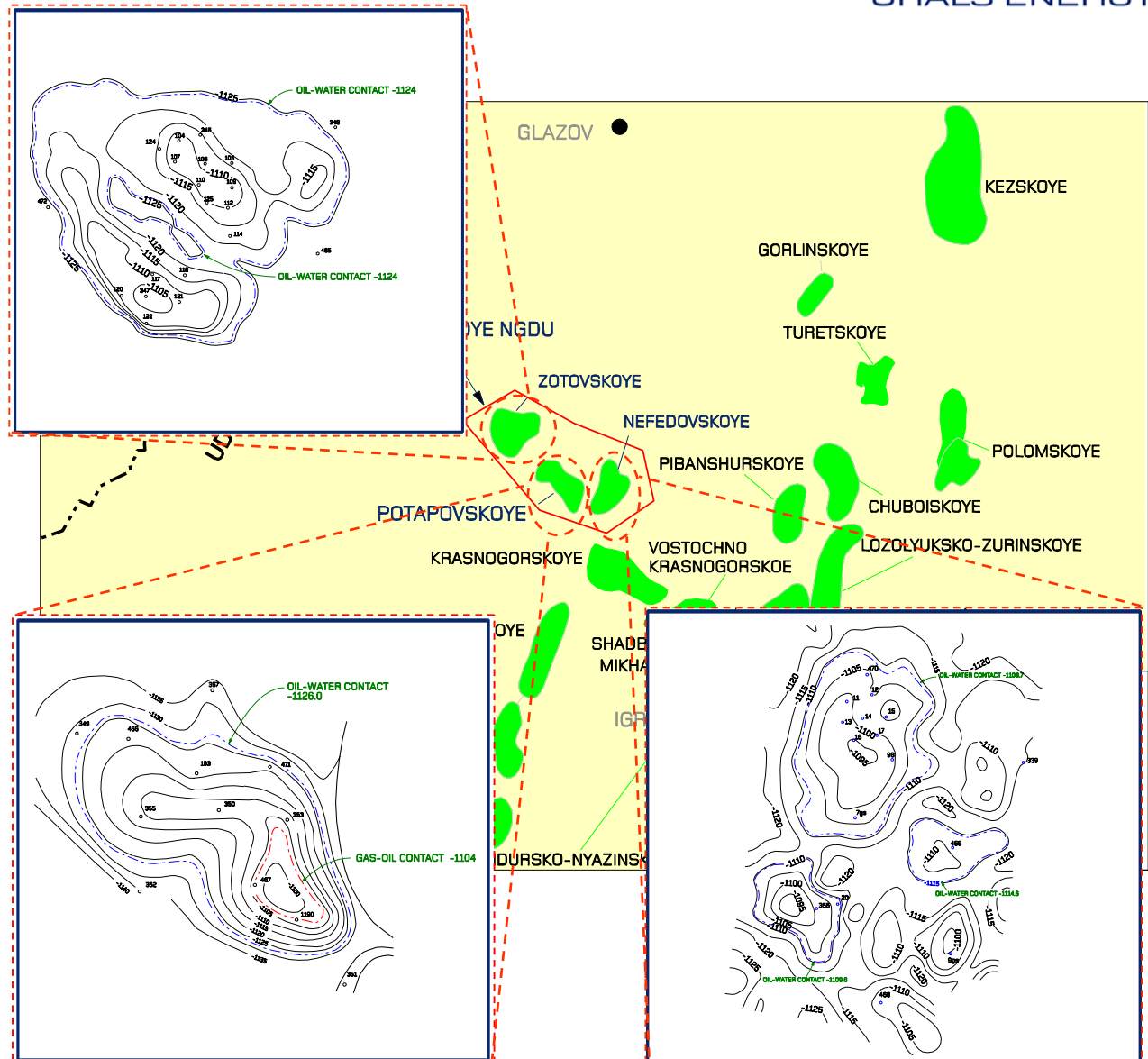
1. Production from proven+probable (unrisked) reserves; estimated by DeGolyer and MacNaughton

Chepetskoye NGDU



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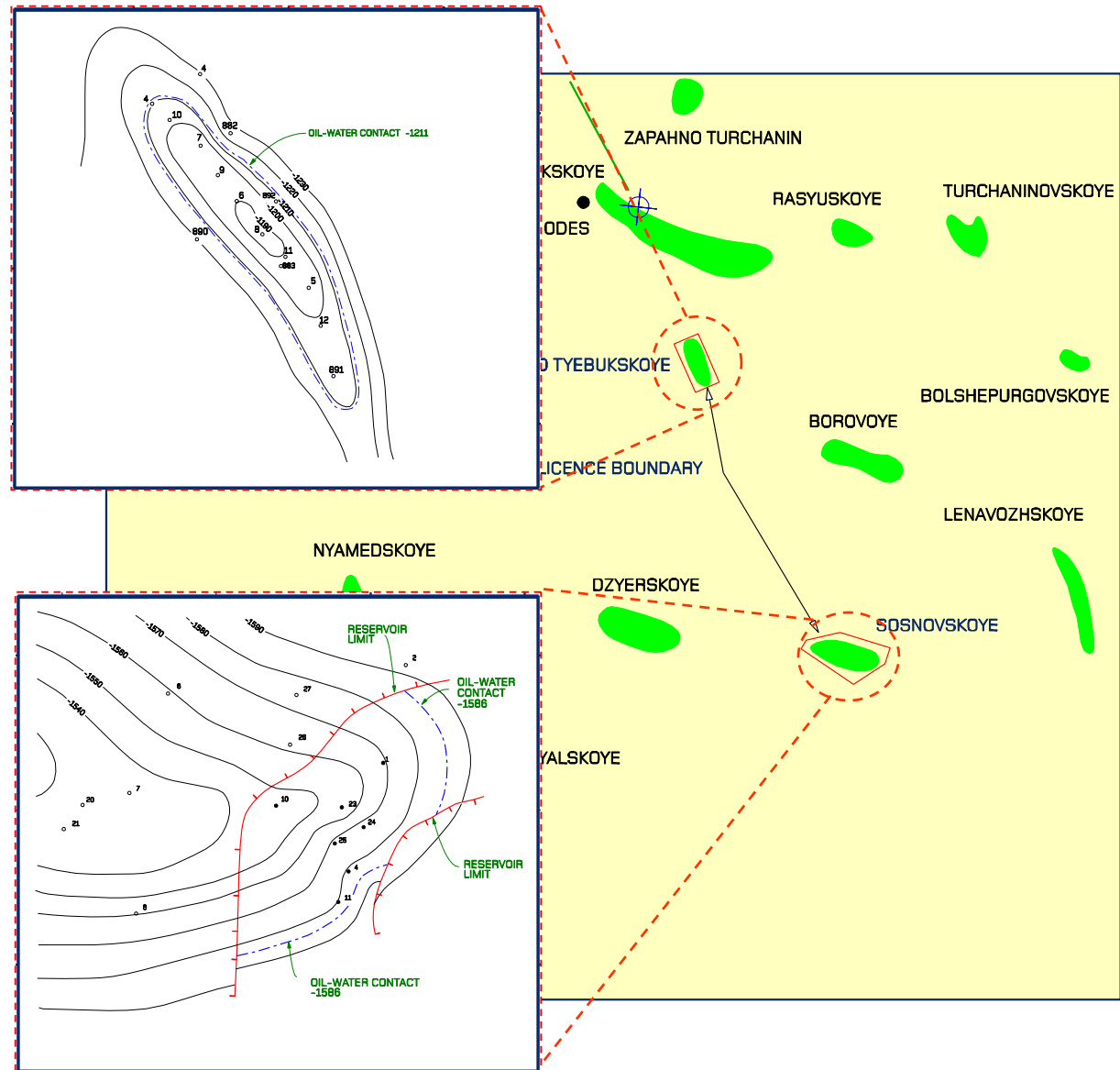
- Production company in the Udmurtia Republic, acquired in June 2003
- Proved reserves 5 mmbob, Probable 18 mmbob
- Average 1H2005 production of 846 bopd from three fields to grow to 2,786 bopd in 2011⁽¹⁾
- Substantial development potential in Potapovskoye field
 - Extensive drilling planned for 2006/07
- Production processed by Udmurtneft and delivered to Transneft system



Notes

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

- Production company in the Komi Republic, acquired in October 2004
- Proved reserves 4 mmbob, Probable 3 mmbob
- Average 1H2005 production from two fields of c.1,014 bopd
- Production processed by Tebukneft and delivered to Transneft system
- Interesting potential acquisition targets in close proximity
 - Urals Energy can leverage existing infrastructure, management, employees and relationships

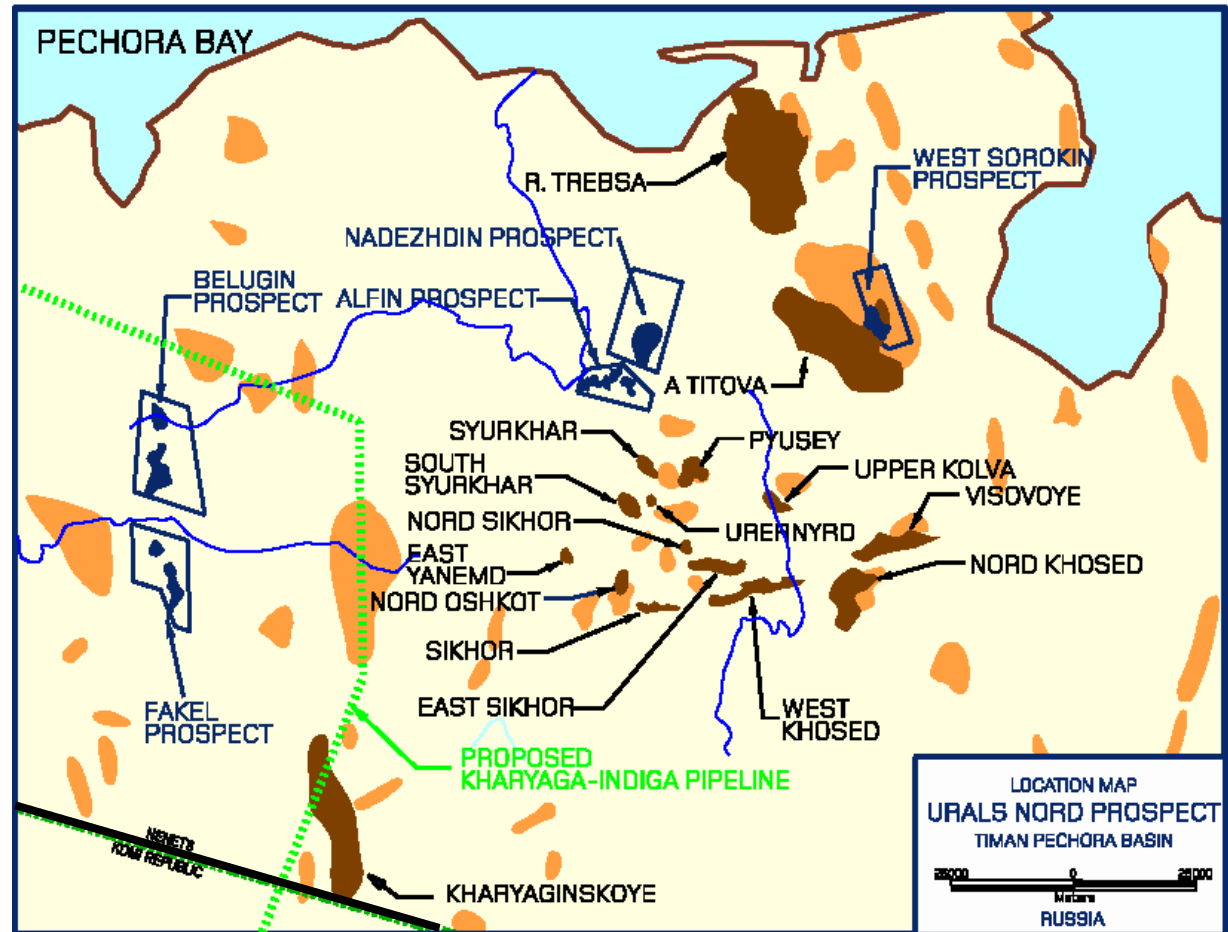


Urals Nord



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- Exploration company with 5 licenses in Timan-Pechora
- Three highly prospective licenses adjacent to large undeveloped fields (e.g. giant Trebs and Titova fields)
- Prospective gross unrisked resources 94 mmboe, risked resources 16 mmboe⁽¹⁾
- Potential to benefit from the new planned port in Indiga in Barents Sea
- Current focus on seismic acquisition programme



Notes

1. Gross unrisked prospective resources and risked prospective resources (probabilistic best estimate) appraised by D&M