Vostok
Nafta
Investment
Ltd

Restructuring of Vostok Nafta

Prospectus relating to admission to trading in Warrants and listing of Depository Receipts in Vostok Nafta Investment Ltd

Öhman
E. ÖHMAN J:OR FONDKOMMISSION AB

One (1) depository receipt in Old Vostok Nafta gives entitlement to subscribe for one (1) newly issued Depository Receipt in New Vostok Nafta at the price of SEK 22

Summary of terms and conditions and important events

The holding of one (1) Redemption Depository Receipt in Vostok Gas (Old Vostok Nafta) on the record date of June 13, 2007 will entitle the holder to one (1) Warrant. One (1) Warrant will entitle the holder to subscribe for one (1) newly issued Depository Receipt in New Vostok Nafta at a price of SEK 22.

Subscription price

SEK 22 per Depository Receipt. No commission is payable.

Subscribing and payment

Subscription takes place through cash payment during the subscription period.

Preliminary timetable

Last day of trading in Vostok Gas' depository receipts including right to Redemption Depository Receipt	May 24, 2007
Record day for share split and right to Redemption Depository Receipt	May 29, 2007
Trading in Redemption Depository Receipts	May 30–June 8, 2007
Record day for receiving Warrants in exchange for Redemption Depository Receipts	June 13, 2007
Trading in Warrants	June 14–June 27, 2007
Subscription period	June 14–July 2, 2007
Estimated first day of trading in New Vostok Nafta Depository Receipts	around July 4, 2007

Other information

Vostok Gas (Old Vostok Nafta)

ISIN code	SE0000367823
Trading symbol on Stockholm Stock Exchange	VGAS
Round lot	25

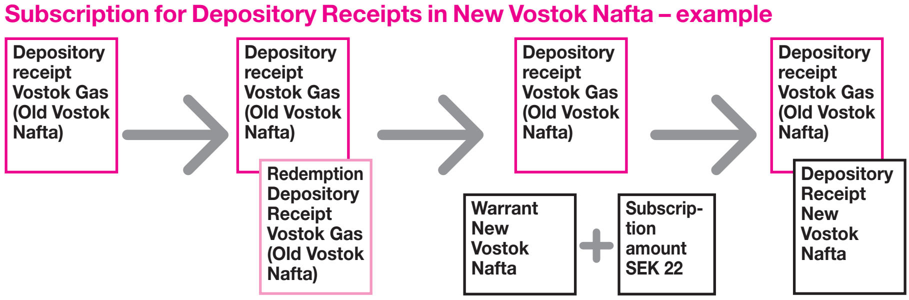
New Vostok Nafta

ISIN code	SE0002056721
Trading symbol on Stockholm Stock Exchange	VNIL
Proposed round lot	200

Date of publication of financial information

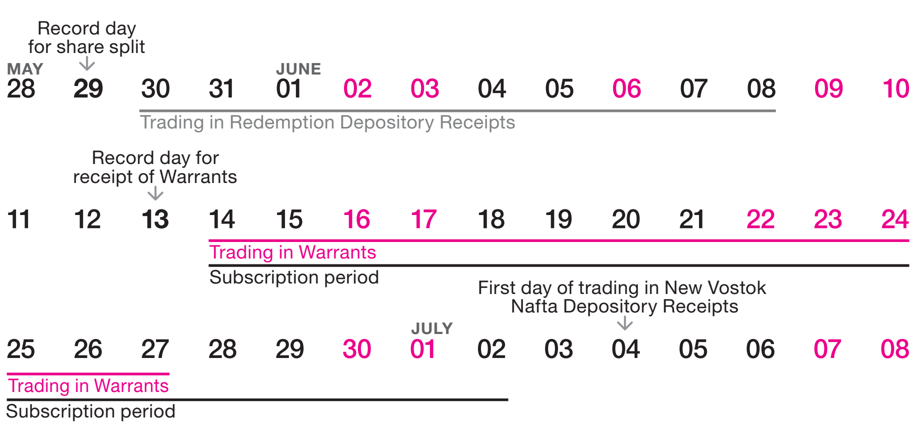
Interim report, January–June 2007	August 22, 2007
Interim report, January–September 2007	November 21, 2007
Year-end report, January–December 2007	February 13, 2008

Subscription for Depository Receipts in New Vostok Nafta – example



On the record day for the share split, May 29, 2007, each existing depository receipt in Vostok Gas (Old Vostok Nafta) will be split into two depository receipts, of which one will be a Redemption Depository Receipt.

Each redeemed Redemption Depository Receipt will entitle to one Warrant. Each Warrant will, during the subscription period, give the right to subscribe for one new Depository Receipt in New Vostok Nafta through cash payment of SEK 22.



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Definitions:

New Vostok Nafta or the Company means Vostok Nafta Investment Ltd, corporate identity number 39861 (formerly Vostok Nafta Holding Investment Ltd).

Vostok Gas or Old Vostok Nafta means Vostok Gas Ltd, corporate identity number 22531 (formerly Vostok Nafta Investment Ltd).

The Restructuring refers to the spin off of the non-Gazprom related part of Old Vostok Nafta's portfolio and subscription of Depository Receipts in New Vostok Nafta, which is conducted by distribution of Warrants in New Vostok Nafta through a share split and a compulsory redemption procedure.

VPC means VPC AB.

Depository Receipts means the Swedish depository receipts issued representing shares in the Company according to the general terms and conditions for Depository Receipts in Vostok Nafta Investment Ltd.

Redemption Depository Receipts means the Swedish depository receipts issued representing redemption shares in Vostok Gas (Old Vostok Nafta) according to the general terms and conditions for depository receipts in Vostok Gas (Old Vostok Nafta) in conjunction with the Restructuring.

Warrants means the warrants received as payment for redeemed Redemption Depository Receipts in Vostok Gas (Old Vostok Nafta) in conjunction with the Restructuring.

Öhman means E. Öhman J:or Fondkommission AB.

Important information

This Prospectus ("the Prospectus") has been prepared in connection with the commencement of trading in Warrants in New Vostok Nafta and application for listing of Depository Receipts in New Vostok Nafta on the Stockholm Stock Exchange.

This Prospectus has been approved and registered by the Swedish Financial Supervisory Authority in accordance with the requirements in Chapter 2 of the Swedish Financial Instruments Trading Act (1991:980). Registration does not mean that the Swedish Financial Supervisory Authority guarantees that the information in the Prospectus is correct or complete.

The Prospectus is not aimed at persons whose participation is dependent upon further Prospectuses, registration measures or other measures than those which follow from Swedish law.

The Warrants are therefore not subject to trading or application for trading in any country other than Sweden. The Warrants have not been registered under the United States Securities Act from 1933 or any provincial law in Canada.

Prospectuses are distributed in the United Kingdom only to shareholders in Old Vostok Nafta ("Relevant Persons") in accordance with item 43 of the Financial Securities and Markets Act 2000 (Financial Promotion) Order 2001. A person who is not a Relevant Person shall not act or rely upon this Prospectus or its contents. The Prospectus and its content shall not be distributed, published or reproduced (in whole or in part) or disclosed by the recipients to any other person.

The Prospectus contains information in the form of forward-looking assumptions which constitute subjective estimates and forecasts of the future. Expressions such as "expected", "assumed", "should", "assessed" and similar are used to indicate that the information is to be regarded as estimates and forecasts. The estimates and forecasts are made on the basis of information which contains both known and unknown risks and uncertainties. No assurance that estimates and forecasts made regarding the future will become reality is given, either explicitly or implicitly. Circumstances which may mean that assessments made in the Prospectus cannot become reality include development of demand and economic conditions, the development of operational and financial expenses and the general development of New Vostok Nafta's business.

Information from a third party have been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Swedish law applies to the Prospectus. Disputes concerning the contents of the Prospectus and associated legal conditions shall be settled by a Swedish court of law.

Summary

This summary should be regarded only as an introduction to the Prospectus. Any decision to invest in Depository Receipts or Warrants in New Vostok Nafta should be based on an assessment of the Prospectus in its entirety. Potential investors should note that persons may only be held responsible for information contained in or missing from the summary if the summary or translation is misleading or incorrect in relation to the other parts of the Prospectus. An investor who brings an action in court on the basis of the information contained in the Prospectus may be compelled to bear the cost of translation of the latter.

Restructuring of Old Vostok Nafta

Background

In order to highlight the value of the non-Gazprom related holdings, offer more direct and transparent exposure to Old Vostok Nafta's portfolio of assets, and meet different investors' risk preferences, the shareholders in Old Vostok Nafta approved the board of directors' proposal for a restructuring of the Company at an Extraordinary General Meeting on May 24, 2007.

The Restructuring entails spinning off the non-Gazprom related part of Old Vostok Nafta's portfolio into a new company, New Vostok Nafta. As a result of this Restructuring, Old Vostok Nafta changed name on May 24, 2007 to Vostok Gas.

The board of directors that was elected at the Annual General Meeting in Old Vostok Nafta on March 30, 2007, will continue to work in New Vostok Nafta. A new board of directors for Vostok Gas (Old Vostok Nafta) was elected at the Extraordinary General Meeting on May 24, 2007. Furthermore, the current corporate management of Old Vostok Nafta will continue to manage both New Vostok Nafta and Vostok Gas following the Restructuring. For further information see section *Board of directors, senior executives and auditors*.

New Vostok Nafta

New Vostok Nafta will continue to invest in accordance with previous strategies, with a clear and sustained focus on Russia and its neighbours. However, its mandate will be extended in terms of geographical areas and industrial sectors. The formation of New Vostok Nafta and the capital being injected into the Company in connection with the Restructuring will also provide a better basis for exploiting the investment opportunities to be found in Russia and the other CIS states.

The board of directors is of the opinion that the spin off will highlight the advantages of the non-Gazprom related investments and allow greater flexibility when it comes to the future management of these investments. New Vostok Nafta's advantages include:

- A proven track record in the region and a variety of sectors.
- Opportunity for sharper focus on the portfolio.
- Strong business flow as a result of corporate management and Old Vostok Nafta's brand.
- More homogeneous risk/return profile.

Implementation

To implement the Restructuring, the board of directors of Old Vostok Nafta has decided on a share split combined with a compulsory redemption procedure. The share split will be on a two-for-one basis, which means that each share in Vostok Gas (Old Vostok Nafta) will be split into two shares. One of these shares will be a so-called redemption share and the other an ordinary share. In the case of shares represented by depository receipts listed on the Stockholm Stock Exchange, the redemption shares will be represented by so-called Redemption Depository Receipts, which will automatically be registered in each respective VP-account. Trading in Redemption Depository Receipts will take place on the Stockholm Stock Exchange. Each Redemption Depository Receipt in Vostok Gas (Old Vostok Nafta) will entitle the holder to one Warrant in New Vostok Nafta.

The holding of one (1) Redemption Depository Receipt in Vostok Gas (Old Vostok Nafta) on the record date of June 13, 2007 will entitle the holder to one (1) Warrant. One (1) Warrant will entitle the holder to subscribe for one (1) newly issued Depository Receipt in New Vostok Nafta at a price of SEK 22.

Financial effects

In connection with the Restructuring, New Vostok Nafta has acquired assets from Old Vostok Nafta for a total amount of USD 377.5 million (as at March 31, 2007), corresponding to approximately SEK 2.6 billion at an exchange rate of 6.9825 SEK per USD. Acquired assets are
– non-Gazprom holdings of USD 370.7 million
– unsettled trades of USD 1.8 million, and
– cash of USD 5.0 million.

Payment for the acquired assets has been made by way of a promissory note equal to USD 377.5 million to Old Vostok Nafta. New Vostok Nafta has thereafter sold 46,020,900 Warrants to Old Vostok Nafta for the corresponding amount. Payment for the acquired Warrants has been made by way of a promissory note to New Vostok Nafta, by which New Vostok Nafta thus has receivables from Old Vostok Nafta in the amount of USD 377.5 million. These receivables have been used for the subsequent settlement of the liability to Old Vostok Nafta. After the share split in Vostok Gas (Old Vostok Nafta) half of the number of shares issued will be redeemed and exchanged for Warrants in New Vostok Nafta.

Provided that all Warrants are subscribed for and after the new share issue has been completed New Vostok Nafta's net asset value will amount to USD 523[01,02] million after the Restructuring or approximately SEK 3.7 billion based on information available at March 31, 2007. The number of new shares in New Vostok Nafta will amount to 46,020,901. The raised capital will be invested in add-on investments in the existing portfolio as well as in new investments.

For further information about the Restructuring, see the section *Restructuring of Old Vostok Nafta.*

01. Before costs related to the Restructuring of approximately SEK 26 million.
02. Including existing assets of USD 0.4 million in New Vostok Nafta.

The market

Russia has undergone extensive structural changes in the last few decades. Since 1998, when the economic recovery began after the sharp devaluation of the rouble, great progress has been made in restructuring the Russian economy.

The Russian economy has grown strongly in the last seven years, with an average annual rate of growth in real GDP terms of 6.7 per cent.[03] Russia's strong public finances are also reflected in growth in currency reserves, increased value of the stabilisation fund and a declining rate of inflation. The growth in GDP in recent years is partly explained by high prices for raw materials, which have contributed to the Russian balance of payments having moved from a deficit of USD 80 million in 1997 to an expected surplus of USD 95.6 billion in 2006. As the Russian economy has grown, national debt as a percentage of GDP has fallen from 130 per cent in 1998 to 20 per cent in 2006.

For further information about the Russian market and the sectors where the Company's portfolio companies have operations, see the section *Market overview.*

Business concept

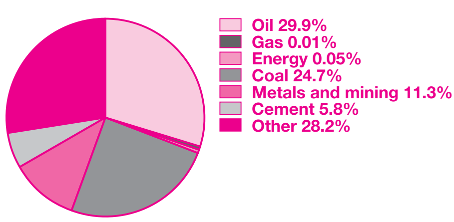
New Vostok Nafta's business concept is to use experience, expertise and existing network to identify and invest in assets with considerable value growth potential, with the focus on Russia and the other CIS states.

03. IMF (estimate 2006)

Portfolio holdings as at March 31, 2007

	Holding (number of shares)	Price March 31, 2007, USD	Market value March 31, 2007, USD	Share of portfolio
Oil				
EMPS Corp	233,250	3.60	839,700	0.2%
Kherson Oil Refinery	5,156,903	0.20	1,021,067	0.3%
Orsk Refinery	2,025	30.00	60,750	0.0%
Orsk Refinery Pref	538	24.00	12,912	0.0%
TNK-BP Holding Ord	326,448	2.21	721,450	0.2%
TNK-BP Holding Pref	38,712,416	2.19	84,780,191	22.9%
Transneft Pref	11,378	2050.00	23,324,900	6.3%
Total Oil			110,760,970	29.9%
Gas				
Yakutgazprom	100,000	0.26	26,000	0.01%
Total Gas			26,000	0.01%
Energy				
Kyrgyzenergo	2,618,241	0.06	168,688	0.05%
Total Energy			168,688	0.05%
Coal				
Belon	929,700	35.75	33,236,775	9.0%
Kuzbassrazrezugol	71,005,000	0.43	30,354,638	8.2%
Mechel ADR	61,800	32.27	1,994,286	0.5%
Raspadskaya	8,710,000	2.23	19,423,300	5.2%
Yushny Kuzbass	271,312	24.60	6,674,275	1.8%
Total Coal			91,683,274	24.7%
Metals and Mining				
Gaisky	31,274	485.00	15,167,890	4.1%
Poltavksy GOK GDR	1,516,055	10.43	15,812,454	4.3%
UGOK	849,724	12.70	10,791,495	2.9%
Total Metals and Mining			41,771,839	11.3%
Cement				
Gornozavodsk Cement	39,000	350.00	13,650,000	3.7%
Sibcement	152,000	52.70	8,010,400	2.2%
Total Cement			21,660,400	5.8%
Other				
Black Earth Farming	23,460,000	2.94	68,876,477	18.6%
Kamkabel	800,000	2.30	1,840,000	0.5%
Kontakt East	2,940,000	4.96	14,572,632	3.9%
Luganskteplovoz	10,578,336	0.48	5,077,601	1.4%
Rusforest			10,923,813	2.9%
Systemseparation	5,926,991	0.57	3,352,899	0.9%
Total Other			104,643,422	28.2%
Total Portfolio			370,714,593	100.0%

The composition of the portfolio



Income statement in brief

USD thousand	Jan 2007– March 2007 (3 months)	Jan 2006– March 2006 (3 months)	Jan 2006– Dec 2006 (12 months)	Oct 2004– Dec 2005 (15 months)	Oct 2003– Sep 2004 (12 months)
Result from financial assets	–748	58,731	61,908	126,066	41,514
Other operating income	5,949	219	12 541	4 726	2 914
Total income	5,201	58,950	74,449	130,792	44,428
Operating expenses	–898	–709	–3,441	–3,821	–3,520
Russian dividend withholding tax expenses	–892	–32	–1 897	–691	–437
Operating result	3,411	58,209	69,111	126,280	40,471
Net financial items	2	–594	610	3 209	7 777
Result before tax	3,413	57,615	69,721	129,488	48,248
Tax	–8	–	–88	–502	–60
Net profit for the period	3,405	57,615	69,633	128,986	48,188

Balance sheet in brief

USD thousand	March 31, 2007	Dec31, 2006	Dec 31, 2005	Sep 30, 2004
Non current fixed assets	409	316	92	–
Non current financial assets	370,715	387,182	185,138	98,473
Current financial assets	–	–	995	995
Cash and cash equivalents	5,131	5,124	7,212	5,118
Other current receivables	2,336	1,310	16,631	49,966
Total assets	378,591	393,932	210,068	154,552
Equity	377,886	385,384	209,532	154,426
Deferred tax liability	11	11	–	–
Current tax liability	593	585	509	80
Other current liabilities	101	7952	27	46
Total equity and liabilities	378,591	393,932	210,068	154,552

Risk factors

Potential investors should carefully consider risks associated with the Company's business and operations, New Vostok Nafta's Depository Receipts and the Restructuring. These are, among others, but not limited to risks related to Russia and other CIS states, foreign-exchange risk, acquisition and disposal risk, accounting practice, corporate governance, personnel and risk related to the Restructuring. For further information about potential risk factors see the section *Risk factors*.

Other information

Share capital, Articles of Association and Memorandum of Association

For further information about the share capital in Vostok Nafta Investment Ltd, see the section *Share capital and ownership structure*. For the content of the Bye-Laws and Memorandum of Association, see the section *Excerpts from Bye-laws, Memorandum of Association and Terms and Conditions for Depository Receipts*.

Composition of the board of directors, senior management, employees, advisers and auditors

The board of directors of New Vostok Nafta consists of Lukas H. Lundin, Per Brilioth, Al Breach, Paul Leander-Engström, Torun Litzén, Ian H. Lundin, William A. Rand and Robert J. Sali. The management consists of Per Brilioth, Sergei Glaser and Anders Sjöberg. The number of employees amounts to eight people.

New Vostok Nafta's advisors in the Restructuring are E. Öhman J:or Fondkommission AB and Linklaters Advokatbyrå. The company's auditor is PricewaterhouseCoopers AB.

For additional information about the members of the board of directors, senior management and the Company's auditors, see the section *Board of directors, senior executives and auditors*.

Statement from the Principal Shareholder

Lorito Holdings Ltd (the "Principal Shareholder"), holding 30.4 per cent of the share capital and votes in Old Vostok Nafta, will exercise to the full extent the allocated Warrants for subscription of new Depository Receipts in New Vostok Nafta. In addition, the Principal Shareholder has declared that they intend to remain long term owners in New Vostok Nafta. For additional information about share holding related issues, see the section *Share capital and ownership structure*.

Risk factors

An investment in New Vostok Nafta represents an opportunity to share future growth in value. However, all enterprise and ownership of shares is associated with a certain degree of risk-taking, and an investment in New Vostok Nafta should be viewed from this perspective. The risk factors and important circumstances considered to be of material significance to New Vostok Nafta's future development are described below, without being mutually ranked and without any claim being made that the list is exhaustive. The risks below are not the only risks faced by the Company and its shareholders. Further risks that at present are not known to New Vostok Nafta may have a material impact on the Company's operations, financial position and profit. Such risks may additionally lead to a substantial fall in the price of New Vostok Nafta's Depository Receipts, and investors may lose the whole or parts of their investment. In addition to the risk factors indicated below, the reader should also pay close attention to other information in this Prospectus.

Operating and sector-related risks

Country-specific risks

The risks associated with Russia and other CIS states are common to all investments in these countries and are not characteristic of any specific portfolio holding. An investment in New Vostok Nafta will be subject to risks associated with ownership and management of investments and in particular to risks of ownership and management in Russia and other CIS states.

As these countries are still, from an economic point of view, in a phase of development, investments are affected by unusually large fluctuations in profit and loss and other factors outside the Company's control that may have an adverse impact on the value of New Vostok Nafta's adjusted equity. Investors should therefore be aware that investment activity in Russia and other CIS states entails a high level of risk and requires special consideration of factors, including those mentioned here, which are usually not associated with investment in shares in better regulated countries.

Unstable state administration, both locally and federally, could have an adverse impact on investments. None of the CIS states has a fully developed legal system comparable to that in more developed countries. Existing laws and regulations are sometimes applied inconsistently and both the independence and efficiency of the court system constitute a significant risk. Statutory changes have taken place and will probably continue to take place at a rapid pace, and it remains difficult to predict the effect of legislative changes and legislative decisions for companies New Vostok Nafta will invest in or for market segments that the Company is active in or will be active in. It could be more difficult to obtain redress or exercise one's rights in CIS states than in some other states governed by law.

Foreign-exchange risk

The Company's investments are made in RUB or USD. The official exchange rate for RUB therefore directly or indirectly affects the value of investments, but it is impossible to quantify this effect as companies have differing foreign-exchange sensitivity. In addition, investors in the Company's Depository Receipts have differing base currencies. The Company's accounts are prepared in USD as this is the functional currency. Taken together, this means that fluctuations in exchange rates may affect the net asset value of the portfolio in various ways that do not necessarily reflect real economic changes in the underlying assets. Each investor is advised to make his or her own analysis of the foreign-exchange risk existing in the Company's portfolio.

Acquisition and disposal risk
Acquisitions and disposals are by definition a natural element in New Vostok Nafta's activities. All acquisitions and disposals are subject to uncertainty. The Company's explicit exit strategy is to sell its holdings to strategic investors or via the market. There are no guarantees that the Company will succeed in selling its participations and portfolio investments at the price the shares are being traded at on the market at the time of the disposal. New Vostok Nafta may therefore fail to sell its holdings in a portfolio company or may have to do so at less than its maximum value or at a loss. If New Vostok Nafta disposes of the whole or parts of an investment in a portfolio company, the Company may receive less than the potential value of the participations, and the Company may receive less than the sum invested.

New Vostok Nafta operates in a market that may be subject to competition with regard to investment opportunities. Other investors may thus compete with New Vostok Nafta in the future for the type of investments the Company intends to make. There is no guarantee that New Vostok Nafta will not in the future be subject to competition which might have a detrimental impact on the Company's return from investments. The Company can partially counter this risk by being an active financial owner in the companies New Vostok Nafta invests in and consequently supply added value in the form of expertise and networks.

Despite the Company considering that there will be opportunities for beneficial acquisitions for New Vostok Nafta in the future, there is no guarantee that such opportunities for acquisition will ever arise or that the Company, in the event that such opportunities for acquisition arose, would have sufficient resources to complete such acquisitions.

Accounting practice and other information
Practice in accounting, financial reporting and auditing in Russia and other CIS states cannot be compared with the corresponding practices that exist in the Western World. This is principally due to the fact that accounting and reporting have only been a function of adaptation to tax legislation. The Soviet tradition of not publishing information unnecessarily is still evident. The formal requirements for Russian companies is to be restrictive in publishing information. In addition, access to external analysis, reliable statistics and historical data is inadequate. The effects of inflation can, moreover, be difficult for external observers to analyse. Although special expanded accounts are prepared and auditing is undertaken in accordance with international standard, no guarantees can be given with regard to the completeness or dependability of the infor-

mation. Inadequate information and weak accounting standards may be imagined to adversely affect New Vostok Nafta in future investment decisions.

Corporate governance risk

Misuse of corporate governance remains a problem in Russia. Minority shareholders may be badly treated in various ways, for instance in the sale of assets, transfer pricing, dilution, limited access to Annual General Meetings and restrictions on seats on boards of directors for external investors. In addition, sale of assets and transactions with related parties are common. Transfer pricing is generally applied by companies for transfer of value from subsidiaries and external investors to various types of holding companies. It happens that companies neglect to comply with the rules that govern share issues such as prior notification in sufficient time for the exercise of right of pre-emption. Prevention of registration of shares is also widespread. Despite the fact that independent authorised registrars have to keep most share registers, some are still in the hands of the company management, which may thus lead to register manipulation. A company management would be able to take extensive strategic measures without proper consent from the shareholders. The possibility of shareholders exercising their right to express views and take decisions is made considerably more difficult.

Inadequate accounting rules and standards have hindered the development of an effective system for uncovering fraud and increasing insight. Shareholders can conceal their ownership by acquiring shares through shell company structures based abroad which are not demonstrably connected to the beneficiary, which leads to self-serving transactions, insider deals and conflicts of interest. The role of the Russian financial inspectorate as the regulator of the equity market to guarantee effective insight and ensure that fraud is uncovered is complicated by the lack of judicial and administrative enforcement instruments.

Deficiencies in legislation on corporate governance, judicial enforcement and corporate legislation may lead to hostile take-overs, where the rights of minority shareholders are disregarded or abused, which could affect New Vostok Nafta in a detrimental manner.

Dependence on key individuals

New Vostok Nafta is dependent on its senior executives. Its Managing Director, Per Brilioth, is of particular significance to the development of the Company. It cannot be ruled out that New Vostok Nafta might be seriously affected if any of the senior executives left the Company.

Investments in growth markets

Investments in growth markets such as Russia entail a number of legal, economic and political risks. Many of these risks cannot be quantified or predicted, neither are they usually associated with investments in developed economies. Prospective investors should also be aware that Russia is undergoing rapid change, which means that the information presented in this Prospectus may become out of date relatively quickly.

International capital flows

Economic unrest in a growth market tends also to have an adverse impact on the equity market in other growth countries or the share price of companies operating in such countries, as investors opt to re-allocate their investment flows to more stable and developed markets. The Company's share price may be adversely affected during such periods. Financial problems or an increase in perceived risk related to a growth market may inhibit foreign investments in these markets and have a negative impact on the country's economy. The Company's operations, turnover and profit development may also be adversely affected in the event of such an economic downturn.

Political instability

Russia has undergone deep political and social change in recent years. The value of New Vostok Nafta's assets may be affected by uncertainties such as political and diplomatic developments, social or religious instability, changes in government policy, tax and interest rates, restrictions on the political and economic development of laws and regulations in Russia, major policy changes or lack of internal consensus between leaders, executive and decision-making bodies and strong economic groups. These risks entail in particular expropriation, nationalisation, confiscation of assets and legislative changes relating to the level of foreign ownership. In addition, political changes may be less predictable in a growth country such as Russia than in other more developed countries. Such instability may in some cases have an adverse impact on both the operations and share price of the Company. Since the collapse of the Soviet Union in 1991, the Russian economy has, from time to time, shown

– significant decline in GDP
– weak banking system with limited supply of liquidity to foreign companies
– growing black and grey economic markets
– high flight of capital
– high level of corruption and increased organised economic crime
– hyperinflation
– significant rise in unemployment.

It is not certain that the prevailing positive macroeconomic climate in Russia, with rising GDP, relatively stable currency and relatively modest inflation will persist. In addition, the Russian economy is largely dependent on the production and export of oil and natural gas, which makes it vulnerable to fluctuations in the oil and gas market. A downturn in the oil and gas market may have a significant adverse impact on the Russian economy.

Risks related to the Restructuring

No organised trading has taken place in New Vostok Nafta's Depository Receipts or Warrants

The board of directors of New Vostok Nafta has applied for listing of the Company's Depository Receipts and Warrants on the Stockholm Stock Exchange. It is not possible to predict to what extent the interest of investors in New Vostok Nafta will lead to active trading in the Company's Depository Receipts or

Warrants on the Stockholm Stock Exchange and how liquid this trading will be. If active and liquid trading does not develop, this may make it difficult for holders to sell their Depository Receipts or Warrants.

The price of Depository Receipts or Warrants may be volatile and fall substantially

The stock market, and the Russian stock market in particular, has experienced significant fluctuations in prices and volumes, which have often been unrelated or disproportionate to the Company's reported results. Such variations in price may adversely affect the price of the Company's Depository Receipts and Warrants, regardless of the results actually reported, and the market price or quotation may also differ substantially from the subscription price.

Restructuring of Old Vostok Nafta

Background

Old Vostok Nafta was founded in 1996 by Adolf H. Lundin with the business concept of making portfolio and direct investments in the former Soviet Union. Up to the Restructuring, the company has been a leading investment company with portfolio investments primarily in the Russian oil and gas industry. Old Vostok Nafta's largest portfolio holding has been Gazprom, which has accounted for approximately 90 per cent of the portfolio. The remainder of the portfolio has mainly consisted of companies operating in the Russian oil and raw materials sector.

Gazprom is the world's largest gas company with more than 16 per cent of the world's known gas reserves. Following the removal of the restrictions on Gazprom's local shares at the end of 2005, the risk profile was reduced, partly through increased liquidity, which led to the non-Gazprom related holdings having a higher risk profile than the holding in Gazprom.

The purpose of the Restructuring

In order to highlight the value of the non-Gazprom related holdings, offer more direct and transparent exposure to Old Vostok Nafta's portfolio of assets, and meet different investors' risk preferences, the shareholders in Old Vostok Nafta approved the board of directors' proposal for the restructuring of the Company at an Extraordinary General Meeting on May 24, 2007.

The Restructuring entails the spin off of the non-Gazprom related part of Old Vostok Nafta's portfolio into a new company, New Vostok Nafta. As a result of the Restructuring, Old Vostok Nafta changed name on May 24, 2007 to Vostok Gas. The board of directors is of the opinion that the shareholders in Vostok Gas (Old Vostok Nafta) will benefit from a clearer focus to increase the return on the Gazprom holding as well as investors will be given more direct and transparent exposure to Old Vostok Nafta's other portfolio holdings through New Vostok Nafta.

The board of directors that was elected at the Annual General Meeting in Old Vostok Nafta on March 30, 2007, will proceed to work in New Vostok Nafta. A new board of directors for Vostok Gas (Old Vostok Nafta) was elected at the Extraordinary General Meeting on May 24, 2007. Furthermore, the current corporate management of Old Vostok Nafta will continue heading both New Vostok Nafta and Vostok Gas following the Restructuring. The corporate management and the board of directors possesses valuable experience built up at Old Vostok Nafta through active engagement in the portfolio companies, competence that will be of great importance in creating maximum value in New Vostok Nafta too. For further information see the section *Board of directors, senior executives and auditors*.

Vostok Nafta becomes Vostok Gas

Vostok Gas will hold only shares in Gazprom and will therefore be able to focus entirely on analysing and developing its holding in Gazprom. Gazprom has a large asset base which gives the company a basis to carry on large-scale operations for many years to come, and offers opportunities for continued growth and expansion. The deregulation of gas prices that is scheduled to commence in Russia entails an offer of a possible financial and economic growth, without this necessarily leading to a situation where Gazprom has to expand its operations in absolute volume terms. The removal of restrictions on Gazprom's local shares, which previously affected the liquidity and availability of Gazprom's shares, has also contributed to increased interest in the company in the short term.

It is the opinion of the Company's management that the ongoing Restructuring will be beneficial for the development of the holding in Gazprom and contribute to increased returns for shareholders through a sharper focus on the holding, partly as a result of the following factors:
- Vostok Gas is the fourth-largest shareholder in Gazprom.
- Vostok Gas management has ten years' experience as Gazprom shareholder.
- Attractive levels of debt/gearing in the portfolio.
- The possibility to implementation of return-enhancing strategies.
- Vostok Gas has a cost-effective organisation.

The existing debt in Old Vostok Nafta's portfolio, which has been financed with bank loans, will remain in Vostok Gas.

New Vostok Nafta
New Vostok Nafta will continue to invest in line with previous out-lined strategies, with a clear and enduring focus on Russia and its neighbouring countries. The mandate will however be broadened with regard to geographic areas and industrial sectors. Furthermore, the forming of New Vostok Nafta and the capital to be raised in the Restructuring, will create improved possibilities for exploiting the investment opportunities available in Russia and the other CIS states.

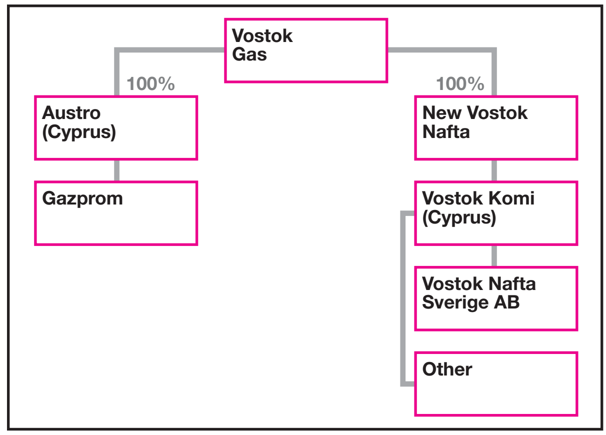
It is the board of directors' opinion that the spin off will expose the advantages of the non-Gazprom investments, as well as enable a greater flexibility regarding the future management of these investments. The advantages of the New Vostok Nafta include, among other things:
- A proven track record in the region and in a range of industrial sectors.
- Possibilities of increased focus on the portfolio.
- Strong deal flow as a result of the management and the brand name of Old Vostok Nafta.
- A more homogeneous risk/return profile.

Implementation
To implement the Restructuring, the board of directors of Old Vostok Nafta has decided on a share split combined with a compulsory redemption procedure. The share split will be on a two-for-one basis, which means that each share in Vostok Gas (Old Vostok Nafta) will be split into two shares. One of these will be a so-called redemption share and the other an ordinary share. In the case of shares represented by Depository Receipts listed on the Stockholm Stock Exchange, the redemption shares will be represented by so-called Redemp-

Restructuring of Old Vostok Nafta

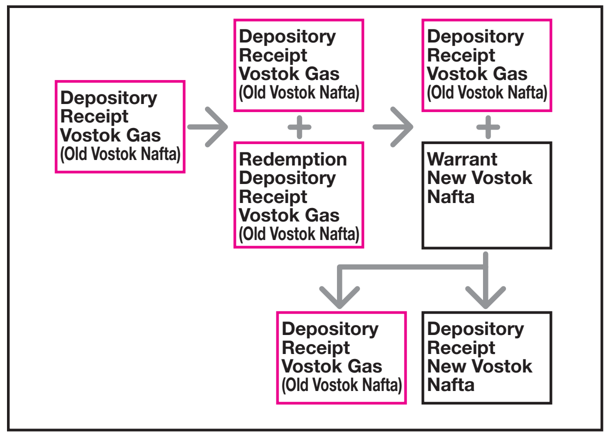
Step 1
Transfer of assets

– Transfer of all non-Gazprom related assets to New Vostok Nafta
– Transfer value equal to SEK 2.6 billion



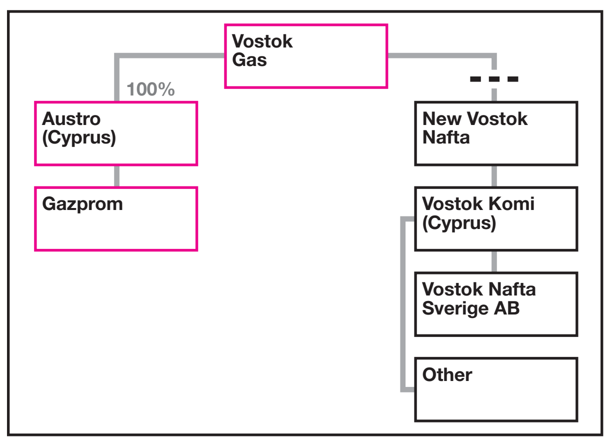
Step 2
Share split and redemption

– Vostok Gas carries out a share split 2:1 and a compulsory redemption procedure
– Redemption Depository Receipts are redeemed in exchange for Warrants in New Vostok Nafta
– One (1) Warrant entitles to subscribe for one (1) newly issued Depository Receipt in New Vostok Nafta at the price of SEK 22



Step 3
Spin off and listing

– New Vostok Nafta is listed on the Stockholm Stock Exchange
– Provided that all Warrants are subscribed for, New Vostok Nafta will be capitalized with approximately SEK 1 billion
– New Vostok Nafta's net worth per share will thereafter amount to approximately SEK 3.7 billion



tion Depository Receipts, which will automatically be registered in each respective VP-account. Trading in Redemption Depository Receipts will take place on the Stockholm Stock Exchange. Each Redemption Depository Receipt in Vostok Gas (Old Vostok Nafta) will entitle the holder to one Warrant in New Vostok Nafta.

The holding of one (1) Redemption Depository Receipt in Vostok Gas (Old Vostok Nafta) on the record date of June 13, 2007 will entitle the holder to one (1) Warrant. One (1) Warrant will entitle the holder to subscribe for one (1) newly issued Depository Receipt in New Vostok Nafta at a price of SEK 22.

Financial effects

In connection with the Restructuring, New Vostok Nafta has acquired assets from Old Vostok Nafta for a total amount of USD 377.5 million (as at March 31, 2007), corresponding to approximately SEK 2.6 billion at an exchange rate of 6.9825 SEK per USD. Acquired assets are

– non-Gazprom holdings of USD 370.7 million
– unsettled trades of USD 1.8 million, and
– cash of USD 5.0 million.

Payment for the acquired assets has been made by way of a promissory note to Vostok Nafta, amounting to USD 377.5 million. New Vostok Nafta has thereafter sold 46,020,900 Warrants to Vostok Nafta for the corresponding amount. Payment for the acquired Warrants has been made by way of a promissory note to New Vostok Nafta, by which New Vostok Nafta thus has receivables from Old Vostok Nafta in the amount of USD 377.5 million. These receivables have been used for the subsequent settlement of the liability to Old Vostok Nafta. After the share split in Vostok Gas (Old Vostok Nafta) half of the number of shares issued will be redeemed and exchanged for Warrants in New Vostok Nafta.

Vostok Gas (Old Vostok Nafta)

Old Vostok Nafta's (Vostok Gas') net asset value will, following the Restructuring, be reduced from USD 3.2 billion to USD 2.8 billion, or approximately SEK 19.6 billion, as at March 31, 2007. The number of shares will remain 46,020,900.

New Vostok Nafta

Provided that all Warrants are subscribed for and after that the new share issue has been completed New Vostok Nafta's net asset value will amount to USD 523[01,02] million after the Restructuring or approximately SEK 3.7 billion based on information from March 31, 2007. The number of new shares in New Vostok Nafta will amount to 46,020,901. The raised capital will be invested in add-on investments in the existing portfolio as well as in new investments.

01. Before costs related to the Restructuring of approximately SEK 26 million.
02. Including existing assets of USD 0.4 million in New Vostok Nafta.

Further information can be found in this Prospectus, which has been prepared by the board of directors of Vostok Nafta Investment Ltd for the purposes of the Restructuring and the listing of Warrants and Depository Receipts in Vostok Nafta Investment Ltd on Stockholm Stock Exchange. The board of directors of Vostok Nafta Investment Ltd is responsible for the contents of this Prospectus. It is hereby assured that, having taken all reasonable care to ensure that such is the case, the information in this Prospectus is to the best of the knowledge of the board of directors, in accordance with the facts and contains no omission likely to affect its import.

Stockholm, May 24, 2007
Vostok Nafta Investment Ltd
Board of directors

Terms and conditions

Please note that no action is required by the holders of depository receipts in Old Vostok Nafta in order to maintain the holding in Old Vostok Nafta (Vostok Gas) after the Restructuring.

Share split and Redemption Depository Receipts

In connection with the Restructuring, Vostok Gas (Old Vostok Nafta) will carry out a share split, through which one existing share in Vostok Gas (Old Vostok Nafta) will be split into two shares. One of these shares will be a so-called redemption share. For shares represented by depository receipts listed on the Stockholm Stock Exchange, the depository receipts will be represented by so-called Redemption Depository Receipts, which will automatically be registered in each respective VP-account. Record day for the share split will be May 29, 2007. Holders of depository receipts will not have to take any action in order to receive Redemption Depository Receipts.

Receipt of Warrants as consideration for redeemed Redemption Depository Receipts

Each Redemption Depository Receipt in Vostok Gas (Old Vostok Nafta) that is held on the record day, June 13, 2007, will entitle to one (1) Warrant. One (1) Warrant entitles the holder to subscribe for one (1) newly issued Depository Receipt in New Vostok Nafta. Holders of Redemption Depository Receipts will not have to take any action in order to receive Warrants.

Trading in Redemption Depository Receipts and Warrants

Trading in Redemption Depository Receipts will take place on the Stockholm Stock Exchange during the period May 30, 2007 up to and including June 8, 2007. Öhman and other brokerage firms with requisite permits will assist in acting as intermediaries in the purchase and sale of such Redemption Depository Receipts. A person who wishes to purchase or sell Redemption Depository Receipts should contact his/her bank or brokerage firm.

Trading in Warrants will take place on the Stockholm Stock Exchange during the period June 14, 2007 to June 27, 2007 inclusive. Öhman and other brokerage firms with requisite permits will assist in acting as intermediaries in the purchasing or selling of such Warrants. A person who wishes to purchase or sell Warrants should contact his/her bank or brokerage firm.

Subscription price

Subscription for a Depository Receipt in New Vostok Nafta is made through a cash payment of SEK 22. No commission is charged for subscription through exercise of Warrants.

Issue statement

In connection with receipt of Warrants in New Vostok Nafta through redemption of Redemption Depository Receipts, an issue statement with an attached pre-printed notice of payment, will be distributed to all direct registered holders of Redemption Depository Receipts. The received issue statement will for instance indicate the number of Warrants received, VP-account and the amount which must be paid in order to subscribe for Depository Receipts in New Vostok Nafta.

Subscription period

Subscription for Depository Receipts in New Vostok Nafta is made through cash payment during the period June 14, 2007 up to and including July 2, 2007. The Warrants will thereafter be removed from the VP account without notification.

Consequently Warrants shall either
– be sold on the Stockholm Stock Exchange no later than June 27, 2007,
or
– be exercised for subscription of Depository Receipts in New Vostok Nafta no later than July 2, 2007.

Subscription of Depository Receipts through exercise of Warrants

Subscription is made through payment via bank transfer service to Öhman's issue account through one of the following options:

A. Pre-printed notice of payment received together with issue statement

If all Warrants received on the record date are used to subscribe for new Depository Receipts, the sent out pre-printed payment note is to be used as documentation for subscribing through payment. In addition to this, a complete application form shall be submitted to Öhman to the address found below.

B. Complete application form for subscription

In the event Warrants are acquired or sold, or if for any other reason another number of Warrants are used to subscribe than the number of Warrants preprinted on the issue statement, a complete and separate application form is to be used as basis for subscription. As notice of payment on the bank transfer service note the VP-account number must be stated. Such a complete application form is obtainable from Öhman's website, www.ohman.se or alternatively by phoning +46-8-402 51 32.

The complete application form shall be submitted or sent by post to:
E. Öhman J:or Fondkommission AB
Emissionsavdelningen/Vostok Nafta
Box 7415
103 91 Stockholm
Visiting address: Berzelii Park 9, Stockholm

The application form shall be sent in connection with the payment and must reach Öhman no later than July 3, 2007. Application forms that are sent by post should be sent in ample time before the last day for subscription. Please note that an application is irrevocable. An application form that is incomplete or incorrect may not be considered. Only one application form per subscriber will be considered.

The same procedure applies to they who were not registered as holders of Redemption Depository Receipts on the record day, but have acquired Warrants during the subscription period. In the event that the amount paid exceeds the subscription amount, the surplus will be repaid as soon as possible.

Unexercised Warrants

Please note that subscription must be made no later than July 2, 2007. Non-subscribed Warrants will be removed from each respective VP-account and transferred to Öhman, which will exercise the Warrants to subscribe for Depository Receipts and sell received Depository Receipts in New Vostok Nafta on the Stockholm Stock Exchange. The cash settlement from the sale will, after deduction for subscription costs and selling and administrative costs, be transferred to the respective owner's VPC affiliated bank account.

Custodial bank

Öhman will act as custodial bank for the Company's shares. The custodial bank will provide the holders of Depository Receipts with information on:

– Annual General Meeting.
– Term and conditions governing dividends and their payment.
– Procedures for exercising voting rights.
– Term and conditions pertaining to a new share issue.

Delivery of Depository Receipts

A subscription will be registered at VPC as soon as possible following receipt of payment. However, Depository Receipts may not be issued until the shares represented by the Depository Receipts have been issued by the Company. Subscribers will thus initially receive a VP notice confirming that the so-called interim depository receipts (equal to interim shares) have been registered in the subscriber's VP account.

The Company has applied for, and expects to receive consent from the Bermuda Monetary Authority with the intent to issue new shares in connection with the Restructuring. The Restructuring is conditional upon receiving such consent. Following receipt of such consent from the Bermuda Monetary Authority and the issue of the underlying shares by the Company, interim depository receipts will be converted to regular Depository Receipts. This is expected to take place on or about July 11, 2007.

New Vostok Nafta is connected to VPC's account based system for securities and consequently no physical share certificates will be issued.

Right to dividend

Subscribed Depository Receipts issued by New Vostok Nafta entitles to dividend payments effective as of the financial year 2007. The payment of declared dividends is carried out by VPC. A possible dividend for the financial year 2007 will be decided at the ordinary Annual General Meeting in 2008. For further information, see the section *Share Capital and ownership structure – Dividend policy*.

Trading

Trading in Depository Receipts in New Vostok Nafta is expected to commence on or about July 4, 2007 on the Stockholm Stock Exchange with the trading symbol VNIL. The ISIN code for the Depository Receipts is SE0002056721. The round lot has been proposed to be 200 Depository Receipts.

Other issues

No individual or legal person involved in the Restructuring have any financial or other relevant interests which are of significance for the Restructuring.

Neither the shares nor the Depository Receipts in New Vostok Nafta are subject to an offering which has been given under mandatory bid rules, redemption rights or sell-out right. There have not been any public take-over bids for New Vostok Nafta's shares during the present or the preceding financial year.

The Restructuring does not contain an over subscription option, a so-called green shoe option.

Comments by the Managing Director

The background and rationale for the Restructuring of Old Vostok Nafta is to provide an opportunity for increased exposure to the part of the portfolio that is not related to shares in Gazprom. Gazprom's dominant role has meant that developments in the rest of the portfolio have not had a notable impact on our share price, which has not been ideal as we consider these investments to have great potential.

In 2001 we took the decision to try to secure 1 per cent of Gazprom's issued shares in order to become one of the ten largest shareholders in the company. We discontinued these purchases in July 2005 when Gazprom's share price rose sharply due to a combination of increased hopes that the dual market would be abolished and increased fundamental understanding of the company's value following the listing of its small competitor Novatek. Our holding in Gazprom then amounted to 1.335 per cent of the company and around 90 per cent of our portfolio. This meant that we were the fourth-largest shareholder in the world's largest oil and gas company. We believed then – and still believe today – that the size of our holding adds value in a number of ways. Although 1.335 per cent does not translate into an influential role in the company, it allows close relations with management and other personnel, which has been decisive in understanding the investment properly. It is our opinion, in a historical perspective, that the market in general has made an inferior fundamental analysis of Gazprom, largely because the fluctuations in the value of the share previously have been due more to speculation concerning whether or not the ring-fence would cease or not rather than due to fundamental factors. Our ability to perform correct analysis of this investment has contributed to a long-term involvement which has proved to be the right choice, despite the market's countless sell recommendations over the years.

In addition to the opportunity to perform a more profound analysis, we believe that such a significant block of shares in itself entails a higher value per share than the market price. This is difficult to quantify before a sale, but our experience of other reform processes, above all in the Russian power sector, speaks for itself in this regard.

The size of the Gazprom holding in our portfolio has made it easy to forget that Old Vostok Nafta has been an investment company which continuously has analysed both its existing portfolio investments and new investments. Gazprom is just one of our investments, but as mentioned above, the Gazprom investment has, by being owned in a special way, proved to be beneficial to our shareholders. Several of the events that we anticipated would prove the value of Gazprom have occurred in recent years and this has been reflected in the share price which during the period from January 1, 2005, to March 31, 2007, has risen 279 per cent. In normal circumstances this would prompt the sale of these shares. As we have stated over the years, we have not been able to identify new investments that meet our required rate of return to the extent that it would be worth retaining the proceeds from a sale of the Gazprom holding within Old Vostok Nafta. Such a sale would therefore probably result in a large dividend payout, in turn leaving the non-Gazprom investments in Old Vostok Nafta.

Had the sale of our Gazprom block in a near future been in the best interests of our shareholders, we would not have needed to carry out the restructuring presented in this Prospectus. We are convinced that it is not in shareholders' interests to sell Gazprom in the short term – quite the opposite. During the autumn, two remaining factors behind Gazprom's continued major revaluation potential were clarified

1) the deregulation of Russian gas prices, and
2) the development of the company's enormous reserve base.

The predicted revaluation of Gazprom, due to Gazprom's progress made during the autumn 2006, has yet to materialise. This is due to the absence of fundamental analysis of Gazprom. However, we expect this to be corrected over the next 12 to 24 months. This is a sufficiently long horizon for the remainder of Old Vostok Nafta's portfolio to be operated on a stand alone basis. The remainder of the portfolio has a risk and return profile that differs from the Gazprom holding. Further, the non-Gazprom part of the portfolio in many cases has a longer time horizon and perhaps even greater potential compared to the Gazprom holding. The Gazprom holding's dominance in the portfolio has constituted a barrier to the realisation of this potential.

In summary, it is the immense potential we found in both Gazprom and the remainder of the portfolio – and also their different structures – that makes it natural to carry out the present restructuring process, whereby the non-Gazprom related holdings will be transferred to New Vostok Nafta, and the Gazprom holding will stay with Vostok Gas (Old Vostok Nafta).

New Vostok Nafta's business concept will be unchanged: to invest principally in Russia and its neighbouring countries with the emphasis on absolute return. The geographical mandate, like the sector mandate, is entirely open, but with a continued focus on natural resources and on Russia and its neighbours. We will invest wherever we can use our experience and capacity to manage risk in order to create value for our shareholders.

Four sectors make up the majority of New Vostok Nafta's current portfolio value, namely oil, farming, coal and mining and metal. The bulk of the capital being injected into the Company through the Restructuring will be invested in these sectors, in both existing investments and in potential new investments. As before, we will also be opportunistic and invest in sectors outside our traditional ones. The current portfolio also includes investments in among others the forestry, the media and the cement sectors.

The corporate management will be unchanged and will be shared by the two companies. Work at New Vostok Nafta will continue to focus on analysing the portfolio's existing and potential new investments, and then executing purchases and sales. Vostok Gas' portfolio will consist exclusively of the Gazprom holding, which naturally means that analytical work will be limited to one company. On the other hand, a great deal of work will go into making the company cash-flow-neutral as best possible. The operating costs at Vostok Gas will be lower as a percentage of the asset base than at New Vostok Nafta, but the cost of its debt will need to be met from a source other than revenue in the rest of the portfolio.

It is our opinion that Old Vostok Nafta's portfolio, prior to the restructuring, was one of the world's most exciting portfolios, since it consisted of one of the world's largest oil and gas companies and a portfolio of other promising investments. We are convinced that the two portfolios will continue to develop well, also after the restructuring, and thus create value for respective company's shareholders. The development will remain volatile and lined with risks, but the huge potential more than compensates for this.

Per Brilioth
Managing Director
Vostok Nafta

New Vostok Nafta:

- **Proven track record in the region and a variety of sectors**
- **Sharper focus on the portfolio**
- **Strong business flow as a result of management and Old Vostok Nafta's brand**
- **More homogeneous risk/return profile**

Vostok Gas:

- **Fourth-largest shareholder in Gazprom**
- **Ten years' experience as Gazprom shareholder**
- **Attractive levels of debt/gearing**
- **Strategies to enhance returns**
- **Cost-effective organisation**

Market overview

New Vostok Nafta is an investment company principally focusing on public and private investments in companies operating in Russia and adjacent markets. The following sections present a macroeconomic overview of Russia. In addition, a more detailed description is given of the sub-markets that the Company mainly has invested in. The sub-markets presented below are the sub-markets for oil and gas, coal, mining and metals, cement, agriculture, forestry and advertising.

Macroeconomic overview

Russia has undergone extensive structural changes in the last few decades. Since 1998, when the economic recovery began after the sharp devaluation of the rouble, great progress has been made in restructuring the Russian economy.

The Russian economy has experienced high growth in the last seven years, with an average annual rate of growth in real GDP terms of 6.7 per cent.[01] Real growth in GDP amounted to 7.2 per cent in 2004 and 6.4 per cent in 2005. The International Monetary Fund (IMF) forecasts annual real growth in GDP of 6.5 per cent for 2006 and 2007. The growth in GDP in recent years is partly explained by high prices for raw materials, which have contributed to that the Russian balance of payments has gone from a deficit of USD 80 million in 1997 to a surplus of USD 95.6 billion in 2006. As the Russian economy has grown, national debt as a percentage of GDP has fallen from 130 per cent in 1998 to 20 per cent in 2006.

Russia's strong public finances are also reflected in growth in currency reserves, increased value of the stabilisation fund and a declining rate of inflation. The country's international reserves at the end of 2006 totalled USD 303.7 billion, which makes the Russian state a net lender, with the third largest currency reserves in the world.[02] Since the establishment in 2004 of the stabilisation fund, the purpose of which was to reduce the country's exposure to fluctuations in international prices for raw materials, the total value of the fund has risen sharply, standing at USD 76.6 billion at the end of October.[03]

Following a period of financial crises and hyperinflation during the 1990s, Russian inflation on an annual basis has stabilised, moving up and down within the 10–15 per cent range in the last few years. This has resulted in the general level of interest rates having fallen from an average borrowing rate of 39.7 per cent in 1998 to an average borrowing rate of 10.5 per cent in 2006.[04] The positive economic trend in Russia has also contributed to reduced unemployment, which during the period from January to October 2006 stood at 7.5 per cent on average.[05]

As a result of Russia's strong growth since the end of the 1990s, the popularity of President Putin has grown considerably and his goal of doubling the country's GDP over the period 2000 to 2010 remains in place, which has contributed to President Putin having been viewed externally as a president who has contributed to creating political stability.

01. IMF (estimate 2006)
02. Russian Central Bank
03. World Bank
04. Central Bank of Russia, one-year borrowing rate
05. World Bank

The prevailing Russian constitution does not allow the country's president to serve more than two consecutive terms, which means that a new president will be elected for the next term of office, 2008–2012.

Standard and Poor has gradually upgraded Russia's credit rating over the last years due to the favourable trend in the market. In February 2007 Russia had the credit rating BBB+ "stable outlook", based on foreign currency and A– "stable outlook" based on local currency. Future economic development will depend firstly on the sharp economic growth the country is experiencing, which has contributed to the country's strong finances, and secondly on the political uncertainty accentuated by the forthcoming presidential elections in March 2008.

Economic indicators for Russia

	2000	2001	2002	2003	2004	2005	2006E	2007E
Real GDP growth, per cent p.a.	**10.0**	**5.1**	**4.7**	**7.3**	**7.2**	**6.4**	**6.5**	**6.5**
Inflation, per cent	**20.8**	**21.5**	**15.8**	**13.7**	**10.9**	**12.6**	**9.7**	**8.5**
Unemployment, per cent	**9.8**	**8.9**	**8.6**	**8.6**	**8.3**	**7.7**	**7.2**	**7.0**
Real disposable income (1999=100 per cent)	**N/A**	**121.7**	**135.3**	**155.4**	**170.8**	**185.8**	**211.7 ***	**N/A**
National debt, per cent of GDP	**59.8**	**47.6**	**40.4**	**29.6**	**21.7**	**16.5**	**11.3**	**N/A**
Government budget, per cent of GDP	**0.80**	**2.70**	**1.30**	**1.60**	**4.30**	**7.40**	**7.60**	**N/A**
Balance of payments, per cent of GDP	**17.2**	**10.9**	**9.0**	**8.2**	**10.3**	**13.2**	**13.0**	**N/A**

Source: IMF, World Bank, Moody's and UNCAD
* Maj 2006

The energy market in Russia

The oil and gas market

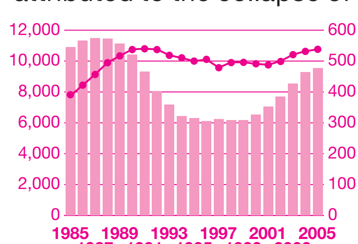
Parts of the oil and gas industry in Russia have been successively privatised since the collapse of the Soviet Union. Growth in the Russian economy in recent years has been driven primarily by exports of oil and natural gas. In 2005 exports of oil and gas accounted for 55 per cent of Russian exports, and they are expected to have accounted for 58 per cent in 2006. This makes the oil and gas industry by far the most importance source of income for the Russian economy, with a share of around 11 per cent of GDP.[06]

Proven Russian reserves of oil totalled 74.4 billion barrels at the end of 2005 which was equivalent to 6.2 per cent of the world's total oil reserves of 1,200.7 billion barrels. Proven reserves of natural gas at the end of 2005 totalled 47.82 trillion cubic metres. Russia thus holds the world's largest reserves of natural gas with 26.6 per cent of the world's total stock.

Production of natural gas increased by 38.7 per cent over the period from 1985 to 2005. Production of oil fell by 12.4 per cent over the same period. Russia was thus the world's largest producer of natural gas and the world's second-largest producer of oil at the end of 2005, with a 21.6 and 12.1 per cent share respectively of the world market. The decrease in oil production can be attributed to the collapse of the Soviet Union and the wave of privatisation

06. Central Bank of Russia, CIA – World Factbook

Russian oil and gas production, 1995–2005
Source: BP Statistical Review 2006



Oil production, Mton (left axis)
Gas production, Mton oil equivalents (right axis)

that was ushered in. This wave revealed the inefficiency of Russian companies in comparison with international companies operating on the more competitive world market. The low rate of growth in the Russian economy in the 1990s contributed to reduced investments, which had a negative impact on the capacity of the oil refineries. A third factor that contributed to the sharp decline in production was that domestic consumption fell as a result of rising oil and gas prices, which previously had been exceptional low in Russia.

Sharp economic growth in recent years has led to an increase in Russian oil and gas production of 46.1 and 9.7 per cent respectively over the period 2000 to 2005.

Russia has at present just over 30 oil-producing regions. Despite the relatively wide geographical spread, oil reserves are primarily concentrated in a small number of oil fields and regions. Most oil production takes place in western Siberia, while other major regions include Volga-Ural and the rest of Siberia. The Volga-Ural region is one of the older regions, whose oil reserves are considered to be almost empty. Exploration for new reserves is taking place in the northern part of the Caspian region and in eastern Siberia. The oil pipeline which is to transport the oil to the Pacific Ocean, the so-called ESPO pipeline[07], is expected to be completed by 2008, when the first stage of the pipeline expected to be operational.

Market structure

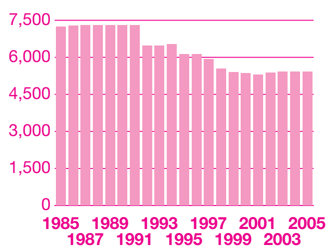
The largest companies in the market are Gazprom, Lukoil, TNK-BP, Rosneft, Novatek and Surgutneftegaz. In recent years, privatisations and sell-offs have successively reduced the Russian state's influence in the Russian oil and gas companies. In 2003 BP merged its Russian assets with TNK and established a joint-venture, TNK-BP. For the first time in five years, oil production licences were allocated by auctioning in 2004 and in the same year the Russian state sold its remaining holding in Lukoil, which corresponded to 7.6 per cent of the company, through an auction to ConocoPhillips. At the end of 2004, 76.8 per cent of the shares in Yuganskneftegaz were also auctioned.

Infrastructure and investment initiatives

Construction activities in Russia increased in 2005 and 2006 as a result of synchronisation of extensive infrastructure projects in the oil, gas, energy and transport sectors. The construction industry accounted for 7.8 per cent of GDP in 2005, around USD 60 billion, which can be compared to around USD 47 billion in 2004.[08]

07. East Siberian Pacific Ocean Pipeline
08. Business Monitor International Ltd. Russia Infrastructure Report Q2 2006

Russian oil refinery capacity, Tton per day, 1995–2005
Source: BP Statistical Review 2006



The coal market

Russia is the world's sixth-largest producer of coal. In 2005 production totalled 298 million tonnes, equivalent to 4.7 per cent of total world production. Russian reserves are the second-largest in the world and in 2005 accounted for 17.3 per cent of the world's total proven coal reserves. Coal is an important source of energy in Russia and Russia accounted for 3.8 per of total world consumption in 2005.

Coal production fell sharply in the early 1990s as a result of significant decrease in demand, principally to the benefit of gas. However in recent years, demand for coal has started to recover as a result of new technology, which has made the process of extraction more efficient.

Since the privatisations were initiated in the late 1990s, the Russian coal industry has undergone a period of consolidation. The outcome is a relatively concentrated market in which the total production of ten companies, in the market for thermal and coking coal, accounted for approximately 71 and 84 per cent of production respectively in 2005.[09]

		Controlled by	Market share Thermal coal, per cent	Coking coal, per cent
01	SUEK	MDM Group	36	1
02	Kuzbassrazrezugol	Management/UGMK	16	5
03	Yuzhkuzbassugol	Management/Evraz	2	19
04	Russian Coal	Management	7	1
05	Southern Kuzbass	Mechel	3	12
06	Vorkutaugol, Kuzbassugol	Severstal	0	15
07	Sibuglemet	Management	1	11
08	Yakutugol	State/Mechel	2	8
09	Raspadskaya Coal	Management/Evraz	0	12
10	Siberian business union	Management	4	0
	Other		29	16
			100	100

The demand for coal is expected to grow sharply over the next few years, driven primarily by demand from growth regions in Asia. The Russian government has expressed the aim of raising the domestic price of gas, which is expected to increase domestic demand for coal. The annual production of Russian companies stands up well in an international comparison with regard to both thermal and coking coal.

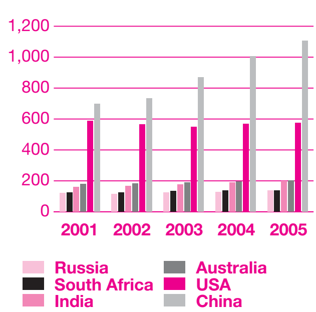
Driving forces and trends in the Russian energy market

The Russian energy market is driven by several factors, including global growth, domestic demand, the global price of raw materials and the investment climate.

– *Global growth* – As one of the world's largest producers of several, for the world economy, important raw materials, among them oil, gas and coal, Russia's energy market is relatively strongly correlated with global growth. The World Bank anticipates favourable global growth over the next few years as growth countries such as China and India are expected to continue to make a positive contribution to the global economy.

09. Troika Dialog

Russian coal production, 1995–2005
(Oil equivalent, million tonnes)
Source: BP Statistical Review 2006



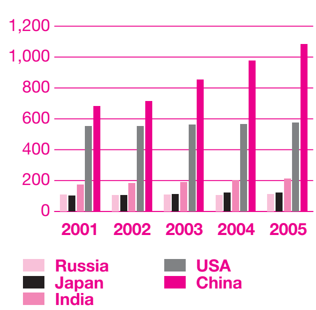
– *Domestic demand* – The World Bank forecasts increased prices in the Russian gas and electricity sector due to increased domestic demand and trends towards unchanged production due to the increasing need for investment. The Russian government, which at present subsidises the domestic gas price, has indicated a willingness to gradually raise the domestic price of energy, particularly in the gas sector. The purpose of this is to increase interest in investing in alternative energy sources such as nuclear power and coal. According to the World Bank, the government intends to increase the domestic price of gas for company customers by 15 per cent in 2007 and between 25 and 27 per cent annually through to 2010.
– *Price of raw materials* – Oil prices historically have fluctuated widely. As well as availability and demand, the factors that affect oil prices are global and regional economic and political development in resource-producing regions. Measures by OPEC countries and other oil-producing countries that affect global production levels also have an impact on prices. Other factors affecting oil prices are the prices of alternative fuels, global economic conditions, weather conditions and political uncertainty. Several factors indicate that prices will remain high for several years to come.
– *Deregulation and increased investments* – The private sector's investments in the development of the energy market are largely dependent on whether right of ownership in Russia is respected. Domestic bureaucracy and efficient legal systems are considered still to be significant problems and to inhibit the development of the private sector. A continued stable political climate after the presidential elections in 2008 and a government that is favourably disposed to private ownership are therefore considered to be of decisive significance for a continued favourable investment climate.

The mining and metal sector
The strong world economy and in particular the rapid growth of the Chinese economy in recent years have led to a steady rise in demand for metals in 2006. Prices for metals such as zinc and copper rose to historically high levels in 2006. With a large quantity of different minerals, Russia, the world's largest country in terms of land area, holds a large proportion of the world's total mineral resources.

Metal prices are determined by supply and demand, and in the case of zinc, copper and iron ore (steel) the construction and automotive industries are among the largest consumers. Demand for these metals has been greatly affected by the general economic climate and recent economic growth, particularly in developing countries.

The long period of low metal prices during the 1990s and the first three years of this decade resulted in minimal investments in new exploration. The historical low metal prices is the reason for why only a limited mine capacity has been added in recent years. This has led to a deficit of newly mined ore and a decrease in global stocks of metals. Despite exploration for new mineral deposits has increased in recent years, it will take some time before new mine capacity can have a noticeable impact on the balance of the market. The shortage of zinc in the market is expected to persist at least for the next two to three years, while the general opinion is that the market for copper is closer to balance.

Russian coal consumption, 1995–2005
(Oil equivalent, million tonnes)
Source: BP Statistical Review 2006



The market for zinc

Zinc is principally used for infrastructure purposes in the construction and automotive industries. Just over 56 per cent is used to produce galvanised steel, 15 per cent for brass and smaller quantities for chemicals and batteries.

China is the largest consumer of zinc, accounting for around 28 per cent of demand in 2006. Europe is the second most important consumer, accounting for around 25 per cent in 2006. China's annual rate of growth in consumption in 2007 is estimated to approximately 10 per cent, while consumption in the West is expected to increase by 3.6 per cent.

The market for zinc producers is fragmented, with a large number of small and medium-sized players, among whom many only operate a single mine. However, there may be more dominant players at the regional level. The largest Russian zinc producer is Chelyabinsk Zinc Plant, which accounts for more than 60 per cent of Russia's total production but only around 2 per cent of global production.

The price of zinc developed strongly in 2006 and at the end of the year had risen by 122 per cent to USD 4,233/tonne. The average price of zinc in 2006 amounted to USD 3,263/tonne, a rise of 138 per cent in comparison with 2005. The price trend for 2007 will principally depend on the balance between supply and demand. If balance between supply and demand is to be achieved in 2007 it is required that new production is added, in the form of both new mines and expanded production in existing mines and reduced demand for zinc in China.

Mining production of zinc

Year	2002	Annual production (kt zinc content) 2003	2004	2005	Jan–Sep (kt zinc content) 2005	2006
Europe	**903**	**1,013**	**1,007**	**1,040**	**774**	**797**
Africa	**237**	**258**	**352**	**414**	**314**	**304**
America	**3,762**	**3,744**	**3,568**	**3,522**	**2,692**	**2,567**
Asia	**2,546**	**3,057**	**3,507**	**3,810**	**2,793**	**3,036**
Oceania	**1,444**	**1,447**	**1,298**	**1,329**	**1,000**	**992**
Total	**8,892**	**9,519**	**9,732**	**10,115**	**7,573**	**7,696**

Source: ILZSG Land and Zinc statistics

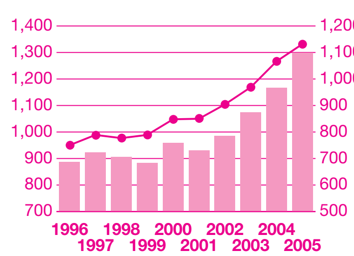
The market for copper

The development of infrastructure continues to be the principal force driving demand for copper. The construction industry accounted for around 38 per cent of demand in the Western World in 2006, while electronic products and industrial machines accounted for 28 and 13 per cent of consumption respectively.

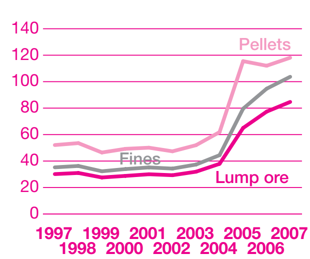
Europe remained the largest consumer of copper in 2006, accounting for 28 per cent of consumption. China was the second-largest consumer, accounting for 23 per cent. Global consumption increased by 4.4 per cent in 2006, while Chinese consumption rose by 7.7 per cent.[10]

A small number of large companies with a high degree of vertical integration including mines and smelters dominate the copper industry. The largest integrated producers of copper in Russia are Norilsk Nickel and Uralskaya Gorno Metallurgicheskaya Kompania (UGMK), which account for the majority of the country's copper production.

10. Lundin Mining AB.



World export of iron ore (Mt, left axis) and production of raw steel, (Mt, right axis), 1996–2005
Source: UNCTAD, The Iron Ore Market 2005–2007



Iron ore price development 1997–2007 (Benchmark prices FOB Brazilian harbour), USc/Fe unit]
Source: RMG

Copper prices rose by 41 per cent in 2005 and the price development continued in 2006 with a further rise of 45 per cent. In May 2006 the price of copper peaked at USD 8,555/tonne and then fell back to a level of USD 6,371/tonne at the end of the year. The average price of copper in 2006 amounted to USD 6,658/tonne, a substantial increase of 92 per cent compared to 2005 when the average price was USD 3,464/tonne.[11]

The market for iron ore

Iron ore is the world's most produced and consumed mineral and is the principal raw material in the production of steel. The iron ore industry is in principle only exposed to the steel sector, which has experienced strong economic development on the back of sharp global economic growth and strong development in many developing countries, particularly China. As a result of limited transport capacity and growth in production due to growth in demand, the price of iron ore has risen sharply with consequent improvements in profitability for world iron ore producers.

The CIS states are the world's fourth largest producer of iron ore after China, Brazil and Australia, and they account for around 14 per cent of global production.[12] Russia on its own is the fifth largest producer of iron ore. In addition, the CIS states control the largest known reserves of iron ore in the world. It is estimated that Russia possesses 17 per cent of world reserves, and the neighbouring country of Ukraine, with a substantially smaller area, has reserves estimated at around 11 per cent of the world total.[13]

Ukraine has an advantageous geographical location. The country sells 60 per cent of its production to the EU, the Middle East and Russia, and proximity to these important steel markets are of great importance to Ukraine. Ukraine ranks number seven in the world in terms of production of ferrous metals.

As the steel industry is to be regarded as the only customer of iron ore, demand for the latter is a function of global steel production. The demand is in turn affected by the global economic growth, but also by the balance between supply and demand. China, which in recent years has imported increased volumes of steel, is now developing its own production, which in the longer term will add production and consequently is likely to reduce Chinese demand for imported steel.

The cement sector

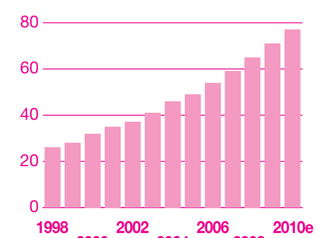
In line with the broad economic recovery following the crisis in 1998, Russian cement production has on average increased by 9 per cent per annum. The production exceeded 50 million tonnes in 2006.

Investments in new housing by the Russian state are expected to continue, and housing construction is forecast to be 80 million square metres per annum by 2010. The need of continues expansion and modernization of the Russian infrastructure will mean increased demand for cement. The cement market is expected to amount to between 80 and 90 million tonnes in 2010, which would mean cement consumption per capita equal to the European and American levels (around 600 kg per capita and year).

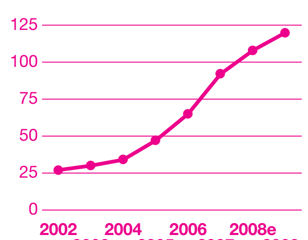
Cement is relatively cheap to produce per unit of volume and the transport costs therefore account for a significant portion of the total cost in pouring, given

11. UBS Research.
12. Lundin Mining AB.
13. UBS Research.

Cement production in Russia 1998–2010e, million tonnes
Source: Taiga Capital



Russian cement prices – annual average, USD/t
Source: Taiga Capital



the long transport distances. The cost structure accordingly means that there are limited opportunities to transport cement over longer distances. This fact, combined with the limitations of the Russian infrastructure (for example lack of port capacity) means that cement imports in many cases are not an economically competitive solution given the prevailing price levels for cement. The price of cement is expected to rise sharply from its present-day level of just over USD 60 per tonne to USD 100 per tonne in 2008. This is due to a combination of factors such as strong growth in demand, high utilisation of capacity in the Russian economy, a lack of significant boosts to capacity and the absence of competition from imports. This is anticipated to result in a sharp increase in revenue for domestic producers based on increased production and higher prices.

Macroeconomic conditions for the cement industry will also improve as access to capital for the necessary modernisations increases. The prevailing relatively high degree of attrition of existing reserves combined with pressure from the expected increase in domestic prices for gas and oil (the principal fuel used in cement production) will necessitate further investments in the sector. However, the move to a more energy efficient dry method of production promises substantial reduction of unit capital expenditure from USD 150 million to USD 70 million for 1 million tonnes per annum of new cement capacity, followed by more savings in operational expenditure due to a lower energy bill.

The agricultural market in Russia

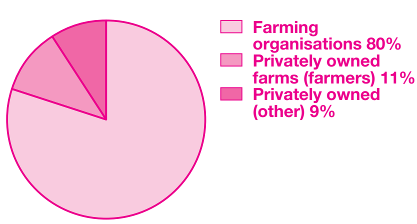
After the collapse of the Soviet Union in 1991 and up to the mid-1990s, extensive redistributions of Russian assets took place, including in the energy, industrial and metals sectors. As a result of the liberalisation of prices in 1996, the Russian state ceased to act as a price and market guarantor. It is only in recent years that the Russian government under President Putin, after years of dogged reform efforts, has implemented deregulation in agriculture legislations which has made it possible to invest in Russian land. Prevailing agricultural legislation still contains restrictions on acquisition of land by foreign investors, but shows radical changes in comparison with the previous legislation that applied under the Soviet regime. As can be seen in the diagram below, agricultural organisations largely under state control are the largest agricultural landowners in terms of area.

Cultivatable land

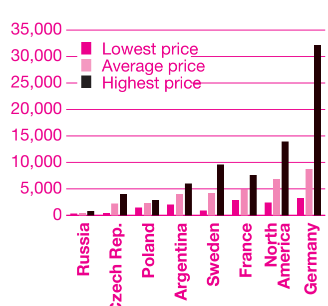
Around 75 per cent of Russia's total cultivatable land area (around 127 million hectares) is used for agriculture.[14] Despite the large land area, the total acreage under crops has fallen over the last 14 years to 77 million hectares in 2005 (of which 61 per cent was available for cultivation). From a global perspective Russia has the fifth largest cultivatable acreage in the world enriched by what is known as the "Black Earth". The total area of this type of soil, which is rich in minerals and nutrients, is around 49 million hectares.

14. CIA – World Factbook

Breakdown of Russian agricultural land per landowner, 2004
Source: Federal State Statistics Service, Ryssland



Price range (agricultural land), USD/ha
Source: SCB, Federal Statistical Office Germany, Polish Central Statistical Office, Farm land broker for Argentina and Uruguay and USDA, Farm values 2005.



Land prices

As a result of the lack of privatised activity in the agricultural sector, prices for agricultural land continue to be heavily discounted in comparison with other agricultural countries. Depending on buyer, the price of land can vary from USD 350 to USD 850 per hectare. The price of land in central and southern Russia is estimated at around SEK 500 and USD 700 respectively per hectare. This can be compared with similar land in the United States, the price of which is around USD 2,200–14,000 per hectare, Argentina USD 2,000–6,000 per hectare and Germany, where prices in some cases are in excess of USD 30,000 per hectare.[15]

Production

Russia is one of the largest producers of some of the world's most important crops. Wheat and barley are the most commonly produced types of cereals with around 45 and 17.2 million tonnes respectively in 2004. Russia accounted for 7.5 per cent of total world production of wheat in 2004.

Despite Russia's significant share of the world's cultivated arable land area, the Russian agricultural sector accounts for a modest share of GDP, only 5.6 per cent in 2005.[16] A principal reason for this is that the agricultural sector continues to suffer from inadequate efficiency. The lack of efficiency in turn is due to a poor-quality technical infrastructure, resulting from an inadequate pace of investment in the wake of the recession of the 1990s. Other causes that have contributed to a decline in production have been inadequate routines for crop rotation and low level of use of fertilisers and pesticides. The combination of these causes has brought about Russia's relatively low agricultural productivity, which is illustrated in the diagram below.

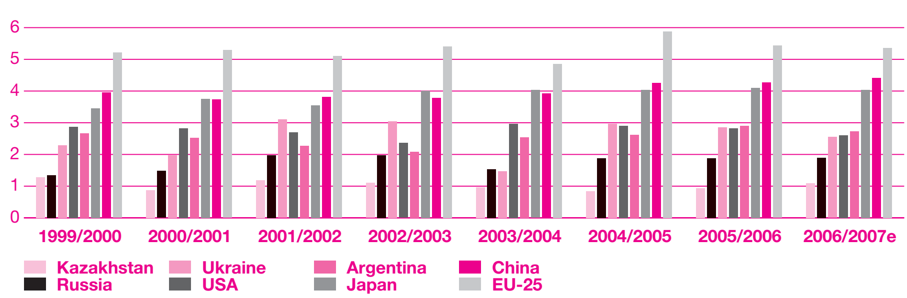
Driving forces and trends

The principal forces driving the agricultural market are the three factors of population growth, economic growth and demographic changes.

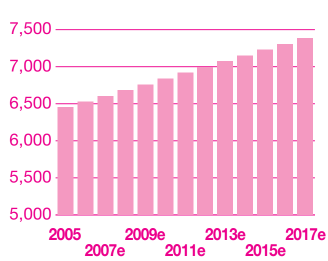
- The global growth in population has historically accounted for around 70 per cent of the increase in food production, while it is expected to show annual growth of 1.11 per cent over the next few years, up to 2017. The population of Russia is expected to remain unchanged over this period. The highest rate of growth is expected to be in China and India due to their increasing populations and strong economic growth trends.
- The economic growth which has principally been stimulated by sharply increasing exports of oil and gas has contributed in the past decade to an increase in the purchasing power of the population, which in turn is driving demand for agricultural products.
- As the demographic shift takes place as a consequence of urbanisation, demand and consumption of more varied food and therefore demand for agricultural produce will increase. Areas with an urban population have historically had a more diversified diet than sparsely populated areas, primarily due to higher incomes. This trend can be identified in growth economies such as Russia and China, where great demographic changes are taking place as economic growth gradually raises the purchasing power of the population.

15. Federal Statistical Office Germany, Farmland Broker for Argentina and Uruguay and USDA, Farm Values 2005.
16. Rosstat

Yield, tonnes/hectare
Source: United States Department of Agriculture (USDA)



World population 2005–2017e, million
Source: US Census Bureau



The forestry industry in Russia

The forestry industry, like other industries in Russia, has declined since the collapse of the Soviet Union, but has started to stage a recovery in recent years. Total production and exports are shown separately for the production of sawn timber and roundwood in the diagram below. As the diagrams on next page show, the decline in production is entirely due to a sharp fall in domestic demand from 1992, while the export volume has been in an increasing trend for both grades of timber.

Russia holds the world's largest timber reserves, but there are limitations in the infrastructure with regard to both railways and roads, while access to the timber also poses a problem.

Future prospects

The market faces a period of growth because of the expected decline in American production, while Chinese and Japanese demand for sawn timber is expected to increase. Japanese imports have been relatively constant in the last five years, but the Japanese housing market is expected to recover, and this may lead to increased Russian exports of timber to Japan. In addition to this the domestic construction industry has developed strongly in recent years, and this is expected to further increase the demand for Russian timber. The diagram below contains statistics for Chinese and Japanese exports of sawn timber and roundwood.

Price trends

The price per exported cubic metre of Russian timber has risen since 2001, following a decline over a number of years during the end of the 1990s. The price for sawn timber amounted to 190 USD per cubic metre in January 2007.[17]

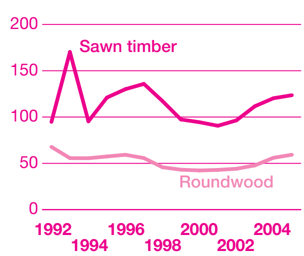
Export duties

Russia declared its plan for an increase in export duties for timber in February 2007, a plan which had been in preparation for a long time. The first increase in duties according to the plan is due to come into force in July 2007, when the minimum rate of export duty rises from four euros per cubic metre to ten euros. Minimum export duties will be raised further to 15 euros in April next year and to 50 euros per cubic metre at the beginning of 2009. At the same time, the export duties, in addition to softwood timber, will also apply to birch and asp with a crown diameter of more than 15 centimetres. The export duty applicable to asp is to be lower, five euros per cubic metre by the end of 2008. With effect from 2011 the minimum rate of duty will be 50 euros for all types of wood.

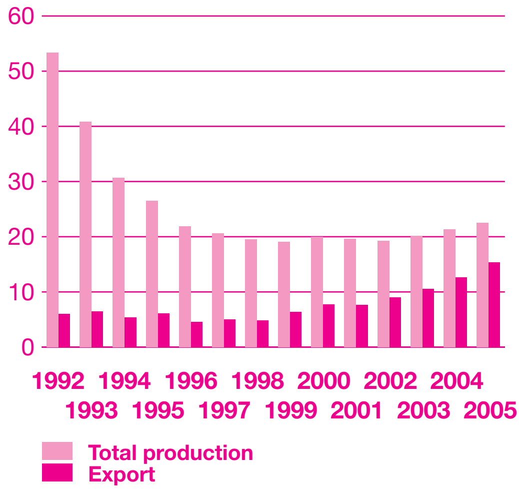
Export duties will affect the prospects of Russian forestry companies competing in the international market, but the duties will have a positive impact as Russian companies will now have to endeavour to increase the degree of processing of the timber, which ought to lead to increased profitability.

17. Taiga Capital

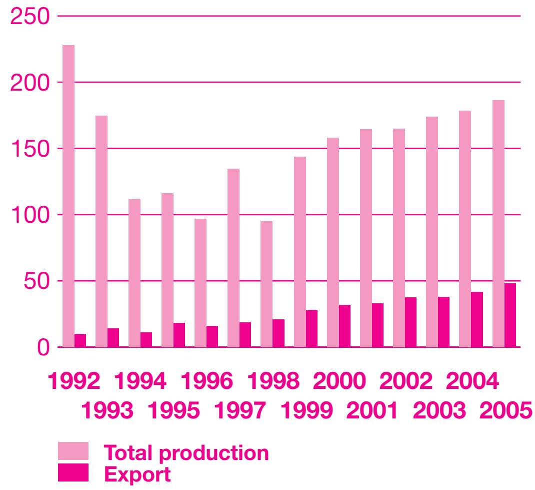
Price development, Russian export of sawn timber and roundwood, 1992–2005 USD/m³
Source: FAO Stat



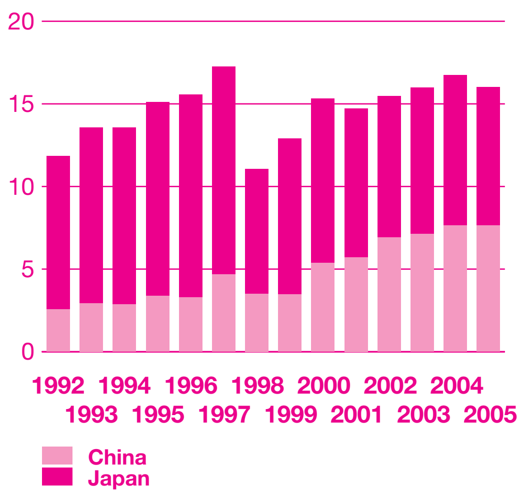
Sawn timber: total production and export, Russia 1992–2005
Million m³
Source: FAO Stat



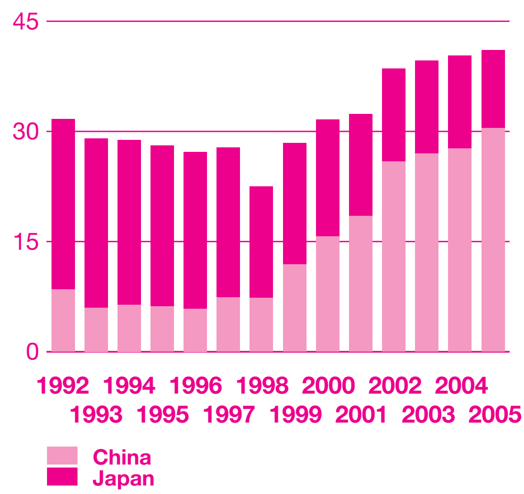
Roundwood: total production and export, Russia 1992–2005
Million m³
Source: FAO Stat



Sawn timber: total import, China and Japan 1992–2005
Million m³
Source: FAO Stat



Roundwood: total import, China and Japan 1992–2005
Million m³
Source: FAO Stat



The advertising market in Russia

According to the market research company ZenithOptimedia, Russia was the world's seventh-largest advertising market in 2005, with a share of 1.3 per cent of the world market. The Russian market, which in 2005 totalled around USD 5.0 billion with a growth rate of around 28 per cent, is expected to be the fastest-growing advertising market in the world, with an annual average growth rate of around 30 per cent over the period 2005 to 2007.

Search and guidance media comprise on-line services such as direct search services for directory searching (yellow pages), the Internet, web portals and advertising space, as well as off-line services in the form of telephone directories and similar services. As can be seen from the table below, television is the medium that accounts for the largest share of turnover with 46.5 per cent of the total advertising market in Russia in 2005.

Advertising market in Russia, 2005

Media	Volumes USD millions	Share, per cent	Growth, per cent	Market share in Europe, per cent
Television	**2,330**	**46.5**	**37.0**	**33.8**
Radio	**300**	**6.0**	**20.0**	**5.7**
Printed media	**1,390**	**27.7**	**16.0**	**50.8**
Daily newspapers	**290**	**5.8**	**16.0**	**31.9**
Magazines	**580**	**11.6**	**23.0**	**18.9**
Handbills	**520**	**10.4**	**8.0**	**n.a.**
Outdoor advertising	**910**	**18.2**	**28.0**	**6.6**
Internet	**60**	**1.2**	**71.0**	**2.3**
Other	**20**	**0.4**	**33.0**	**0.9**
Total	**5,010**	**100.0**	**28.0**	**100.0**

Source: Moscow State University

The Internet, according to ZenithOptimedia, is the medium showing the highest rate of growth, with an increase of 71 per cent in 2005. Relative to the Western World, Internet penetration in Russia is still relatively low, and development is largely driven by the metropolitan regions. It is assumed that the Internet market will continue to grow sharply until 2010, when turnover is expected to total around USD 800 million.

The market for directory services

Directory services are another sub-market that has grown sharply in Russia. Turnover in the market was USD 71 million in 2005 and is expected to have grown by 12 per cent in 2006, resulting in an average annual rate of growth over the period 2002–2006 of 17 per cent.[18] The market for directory services largely consists of printed directories, on-line services and directory enquiries. In Russia, where use of the Internet and mobile services is less well developed than in Western Europe, advertising income from printed directories still accounts for a significant share.

18. MAR Consult Media Report, 2006

Directory services in Russia

USD million	2003	2004	2005	2006E	2007E	2008E
Printed directories	**52.5**	**55.0**	**59.0**	**65.5**	**77.0**	**87.0**
On-line services	**1.5**	**3.0**	**5.5**	**7.0**	**9.0**	**12.0**
Directory enquiries	**4.0**	**5.0**	**6.5**	**7.5**	**9.0**	**11.0**
Total	**58.0**	**63.0**	**71.0**	**80.0**	**95.0**	**110.0**
Growth per cent	**26**	**9**	**13**	**13**	**19**	**16**

Source: MAR Consult Media Report, 2006

As the infrastructure for broadband and the development of mobile 3G services improves, Internet penetration in the country is expected to increase. As can be seen from the table above, on-line services are expected in the future to account for an increasingly large proportion of the total market for directory services. A decisive factor for players in the market according to MAR Consult Media Report will be how new and traditional search channels can be combined to meet future changes in user patterns.

The market for directory enquiries has traditionally been dominated by the large telecom companies. However, in the last five years a number of independent players have become established in the market, principally on the basis of digital technology, growth in mobile services and deregulation. The market totalled around USD 6.5 million in 2005 and is expected to grow by around 20 per cent a year over the period 2006–2008.[19]

Driving forces and trends

Several factors suggest that the advertising market will continue to grow sharply over the next few years.

- The sharp growth in GDP in recent years and the growing market for consumer credit are expected to continue to drive Russian Internet penetration. Younger generations are making ever increasing use of the Internet as a medium, while its use is also spreading to regions outside the metropolitan regions.
- Continued deregulation of the telecommunications industry is opening the way to competition, which in turn is expected to result in more services becoming available at lower prices. Several leading telecommunications companies have additionally shown interest in disposing of their directory operations.
- As the media market develops and becomes available to more users, more companies will be persuaded to advertise and be visible in the new media. The market for directory services is expected to grow from USD 80 million in 2006 to USD 110 million in 2008, which is equivalent to annual growth of slightly above 17 per cent.[20]

19. MAR Consult Media Report, 2006
20. MAR Consult Media Report, 2006

History and legal structure

History

Old Vostok Nafta was founded in 1996 by Adolf H. Lundin, an international businessman with interests in oil and minerals. Lundin trained as a mining engineer at the Royal Institute of Technology in Stockholm and spent more than 40 years in the international oil and mining industries until his death in September 2006. He was succeeded as Chairman of Old Vostok Nafta by his son Lukas H. Lundin. Around 15 mutually independent companies part-owned by the Lundin family now form part of "The Lundin Group of Companies".

Adolf H. Lundin began investing privately in Russian oil shares in 1995. The next year, the decision was taken to transfer them to a company and float it under the name Vostok Nafta Investment Ltd. On March 6, 1997, Old Vostok Nafta was listed on Svensk Börsinformation (SBI), now NGM, in connection with a new issue. Since 1998, Old Vostok Nafta has been traded on the Stockholm Stock Exchange, now Stockholmsbörsen.

Old Vostok Nafta was founded with the business concept of making both portfolio and direct investments in the former Soviet Union. In late autumn 1999, the first direct investment was made, in the form of the acquisition of 80 per cent of the oil company Eastern Transnational Company (ETC) in the Tomsk region of western Siberia. This investment in Tomsk was spun off in December 2000 to Old Vostok Nafta's shareholders, in the form of the company Vostok Oil to be listed on Nya Marknaden, now First North, at the Stockholm Stock Exchange. One reason for the spin off was to allow Old Vostok Nafta's shareholders to choose for themselves whether they wanted to have exposure through direct investments or portfolio investments. Following the spin off of Vostok Oil, Old Vostok Nafta's management worked on redeveloping and redefining the company's direction so as to create maximum value for shareholders. A decision was taken to focus the company even more clearly as a pure investment company operating in the oil and gas sector in the former Soviet Union. During 2002 to 2003 the investments in the power sector to were concentrated to a separately quoted company by the name Vostok Energo. The revaluation of the Russian power sector during this period lead to a divestment of the power sector portfolio and a merger between Vostok Energo's and Old Vostok Nafta's portfolios.

When Old Vostok Nafta was founded, the Russian stock market was undeveloped with limited investment opportunities. The reasons for this were that the stock market's system for trading and settlement and that the opportunities to invest in the stock market have changed for the better. The Russian stock market has developed considerably over the last decade. The number of companies with a market capitalization exceeding USD 1,000 million are at present 114 compared to a limited number ten years ago. During the same period the daily trading volume with Russian shares has increased from USD 120 million to USD 4,500 million. During the period from December 31, 1997, to March 31, 2007, the Moscow Stock Market's RTS index rose by 387 per cent and during the period from December 31, 1998, to March 31, 2007, the index rose by 3,185 per cent.

Since the establishing of Old Vostok Nafta, Gazprom has constituted a substantial part of the portfolio and the Gazprom holding has, with the exception of 1998, always exceeded 25 per cent of the portfolio value. As a consequence of the Company's strategy from 2001 of aiming to obtain a holding in excess of 1 per cent of the shares in Gazprom, Gazprom's share of Old Vostok Nafta's portfolio has gradually increased to a point at which, from 2005 to the Restructuring, it represents approximately 90 per cent of the portfolio's value. As a consequence of the abolishing of the ring fence and Gazprom's development as a company the inherent risk in the share has fallen.

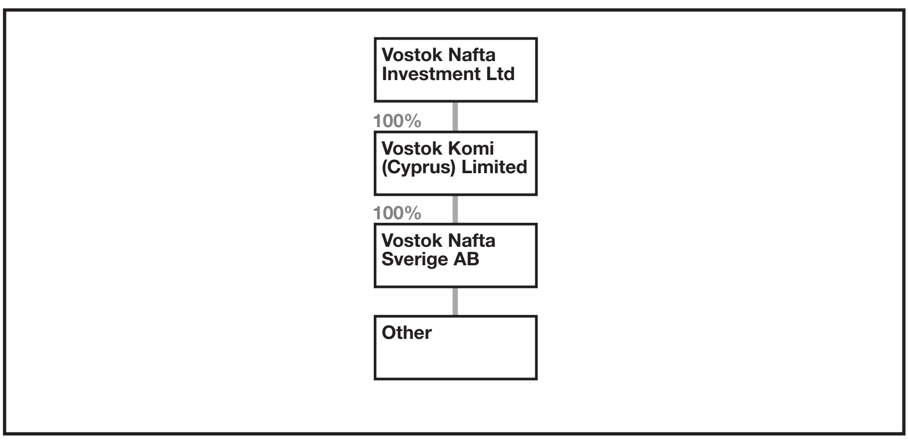
In parallel with the development in Gazprom, the non-Gazprom related component of the portfolio has developed in line with the increased availability of Russian companies for investment and the Russian market's maturity. The main investments have been carried out in Russia and neighbouring countries in the sectors of coal, farming, cement, mining and metals. The situation of the companies in this sector in which Old Vostok Nafta has invested is in many respects similar to the situation of Gazprom 10 years ago.

The steps now undertaken in accordance with the suggested Restructuring are accordingly a consequence of the portfolio's development, but also a means to exploit the full potential of the portfolio holdings.

Legal structure

After the Restructuring, the New Vostok Nafta group will comprise the parent company Vostok Nafta Investment Ltd (New Vostok Nafta) registered in Bermuda, the Cypriot subsidiary Vostok Komi (Cyprus) Limited and the Swedish subsidiary Vostok Nafta Sverige AB.

New Vostok Nafta group structure after the Restructuring



Description of operations

Business concept
New Vostok Nafta's business concept is to use experience, expertise and existing network to identify and invest in assets with considerable value growth potential, with the focus on Russia and the other CIS states.

Mission
New Vostok Nafta's overriding aim is to create value for its shareholders through good long-term returns on its investments and a strong growth in its net asset value.

Strategy
New Vostok Nafta shall create value through professional investing activities building on a structured process for continuous analysis of both current and prospective acquisitions. As far as possible, the Company is to be an active owner and, as such, help to create further value by leveraging its experience, expertise, network and strong brand. New Vostok Nafta is to have a long-term investment horizon.

Investment strategy
The bulk of the portfolio holdings are to be shares in listed companies, but this does not rule out investments in unlisted companies.

New Vostok Nafta will evaluate and invest primarily, but not exclusively, in countries from the former Soviet Union. The Company will concentrate primarily, but not exclusively, on the gas, oil and energy sectors. The principal geographical focus will be on Russia, which has the highest proportions of oil and gas reserves.

The composition of the portfolio holdings is not to follow any particular index, nor will there be any precise sector weights or weight restrictions for individual holdings. Positions may depart from customary index weights. The portfolio must normally contain good distribution of risk.

There will be no formal restrictions on the distribution between liquid and less liquid assets. Normally, however, the portfolio is to be fully invested, which generally entails transaction liquidity of 1–5 per cent of the portfolio's value.

Absolute return with a fundamental basis

The basis for investment activities is fundamental analysis of both listed and unlisted companies, primarily in Russia and neighbouring countries.

The Company aims to invest in companies whose valuations correctly reflect risks that New Vostok Nafta has good capacity to manage, so adding value for shareholders. Typical risks of this kind are corporate governance risks, liquidity risks (in terms of the liquidity of the investment, typically relatively illiquid or unlisted shares) and operational risks. In connection with investments New Vostok Nafta aims to continue to use the existing business model. New Vostok Nafta forms an opinion about a sub sector based on a macro situation. On the basis from this opinion, about a certain sector's future potential, companies in that sector are examined. Important factors are that the company should be undervalued due to the above mentioned risks.

New Vostok Nafta typically aims to make investments with the potential to treble in value over a period of two years. In sectors where the Company has particular knowledge and expertise, such as oil, gas, metals and mining, the return requirement may sometimes be lower while in sectors where the Company does not have the same experience of investing, the requirement may be higher to compensate for the increased risk to the Company. This latter is intended to compensate for an increased risk.

Active ownership policy

One way of managing corporate governance risks is to pursue an active ownership policy. Active ownership is important in all markets, but especially in growth markets like the Russian where corporate governance risks can have more dimensions than in more developed markets. Over the years, Old Vostok Nafta has built up considerable capacity for carrying out an active ownership policy in Russia. This can take many different forms, one of which is board representation. Most investors can obtain exposure to the listed part of the Russian equity market, but the risks in many listed companies are not matched by their value growth potential unless there is the capacity to engage as an active owner. Vostok Nafta has this capacity and can therefore add value even for investors who can achieve the exposure but are unable to properly manage the risks.

New investments

New Vostok Nafta is to work continuously on identifying new investments on the basis of the Company's investment strategy. The Company's management and board of directors, and their networks, are important resources and success factors in this work. New Vostok Nafta aims to make investments in companies that:

– possess extensive natural resources which are undervalued due to risks, such as corporate governance risks that New Vostok Nafta is good at managing
– have exposure to a macro scenario which New Vostok Nafta feels comfortable with, and where the valuation of the company does not reflect New Vostok Nafta's view of the macro scenario
– are in a sector with consolidation prospects with the potential to create shareholder value
– are active in a sector or segment which is set to grow strongly and have a corporate management capable of adding shareholder value in such an environment .

Current portfolio

During Vladimir Putin's time as president, the Russian economy has grown from USD 200 billion to USD 1,000 billion, and the capitalisation of the stock market has increased by USD 1,000 billion. The progress made in the Russian economy has been facilitated to a great extent by the country's strong base of oil and gas. Nevertheless, institutional reforms are also taking place, not least in the banking sector. As the credit market also becomes available to private individuals and SMEs (which are still paying interest rates of 15–50 per cent), the domestic economy is set to continue to grow. The Company is of the view that the combination of credit expansion, increased capacity and propensity to consume, and investment in fixed assets will pave the way for a strong Russian economy for many years to come.

In the Company's opinion, oil prices will continue to rise. The warm winter in the northern hemisphere has prompted a change in sentiment in the short term, but has by no means led to a change in the balance between supply and demand. The oil era is heading towards its end, and gas is the fuel of the 21st century – and gas will itself eventually be replaced first by coal and then by "alternative" fuels.

The Company's interest in the coal sector is driven primarily by the conviction that the world is approaching the end of the oil era. The Company's view is that coal is the primary alternative to oil and therefore destined to play an increasingly important role in the world's future energy market. Further, the demand for coal is expected to grow rapidly in the Russian market with the expected rise in the price of gas as the price restrictions in the Russian gas market are gradually lifted. The Company also believes that the absence of sufficient port capacity in Russia will in all probability lead to coal prices in the domestic market ending up at a premium to global prices, as has previously happened in other sectors, among them the cement sector. New Vostok Nafta believes that the price of gas will rise to a level where the cost of coal is the same as the price of gas, taking into account the different calorific values of the two types of fuel.

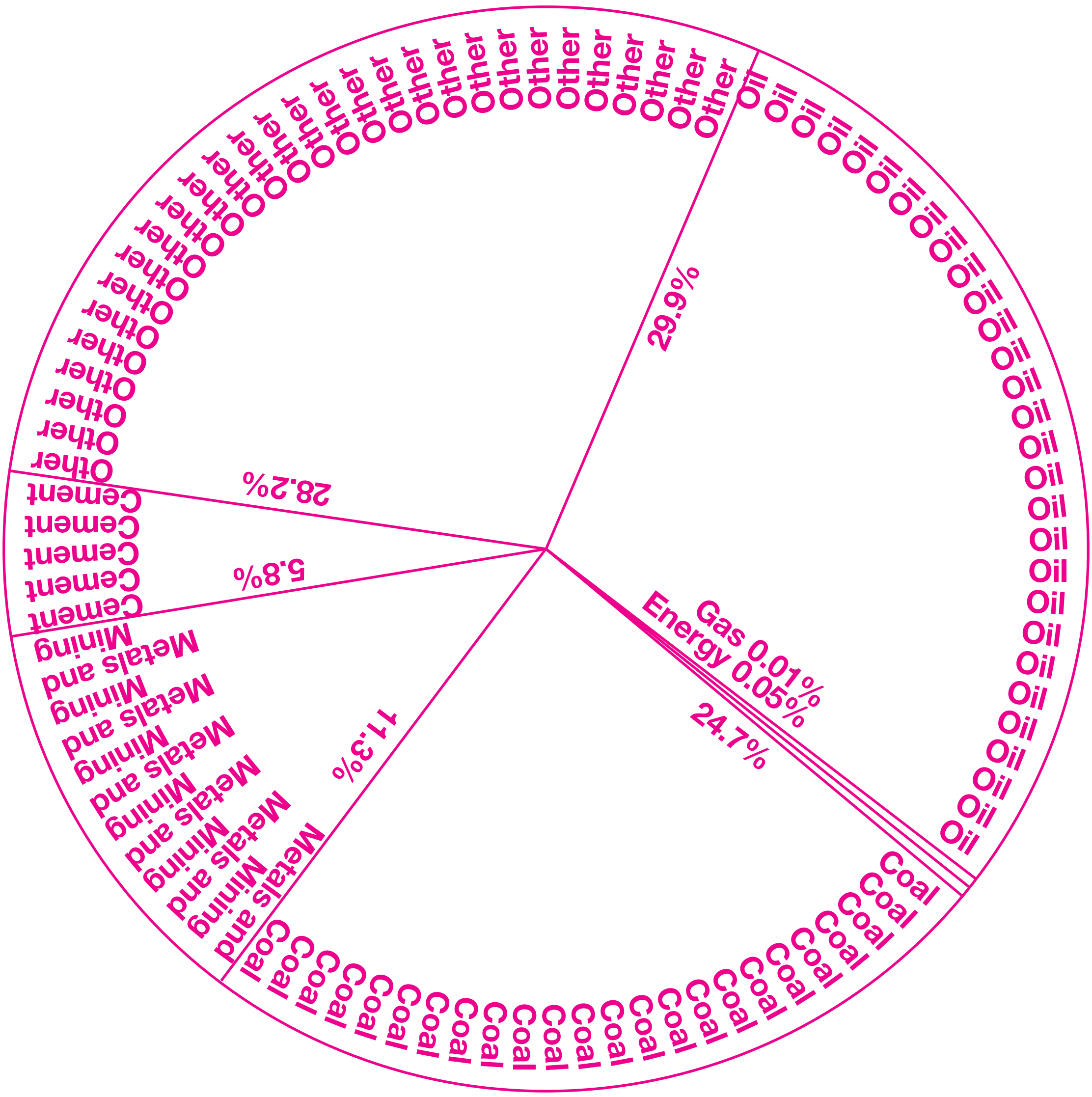
Despite the growth in the cement sector in recent years, the Russian cement producers remain relatively illiquid compared to other basic industries, due to limited openness towards prospective investors, which is having a negative impact on the valuation of the sector. The prevailing valuation of the cement sector makes it particularly interesting to New Vostok Nafta. The Company's management has experience of investing in less developed sectors and has consequently learned to manage the specific corporate governance risks that such investments entail.

The Russian cement companies have become aware of these problems in recent years, as demonstrated by Eurocement and Sibirsky Cement announcing plans to produce their financial reports in line with IFRS and to list their shares on the stock market.

TNK-BP is an example of a very well managed oil company of global size which, according to the Company, is trading at an unwarranted discount due to various specific risks. In the longer term, these companies will be less exposed to oil prices than Gazprom on account of the progressive Russian tax on crude oil exports. TNK-BP's potential stems from the company's competent corporate management with its ability to provide TNK-BP's shareholders with one of the highest and most sustainable dividend yields in the market.

More indirectly, both Black Earth Farming and Kontakt East Holding are also well positioned to benefit from a richer Russia. As at March 31, 2007, Black Earth Farming controlled approximately 195,000 hectares of farmland in one of the world's most fertile agricultural regions, the so-called Black Earth region of southern Russia. This investment scenario can to a great extent be compared with the situation at Gazprom 12 years ago, when an asset base of immense proportions was traded at a discount on account of having been mismanaged for decades. The Company believes that, as this mismanagement disappears, so will the discount. Black Earth Farming is planned to be listed in late 2007 or early 2008. Kontakt East Holding's operations are being favoured by increased activity in the corporate market and are developing very well, especially the online side.

Composition of the portfolio



Portfolio holdings as at March 31, 2007

	Holding (number of shares)	Price March 31, 2007, USD	Market value March 31, 2007, USD	Share of portfolio
Oil				
EMPS Corp	233,250	3.60	839,700	0.2%
Kherson Oil Refinery	5,156,903	0.20	1,021,067	0.3%
Orsk Refinery	2,025	30.00	60,750	0.0%
Orsk Refinery Pref	538	24.00	12,912	0.0%
TNK-BP Holding Ord	326,448	2.21	721,450	0.2%
TNK-BP Holding Pref	38,712,416	2.19	84,780,191	22.9%
Transneft Pref	11,378	2050.00	23,324,900	6.3%
Total Oil			110,760,970	29.9%
Gas				
Yakutgazprom	100,000	0.26	26,000	0.01%
Total Gas			26,000	0.01%
Energy				
Kyrgyzenergo	2,618,241	0.06	168,688	0.05%
Total Energy			168,688	0.05%
Coal				
Belon	929,700	35.75	33,236,775	9.0%
Kuzbassrazrezugol	71,005,000	0.43	30,354,638	8.2%
Mechel ADR	61,800	32.27	1,994,286	0.5%
Raspadskaya	8,710,000	2.23	19,423,300	5.2%
Yushny Kuzbass	271,312	24.60	6,674,275	1.8%
Total Coal			91,683,274	24.7%
Metals and Mining				
Gaisky	31,274	485.00	15,167,890	4.1%
Poltavksy GOK GDR	1,516,055	10.43	15,812,454	4.3%
UGOK	849,724	12.70	10,791,495	2.9%
Total Metals and Mining			41,771,839	11.3%
Cement				
Gornozavodsk Cement	39,000	350.00	13,650,000	3.7%
Sibcement	152,000	52.70	8,010,400	2.2%
Total Cement			21,660,400	5.8%
Other				
Black Earth Farming	23,460,000	2.94	68,876,477	18.6%
Kamkabel	800,000	2.30	1,840,000	0.5%
Kontakt East	2,940,000	4.96	14,572,632	3.9%
Luganskteplovoz	10,578,336	0.48	5,077,601	1.4%
Rusforest			10,923,813	2.9%
Systemseparation	5,926,991	0.57	3,352,899	0.9%
Total Other			104,643,422	28.2%
Total Portfolio			370,714,593	100.0%

(New) Vostok Nafta Investment Ltd

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Clarendon House
2 Church Street
Hamilton HM 11, Bermuda

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Investor and Media Relations
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robert.eriksson@vostoknafta.com

Development of existing investments

Of the existing investments, only TNK-BP is in what could be called an exit phase. However, the Company believes that the sustained dividend yield of around 10–12 per cent is too high and anticipates a normalisation to a level of 6–8 per cent through an increase in the share price and consequently not because of decreasing dividends.

With most of the other listed holdings, the Company aims to reach a size which provides an opportunity to pursue an active ownership policy. The unlisted holdings are in an investment phase where the Company is very active in their development.

New Vostok Nafta's portfolio has experienced strong growth over the last few years, exhibited in the graph below. It should be noted that the market value of New Vostok Nafta's portfolio only includes the market value of the portfolio and consequently how the portfolios has been financed has not been taken into consideration. In connection with divestments the portfolio's market value decreases since value is shifted from the portfolio to the Company's cash pool.

For additional information about the portfolio investments, see the section *Description of the portfolio companies*.

Board and management

The board of directors that was elected at the Annual General Meeting in Old Vostok Nafta on March 30, 2007, will proceed to work in New Vostok Nafta. Furthermore, the current corporate management of Old Vostok Nafta will continue to manage both New Vostok Nafta and Vostok Gas following the Restructuring. See the section *Board of directors, senior executives and auditors*.

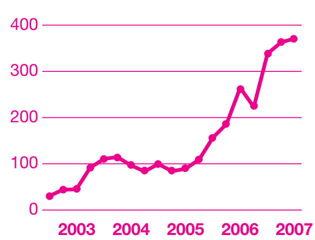
Contact details

New Vostok Nafta will take over Old Vostok Nafta's Web address www.vostoknafta.com and a new company web site will be established for Vostok Gas with following address www.vostokgas.com. The Company's' main contact details will be as listed to the left.

Trends in the business

New Vostok Nafta has noted no changes or trends in its business of significance to the Company in the current financial year and up until the date of this Prospectus beyond those described elsewhere in this Prospectus.

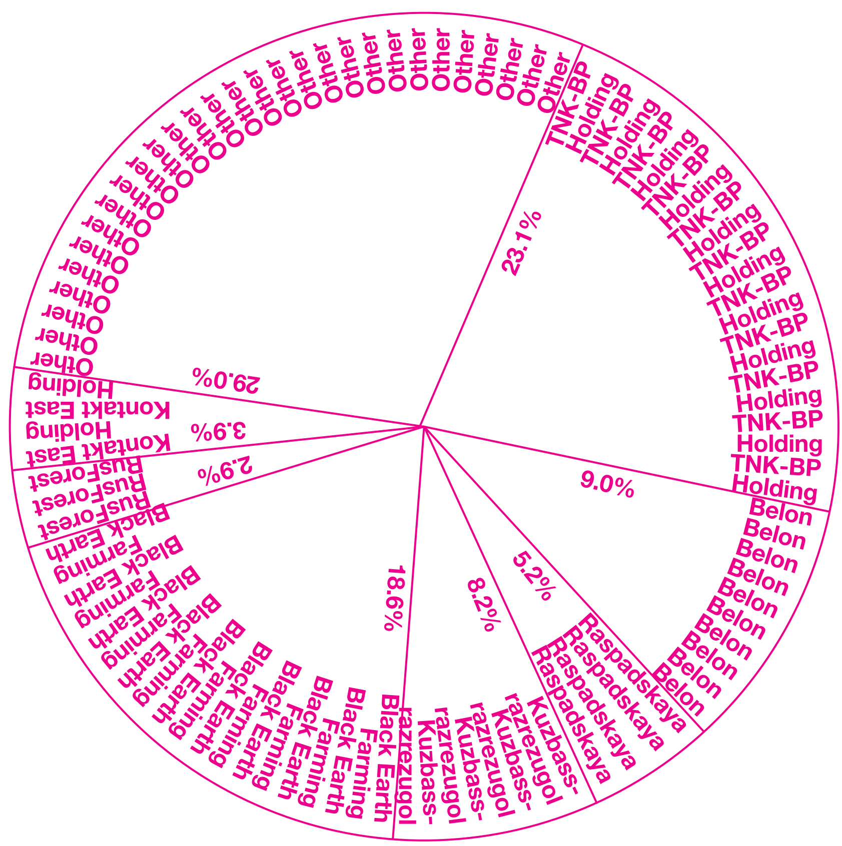
Quarterly development of New Vostok Nafta's portfolio, September 2002–March 2007, MUSD
Source: Vostok Nafta



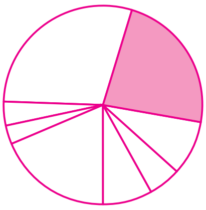
Description of the portfolio companies

A description is presented below of New Vostok Nafta's portfolio, subdivided into seven sectors: Oil, Gas, Energy, Coal, Mining and Metal, Cement and Other. A more comprehensive description of TNK-BP Holding, Belon, Raspadskaya, Kuzbassrazrezugol, Black Earth Farming, RusForest and Kontakt East Holding are presented as they either represent the Company's main holdings or are active within a sector of particular interest. These companies are presented separately and other holdings are presented per sector, in accordance with the subdivision outlined above. For the companies that are listed, respective company's share price history is presented as from first day of trading.

New Vostok Nafta's holding as of March 31, 2007



New Vostok Nafta's holding as of March 31, 2007: 23.1%



Number of outstanding shares:
15,580,688,735
New Vostok Nafta's holding:
326,448 ordinary shares
38,712,416 preference shares[02]
Capital share:
0.25 per cent
Voting share:
0.002 per cent
Market value March 31, 2007 (USD million):
36,100

TNK-BP Holding

TNK-BP is one of the leading oil companies in Russia with a reserve base which on December 31, 2006 amounted to 9.3 billion barrels of oil equivalents.[01] TNK-BP was established in 2003 through the merger of the Russian and Ukrainian oil and gas assets of British Petroleum (BP) and the Alfa Access Renova Group (AAR). Following the merger, each company owned 50 per cent.

TNK-BP is Russia's third largest crude oil producer after Lukoil and Rosneft. With its head office in Moscow, the company also owns and operates five refineries, four in Russia and one in Ukraine, together with one resale network which extends across central Russia and Ukraine covering approximately 2,320 petrol stations, of which around 1,600 are under the company's own brand name.

TNK-BP's main producing resources are located in Western and Eastern Siberia and the Volga-Ural region. Production amounts to approximately 1.5 million barrels of oil per day and increased at a rate of approximately 11 per cent per year during the period 2003–2005.

Key operating figures

	2002	2003	2004	2005	2006
Proven oil and gas reserves, SPE method (million barrels)	**9,400**	**9,000**	**9,100**	**9,229**	**8,949**
Produced crude oil (thousand barrels per day)	**1,117**	**1,279**	**1,454**	**1,569**	**1,510**
Refined through flow (thousand barrels per day)	**532**	**541**	**569**	**620**	**563**
Refined product production (thousand barrels per day)	**512**	**522**	**552**	**601**	**538**

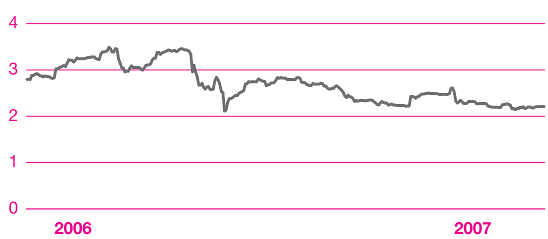
TNK-BP has previously instigated a large-scale rebuilding programme for the Ryazan refinery, which is the company's main refinery but the refinery has long been operating well below its maximum capacity. Through the modernisation project, the company has improved the quality of the petrol produced and increased the efficiency of the refining processes. During the first nine months of 2006, the company also succeeded in increasing the total through flow in the company's refineries by 7 per cent, compared with the same period during 2005. Since the year-end of 2006, the group has been fully consolidated, except in the case of the Kovykta field (where the company's share is soon to be reduced in order to include Gazprom as a partner) and the Slavneft resource (where Gazprom is a partner on a 50/50 basis).

The company intends during 2007 to continue prospecting and evaluations in Western Siberia, which represents the core of the company's production operation.

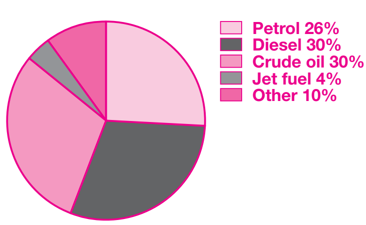
TNK-BP shares are listed on the Russian stock exchanges RTS and Micex. In December 2005, the holding company was listed at a market value of approximately USD 40 billion, of which the listed share corresponds to approximately 5 per cent, equivalent to around USD 2 billion.

01. 1P reserves in accordance with the SPE standard
02. TNK-BP's preference shares have no voting power and as a consequence New Vostok Nafta's capital and voting share differ for the holding in TNK-BP.

TNK-BP's price trend, Dec. 7, 2005–March 31, 2007, USD
Source: RTS



Turnover per business area, nine months 2006
Source: TNK-BP



Financial summary, 2004–2006e

	2004	2005	2006e*
Income statement (USD million)			
Operating income	17,097	30,025	31,316
EBIT	4,718	6,283	6,490
Net profit	3,483	4,002	6,681
Balance sheet (USD million)			
Total assets	9,687	15,224	24,038
Equity capital	6,988	6,564	12,107
Data per share (USD)			
Share price at end of period	N/A	2.835	2.42
Earnings per share*	0.23	0.33	0.31
Employees			
Number of employees	N/A	88,220	N/A

* Estimate Deutsche UFG

Source: TNK-BP

Board of Directors

Mikhail M Fridman (AAR)	Chairman
Lord Robertson (BP)	Vice Chairman
Viktor F Vekselberg (AAR)	Director
Len Blavatnik (AAR)	Director
Jean-Luc Vermeulen (AAR)	Director
Alex Knaster (AAR)	Director
Robert Sheppard (BP)	Director
Lamar McKay (BP)	Director
Patrick Chapman (BP)	Director
Tony Hayward (BP)	Director

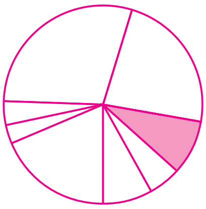
Senior managers

Robert Dudley	CEO and Managing Director
James Owen	Finance Director
Timothy D. Summers	Strategy Director

Shareholders

	Share of capital and votes, per cent
BP (British Petroleum)	47.5
AAR (Alfa Access Renova)	47.5
Other shareholders	5.0

New Vostok Nafta's holding as of March 31, 2007: 9.0%



Number of outstanding shares:
11,500,000
New Vostok Nafta's holding:
929,700
Capital share:
8.08 per cent
Voting share:
8.08 per cent
Market value March 31, 2007 (USD million):
411

Belon

Belon was founded in 1991 as a coal company based in Russia's largest coal-producing region, Kuzbass. Since then, the company's business idea has been developed and today Belon is a conglomerate which produces coal and coal concentrate and trades in Russian steel.

Belon operates four mines, including the Novobachatsky opencast mine, which is currently undergoing a construction phase but which is already producing a mixture of coal for steam production and coking through extraction from the materials that have been mined in order to construct the mine. The company's fifth mine, Kostromovskaya, has not yet been brought into production but is expected to be put into operation during the second half of 2007. Belon is planning to increase its coal production from approximately 3.1 million tonnes during 2006 to 9.5 million tonnes in 2010, giving a combined annual rate of growth in excess of 30 per cent.

Key operating figures

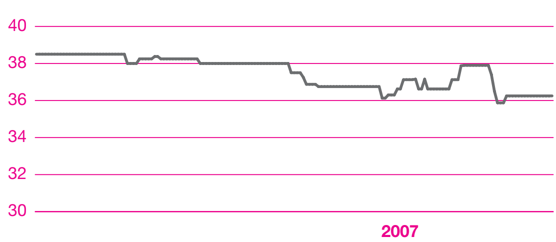
(thousand tonnes)	2003	2004	2005	2006 (6m)
Sale of steam coal	1,804	1,549	1,916	847
Sale of steel mill products	247	276	278	130

Belon's regional network consists of 16 storage facilities and sales units in 11 Russian cities: Novosibirsk, Moscow, St. Petersburg, Lipetsk, Archangel, Kemerovo, Irkutsk, Tomsk, Ryazan, Omsk and Magnitogorsk. The company's main domestic customers consist of local authorities within the regions of Novosibirsk, Kemerovo and Kuzbassenergo OJSC and the companies which together form the Siberian-Ugol Association.

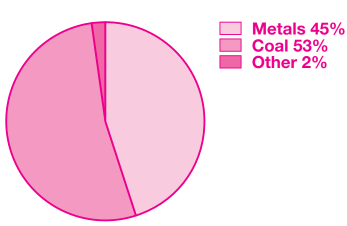
Much of the production is exported by rail to Latvia, Lithuania, Poland and Ukraine. Coal is also exported globally via the ports of Nakhodka, Murmansk and Vysotsk to countries such as China, Cyprus, Finland, Germany, Great Britain, Korea, Holland, Spain, Taiwan and Japan.

Belon carried out a floatation on the stock exchange and a new share issue in July 2006, through which the company floated 1.5 million shares (13 per cent of the total number of shares). The new share issue provided the company USD 57 million corresponding to a total market value of USD 437 million.

Belon price trend, April 27, 2006–March 31, 2007, USD
Source: RTS



Turnover per business area, 2006
Source: Belon



Financial summary, 2004–2006

	2004	2005	2006
Income statement (USD million)			
Operating income	374.4	481.0	396.0
EBIT	54.3	67.0	25.0
Net profit	46.2	124.0	46.0
Balance sheet (USD million)			
Total assets	89.4	482.0	691.0
Equity capital	98.5	247.0	335.0
Data per share (USD)			
Share price at end of period	N/A	N/A	36.8
Earnings per share	N/A	N/A	4.3
Employees			
Number of emplopyees	N/A	6,767	7,665

Source: Belon

Board of Directors

Valery Karmachev	Chairman
Andrey Dobrov	Director
Allen Cooper	Director
Vladimir Zhludov	Director
David Pool	Director
Evald Langolf	Director

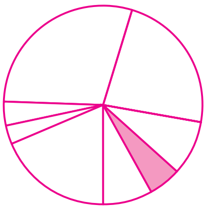
Senior managers

Andrey Dobrov	Managing Director
Konstatin Lagutin	Assistant Managing Director
Viktor Kozel	Managing Director, Steel Mill Products
Yevgeny Gaisler	Head of Business Development
Alexander Rudakov	Head of Production and Technology

Shareholders

	Share of capital and votes, per cent
Andrey Dobrov	87
New Vostok Nafta	8
Other minority shareholders	5

New Vostok Nafta's holding as of March 31, 2007: 5.2%



Number of outstanding shares:
781,988,249
New Vostok Nafta's holding:
8,710,000
Capital share:
1.11 per cent
Voting share:
1.11 per cent
Market value March 31, 2007 (USD million):
1,771

Raspadskaya

Raspadskaya is a leading producer of coal in Russia. With a cost level equivalent to USD 19 per tonne, Raspadskaya is the most competitive producer in Russia and one of the highest ranked in the world.

The company currently has four mines, of which by far the largest is the Raspadskaya mine, which accounted for almost 70 per cent of the company's production in 2006. Like the Raspadskaya mine, MUK-96 is also an underground mine and is Raspadskaya's second largest in terms of reserves and the third largest in terms of production. The table below presents actual production for 2005 and 2006 and estimated production for the period 2007 to 2010 divided per mine.

Production

(million tonnes)	2005	2006	2007e	2008e	2009e	2010e
Raspadskaya	6.4	7.4	8.0	8.0	8.0	8.0
MUK-96	1.1	1.1	1.8	2.1	2.5	3.0
Raspadskaya Koksovaya	–	–	–	1.3	3.0	3.0
Razrez Raspadsky	2.2	2.1	3.0	3.0	3.0	3.0
Total	9.7	10.6	12.8	14.4	16.5	17.0

Source: Raspadskaya

The company is planning to increase its production, which in 2006 amounted to 10.6 million tonnes, by 12.5 per cent per year in order to reach a level of around 17 million tonnes in 2010. Raspadskaya's 782 million tonnes of proved and probable reserves gives the company 80 years of reserves.

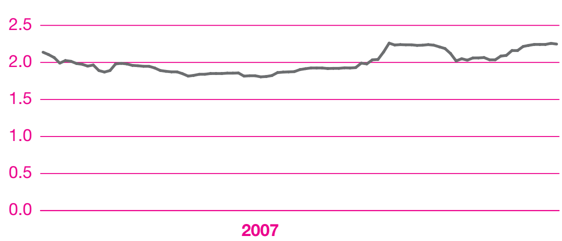
Reserves and resources per mine

(million tonnes)	Proven reserves	Probable reserves	Total reserves	Total resources
Raspadskaya	139	311	451	867
MUK-96	49	154	203	311
Raspadskaya Koksovaya	0	101	101	243
Razrez Raspadsky	19	8	27	40
Total	207	574	782	1,461

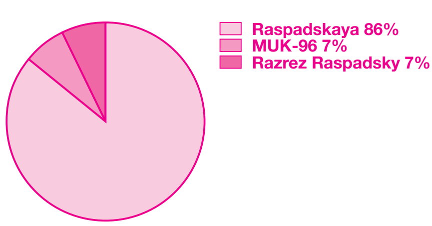
Source: Raspadskaya

The recently completed stock exchange flotation gave the minority shareholders a share of 20 per cent in the company, with the management and Evraz (a steel producer) retained the remainder of the holding.

Raspadskaya price trend, Oct. 11, 2006–March 31, 2007, USD
Source: RTS



Turnover per business area, 2005
Source: Raspadskaya



Financial summary, 2004–2006

	2004*	2005*	2006*
Income statement (USD million)			
Revenue	420.7	541.1	468.8
EBIT	179.3	234.7	166.6
Net profit	128.0	165.4	110.9
Balance sheet (USD million)			
Total assets	1,355.4	1,362.1	1,502.2
Equity capital	694.6	704.5	853.9
Data per share (USD)			
Share price at end of period	N/A	N/A	1.85
Earnings per share	0.17	0.22	0.14

* Pro forma; data include acquisitions of MUK Group and Razrez Raspadsky 2006

Source: Raspadskaya

Board of Directors

Alexander Vagin	Chairman
Alexander Abramov	Director
Alexander Frolov	Director
Gennady Kozovoy	Director
Christian Schaffalitzky	Director
Jeffrey Townsend	Director
Ilya Lifshits	Director

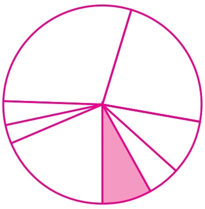
Senior managers

Gennady Kozovoy	Managing Director
Oleg Kharitonov	Finance Director
Igor Volkov	Managing Director Raspadskaya Mine
Alexander Andreev	Head of Strategic Planning

Shareholders

	Share of capital and votes, per cent
Corber Enterprises	80
New Vostok Nafta	1
Other minority shareholders	19

New Vostok Nafta's holding as of March 31, 2007: 8.2%



Number of outstanding shares:
6,113,833,651
New Vostok Nafta's holding:
71,005,000
Capital share:
1.16 per cent
Voting share:
1.16 per cent
Market value March 31, 2007 (USD million):
2,751

Kuzbassrazrezugol

Kuzbassrazrezugol ("KZRU") is the world's second largest coal producer (after SUEK) and amongst the world's ten largest exporters. The company extracts coal through 11 subsidiaries from 17 deposits, all located in the large coal district in the Kuzbass region of south western Siberia. Most of the extraction takes place through opencast mining. The company is 95 per cent owned and controlled by the Iskander Mahmudov group, which in addition to its owner interests in the coal sector also has owner interests within the mining of copper and zink (Urals) and the manufacture of trains and locomotives (Transhmash Holding).

KZRU exports approximately 50 per cent of its production via the Austrian company Krutrade, which is wholly owned by the company's majority shareholder. KZRU's domestic sales, is managed directly by the parent company. All international sales are however carried out through Krutrade, which means that the parent company fails to recover some of the revenues as Krutrade's purchasing occurs at a lower price than what would otherwise be the case, something which has affected the share price's development negatively.

During 2006, total production is expected to amount to approximately 42 million tonnes and is expected to increase to 44 million tonnes in 2008. The company's coal reserves amount to 1.3 billion tonnes.

Operating ratios

(million tonnes)	2003	2004	2005	2006e	2007e	2008e
Production of steam coal	33.6	34.0	35.1	N/A	N/A	N/A
Production of coking coal	5.2	5.3	5.3	N/A	N/A	N/A
Total production	38.8	39.3	40.4	42.0	42.8	44.0

Source: Kuzbassrazrezugol

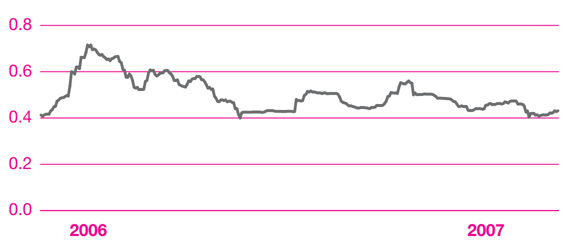
Since December 2005, KZRU's shares have been listed in the Russian trading system RTS Board, which is a type of grey market for the trading of shares alongside the official stock exchange listing. The development of the share price has however been held back primarily due to the company's sales structure and insufficient transparency, which creates difficulties for investors to estimate the company's real value.

Financial summary, 2004–9mths 2006

	2004	2005	9m2006
Income statement (USD million)			
Revenue	567.8	768.8	768.3
EBIT	49.4	152.9	265.7
Net profit	47.6	62.2	52.4
Balance sheet (USD million)			
Total assets	777.2	812.6	972.9
Equity capital	354.0	321.5	296.8
Data per share (USD)			
Share price at end of period	N/A	0.50	0.45
Earnings per share	N/A	N/A	N/A
Employees			
Number of employees	N/A	N/A	20,000

Source: Kuzbassrazrezugol

Kuzbassrazrezugol price trend, Dec. 7, 2005–March 31, 2007, USD
Source: RTS



Board of Directors

Mr. Bokarev	**Chairman**
Mr. Tukatsinsky	**Director**
Mr. Ismagilov	**Director**
Mr. Abyzov	**Director**
Mr. Mochalnikov	**Director**
Mr. Nikitin	**Director**
Mr. Rudoi	**Director**
Mr. Sinshinov	**Director**
Mr. Strupolev	**Director**

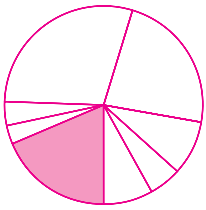
Senior managers

Vasiliy Yakutov	**Managing Director**
Konstantin Shishkin	**Finance Director**
Ivan Yusefovich	**Chief Legal Officer**

Shareholders

	Share of capital and votes, per cent
Iskander Mahmudov group	95
New Vostok Nafta	1
Other minority shareholders	4

New Vostok Nafta's holding as of March 31, 2007: 18.6%



Number of outstanding shares:
76,666,667
New Vostok Nafta's holding:
23,460,000
Capital share:
30.6 per cent
Voting share:
30.6 per cent
Market value March 31, 2007 (USD million):
225

Black Earth Farming

Black Earth Farming was established in 2005 with capital from Old Vostok Nafta and other strategic partners. The company's business idea is to invest in and manage agricultural land in the Black Earth region in southern Russia.

The company's investment concept consists of two main components:
a) Acquire land assets with considerable potential for added value;
b) High return generating an efficient agricultural operation on acquired land assets.

a)
The first component consists of speculation in real assets consisting of agricultural land and land which has resulted in historically low return levels and large areas of unused arable land as a result of Russia's inefficient agricultural sector. Access to information on the Russian market for arable land remains limited, which results in uncertain price mechanisms. It is however clear that, as a result of years of mismanagement, average prices in the Black Earth region is lower than the international average for comparable land. In the Black Earth region, prices are between USD 350 and 800 per hectare, which is relatively low given that comparable prices for agricultural land in Argentina are around USD 6,000[01] per hectare and in Sweden at least USD 8,000 per hectare[02].

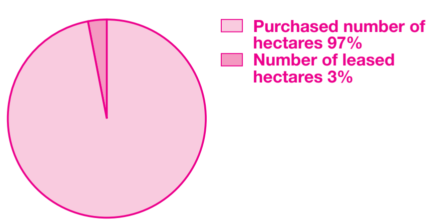
b)
The other main component in Black Earth Farming's investment concept consists of the expected return from the use of land assets. Black Earth Farming primarily intends to grow various types of wheat and oil plants, which generate a relatively secure annual return compared with certain other regionally occurring agricultural products.

During 2006, Black Earth Farming identified and carried out a number of major land acquisitions. The land portfolio currently consists of both cultivation rights for land, similar to long-term leases, and direct ownership. In the long term, Black Earth Farming will carry out a State registration process to convert all acquired cultivation rights to direct ownership. The conversion of cultivation rights to ownership and the consolidation of land assets under Black Earth Farming is in itself a value-adding process.

On March 31, 2007, the company controlled approximately 195,000 hectares of cultivatable land under its control, an increase of approximately 75,000 hectares since the year-end. For comparative purposes, the entire county of Skåne has 457,246 hectares of arable land according to the statistics from the Swedish Board of Agriculture. As price levels are considered to still be attractive, the company is continuing to acquire land. The process of converting the company's existing land assets to profitable agriculture through hard work and major investments in machinery and materials progressed with good results during 2006 and has continued during 2007. In total, approximately 60,000 hectares were sown for harvesting during 2007.

01. Farmland Broker for Argentina and Uruguay
02. SCB

Distribution of land
Sorce: Black Earth Farming



Operating ratios

	2005	2006	2007e
Number of harvested hectares	–	5,789	61,200
Number of hectares	–	120,000	>200,000

Source: Black Earth Farming

Since the company was founded, a total of three right issues have been carried out. The first issue was carried out in August 2005 and gave the company USD 7 million, while the second issue was carried out in March 2006 and gave the company USD 5 million and was used to finance the first investments. The third issue was carried out in November 2006 and provided the company with USD 70 million. In March 2007, the first loan financing of EUR 55 million or USD 70 million was carried out.

The company intends to become listed on a stock exchange in late 2007 or early 2008.

Board of Directors

Michel Orloff	**Chairman**
Per Brilioth	**Director**
Henrik Persson	**Director**
Paul Wojciechowski	**Director**
Sture Gustavsson	**Director**

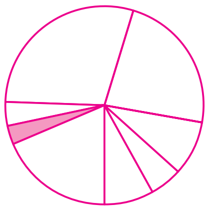
Senior managers

Michel Orloff	**Managing Director**
Alexander Polishuk	**Finance Manager**
Simon Cherniavsky	**Operations Manager**
Mark Lewis	**Agronomist**

Five largest shareholders

	Share of capital and votes, per cent
New Vostok Nafta	30.6
Investment AB Kinnevik	21.9
Robur Aktiefond Realinvest	7.8
Svenska Handelsbanken Fonder	3.3
Michel Orloff	3.0

New Vostok Nafta's holding as of March 31, 2007: 2.9%



RusForest

RusForest is an unlisted group of five companies which are all established in the forestry sector in the Irkutsk region of Russia. The main production units within the group are the three companies that are described in more detail below. All product sales from the three companies take place via the companies OOO Ust-Ilimsk Woodworking Factory and OOO PIK 2005. The floatation of RusForest is scheduled to 2008. There are advanced plans to consolidate ZAO Tublesprom with Tuba Les in the near future.

The information in the table below is taken from each company's financial reports for the period January 1, 2006 to September 30, 2006 and is produced in accordance with the Russian accounting standard.

Company	New Vostok Nafta's holding, per cent	Assets per Sep 30, 2006 (TUSD)	Debt per Sep 30, 2006 (TUSD)	Revenue, 9 mths 2006 (TUSD)	Net income, 9 mths 2006 (TUSD)
OOO PIK-89	40	13,080	6,539	18,804	188
OOO Tuba Les	40	3,628	1,969	1,108	–73
ZAO Tublesprom	40	449*	450*	327*	–2*
OOO Ust-Ilimsk	40	2,217	649	868	–41
OOO PIK 2005	40	354	198	1,185	156
Total		**19,728**	**9,805**	**22,292**	**228**

* Comprises the period July 1, 2006–September 30, 2006.

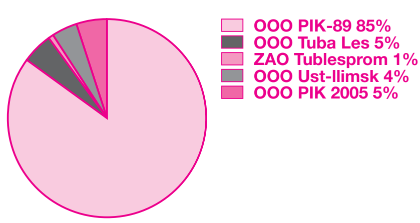
OOO Tuba Les

Tuba-Les is a felling and sawmill company which was previously part of the PIK-89 group, where Tuba-Les acted as a subcontracting supplier to PIK-89, felling forestry areas which PIK-89 leased. In December 2004, Tuba-Les signed four lease agreements, each with duration of 49 years. As a result of this, the company is therefore felling its own forestry land. The lease agreements permit the felling of 242,000 m^3 and output is currently around 185,000 m^3. The company's own sawmill produces approximately 22,000 m^3 of sawn timber. Logistically, the forests have a good location with an average distance of approximately 50 km to the sawmill.

Shareholders OOO Tuba Les

	Share of capital and votes, per cent
New Vostok Nafta	40
Varyag Capital (Cyprus) Ltd.	40
Mr. Plahotnik	20

Revenue per business unit, 9 months 2006
Source: RusForest



ZAO Tublesprom

During 2005, a lease agreement for approximately 70,000 hectares was signed which gives the company the right to fell 139,000 m^3 of forest.

Felling currently amounts to approximately 109,000 m^3. Sawn timber is currently sold to China and Japan in particular. In order to increase the degree of processing, the aim is to integrate the operation by supplying raw materials to the Tuba-Les sawmill.

Shareholders ZAO Tublesprom

	Share of capital and votes, per cent
New Vostok Nafta	40
Varyag Capital (Cyprus) Ltd.	40
Mr. Razmislovich	20

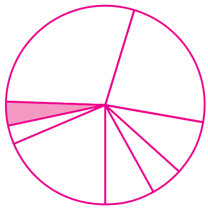
OOO PIK-89

The company was founded in 1989 by a Russian businessman and has been built up into a relatively extensive and profitable forestry company. The group consists of 14 legal entities, which all are active within various parts of the production chain from felling to sawing. The parent company purchases products and services from each of the subsidiaries at production cost plus a profit margin and resells the sawn timber and timber products for export to Japan, China and elsewhere.

PIK-89 is expected to form the core of the group of forestry companies which are in the process of being built up. The company is one of the largest refined felling and sawmill companies in the Irkutsk region. The company's leases cover an area of 345,000 hectares. The forest stock is ideally situated with an average distance of 90 km to the sawmill, which in turn is immediately adjacent to a railway. PIK-89 has a licence to fell 629,000 m^3 of round wood per year, of which the annual felling is currently around 450,000 m^3. The company's own sawmill produces approximately 120,000 m^3 of sawn timber products and 1,800 m^3 finger joints in addition to laminated wood beams. Approximately 90 per cent of production is sold for export, primarily to Japan, China and the Middle East.

Shareholders OOO PIK-89

	Share of capital and votes, per cent
New Vostok Nafta	40
Varyag Capital (Cyprus) Ltd.	40
Mr. Plahotnik	20



New Vostok Nafta's holding as of March 31, 2007: 3.9%

Number of outstanding shares:
8,400,000
New Vostok Nafta's holding:
2,940,000
Capital share:
35 per cent
Voting share:
35 per cent
Market value March 31, 2007 (USD):
14,572,632

Kontakt East Holding

Kontakt East Holding AB is a Swedish holding company which invests in companies that are active within search and guidance media in Russia and associated markets. The company was founded in 2006 and has approximately 450 employees in Stockholm, Moscow and St. Petersburg.

Kontakt East Holding currently has two operating companies, Rus-M and Rus-S, which are both organised in the operational unit of Yellow Pages Russia (YPR). YPR is the leading supplier of guidance media in Russia. The business was acquired from Eniro AB in January 2006. Since 1993, Eniro AB has operated in Russia under subsidiaries, but during 2004/2005 the management of Eniro AB decided to refine the group's operation and dispose of non-core business, resulting in Kontakt East Holding AB (publ), a company recently founded specifically for the purpose, acquiring YPR.

The basis for the company's operation is the ability to create "marketplaces", where buyers and sellers can come into contact with each other and do business. The company distributes its products and services via fixed media such as printed catalogues and CD-ROM, and via interactive media such as the internet and telephone.

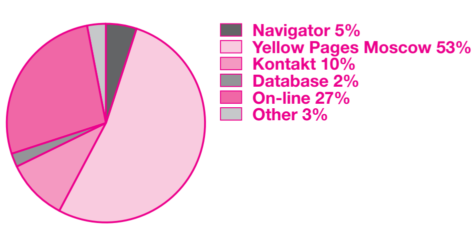
YPR's established product range covers
- local directories: Yellow Pages Moscow, Contact! (St. Petersburg)
- regional directories: Contact! (Regions)
- business directories: Business Navigator
- search service: www.yellowpages.ru.

During 2006, approximately 300,000 copies of YPR's directories and approximately 145,000 CD-ROMs were distributed. Approximately 90 million searches were also performed via www.yellowpages.ru. The company has a further product range under development, including
- Discount Club (printed mini-directories)
- Data Base, direct marketing
- Infoline (directory enquiries)
- e-commerce initiatives.

Following a substantially oversubscribed offer, Kontakt East Holding was successfully floated on First North at the Stockholm Stock Exchange, on November 27, 2006. As of March 31, 2007, the share price had risen by approximately 38 per cent since the floatation (compared to the issue price on the initial public offering).

Kontakt East Holding, price trend, Nov. 27, 2006–March 31, 2007, SEK
Source: First North

Turnover per business area, 2006
Source: Kontakt East Holding



Financial summary, 2006[01]

	2006
Income statement (USD thousand)	
Revenue	11,683
EBIT	–1,132
Net profit	–1,389
Balance sheet (USD thousand)	
Total assets	25,184
Equity capital	19,614
Data per share (USD)	
Share price at end of period	5.0
Earnings per share	–0.30
Employees	
Number of employees	453

Source: Kontakt East Holding

Board of Directors

Jan Friedman	Chairman
Per Brilioth	Director
Filip Engelbert	Director
Alexander Kim	Director
Pär Mellström	Director
Birgitta Stymne Göransson	Director
Henrik Persson	Director
Vilma Marciulevicute	Director

Senior managers

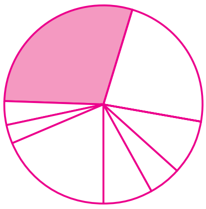
Filip Engelbert	Chief Executive Officer
Mattias Danielsson	Vice President KEH and Managing Director Consumer e-Commerce
Anders Einarsson	Chief Finance Officer
Alexander Smolin	Managing Director YPR

Shareholders

	Share of capital and votes, per cent
New Vostok Nafta	35.0
Investment AB Kinnevik	17.1
Jan Friedman	3.9
Filip Engelbert	2.5
Per Mellström	1.0

01. Kontakt East Holding is a newly founded company and 2006 was its first operating year and consequently historical financial statistics do not exist for previous year.

New Vostok Nafta's holding as of March 31, 2007: 29.0%



Other portfolio holdings subdivided per sector

Oil and gas sector

EMPS Corporation

CSI, formerly known as EMPS Corporation, was founded in 1999 and offers services to oil and gas companies active within the Caspian snow region with the State of Kazakhstan as its largest client. The company is active within three service sectors: marine and geophysical services and the development of infrastructure for the extraction of oil and gas. The company's head office is situated in Salt Lake City, Utah, USA, with a sales office in Almaty, Kazakhstan.

Website: www.caspianservicesinc.com
NASDAQ short name: CSSV

Kherson Oil Refinery (OJSC)

Kherson Oil Refinery was founded in 1938 and is an oil refinery with the Russian Alliance Oil Company and the Kazakhstanian oil company Kazmunaigaz as its majority shareholders. The capacity of the refinery is approximately 7.1 million tonnes of crude oil per year, which makes the company the third largest oil refinery in Ukraine. Kherson Oil Refinery has initiated a large-scale modernisation programme for the plant, which will make the refinery more efficient and increase its capacity. This programme is expected to be completed during 2010.

Website: www.nk-alliance.ru
PFTS Trading System short name: HNPK

Orsk Refinery

Orsk Refinery (Orsknefteorgsintez OAO) is one of Russia's leading oil refineries and is now part of the Russian oil and gas group Russneft OAO following its acquisition from TNK-BP in December 2005. The refining capacity is 6.6 million tonnes of crude oil per year. The technologically advanced plant can produce over 30 different petroleum products. In 2005, Orsk refinery refined approximately 3.6 million tonnes of crude oil and produced approximately 543,000 tonnes of petrol. During the period January–November 2006, Orsk Refinery refined 4.2 million tonnes of crude oil, which represents an increase of approximately 31 per cent in comparison with the corresponding period in 2005. A total of 652,000 tonnes of petrol was also produced, which represents an increase of approximately 32 per cent compared with the same period in 2005.

Website: http://www.ornpz.ru
RTS Stock Exchange short name: orfe

Transneft

Transneft is the State Russian pipeline system, which transports 93 per cent of the total oil produced in Russia. The company was registered in 1993 and is the legal successor to the Soviet Union's oil committee. In recent years, a number of projects aimed at increasing Transneft's capacity have been initiated. Planned expansions involve for example the Baltic pipeline system, the planned reversal of flow in the Adria pipeline and a pipeline to an export port in Murmansk. Perhaps the most widely talked about project, the East Siberia-Pacific Ocean (ESPO) pipeline, will give rise to the single largest expansion in Transneft's export

capacity. The first section between Western Siberia and China is expected to be brought into use during 2008 with an anticipated export capacity of 30 million tonnes of oil per year.
Website: www.transneft.ru
RTS Stock Exchange short name: TRNFP

Yakutgazprom

Yakutgazprom is a small Russian gas company which is based in the Russian province of Yakutia. The company's operations are focused on the extraction of gas and gas condensate and the further processing of the condensate. The company is extracting the gas from the two fields of Srednevilujskoe and Mastakhskoe in the province of Yakutia. Yakutgazprom previously belonged to Gazprom but is now an independent company with the Republic of Yakutia as its majority shareholder. The company is the sole supplier of gas within the province and during 2005 the company produced 1,348 million cubic metres of natural gas.
Website: www.yakutgazprom.ru
RTS Stock Exchange short name: YAKG

Energy sector

Kyrgyzenergo

The Kyrgyzenergo holding consists of seven companies within the energy sector in Kyrgyzstan, listed on the Kyrgyzstanian stock exchange. Some of the companies are responsible for power generation, while others are responsible for distributing the power. The power generation primarily consists of electricity generation through hydroelectric power, of which the largest company "Electric Power Stations" has a total output of approximately 3 GW of cheap, clean and renewable energy. The company is currently in the process of implementing two major new-build projects which will give the company a further 2,260 MW in output, of which one is 40 per cent complete. In 2004, Electric Stations exported electricity for the first time to Russia, Kazakhstan, Tajikistan and China. Kyrgyzenergo has also signed an agreement to increase its export capacity to China. Collectively, the seven companies supply all of Kyrgyzstan's electricity needs, which however represent just 10 per cent of its maximum capacity, which means that increased exports are essential in order to utilise the full potential of the companies. The production and distribution infrastructure is however still in need of modernisation. The seven companies are:

01. Electric Power Stations
02. National Electric network of Kyrgyzstan
03. Jalabadelectro
04. OshElectro
05. Severelectro
06. Vostok Electro
07. Bishkekteploset

Website: http://www.energo-es.kg/

Coal sector

Mechel ADR

Mechel is a steel and mining group which produces mining products, of which coal, iron ore and nickel represent the most important products. The company is the fifth largest producer of coal in Russia with a market share within thermal and coking coal of approximately 3 and 12 per cent respectively.[01] For the manufacture of special steels, the company is the largest in Russia with a market share of approximately 39 per cent.[02] Mechel has production units in Russia, Romania and Lithuania. In addition to the production units, the company owns two trading ports, a railway and an energy company.

Website: www.mechel.com
NYSE trading symbol: MTL

Yuzhny Kuzbass

Yuzhny Kuzbass is Russia's fourth largest coal mining company. Yuzhny Kuzbass and subsidiaries operate four opencast coalmines, Krasnogorsk, Tomusinsk, Olzherassk and Sibirginsk, together with an underground coalmine, Lenin. Yuzhny Kuzbass mines both thermal and coking coal, which it also enriches and sorts itself for sale mainly to the domestic market but also for export. During 2004–2005, Yuzhny Kuzbass acquired licences in order to develop eight new areas with reserves estimated at 1,273 billion tonnes, and thereby increase the company's total estimated reserves at around 2 billion tonnes of coal. Yuzhny Kuzbass is controlled by the major steel and mining group Mechel.

Website: www.rikt.ru/kuz/
RTS Stock Exchange short name: ukuz

Mining and metal sector

Gaisky GOK

Gaisky GOK is the second largest company in Russia in terms of the volume of copper ore mined. Gaisky GOK's main products are copper ore, zinc, iron ore, gold and sulphur. Gaisky GOK's total ore reserves are estimated at around 310 million tonnes, which at current production levels means a further 50 years of possible mining. An average copper content of 1.4 per cent and a gold content of 0.3g/tonne indicates that existing copper reserves amount to 4.3 million tonnes and gold reserves to 90 tonnes. In addition to these two metals, the ore that is mined by Gaisky GOK also contain other metals including zinc, lead and silver. The company mines the majority of its ore in underground mines, but is also developing opencast mines and owns plants for the enrichment of the ore. Gaisky GOK is controlled by UGMK Holding, the second largest vertically integrated producer of copper in Russia.

Website: www.ggok.ru/en
RTS Stock Exchange short name: GGOK

Poltava GOK

Poltava GOK was founded in 1970 as a State-owned company and was then gradually privatised during the period 1995–2001. The company is one of the largest mining companies in Ukraine and the country's foremost exporter of iron ore pellets. Poltava GOK furthermore possesses iron ore resources estimated

01. Troika Dialog, 2005
02. Mechel, 2007

at over 18 billion tonnes. Over 85 per cent of the company's production is exported to Austria, Romania, Poland, Bulgaria, the Czech Republic, Slovakia, Montenegro and Italy. Poltava GOK increased its production of iron ore pellets by 35 per cent during the period January to October 2006, compared with the same period in 2005, which resulted in considerably improved operating margins compared with the same period in 2005.
Website: http://ferrexpo.poltava.ua/en/press/about/
PFTS Trading System short name: PGOK

Uchalinsky GOK
Uchalinsky GOK is Russia's largest zinc producer and the third largest in terms of mined copper ore. Uchalinsky GOK is the main supplier of zinc and copper concentrate to UGMK's smelting plant but also sells large volumes of zinc to independent smelting plants. Uchalinsky GOKs total ore reserves is estimated at 110 million tonnes, which at current production levels means a further 24 years of mining operations. An average zinc content of 3 per cent and a copper content of 1.15 per cent indicates that existing zinc reserves amount to 3.3 million tonnes and copper reserves to 1.25 million tonnes. The company owns plants for the enrichment of the mined ore. Uchalinsky GOK is controlled by UGMK Holding, the second largest vertically integrated producer of copper in Russia.
Website: http://www.ugmk.com/en/
RTS Stock Exchange short name: ugok

Cement sector
Gornozavodsk cement
Gornozavodsk cement was founded in 1955 and is today one of Russia's largest cement producers with a manufacturing capacity of approximately 2.7 million tonnes per year. The company produces cement through the wet method and sells much of its production within the Perm region where the factory is located and in surrounding regions such as Sverdlovsk, Kirov, Tyumen and the Republic of Udmurtia. Up until 2000, the company was owned by Alfa Cement but since then it has been a listed company. As of March 31, 2007, Managing Director Vadim Furman was the largest shareholder with a stake of 75 per cent. During 2006, the average production level corresponded to approximately 37 per cent. The company is expected to increase its production over the coming years.
Website: http://www.cement.nm.ru/
RTS Stock Exchange short name: gzce

Sibirsky Cement
Sibirsky Cement is a Russian company which produces cement and cement-based construction materials. The company owns and operates five cement plants, all located with the Siberian Federal Circuit. Sibirsky Cement is the second largest domestic producer of cement and the single largest in the Siberian region. The company has a production capacity of 6.2 million tonnes per year. Total cement production during 2006 amounted to 4.4 million tonnes, from a volume of 2.7 million tonnes in 2004. Sibirsky Cement's share of the Russian market has increased steadily in recent years, from 4.3 per cent in 2003 to 7.7

per cent in 2006. During 2007, Sibirsky Cement is expected to increase its market share further to over 8 per cent of the Russian market and to further improve its already good operating and profit margins.
Website: http://www.sibcement.org/

Other interests

Kamkabel

Kamkabel was founded in 1956 when the first factory was built and is today one of Russia's largest manufacturers and exporters of power cables. The company exports to approximately 70 countries worldwide. The production capacity currently enables a production of approximately 12,000 tonnes of copper and 12,000 tonnes of aluminium to be produced every year. The company's head office is situated in Gaivinskaya. The company has subsidiaries in Moscow, St. Petersburg and Krasnodar.
Website: www.kamkabel.com
RTS Stock Exchange short name: kamc

Luganskteplovoz

Luganskteplovoz is a Ukrainian company which has specialised in the manufacture of diesel and electric locomotives for the railway network in the former Soviet Union. The company also manufactures free-standing train engines and other equipment for the mining industry. The company's main product consists of diesel locomotives. Although Russian companies have taken up the fight with Luganskteplovoz to produce diesel locomotives, the company still has a virtually monopoly within the former Soviet Union for this particular product. The company's well-filled order books guarantee a stable cash flow for many years into the future and provide a solid basis for the expansion of existing capacity. The Ukrainian State is the majority shareholder in Luganskteplovoz.
Website: www: http://www.contact-teplovoz.lugansk.ua/
PFTS Trading System short name: LTPL

System Separation

System Separation is a specialist chemical company which offers products and associated services to the oil-based power industry. The company also manufactures warehouses and distributes specialist chemical products. The primary purpose of the products is to increase the profitability of the company via efficiency improvements through greater energy utilisation and reduced maintenance costs combined with more environmentally friendly production. All sales, product ownership and product development take place within subsidiaries. The subsidiary System Separation Sweden AB represents the Syse Power business area, which develops and sells products within combustion technology for power-producing clients. The subsidiary Skebobruk AB represents the Syse Specialkemi business area, which manufactures and distributes specialist chemical products for the industrial and consumer market in the Nordic region.
Website: http://www.systemseparation.se/
Aktietorget short name: SYSE

Summary of financial information

Conditions

The following financial information regarding New Vostok Nafta has been gathered from the audited consolidated accounts for the financial years 2003/2004, 2004/2005 and 2006 and the non-audited interim report for the period January–March 2007.

With effect from January 1, 2006 the Company's consolidated accounts cover the period from January 1 to December 31. Please note that in the information presented below different periods of time are compared. The twelve month period January 1, 2006 to December 31, 2006 is compared with the fifteen month period October 1, 2004 to December 31, 2005. The fifteen month period October 1, 2004 to December 31, 2005 is compared with the twelve month period October 1, 2003 to September 30, 2004.

The consolidated accounts have been established as if the restructuring of Old Vostok Nafta was completed as of September 30, 2003 and comprises the consolidated accounts for the companies within the New Vostok Nafta group, Vostok Komi (Cyprus) Ltd, Vostok Nafta Sverige AB, RusForest Ltd, and RusForest (Cyprus) Ltd. Further, the Restructuring implies that items in the income statement and items in the balance sheet pertaining to non-Gazprom related assets, which are reported in other companies within the Old Vostok Nafta Group, are included in the consolidated accounts.

The transactions, in which Nya Vostok Nafta acquires the above-mentioned companies and the non-Gazprom related assets which have been reported in other companies within the Old Vostok Nafta group, are comprised of transactions between companies with the same degree of controlling influence. These transactions have been reported at the values at which the items were reported by the acquired company, that is, on the basis of so-called predecessor accounting.

The transferred income statement items, which were previously reported in companies within the Old Vostok Nafta group, other than in those group companies now transferred in their entirety refer to non-Gazprom related realised and unrealised gains and losses from financial assets valued at fair value in the income statement, results from investments in associated companies, income from dividends with associated coupon tax, and administrative costs related to non-Gazprom related operations.

The transferred balance sheet items which were previously been reported in companies within the Old Vostok Nafta group, other than in those group companies now transferred in their entirety refer to non-Gazprom related long-term and short- term financial assets valued at fair value in the income statement, investments in associated companies, unpaid share transactions, and receivables from associated companies.

The acquisition of these income statement items and assets has been reported in equity as a counter item, that is, as if a transfer of the non-Gazprom related income statement items and assets to New Vostok Nafta had taken place via a contribution from shareholders. For further information, see *Financial statements – Note 13*.

The following financial information shall be read together with the sections, *Comments on the financial development, Interim report for the period January–March 2007* and *Financial statements* which are to be found in other places in this Prospectus.

Income statement in brief

USD thousand	Jan 2007– March 2007 (3 months)	Jan 2006– March 2006 (3 months)	Jan 2006– Dec 2006 (12 months)	Oct 2004– Dec 2005 (15 months)	Oct 2003– Sep 2004 (12 months)
Result from financial assets	–748	58,731	61,908	126,066	41,514
Other operating income	5,949	219	12 541	4 726	2 914
Total income	5,201	58,950	74,449	130,792	44,428
Operating expenses	–898	–709	–3,441	–3,821	–3,520
Russian dividend withholding tax expenses	–892	–32	–1 897	–691	–437
Operating result	3,411	58,209	69,111	126,280	40,471
Net financial items	2	–594	610	3 209	7 777
Result before tax	3,413	57,615	69,721	129,488	48,248
Tax	–8	–	–88	–502	–60
Net profit for the period	3,405	57,615	69,633	128,986	48,188

Balance sheet in brief

USD thousand	March 31, 2007	Dec 31, 2006	Dec 31, 2005	Sep 30, 2004
Non current fixed assets	409	316	92	–
Non current financial assets	370,715	387,182	185,138	98,473
Current financial assets	–	–	995	995
Cash and cash equivalents	5,131	5,124	7,212	5,118
Other current receivables	2,336	1,310	16,631	49,966
Total assets	378,591	393,932	210,068	154,552
Equity	377,886	385,384	209,532	154,426
Deferred tax liability	11	11	–	–
Current tax liability	593	585	509	80
Other current liabilities	101	7952	27	46
Total equity and liabilities	378,591	393,932	210,068	154,552

Cash flow in brief

USD thousand	Jan 2007– March 2007 (3 months)	Jan 2006– March 2006 (3 months)	Jan 2006– Dec 2006 (12 months)	Oct 2004– Dec 2005 (15 months)	Oct 2003– Sep 2004 (12 months)
Cash flow from/used in operating activities	11,026	–16,713	–108,225	76,079	–1,158
Cash flow used in investing activities	–119	–	–264	–97	–
Cash flow from/used in financing activities	–10,903	14,592	106,375	–73,880	1,643
Cash flow for the period	4	–2,121	–2,114	2,102	485
Exchange rate differences in cash and cash equivalents	3	3	26	–8	–207
Cash and cash equivalents at the beginning of the period	5,124	7,212	7,212	5,118	4,840
Cash and cash equivalents at the end of the period	5,131	5,094	5,124	7,212	5,118

Key ratios

USD thousand if not stated otherwise	Jan 2007– March 2007 (3 months)	Jan 2006– March 2006 (3 months)	Jan 2006– Dec 2006 (12 months)	Oct 2004– Dec 2005 (15 months)	Oct 2003– Sep 2004 (12 months)
Growth					
Equity ratio, per cent	99.81	99.76	97.83	99.74	99.92
Risk bearing capital					
Return on equity, per cent	0.89	23.46	20.88	70.88	37.94
Return on capital employed, per cent	0.89	23.46	20.88	70.88	37.94
Debt/equity ratio, multiple	–	–	–	–	–
Interest coverage ratio, multiple	–	–	–	–	–
Share data					
Net asset value, MUSD	378	282	385	210	154
SEK/USD	6.98	7.79	6.85	7.94	7.27
Net asset value, MSEK	2,639	2,196	2,637	1,667	1,123
Development of net worth in USD, per cent	–2	34	84	35	48
CSFB ROS Index	12,057	9,126	12,151	6,880	4,356
Development CSFB ROS Index, per cent	–1	33	77	58	25
Dividends	–	–	–	–	–
Dividend/share	–	–	–	–	–
Yield, per cent	–	–	–	–	–
Share data pro forma					
Net asset value per share, USD	8.21	6.12	8.37	4.55	3.36
Net asset value per share, SEK	57.33	47.72	57.36	36.15	24.39
Number of shares outstanding at year-end	46,020,901	46,020,901	46,020,901	46,020,901	46,020,901
Weighted average number of shares outstanding	46,020,901	46,020,901	46,020,901	46,020,901	46,020,901
– diluted	46,020,901	46,020,901	46,020,901	46,020,901	46,020,901
Employees					
Average number of employees during the period	8	8	10	9	8

Share data pro forma

Until the utilization of the Warrants and the new share issue, the Company only holds 1 share. The number of shares used for showing meaningful per share data for all periods has been the number of shares achieved at full accession. Related capital in connection with the forthcoming new share issue have not, however, been taken into account.

Definitions

Interest coverage ratio
Interest coverage ratio, multiple is defined as profit after financial items plus interest expenses in relation to interest expenses.

Debt/equity ratio, multiple
Debt/equity ratio, multiple is defined as interest-bearing liabilities in relation to Shareholders' equity.

Equity ratio, per cent
Equity ratio is defined as Shareholders' equity in relation to total assets.

Return on equity, per cent
Return on equity is defined as result for the year divided by average equity.

Return on capital employed, per cent
Return on capital employed is defined as net result plus interest expenses plus/less exchange differences on financial loans divided by the average capital employed (the average total assets less non-interest bearing liabilities over the year).

Net asset value
Net asset value is defined as shareholders' equity.

Development of net worth in USD, per cent
Change in net worth in USD per share compared with previous accounting year, in per cent.

Net asset value per share, USD
Shareholders' capital divided by the number of shares outstanding at year-end.

CSFB ROS-index
A Russian stock market index consisting of Russia's 30 most liquid shares, representing more than 90 per cent of the Russian stock market and administered by Credit Suisse First Boston.

Development of CSFB ROS-index
Change in index compared to previous accounting year.

Comments on the financial development

The information below should be read in conjunction with the sections *Summary of financial information, Financial statements* and *Interim report for the period January–March 2007*.

With effect from the January 1, 2006, the Company's financial year runs from January 1 to December 31. Note that the information below therefore compares different periods. The twelve-month period from January 1, 2006 to December 31, 2006 is compared with the fifteen-month period from October 1, 2004 to December 31, 2005. The fifteen-month period from October 1, 2004 to December 31, 2005 is compared with the twelve-month period from October 1, 2003 to September 30, 2004.

January 1, 2007–March 31, 2007
in comparison with January 1, 2006–March 31, 2006

Earnings

The profit for the period totalled USD 3.4 million (USD 57.6 million), of which the entire profit was attributable to the parent company equity holders.

The profit from financial assets valued at fair value through the income statement and from associates totalled USD –0.7 million during the period (USD 58.7 million). The change in profit can be attributed in particular to a weak stock-market trend during the first quarter of the year (RTS index January 1–March 31, 2007: +5.0 per cent), which led to weaker development in the value of the share portfolio during the period than during the corresponding period of the previous year (RTS index January 1, 2006–March 31, 2006: +27.5 per cent). In addition to the change in value of the securities portfolio, operating profit was positively affected by dividends totalling USD 5.9 million (USD 0.2 million).

Equity and indebtedness

Total equity and liabilities for the Group at March 31, 2007 totalled USD 378.6 million (USD 282.4 million). Equity increased over the period to USD 377.9 million (USD 281.7 million). Indebtedness during the period was USD 11 thousand (USD 0 thousand).

Cash flow

Cash flow for the year totalled USD 4.0 thousand (USD –2.1 million). Cash flow from/used in operating activities during the period was USD 11.0 million (USD –16.7 million), principally due to net investments in financial assets totalling USD –15.7 million (USD 19.4 million).

January 1, 2006–December 31, 2006
in comparison with October 1, 2004–December 31, 2005

Earnings

The profit for the period totalled USD 69.6 million (USD 129.0 million), of which the entire profit was attributable to the parent company equity holders.

The profit from financial assets valued at fair value through the income statement and from associates totalled USD 61.9 million during the period (USD

126.1 million). The change in profit can be attributed in particular to the negative and turbulent trend in the stock market during the second and third quarters of the period. In addition to the change in value of the securities portfolio, operating profit was positively affected by dividends totalling USD 12.5 million (USD 4.7 million).

Equity and indebtedness

Total equity and liabilities for the Group at December 31, 2006 totalled USD 393.9 million (USD 210.1 million). Equity increased over the period to USD 385.4 million (USD 209.5 million). Indebtedness during the period was USD 11 thousand (USD 0 thousand).

Cash flow

Cash flow for the period was USD –2.1 million (USD 2.1 million). Cash flow from operating activities during the period was USD –108.2 million (USD 76.1 million), due to net investments in financial assets totalling USD 139.14 million (USD –39.4 million).

Changes to the portfolio

One of the most important changes to the portfolio during the period was the purchase of Rosneft shares in conjunction with its initial public offering. Some of the purchased shares were sold later in the year. Other important changes were the sale of the holding in Valkyries Petroleum Company (since the company had been bought by Lundin Petroleum) and continued acquisitions of shares in Black Earth Farming, and increased exposure to the coal sector in Russia through the purchase of shares in Belon, Kuzbassrazrezugol and Raspadskaya, among others.

October 1, 2004–December 31, 2005 in comparison with October 1, 2003–September 30, 2004

Earnings

The profit for the period totalled USD 129.0 million (USD 48.2 million), of which the entire profit was attributable to the parent company equity holders.

Profit from financial assets valued at fair value in the income statement from associated companies totalled USD 126.1 million (USD 41.5 million). The change in profit can be attributed principally to a very positive trend in the Russian stock market during the last two quarters of the period (RTS index July 1, 2005–December 31, 2005: +59.3 per cent). In addition to the change in value of the securities portfolio, operating profit was positively affected by dividends totalling USD 4.7 million (USD 2.9 million).

Equity and indebtedness

Total equity and liabilities for the Group at December 31, 2005 totalled USD 210.1 million (USD 154.6 million). Equity increased over the period to USD 209.5 million (USD 154.4 million). Indebtedness during the period was USD 0 thousand (USD 0 thousand).

Cash flow

Cash flow for the period was USD 2.1 million (USD 0.5 million). Net investments in financial assets were USD 39.4 million (USD 52.5 million), which contributed to a cash flow from investing operations totalling USD 76.1 million (USD –1.1 million).

Changes to the portfolio

The holdings in Megionneftegas, Tyumen Oil Co and Aktubemunaigas were disposed of during the period. Major acquisitions of shares in TNK-BP Holding and Valkyries PC were made during the period.

Developments after March 31, 2007

The wholly-owned subsidiary Vostok Komi (Cyprus) Limited has on May 10 raised a loan with Deutsche Bank of USD 50 million. Vostok Komi (Cyprus) Limited has pledged its portfolio assets as security for the loan. New Vostok Nafta has issued a guarantee and has pledged the shares in Vostok Komi (Cyprus) Limited as security. The loan matures in May 2008 and carries a floating rate of interest at three-month USD LIBOR plus a margin of 2 per cent. Transaction costs of USD 250,000 in total are deferred and recognized over the term to maturity in the income statement of the company group.

Equity capital, debt and other financial information

Equity and indebtedness

At March 31, 2007, the equity of New Vostok Nafta totalled USD 377.9 million. New Vostok Nafta does not have any interest-bearing loans or guarantee or pledge commitments.

Equity and liabilities (USD million)	March 31, 2007
Total current liabilities	0.7
Subject to guarantee commitments	–
Subject to pledge commitments	–
Without security	0.7
Shareholders' equity	377.9
Share capital	0
Statutory reserve	–
Share premium reserve	–
Retained earnings	374.5
Profit for the year	3.4
Total equity and liabilities	378.6

Accounting for working capital

The Company's cash and cash equivalents at March 31, 2007, totalled SEK 5.1 million. At the same time there were no interest-bearing liabilities in the Company. Against this backdrop, New Vostok Nafta considers there to be sufficient working capital to meet present working capital needs, i.e. at least 12 months from the date of the Prospectus. Through the Restructuring the Company will be provided approximately SEK 1 billion which will guarantee future need for working capital.

Future development, investments and financial position

In the board of directors' judgement, New Vostok Nafta's portfolio companies are well placed for continued strong growth and profitability, which together with future new investments is the basis for continued addition of value for New Vostok Nafta's shareholders.

Following the capital infusion of around SEK 1 billion, the Company judges that New Vostok Nafta has a strong financial position and is well placed to make future value-adding acquisitions in accordance with the Company's investment strategy.

In addition to what has been specifically indicated in the section *Comments on the financial development – Developments after March 31, 2007*, and in the Company's interim report for the period January–March 2007, no major changes have occurred with regard to New Vostok Nafta's financial position or its position in the market.

Financial risk management

New Vostok Nafta is exposed to a number of different financial risks through its operations: foreign-exchange risk, interest-rate risk and financing and liquidity risk. The overall policy for financial risk management is decided by the board of directors and is intended to limit the adverse effects on the Company's profits as a result of market fluctuations at any time.

Interest-rate risk

The interest-rate risk is the risk of changes in the level of interest rate affecting the Company's earnings and arises in long-term borrowing. A significant factor that affects the interest-rate risk is the fixed interest-rate period. Long fixed interest-rate periods principally affect the cash flow risk, while shorter fixed interest-rate periods affect the price risk. The Company does not have any long-term borrowings at present, neither is there therefore any material interest-rate risk.

Foreign-exchange risk

Foreign-exchange risk is the risk of changes in exchange rates of currencies having an adverse impact on the Company's earnings. A clear majority of the Company's assets are denominated in USD, which is also the Company's functional currency. The Company's exposure to foreign-currency risks is therefore limited.

Financing and liquidity risk

Financing and liquidity risk relates to the risk of expenses becoming higher and financing opportunities limited when loans have to be converted, and of it not being possible to meet payment obligations as a result of insufficient liquidity or difficulties in obtaining financing. Liquidity risk also relates to the risk of that it is not possible for a financial instrument to be disposed of without substantial additional expenses. The liquidity risk is limited by a large portion of the share portfolio consisting to a large extent of liquid shares, which it is possible to convert quickly into cash and cash equivalents. Because of the Company's business orientation, New Vostok Nafta's regular payment obligations are limited.

Board of directors, senior executives and auditors

Board of directors

Name	Director since	Year of birth	Citizenship	Position	Number of Depository Receipts in New Vostok Nafta following the Restructuring as at April 30, 2007[01]
Lukas H. Lundin	2007	1958	Swedish	Chairman	15,000
Per Brilioth	2007	1969	Swedish	Director, Managing Director	60,000
Al Breach	2007	1970	British	Director	–
Paul Leander-Engström	2007	1966	Swedish	Director	37,000
Torun Litzén	2007	1967	Swedish	Director	200
Ian H. Lundin	2007	1960	Swedish	Director	40,000
William A. Rand	2007	1942	Canadian	Director	40,000
Robert J. Sali	2007	1962	Canadian	Director	15,000

Lukas H. Lundin is the Chairman of the board of directors of Vostok Nafta Investment Ltd. Lukas H. Lundin is also the Chairman of the board of directors of Vostok Gas Ltd, Tanganyika Oil Company Ltd, Lundin Mining Corporation, Denison Mines Corp., Red Back Mining Inc., Tenke Mining Corp. and Canadian Gold Hunter Corp.

In addition, Lukas H. Lundin is a member of the board of directors and/or the senior management of Lundin Petroleum AB, Bannockburn Resources Ltd., Pearl Exploration and Production Ltd and Atacama Minerals Corp. Lukas H. Lundin holds a degree in petroleum engineering from the New Mexico Institution of Mining, Technology and Engineering. Lukas H. Lundin is a brother of Ian H. Lundin.

In the last five years, Lukas H. Lundin has been, but is no longer, a member of the board of directors of North Atlantic Natural Resources AB, a member of the board of directors and Managing Director of Valkyries Petroleum Corp. and Managing Director of Tanganyika Oil Company Ltd and Canmex Minerals Corporation.

Per Brilioth is Managing Director and member of the board of directors of Vostok Nafta Investment Ltd. Per Brilioth is also a member of the board of directors and Managing Director of Vostok Nafta Sverige AB, Vostok Gas Sverige AB and Vostok Gas Ltd., a director of X5 Group AB, Kontakt East Holding AB, Väring Capital AB, Black Earth Farming Ltd., Port Capital AB, Aktiebolag H Bukowskis Konsthandel, Auktionskompaniet Stockholm City AB, Bukowski Strandvägen Auktioner Aktiebolag, Bukowski Husauktioner Aktiebolag, Konsthandels Aktiebolaget Nybroviken and a deputy director of the board of directors of YP Kontakt.

During the period 1994–2000 Per Brilioth worked at Hagströmer & Qviberg in Stockholm as Head of Emerging Markets and has several years of experience of the Russian stock market. Per Brilioth is a graduate of Stockholm University and holds a Master of Finance from the London Business School.

01. Provided that all Warrants are subscribed for.

In the last five years Per Brilioth has been, but is no longer, member of the board of directors of North Atlantic Natural Resources AB.

Al Breach is a member of the board of directors of Vostok Nafta Investment Ltd. Al Breach is since January 2003 employed by UBS in Moscow, where Al Breach is chief analyst with responsibility for financial and strategic issues relating to Russia and the CIS states. Al Breach has previously been employed as economist by Goldman Sachs with responsibility for the CIS states and as a fund manager at Rothschild Asset Management in London. Al Breach holds an MSc in economics from the London School of Economics and a degree in mathematics from Edinburgh University.

In the last five years Al Breach has been, but is no longer, a member of the board directors of Vostok Gas Ltd.

Paul Leander-Engström[02] is a member of the board of directors of Vostok Nafta Investment Ltd. Paul Leander-Engström is also director of Prosperity Capital Management and Chairman of the board of directors of Sonores AB. Paul Leander-Engström is a co-founder and former Managing Director of Prosperity Capital Management (SE) AB[03] and former partner/co-head of research at Brunswick Warburg Moscow. Paul Leander-Engström holds a Master of Science in Economics and Business from the Stockholm School of Economics and a law degree from Stockholm University.

Paul Leander-Engström has been in the last five years, but is no longer, Chairman of the board of directors of Pelago Venture Partners AB, director of Vostok Gas Ltd, Prosperity Capital Management (SE) AB, Prosperity Capital Management (UK) Ltd and Prosperity Capital Management Ltd and a deputy director of Strålfors Malla Nordic AB.

Torun Litzén is a member of the board of directors of Vostok Nafta Investment Ltd. Torun Litzén works as Financial Reporting Manager at Nordea. Torun Litzén holds a Master of Science in Economics and Business from the Stockholm School of Economics.

Ian H. Lundin is a member of the board of directors of Vostok Nafta Investment Ltd. Ian H. Lundin is also Chairman of the board of directors of Lundin Petroleum AB and Lundin Energy AB. Ian H. Lundin has previously been CEO of Lundin Petroleum AB and Lundin Oil AB and President and CEO of International Petroleum Corporation. Ian H. Lundin holds a Bachelor of Science degree in petroleum engineering from the University of Tulsa. Ian H. Lundin is a brother of Lukas H. Lundin.

William A. Rand is a member of the board of directors of Vostok Nafta Investment Ltd. William A. Rand is the Managing Director of Rand Edgar Capital Corp. In addition, William A. Rand is a director of Canadian Gold Hunter Corp., Dome Ventures Corporation, Denison Mines Corp., Lexacal Investment Corp., Lundin Mining Corporation, Lundin Petroleum AB, Pender Financial Group Corporation, Tanganyika Oil Company Ltd., Tenke Mining Corp. and Vostok Gas Ltd.

02. Paul Leander-Engström has within the past five years been charged a fine of SEK 15,000 by the Swedish Financial Supervisory Authority due to delayed notification.
03. Prosperity Capital Management (SE) AB has gone into liquidation.

William A. Rand holds a degree in Commerce from McGill University, a law degree from Dalhousie University and a master's degree in international law from the London School of Economics.

In the last five years William A. Rand has been, but is no longer, a director of Adobe Ventures Inc., Alaskagold Mines Inc., Versatile Mobile Systems Inc. and Valkyries Petroleum Corp.

Robert J. Sali is a member of the board of directors of Vostok Nafta Investment Ltd. Robert J. Sali has been active in the financial world since 1987 at the brokerage firms of Levesque Beaubien Inc. and BMO Nesbitt Burns. In 1999 Robert J. Sali established the operation of Dundee Securities Corporation in western Canada, where Robert J. Sali directed operations in the Equity Sales and Trading departments. Robert J. Sali is currently employed by Dundee Securities Corporation as senior investment adviser.

In the last five years Robert J. Sali has been, but is no longer, a member of the board of directors of Vostok Gas Ltd.

Other information on members of the board of directors and other senior executives

None of the members of the board of directors or senior executives have been prohibited from carrying on a business or otherwise been the subject of accusations by authorities on matters that have an impact on the assignments of the person concerned in the Company. Nor has anyone been indicted on fraud-related or similar charges.

In addition to what has been specifically stated above, none of the members of the board of directors has any family relationship with another member of the board of directors or senior executive.

In addition to what has been specifically stated above, none of the Company's senior executives or members of the board of directors has been involved in any bankruptcy, receivership or liquidation in the position of director or senior executive in the last five years. In addiction to what has been specifically stated above, none of the senior executives or directors has in the last five years been found guilty of fraud or been the subject of official charges or sanctions by supervisory or legislative authorities, and none of them have been prohibited by a court of law from acting as a member of a board of directors or management or carrying on business activity in any other way in the last five years.

There are no conflicts of interest between the duties of the management team or the board of directors towards New Vostok Nafta and their private interests and/or other duties. The office address of the senior executives and the members of the board of directors is Hovslagargatan 5, 3rd floor, 111 48 Stockholm.

Senior management

The table below contains information on senior executives and their respective shareholdings.

Name	Employed since	Year of birth	Citizenship	Position	Number of Depository Receipts in New Vostok Nafta following the Restructuring as at April 30, 2007[04]
Per Brilioth	2007	1969	Swedish	Managing Director	60,000
Anders Sjöberg	2007	1970	Swedish	Chief Financial Officer	2,500
Sergei Glaser	2007	1958	British	Analyst	47,100

Per Brilioth. See above.

Anders Sjöberg is employed as Chief Financial Officer in Vostok Nafta Investment Ltd and Vostok Gas Ltd. Anders Sjöberg is also a member of the board of directors of Vostok Nafta Sverige AB and Vostok Gas Sverige AB.

Sergei Glaser is employed as analyst and member of group management in Vostok Nafta Investment Ltd and Vostok Gas Ltd.

In the last five years Sergei Glaser has been, but is no longer, chief strategist and senior oil and gas analyst at Alfa Securities Ltd, a London-based subsidiary of Alfa Bank, Moscow.

Auditors

By decision of the shareholder on April 10, 2007, the auditing company PricewaterhouseCoopers AB, was appointed auditor of the company for the term up to and including the next Annual General Meeting.

04. Provided that all Warrants are subscribed for.

Corporate governance

A new Swedish Code of Corporate Governance (the "Code") come into force on July 1, 2005. The rules in the Code represent an addition principally to the provisions of the Companies Act on organisation of the Company, but also to the relatively extensive self-regulation that exists with respect to corporate governance. The Code is based on the principle of "comply or explain". According to this principle a company can choose whether it wishes to comply with a section of the Code or choose to explain why it has decided not to comply with it.

Observance of Swedish Code of Corporate Governance
New Vostok Nafta is a limited liability company registered in Bermuda. In the absence of a Bermudan Code of Corporate Governance, New Vostok Nafta will apply the Code. The Company will apply the Code in full or, where applicable, explain deviations from it. The principles of corporate governments in New Vostok Nafta are described below and will be published in future annual reports. A separate account of these issues will also be included as a separate section on the Company's website.

Annual General Meeting
The Annual General Meeting is the highest decision-making body in New Vostok Nafta, which all shareholders are entitled to attend in person or by proxy. The Annual General Meeting of New Vostok Nafta will be held in Swedish in Stockholm once per year, no later than six months after the end of the financial year. The shareholders will be given an opportunity at the Annual General Meeting to put questions directly to the Chairman of the board of directors, the board of directors and the Managing Director. The board of directors will also endeavour to answer questions from shareholders as they arise during the year. The Company's auditors will be present at the Annual General Meeting.

The task of the Annual General Meeting is to report on the financial results and take decisions on corporate matters, including payment of dividend and amendments to the Articles of Association. The Annual General Meeting also appoints members of the board of directors and auditors and establishes the fees to be paid to the board of directors and the auditors.

Nomination committee
Shareholders in the Company have the right to nominate members of the board of directors, and where applicable auditors, to the Annual General Meeting. The Annual General Meeting elects members of the board of directors for a term of one year and auditors for a period of one year. The shareholders also propose remuneration for the board of directors and auditors, which is to be resolved by the Annual General Meeting.

In accordance with the Code, the Company has established a nomination committee which draws up proposals for the election of and payment of fees to members of the board of directors and auditors for the Annual General Meeting. The nomination committee is to consist of three directors, of whom one is appointed among the board of directors and two directors are to be appointed by the Company's major shareholders. For further information, see the section *Corporate governance – Nomination committee*.

Board of directors

Board of directors

The board of directors of New Vostok Nafta consists of eight directors: Lukas H. Lundin, Paul Leander-Engström, Per Brilioth, Al Breach, Ian H. Lundin, William A. Rand, Robert J. Sali and Torun Litzén. The Chairman is Lukas H. Lundin. For further information about the board of directors, see the section *Board of directors, senior executives and auditors*.

In accordance with the Company's bye-laws the Managing Director shall be member of the board of directors.

Board meetings

The board of directors is to meet at least twice a year in person and more frequently where necessary. In addition, meetings are to be conducted by telephone if considered necessary. The Managing Director is additionally to be in regular contact with the Chairman of the board of directors and the other members of the board of directors.

Work and rules of procedure of the board of directors

The board of directors is to take decisions on general issues affecting New Vostok Nafta. The board of directors has not formally approved any rules of procedure; however the Company has established guidelines that in many cases are similar to formal rules of procedure. According to these, the principal task of the board of directors is organisation and management of the Company, which among other things includes

- Deciding on the focus of the business and the Company's guidelines
- Ensuring supply of capital
- Appointing and regularly evaluating the work of the Managing Director and senior management
- Approving reporting instructions for the senior management
- Ensuring that the Company's external communication is open, objective and appropriate to the target groups
- Ensuring that there is an effective system for follow-up and control of the Company's operations and financial position in relation to established goals
- Following up and monitoring that operations are carried out in accordance with laws, ordinances, stock exchange rules and customary practice in the securities market.

The Managing Director is to direct daily work and prepare investment recommendations together with the other members of the investment committee. In addition, the Chairman holds a decision-making position and is to take part in the work on a daily basis. The Managing Director is to report regularly to the Chairman between board meetings and to the board of directors at least once a month.

Board committees

The board of directors has established four committees: the audit committee, the remuneration committee, the nomination committee and the investment committee.

The following instructions have been prepared in accordance with the requirements of the Swedish Code of Corporate Governance, and are to be considered in force until revoked or otherwise amended by the board of directors. Departures from the instructions set out below are possible if adequate motivations thereto are provided.

Audit committee

The audit committee shall function as the primary communication channel between the board of director and the Company's auditors and shall be responsible for the preparation of the board of directors' work to assure the quality of the Company's financial reporting. The audit committee has a particular responsibility to review and bring any problems with the internal control of financial reporting to the board of directors' attention. Potential reported shortcomings are followed up via management and the audit committee.

Duties of the audit committee

- The audit committee shall address any critical accounting issues and review the financial reports issued by the Company. Among other the following issues and reports shall be considered:
  - matters of internal control and application of relevant accounting principles and laws.
  - discuss any uncertainties in presented values, changes in estimates and appraisals.
  - significant events after the reporting period.
  - address any established irregularities.
  - the Company's annual report and the interim reports which are prepared four times annually shall be reviewed.
  - discuss any other issues than the above that might affect the quality of the Company's reporting.
- On a continuous basis (at minimum once a year) meet with the Company's auditors to keep informed of the direction and extent of the audit. The audit committee and the auditors shall also discuss the coordination between internal control and external audit and the auditors' views on potential risks to the Company's quality of reporting.
- The audit committee shall set the guidelines for what other services than audit the Company may procure from the auditors.
- The audit committee shall on an annual basis in connection with the end of the financial year, evaluate the performance by the Company's auditors. They shall inform the nomination committee of the result of the valuation, to be considered when they nominate auditors for the Annual General Meeting.
- Assist the nomination committee in the process of nominating auditors and remuneration for the auditors.

– The audit committee shall review the annual and interim reports and make recommendations on these to the board of directors.

The audit committee is comprised of William A. Rand, Torun Litzén and Ian H. Lundin.

Remuneration committee
The responsibility of the remuneration committee is to prepare issues of remuneration and other terms of employment for the senior management of the Company.

Duties of the remuneration committee
The remuneration committee shall before the Annual General Meeting present suggestions for the principles of remuneration and other terms of employment for the senior management of the Company, to be approved by the Annual General Meeting. Establishing principles of remuneration and other terms of employment for the senior management shall hence be included as an item on the agenda for the Annual General Meeting. The suggestions shall be posted on the Company's website in connection with the notice of Annual General Meeting of shareholders. When considering the details of the suggested principles, the committee shall always have the position that the total remuneration package for senior management shall correspond to the prevailing market conditions and be competitive. The suggested principles shall include the following considerations

– The relationship between fixed and variable remuneration as well as the connection between performance and remuneration
– The main terms for bonus- and stock option programs
– The main terms for non-monetary benefits, pensions, termination of employment and severance pay upon termination
– Which members of the senior management that are encompassed by the suggested remuneration principles.

It should be stated to the Annual General Meeting if the suggested principles are significantly different from previous principles and how the question of remuneration for the senior management is prepared and decided on by the board.

The remuneration committee shall also on annual basis review the remuneration to the Managing Director, senior management and key personnel.

The remuneration committee is comprised of Lukas H. Lundin, Robert J. Sali and Paul Leander-Engström

Nomination committee
For the purposes of the Annual General Meeting, the nomination committee shall prepare proposals regarding

– Chairman of the board
– other directors of the board
– remuneration to the Chairman of the board
– remuneration to the other directors of the board

– remuneration for work in board committees
– person to be Chairman at the Annual General Meeting.

For the preparation of the above proposals the nomination committee shall consider if the acting board of directors has the qualifications that the Company's current and future situation requires, generally based on the board's previous performance, and is therefore suitable for re-election.

The nomination committee shall also determine the necessary qualifications for any new member of the board of directors to be recruited. In case new directors need to be recruited, the committee shall perform a systematic procedure of searching for, and evaluating potential candidates, they shall also accept suggestion put forward by the owners of the Company. It shall collect relevant information about proposed directors and provide the Company with information about the same. The committee shall establish if the proposed directors are to be considered independent of the Company.

Where applicable the committee shall also prepare proposals regarding election and remuneration of auditors. The committee shall also in advance of the Annual General Meeting present a proposal for how the committee's members should be elected and its work should be organised. The election committee shall also at the Annual General Meeting and in the notice of Annual General Meeting present proposal for Chairman at the Annual General Meeting. In the instance that the nomination committee is unable to present a candidate for Chairman at the Annual General Meeting in time for the notice of the Annual General Meeting, an explanation as to why, should be included in the notice and the proposed candidate shall be announced in a separate communiqué as soon as possible. If none of the members of the nomination committee can attend the Annual General Meeting to present the proposed Chairman for the Annual General Meeting, the committee shall appoint someone else to represent the nomination committee.

Investment committee
Decisions on investments shall be made by the investment committee, which is comprised by three members of the board of directors. Two members, i.e. a majority of the committee can in conjunction issue investment recommendations, subsequent to which the board of directors of New Vostok Nafta will make its decision on investment.

The investment committee is comprised of Lukas H. Lundin, Per Brilioth and Paul Leander-Engström.

Committee representation at the Annual General Meeting
If one or more proposals to the Annual General Meeting have been prepared by one of the board's committees, the Chairman or another member of that committee should be present at the Annual General Meeting, to present and give a motivation for the proposal. In the instance that no member of the particular committee is able to physically attend the Annual General Meeting, the committee shall appoint another member of the board of directors to speak on their behalf.

Principles for the remuneration of the Managing Director and other senior executives

The remuneration of the Managing Director and other persons in the Company management shall be made up of fixed salary, a possible variable remuneration, where applicable, other benefits and pension. Other persons in the Company management mean members of Group management, at present two persons in addition to the Managing Director. The aggregate remuneration shall be in line with market conditions and competitive. Fixed salary and variable remuneration shall be related to the responsibilities and powers of the senior executive. The variable remuneration shall primarily be handled in the framework of the Company's stock option plan and in cases where other variable remuneration may be paid this shall be associated with an upper limit in line with market conditions and specified results targets for the Company and/or the senior executive. The period of notice shall be three to six months on the part of the senior executive. In the case of notice of termination by the Company, the sum of the period of notice and the time during which severance pay is received shall be 12 months. Pension benefits shall be either defined-benefit or defined-contribution, or a combination thereof, with individual retirement age. Defined-benefit pension benefits are conditional upon earning of entitlement during a predetermined period of employment. The Board shall have the right to depart from the guidelines if there are particular reasons for doing so in an individual case.

Remuneration from New Vostok Nafta to the Managing Director and other senior executives

The Managing Director receives a fixed annual salary from New Vostok Nafta equal to USD 323,000[01] for 2007. This compensation corresponds to a service equal to 80 per cent of a full-time position over time. The Managing Director has a pension plan according to the Swedish ITP standard, which is reported as a defined-contribution plan in accordance with IAS 19.30. The pension is calculated on the basis of the Managing Director's basic salary. The Managing Director is entitled to twelve months of full salary in the event of termination on the part of the Company. If he himself decides to leave the Company, the period of notice is six months.

Other senior executives[02] receive fixed annual salary of USD 204,000. The other members of the management team have a period of notice of three months, which is also applicable to notice of termination on the part of the Company.

The remuneration committee has to present a detailed proposal before the Annual General Meeting 2008 on the principles of remuneration of the management for the coming year and indicate which senior positions are covered by the principles of remuneration.

Remuneration from New Vostok Nafta to the board of directors in 2007[03]

The board of directors fee (including remuneration for work on the board of directors' committees) will be paid in an aggregate sum of USD 322,000, of which USD 57,000 will be paid to the Chairman of the board of directors and USD 29,000 to each of the other directors. For work on the audit committee a fee of USD 21,000 is proposed for the Chairman and USD 14,000 for each member,

01. Calculated at an exchange rate 6.9825 USD per SEK and rounded off to the nearest thousand dollar.
02. Other senior executives include Sergei Glaser and Anders Sjöberg. Sergei Glaser receives payment in GBP and Anders Sjöberg receives payment in SEK. At conversion to USD the exchange rates 1.9622 USD per GBP and 6.9825 SEK per USD have been applied. Furthermore the amounts have been rounded off to the nearest thousand dollar.
03. Calculated on the basis of an exchange rate of USD 6.9825 per SEK and rounded off to the nearest thousand dollar. It should be noted that due to rounding the sum of the remuneration elements does not equal USD 322,000.

and for work on the remuneration committee a fee of USD 8,000 is proposed for the Chairman and USD 5,000 for each member. Finally it is proposed that for work on the investment committee a fee of USD 11,000 is paid to the Chairman and USD 7,000 to each member. No fee shall be paid to the Managing Director.

Other remuneration-related issues

There is no period of notice for termination for directors. Nor are there any agreements on severance pay or pension for the directors.

In addition to the specific statements made, there are no provisions or accrued sums in the Company for pensions or other benefits after leaving a post or after the assignment has been completed for these persons.

Internal control

The board of directors has overall responsibility for setting up effective internal control systems. Responsibility for maintaining and carrying out effective control has been delegated to the Managing Director. Internal control is a process which should be applied to ensure that goals such as effective and profitable operation are attained, financial reporting is reliable and laws and ordinances are followed. The board of directors has also, as described above, set up an audit committee which is responsible for continuously reviewing the Company's control in relation to financial reporting.

Information and communication

New Vostok Nafta is to attempt as far as possible to ensure effective and correct provision of information, both internally and externally. For this purpose the Company has established fixed information routines and invested in reliable technical applications to facilitate rapid and relevant exchange of information throughout the organisation. Internal rules and general guidelines on financial reporting are communicated between the board of directors, management and personnel through regular meetings and by e-mail. The flat organisation of New Vostok Nafta additionally contributes to a very effective and reliable exchange of information. In order to ensure quality in the external reporting which is the extension of internal reporting, there is a written communication policy which indicates what information is to be released and how.

Share capital and ownership structure

Share capital

The share capital of New Vostok Nafta is USD 1, as at April 30, 2007, divided into one share. All shares carry the same voting rights and the same right to participation in the Company's assets and profit.

The share capital of New Vostok Nafta following the Restructuring will total USD 46,020,901, divided into 46,020,901 shares. The Company's share capital is to be not less than USD 1 and not more than USD 100 million, which means not less than 1 share and not more than 100 million shares.

Shareholders

The table below shows the ownership structure for Old Vostok Nafta per April 30, 2007. Assuming that the Warrants are fully subscribed by existing shareholders the ownership structure of New Vostok Nafta will reflect the ownership structure of Old Vostok Nafta.

Old Vostok Nafta's shareholder structure as of April 30, 2007

Owner	Holding, Depository Receipts	Holding, per cent
Lorito Holdings Ltd[01]	14,000,000	30.4%
Swedbank Robur Fonder	3,350,632	7.3%
Fjärde AP-fonden	1,324,430	2.9%
Handelsbanken/SPP Fonder	809,976	1.8%
Nordea Fonder	823,185	1.8%
AFA försäkringar	697,535	1.5%
Andra AP-fonden	517,905	1.1%
SEB/EB Fonder	498,762	1.1%
Tredje AP-fonden	385,899	0.8%
Folksam Fonder	279,696	0.6%
Subtotal, 10 largest owners	22,688,020	49.3%
Other foreign owners and nominees	15,028,611	32.7%
Other owners	8,304,269	18.0%
Total, approximately 18,500 owners	46,020,900	100.0%

Based on VPC data and holdings known to the Company.

Shareholder agreements

As far as the board of directors is aware, no shareholder agreements or equivalent agreements exist between the present shareholders in the Company for the purpose of creating joint influence over the Company.

Incentive programme

At present there is no incentive programme in New Vostok Nafta. The board of directors has the intention to propose at an Extraordinary General Meeting that the Company adopts an incentive programme for its employees. The purpose of an incentive programme is to create conditions to retain and recruit competent employees and to promote the long-term interests of the Company by offering its employees the opportunity to participate in any favourable developments in the value of the Company. Directors who are not employed by the group shall not be able to participate in the programme.

01. Lorito Holdings Ltd. is an investment company which is owned by a foundation whose beneficiary is the Lundin family.

Statement from the Principal Shareholder

Lorito Holdings Ltd (the "Principal Shareholder"), with 30.4 per cent of the share capital and votes in Old Vostok Nafta will exercise to the full extent the allocated Warrants for subscription to new Depository Receipts in New Vostok Nafta. In addition to this the Principal Shareholder has declared that they intend to remain long term owners in New Vostok Nafta.

Dividend and other information

Dividends are decided at General Meetings and payment will be carried out by VPC. Entitlement to dividend belongs to anyone who is registered as a holder of Depository Receipts in the Depository Receipt register maintained by VPC on the record decided by the General Meeting. If a shareholder cannot be reached through VPC, the shareholder's claim on New Vostok Nafta regarding the dividend amount remains and is restricted only by rules on period of limitation. When the period of limitation ends the dividend amount will pass over to New Vostok Nafta. There are no restrictions on payment of dividend or special procedures for shareholders resident outside Sweden. Shareholders are entitled to a share in the surplus in the event of liquidation in proportion to the number of shares owned by the holder.

The board of directors of the Company does not intend to undertake a fixed dividend multiple, for example a proportion of profit after tax.

Swedish Depository Receipts

The newly issued shares in New Vostok Nafta will be represented by Swedish depository receipts. Issuing depository receipts is a method to enable trading in foreign shares in Sweden. All newly issued shares will be deposited with Öhman and Öhman will be registered as a shareholder in the Company's share register. The shares will be represented by Depository Receipts registered at VPC. Each Depository Receipt corresponds to one share in New Vostok Nafta with a par value of USD 1. Depository Receipts are to be registered in a securities account designated by the holder according to the terms of the Financial Instruments Act (1998:1479). The information in the VPC register of Depository Receipts is not public.

A Depository Receipt entails the same right to dividend as an underlying share, and a Depository Receipt holder has the same right to vote at General Meetings as a holder of shares. In order to attend a General Meeting it is, however, required that the holder of Depository Receipts follows instructions from the custodian bank. The Depository Receipts are subject to Swedish law, and any disputes arising will be referred for settlement by the Stockholm District Court.

The Depository Receipts will be issued by E. Öhman J:or Fondkommission AB, a company registered by the Swedish Companies Registration Office on October 10, 1980. The legal form of the company is governed by the Swedish Companies Act (2005:551). The registered office of the company is in Stockholm. The Depository Receipts are denominated in SEK.

For the full terms and conditions applicable to Depository Receipts, see section *Terms and conditions for Depository Receipts*.

VPC connection and account-holding institution

The Depository Receipts of New Vostok Nafta are registered at, and its list of shareholders is maintained by, VPC. The address of VPC is Box 7822, SE-103 97 Stockholm, Sweden.

Other information

The underlying shares have been issued in accordance with Bermuda legislation. Share certificates will only be issued if requested and will be issued only to the registered shareholder.

The transfer agent and register holder for Company's ordinary shares is Allison Smith with the address Clarendon House, 2 Church Street, PO Box HM 666, Hamilton, HMCX Bermuda.

Legal issues and additional information

Credit Agreement

The wholly-owned subsidiary Vostok Komi (Cyprus) Limited has on May 10 raised a loan with Deutsche Bank of USD 50 million. Vostok Komi (Cyprus) Limited has pledged its portfolio assets as security for the loan. New Vostok Nafta has issued a guarantee and has pledged the shares in Vostok Komi (Cyprus) Limited as security. The loan matures in May 2008 and carries a floating rate of interest at three-month USD LIBOR plus a margin of 2 per cent. Transaction costs of USD 250,000 in total are deferred and recognized over the term to maturity in the income statement of the company group.

Agreements with Old Vostok Nafta

An agreement between Vostok Nafta Sverige AB, a wholly-owned subsidiary of New Vostok Nafta, and Vostok Gas Sverige AB, a wholly-owned subsidiary of Old Vostok Nafta, has been entered into, stipulating the cost-sharing of administrative assets and services between the two companies. According to the terms of the agreement Vostok Gas Sverige AB may use office space, internet and telephone services, services needed from contract employees or consultants and all other supplies and articles necessary for the daily operations of the office. For the provided services Vostok Gas Sverige AB shall on a monthly basis pay 50 per cent of Vostok Nafta Sverige AB's total cost for the said assets and services.

Shareholders' Agreements

There are no shareholders' agreements regulating the shareholding in New Vostok Nafta. However, the wholly-owned subsidiary Vostok Komi (Cyprus) Limited has entered into shareholders' agreements with Investment AB Kinnevik (publ) regulating the stockholding in Black Earth Farming Limited and Kontakt East Holding AB. The agreements contain customary provisions such as the right for each party to appoint directors, prohibitions of transfer without consent and decisions requiring supermajority.

Material Agreements

With the exception of the agreements entered into by the Company in connection with the Restructuring, the Company has during the two years preceding the publication of this Prospectus only entered into agreements which in respect of the Company's operations are of an ordinary nature and part of the ordinary course of business.

Disputes

The Company has not been a party in any legal disputes or arbitration proceedings that could have a significant negative effect on the Company's operations, earnings and financial position. The Company is not aware of any existing or anticipated disputes that could have material negative consequences for the Company's earnings or financial position nor has it been involved in such disputes during the past 12 months.

Permits and regulations

The board of directors of New Vostok Nafta considers that the Company complies with applicable law and holds the required permits regarding its activities.

Insurance

The Company is considered to have satisfactory insurance protection to cover the liabilities that may arise during ordinary business.

Provision of documentation

All reports and historical financial information issued at the request of the Company and which in some part are included or are referred to in the Prospectus can on request throughout the term of the Prospectus be inspected at the Company. The interim report for the period January–March 2007, Bye-laws and all publicly disclosed information are available on New Vostok Nafta's website (www.vostoknafta.com).

Excerpts from Bye-laws, Memorandum of Association and Terms and Conditions for Depository Receipts

As described in the section *Share capital and ownership structure – Swedish Depository Receipts*, the shares in the Company will be represented by Swedish Depository Receipts (SDRs) with Öhman as custodian. Since the terms of the SDRs will grant to the holders of SDRs the same rights as are attached to the shares represented by the SDRs, the following description of the legal framework for the Company does not always reflect the fact that shares are held indirectly, via SDRs. Instead, the description will focus on the rules governing the organization of the Company as well as the shareholders' means of influencing the Company's affairs. Since the company's Bye-laws largely reflect Swedish law with regard to such matters, the description will primarily focus on aspects of the legal framework that differ from rules applicable to Swedish limited liability companies (aktiebolag).

Introduction

The Company is incorporated in Bermuda under the Bermuda Companies Act 1981 (the "Companies Act") which in many respects is based on English law. Accordingly, the conduct of the Company is governed not only by the Companies Act, but also by the Company's Memorandum of Association and Bye-laws and by corporate law regulations that derive from Bermudan common law. The Company's shares have been issued in accordance with Bermudan law.

The Company was incorporated and registered with the Bermuda Registrar of Companies on 5 April 2007. Its corporate identity number is 39861. The registered address is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

Memorandum of Association

The memorandum of association sets out some basic provisions in respect of the Company, such as the Company's name and authorized share capital along with the objectives and powers of the Company. The Company's name is Vostok Nafta Investment Ltd[01] and the share capital shall not be less than USD 1, and not more than USD 100 million. The object of the Company is unrestricted and therefore includes carrying on the business of an investment company, acquiring or selling securities or holding securities by way of investment, either directly or by wholly owned subsidiaries.

The Company's memorandum of association is a matter of public record. It may be amended by a resolution at a General Meeting with the support of a majority consisting of two-thirds of the votes cast.

Bye-laws

The organization of the Company and its affairs are regulated by its Bye-laws. The Companies Act requires that the Bye-laws include, among other things, provisions with respect to the transfer of shares, the keeping of the company accounts and the duties of the secretary of the Company. In practice, the Bye-

01. Previously Vostok Nafta Holding Investment Ltd.

laws of a Bermuda company also include provisions in respect to a number of issues concerning the organization of the Company and the conduct of its affairs.

The Bye-laws are considered as internal rules and are not filed or registered with any public authority. The Bye-laws of the Company may be amended by a resolution at a General Meeting of shareholders with the support of a majority consisting of two-thirds of the votes cast.

Shares and Register of shareholders

Shares and shareholders' rights

All shares carry equal rights in the Company. Each share carries one voting right. Furthermore, all shareholders shall be treated equally and the Company may not enter into any transactions that are likely to give an undue advantage to a shareholder or a third party to the detriment of the Company and any shareholders.

The Companies Act provides the right to issue shares of different classes and to resolve that certain shares shall have preferential or subordinated rights or other special terms and conditions. Such resolution requires a change of the company's Bye-laws.

Register of shareholders and Swedish Depository Receipts

In the register of shareholders of the Company, all shares will be registered in the name of Öhman as custodian. As described in the section *Share capital and ownership structure – Swedish Depository Receipts* the shares will be evidenced by Depository Receipts. VPC, the Swedish Securities Register Center, will be responsible for keeping a register in respect of the Depository Receipts, in accordance with the Swedish Share Accounts Act, (lagen om kontoföring av finansiella instrument (1998:1479)) and any other relevant provisions applicable to the book-entry system kept by VPC. Therefore, the provisions of the Companies Act and the Bye-laws governing the register of shareholders and transfer of shares are of limited interest to holders of Depository Receipts. Nevertheless, it should be noted that the terms applicable to the Depository Receipts provide that holders of Depository Receipts shall be entitled to exchange their Depository Receipts for shares by a written application to Öhman, in which case Öhman will charge a fee in accordance with its normal rate.

Share Issues, Alteration of Share Capital, etc.

Share issues

The General Meeting as well as the board of directors may resolve to issue new shares, warrants or convertible securities of the Company provided that the authorized share capital of the Company is not exceeded by way of the new issue. As far as the board of directors is concerned, this must also involve a preferential share issue. If the upper limit for the authorized capital is exceeded, a General Meeting must first increase the authorized share capital.

Shareholders have a preferential right to subscribe for additional shares, pro rata to the total issued shares held by them immediately prior to the issue of the additional shares. It is possible to deviate from the shareholders' preferential right if approved by the General Meeting with a majority consisting of at least two-thirds of the votes cast. A corresponding preferential right applies in respect of warrants or convertible securities. However, such a preferential right does not apply in the case of a new issue in consideration for the contribution of non-cash property or the set-off of claims. Only a General Meeting may approve new issues against the contribution of non-cash property or the set-off of claims. Shares and other securities may only be issued in exchange for full payment.

Purchase by the Company of its own shares, etc.

The memorandum of association authorizes the Company to purchase its own shares, in accordance with the Companies Act. The Company may also issue shares that are, at the option of the holder, liable to be redeemed.

Redemption of shares held by a minority

The Companies Act provides for the redemption of the shares of minority shareholders by a majority representing not less than 95 per cent of the shares in the Company. The minority shareholders can apply to the court to appraise the value of the shares to be purchased. There is no corresponding right on behalf of the minority shareholders to require the majority to redeem their shares.

General Meeting of Shareholders

The provisions contained in the Bye-laws governing General Meetings of shareholders, such as the rules regarding matters to be dealt with and the proceedings of such meetings, largely reflect the Swedish Companies Act.

Under the Bye-Laws the notice convening a General Meeting shall be sent by mail to shareholders whose addresses are known to the Company, at the earliest five weeks and at the latest two weeks before the meeting. A person shall be entitled to participate in a General Meeting, provided he is listed as a shareholder in the Company's register of shareholders five days prior to the General Meeting.

Pursuant to the terms applicable to the Depository Receipts notices convening any General Meeting shall be distributed by the custodian to the holders of Depository Receipts. Such notices shall include information on the measures to be taken by the holder of Depository Receipts desiring to attend and vote at any such General Meeting. Furthermore, Öhman shall, before the General Meeting, provide the Company with proxies authorizing the holders of Depository Receipts to represent and vote on behalf of the shares represented by their Depository Receipts.

The Bye-laws provide that the General Meeting shall be held in Stockholm.

Management of the Company

The rules governing the management of the Company are, like the provisions in respect of General Meetings, based on the Swedish Companies Act.

Under the Bye-laws the board of directors can represent the Company and execute all powers of the Company, subject to any provision of the Companies Act or the Bye-laws or any prior shareholders' resolution, requiring a matter to be resolved by the General Meeting. The Bye-laws provide that the board of directors shall consist of not less than 3 and not more than 15 directors.

The board of directors may authorize a director or any other person to represent and sign on behalf of the Company. However, this authority is not noted in any official register.

Under the Bye-laws the board of directors may delegate to any committee, director, officer or other individual any of the powers exercisable by it.

The duties and obligations of the directors and other officers of the Company derive from common law and the provisions of the Companies Act.

The Companies Act provides that every officer of a company, in exercising his powers and discharging his duties, shall (i) act honestly and in good faith with a view to the best interests of the Company and (ii) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Furthermore, the Companies Act states that every officer shall comply with the Companies Act, the regulations and the Bye-laws of the Company.

In similarity with what is the procedure in many other jurisdictions the auditor does not perform an audit of the management's administration and consequently does not give an opinion about discharge from liability. At General Meeting the issue about discharge from liability for the Company's Managing Director and board of directors is consequently not considered.

Dividends

Resolution on dividends and other distributions ("dividends") rest with the General Meeting. Dividends may be paid in any currency or in any kind. However, the General Meeting may not declare a dividend higher than that recommended by the board of directors. Those who are recorded as shareholders in the Company's register of shareholders on the record date specified in the resolution declaring the dividend shall be deemed to be entitled to receive such dividends. The Bye-laws do not include a provision providing the right for minority shareholders to demand dividend payment.

Pursuant to the terms for the Depository Receipts, those who are recorded as holders of the Depository Receipts on the share accounts kept by VPC, on the record date specified in the resolution declaring the dividend, shall be entitled to receive such dividends. Pursuant to the terms of the Depository Receipts, dividends shall be paid in Swedish kronor (SEK) or euro (EUR).

Reserves

Under Bermudan law the Company does not have to declare dividends and, therefore, the Company's profits may be accumulated and used for the purposes of the Company. The Bye-laws authorize the board of directors to set aside such sums as it thinks suitable as reserves, before recommending any dividend.

Shareholders' rights of action in case of irregularities in the Conduct of General Meetings, etc.

Under the case law established under Bermuda company law, shareholders have only a limited right to bring an action where a resolution by either the board of directors or the General Meeting violates the procedural or substantive rules governing the Company.

To a certain extent, the shareholders are protected by section 111 of the Companies Act, which grants to the shareholders some protection by the courts, provided that the shareholders can show that the company's business is conducted in "a manner oppressive or prejudicial" to certain shareholders or a group of shareholders of the Company. However, a number of conditions must be fulfilled in order for a shareholder to bring action on the basis of this provision.

Corporate documents

The principal corporate documents (such as the register of shareholders, the register of directors and other officers, the minutes of General Meetings, etc.) shall be kept at the registered office of the Company.

Financial year

The Company was incorporated April 5, 2007. Hence, the first financial year comprises the period April 5, 2007–December 31, 2007. Hereafter the financial year comprises the period January 1–December 31.

Tax considerations in Sweden

Below follows a summary of certain Swedish tax regulations that may apply as a result of the redemption procedure regarding the depository receipts representing shares in Vostok Gas (Old Vostok Nafta), the distribution and holding of Warrants in New Vostok Nafta and the subscription and holding of Depository Receipts representing shares in New Vostok Nafta. Unless otherwise stated, the summary is based on regulations and practice currently in force and is intended only as general information for holders of securities with an unlimited tax liability in Sweden. The summary does not cover situations in which securities are held as current assets in business operations or are held by partnerships. Neither does it deal with the special tax regulations applying to certain corporate categories nor the special rules that in certain cases may apply to holdings considered to be held for business purposes or that may fall under the special rules (the "CFC-rules") for owners of certain legal entities with income that is subject to low taxation. Nor does the summary cover the special rules that may apply to securities in companies that previously have been closely held or securities that have been acquired by means of "qualified shares" in closely held companies. For security holders who are not tax resident in Sweden, the tax consequences may be affected by provisions of the holder's home state and by tax treaties concluded between Sweden and other states. The tax implications for each security holder depend on the holder's specific circumstances. ***Each holder should consult a tax advisor for information on the specific tax consequences that may arise for their part.***

Receipt of Redemption Depository Receipts

The receipt of Redemption Depository Receipts representing redemption shares pursuant to the share split does not give rise to any taxation. Instead, the acquisition cost of the original depository receipts in Vostok Gas immediately before the share split is to be allocated between the Redemption Depository Receipts representing redemption shares and the ordinary depository receipts in Vostok Gas.[01] The allocation will be based on the market values of the different depository receipts in connection with the share split and the receipt of the Redemption Depository Receipts. Vostok Gas intends to seek general advice from the Swedish Tax Agency regarding how this allocation should be made.[02]

Example of allocation of acquisition cost

Assume in this example, that a holder of depository receipts has one depository receipt in Vostok Gas with an average acquisition cost of SEK 375 immediately before the share split, that the trading price for the original depository receipt at the time of the share split is SEK 445 and that the price of the Redemption Depository Receipt is SEK 55. Furthermore, assume in this example, that the Swedish Tax Agency in its forthcoming general advice determines that 87.6 per cent (note that this is solely an assumption) of the acquisition cost for one original depository receipt will be allocated to the ordinary depository receipt and that 12.4 per cent will be allocated to the Redemption Depository Receipt. The acquisition cost of the Redemption Depository Receipt will consequently be SEK 46.50 (12.4 per cent of SEK 375). The acquisition cost of the ordinary depository receipt will then be SEK 328.50 (87.6 per cent of SEK 375). Thus, if the Redemption Depository Receipt is sold, a capital gain of (SEK 55 – SEK 46.5=) SEK 8.50 will arise on each Redemption Depository Receipt. The same consequence will arise at redemption if the Swedish Tax Agency, for example, would determine SEK 55 to be the value of the distributed Warrants in New Vostok Nafta.

01. The Swedish Tax Agency has confirmed such tax treatment in a written letter dated March 29, 2007.
02. Information on the Swedish Tax Agency's general advice will be published on Vostok Gas' (www.vostokgas.com), New Vostok Nafta's (www.vostoknafta.com) and the Swedish Tax Agency's (www.skatteverket.se) websites.
03. Vostok Gas also intends to seek general advice from the Swedish Tax Agency on the value of the distributed Warrants in New Vostok Nafta to be used when calculating capital gains etc. The information will be published on the websites of Vostok Gas, New Vostok Nafta and the Swedish Tax Agency.

Redemption and sale of Redemption Depository Receipts

Redemption or sale of Redemption Depository Receipts, for example, by sale in the market, give rise to capital gains taxation. A capital gain or capital loss is computed as the difference between the received payment, after deduction of sales costs, if any, and the acquisition cost. In this case, the received payment for Redemption Depository Receipts redeemed is the market value of the distributed Warrants in New Vostok Nafta.[04] The received payment for Redemption Depository Receipts sold in the market is the sales price.

The acquisition cost for Redemption Depository Receipts received at the share split is to be calculated by allocating the acquisition cost as described above under *Receipt of Redemption Depository Receipts*. The acquisition cost of Redemption Depository Receipts acquired in the market is the actual acquisition cost for the Redemption Depository Receipts. The acquisition cost of all Redemption Depository Receipts of the same series and type is to be computed collectively in accordance with the average method. It should be noted that the Redemption Depository Receipts are no longer considered to be of the same series and type as the ordinary depository receipts in Vostok Gas. For Redemption Depository Receipts that are quoted on a market, the acquisition cost may alternatively be determined in accordance with the standard method to 20 per cent of the sales price after deduction of sales costs.

For individuals, the capital gain is taxed in the capital income category. The tax rate is 30 per cent. A capital loss on quoted securities that are taxed as shares, for example depository receipts representing shares, is fully deductible against taxable capital gains in the same year on shares and other quoted securities that are taxed as shares except for units in Swedish investment funds that only contain Swedish receivables (Sw: räntefonder). Any excess losses are 70 per cent deductible against other income from capital. If an overall capital deficit arises, a reduction from tax on income from employment and business operations as well as real estate tax is granted. A tax reduction of 30 per cent is provided for deficits that do not exceed SEK 100,000 and 21 per cent of any remaining deficit. Deficits cannot be carried forward to later fiscal years.

In the case of limited liability companies, capital gains on depository receipts representing shares that are not deemed held for business purposes are taxed as income from business operations at a tax rate of 28 per cent. Deductible capital losses on securities that are taxed as shares, for example depository receipts representing shares, may only be offset against taxable capital gains on shares and other securities that are taxed as shares. In certain cases, capital losses may be offset against capital gains within a certain corporate group if group contributions are permitted among the companies. Capital losses that cannot be utilized during a certain year may be carried forward and be utilized against eligible capital gains in subsequent fiscal years.

Taxation of distributed Warrants in New Vostok Nafta

Exercise of Warrants

The exercise of distributed Warrants for subscription of Depository Receipts in New Vostok Nafta does not give rise to any taxation. In this case, the acquisition cost of Depository Receipts received as a result of exercise of Warrants is

04. See footnote 03.

the aggregate of the value to be determined by the Swedish Tax Agency in its general advice[05] and the subscription price of the Depository Receipts.

Sale of Warrants
The sale of distributed Warrants in New Vostok Nafta will give rise to capital gains taxation. The capital gain or capital loss is computed as the difference between the sales price and the acquisition cost. The acquisition cost of all Warrants received pursuant to the distribution is determined by guidance from the general advice the Swedish Tax Agency will publish.[06] The acquisition cost of Warrants is computed collectively in accordance with the average method. The standard method may not be applied to Warrants.

Acquired Warrants
The acquisition cost of Warrants in New Vostok Nafta purchased, or otherwise acquired in the market, is the purchase price. The exercise of Warrants for subscription of Depository Receipts in New Vostok Nafta does not give rise to any taxation. The acquisition cost of the Warrants is to be included when computing the acquisition cost of subscribed Depository Receipts in New Vostok Nafta. Capital gains taxation will arise if the Warrants are sold. The acquisition cost of all Warrants is computed collectively in accordance with the average method. The standard method may not be applied.

Warrants lapse
If Warrants lapse, as a result of the subscription period expiring, each Warrant is considered to be sold for SEK 0 which results in a capital loss with an amount equal to the acquisition cost of the Warrant.

Taxation of received Depository Receipts in New Vostok Nafta
Dividend
Dividend payments on Depository Receipts in New Vostok Nafta are taxed in the capital income category at a rate of 30 per cent for individuals and as income from business operations at a rate of 28 per cent for limited liability companies. For individuals resident in Sweden a preliminary tax of 30 per cent is withheld if a central securities depository or similar institution pays out the dividend. The preliminary tax is generally withheld by VPC or, for nominee-registered Depository Receipts, by the nominee. No withholding tax on dividends is levied in Bermuda.

Sale of Depository Receipts
Sale of Depository Receipts in New Vostok Nafta will generally give rise to capital gains taxation. The capital gain or capital loss is computed as the difference between the received payment and the acquisition cost. The acquisition cost of Depository Receipts received pursuant to the exercise of Warrants is the aggregate of the acquisition cost of the Warrants and the subscription price. The acquisition cost of Warrants is determined as described above under *Sale of Warrants*. The acquisition cost of all Depository Receipts of the same series and type is to be computed collectively in accordance with the average method.

05. See footnote 03.
06. See footnote 03.

For Depository Receipts quoted on a market, the acquisition cost may alternatively be determined in accordance with the standard method to 20 per cent of the sales price after deduction of sales costs. For a more detailed description of the taxation of capital gains and capital losses, see under *Redemption and sale of Redemption Depository Receipts* above.

Net wealth taxation

Under current rules depository receipts representing foreign shares are exempt from net wealth taxation provided that the company's shares are quoted on a market in the country where the company is domiciled without being officially listed (Sw: inregistrerade) on a stock exchange. Neither the shares, nor the Depository Receipts in New Vostok Nafta will be quoted on a market in Bermuda and, thus, 80 per cent of the last quoted value at the end of each income year is subject to net wealth taxation. The Swedish Government has advised that the net wealth taxation act should be abolished as from this year, see bill 2006/07:100.

Shareholders and holders of Depository Receipts with a limited tax liability in Sweden

Vostok Gas and New Vostok Nafta are not Swedish limited liability companies and, thus, no Swedish withholding tax is levied on dividend payments or other payments to shareholders and holders of Depository Receipts who are not tax resident in Sweden. Shareholders and holders of Depository Receipts with a limited tax liability in Sweden are generally not subject to Swedish capital gains tax on sale of shares, depository receipts and warrants.

Terms and conditions for Depository Receipts

This document is, in all essential respects, a translation of the Swedish Terms and Conditions of Swedish Depository Receipts regarding shares in Vostok Nafta Investment Ltd, deposited with E. Öhman J:or Fondkommission AB (Villkor för Svenska Depåbevis avseende aktier i Vostok Nafta Holding Investment.). In the event of any discrepancy between this translation and the Swedish original, the Swedish version shall prevail

E. ÖHMAN J:OR FONDKOMMISSION AB's TERMS AND CONDITIONS FOR SWEDISH DEPOSITORY RECEIPTS regarding shares in VOSTOK NAFTA INVESTMENT LTD[01]. May 2007

Vostok Nafta Investment Ltd.[02] (hereinafter referred to as the "Company") has entered into a deposit agreement with E. Öhman J:or Fondkommission AB (hereinafter referred to as "Öhman") whereby Öhman, on behalf of shareholders, will hold shares (hereinafter referred to as the "Shares") in the Company in a depository account and issue one Swedish Depository Receipt (hereinafter referred to as "SDR") for each Share deposited in accordance with these General Terms and Conditions. The SDRs shall be registered with VPC AB (hereinafter referred to as "VPC") and are intended to be listed on the Stockholm Stock Exchange or other marketplace.

1. Deposit of shares

1.1. Shares are deposited on account of the depository receipt holder with Öhman, or with a custodian appointed by Öhman on account of Öhman, through registration by Öhman or the custodian as owners of the shares in the Company's share register, or with another institution appointed by the Company with an assignment to maintain a register of the Company's owners. Depository receipt holder means an owner of a depository receipt or such an owner's nominee (hereinafter referred to as "SDR Holder").

1.2. The SDRs shall be registered in a Swedish CSD register maintained by VPC (hereinafter referred to as the "VPC Register") in accordance with the Financial Instruments Registration Act (SFS 1998:1479). No certificates representing the SDRs will be issued.

2. Deposit and withdrawal of shares

2.1. On the condition that no impediment exists according to the laws or regulatory decrees of Sweden, Bermuda or any other country, Öhman shall upon request by the SDR Holder without delay arrange for the deposit holder to become registered directly as owner in the Company's share register, or with another institution approved by the Company assigned to maintain a register of the Company's shareholders, for the number of shares held equivalent to the SDR Holders' holding of SDRs. Registration in the share register, or other equivalent register of the Company's shareholders, shall occur as soon as the SDRs in question have been deregistered from the SDR register maintained by VPC.

2.2. After payment of all taxes and fees in connection with the deposit of the shares, shares may be transferred to Öhman for safekeeping according to the terms and conditions together with the required information to Öhman with respect to name, address and VP account (in which the SDRs are to be registered) together with other information and documentation required under Swedish, Bermuda or any other applicable legislation.

2.3. Öhman has the right to receive compensation in advance from the SDR Holder for fees and expenses that arise in connection with withdrawal and deposit of shares according to items 2.1 and 2.2 above in accordance with Öhman' applicable price list for such transactions.

3. Transfer and pledging of shares, etc.

3.1. Shares on deposit cannot be transferred or pledged in any other way than by transfer and pledging of the SDRs. Transfer and pledging of SDRs shall take place in accordance with applicable Swedish legislation. The authority to transfer or pledge SDRs, as well as deciding who shall be deemed to be the rightful owner or pledgee of SDRs, shall be determined according to the rules that apply to shares in VPC companies.

3.2. Section 103 of the Bermuda Companies Act, 1981, provides that registered holders of 95 per cent of the total number of shares in a company are entitled to purchase the remaining shares from the other shareholders ("compulsory purchase"). Öhman will be the registered owner of all shares in the Company for which holders of SDRs have not requested to be registered as the holders. Öhman has undertaken not to enforce a compulsory purchase of shares which a holder of SDRs have received in exchange for SDRs.

4. Record Date

(1) Öhman shall in consultation with the Company and VPC determine a date ("Record Date") to be applied by Öhman for determining which SDR Holders relative to Öhman are entitled to:
(2) receive cash dividends, rights or other property;
(3) participate in the proceedings of and to vote at General Meetings of shareholders;
(4) receive shares in connection with stock dividends; subscribe for shares, debentures or other rights in connection with offerings; and
(5) exercise the rights that normally accrue to the benefit of the shareholders in the company.

It is the Company's and Öhman' intention that the Record Date shall match the date of reconciliation or equivalent that the Company applies in relation to Öhman.

01. Previously Vostok Nafta Holding Investment Ltd.
02. Previously Vostok Nafta Holding Investment Ltd.

5. Dividends

5.1. Any dividends received by Öhman as a shareholder in the Company shall be passed on by Öhman in accordance with the provisions of item 5 hereof.

5.2. Dividend payments shall be made to the SDR Holder who on the Record Date is entered in the SDR register as holder of SDRs or holder of rights. Dividends are payable in Euro (EUR) or alternatively in Swedish kronor (SEK).

5.3. Öhman shall in consultation with the Company set the date for payment of dividend to the SDR Holders (the "Payment Date"). If Öhman has received a dividend from the Company in a currency other than EUR or SEK, Öhman shall arrange for a conversion of the dividend received from the Company to EUR or SEK. Such conversion shall be effected at a market rate of exchange, no earlier than ten and no later than five banking days before the payment date, by entry into a forward contract with a due date on the payment date, or the day when funds are made available to VPC. The applicable rate of exchange shall be the rate of exchange obtained in such forward contract.

5.4. Payment of dividends to SDR Holders and other holders of rights according to the SDR register shall be made on the Payment Date by VPC and in accordance with the rules and regulations applied by VPC from time to time.

5.5. If dividends are paid to a recipient who is not authorised to receive dividends, Öhman shall nonetheless be deemed to have fulfilled its obligations, except in the case where Öhman was aware that payment of dividend was being made to a party not authorised to receive dividends, or if Öhman failed to exercise reasonable care appropriate to the circumstances, or if payment cannot be claimed because the recipient was a minor or because a guardian was appointed pursuant to the Swedish Children and Parents Code for the recipient and such mandate includes receipt of dividends.

5.6. Payment of dividend to SDR Holders shall be made without any deduction for fees or equivalent attributable to the Company, Öhman or VPC, but with a deduction for preliminary tax or other taxes withheld according to Swedish legislation and for any tax that may be levied according to the legal systems in Sweden, Luxembourg or any other country.

5.7. If Öhman receives dividends other than in cash, Öhman – after consultation with the Company – shall decide how such dividend shall be transferred to those SDR Holder entitled to receive it. This may mean that the property is sold and that the proceeds of such sale, after deduction of selling costs and any fees and taxes incurred, are paid to the SDR Holders.

5.8. If the shareholders have the right to choose dividends in cash or in any other form, and it is not practically feasible to give the SDR Holders such opportunity, Öhman shall have the right to decide, on account of the SDR Holders, that such dividend shall be paid in cash.

6. Bonus issues, splits, new issues and other distributions

6.1. Öhman, or the custodian appointed by Öhman according to item 1.1 hereof, shall in the case of a bonus issue and split be registered as soon as possible in the Company's share register for the new shares received in conjunction with such action, and shall make arrangements to ensure that the Depository receipts received for such shares are registered to the VP account belonging to the SDR Holder entitled to receive such shares. The corresponding registration procedures shall be undertaken in connection with a reverse split.

6.2. Any person whose name on a Record Date is entered in the SDR register as SDR Holder, or holder of rights relative to the action in question, shall be deemed to be authorised to receive SDRs representing new shares added as a result of a bonus issue or a split. If a recipient of SDRs was not authorised to receive the new SDRs, the provisions of item 5.5 above shall be applied wherever applicable.

6.3. If the Company decides on a new issue of shares, issuance of convertible debentures, options or other rights to the shareholders, Öhman shall inform the SDR Holders thereof and of the principal terms and conditions for the new issue, the convertible debentures, the options or other rights. Such information shall be enclosed together with the relevant subscription form by which the SDR Holder may instruct Öhman to subscribe for shares, options, or exercise other rights. When Öhman has subscribed for and received such shares, convertible debentures or other rights in accordance with the instructions of the SDR Holder, Öhman shall see to it that the corresponding registration is effected to the credit of the VP account of the SDR Holder. Where such registration cannot be effected to the credit of the respective VP account of the SDR Holder, Öhman shall see to it that the SDR Holders are ensured the right of ownership to the instrument or rights in question in another way.

6.4. If a SDR Holder fails to instruct Öhman to exercise the rights set forth in item 6.3 above, Öhman has the right to sell such rights on account of the SDR Holder and pay the proceeds of such sale to the SDR Holder, less a deduction for selling costs and any fees and taxes incurred.

6.5. If the SDR Holder has the right to or receives a number of fractional rights or other rights that do not entitle the holder to receive an even number of shares, participation in new issue of shares, subscription for convertible debentures, options or other rights, Öhman has the right to sell such residual fractional rights, preferential rights, etc. and pay the proceeds to the SDR Holder after deduction of selling costs and any fees and taxes incurred.

7. Participation in General Meetings of shareholders

7.1. Öhman shall guarantee the SDR Holder the right to participate in the Company's General Meetings of shareholders and to vote for the shares represented by the SDRs. The Company shall in consultation with Öhman send notice for such General Meeting of shareholders in accordance with the Company's Listing Agreement with Stockholm Stock Exchange by providing information for dissemination to at least two established news agencies and at least three national daily newspapers. The notice shall contain:

(1) the information included by the Company in the notice for the meeting; and

(2) instructions as to what must be observed by each SDR Holder in order to participate in the proceedings of the General Meeting of shareholders or otherwise exercise his or her voting right.

Well in advance of the General Meeting of shareholders, Öhman shall make arrangements so that proxies are issued to each SDR Holder who has announced his or her intention to participate in the proceedings of the General Meeting of shareholders. Such proxies shall be submitted to the Company together with a list of SDR Holders to whom proxies have been issued.

7.2. The Annual General Meeting shall be held within six months after the end of each financial year.

7.3. Öhman undertakes not to represent shares for which SDR Holders have not appointed Öhman as its proxy.

8. Information to the SDR Holder

Öhman shall in the manner set forth in item 12 below provide the SDR Holders with all the information that Öhman receives from the Company in Öhman capacity of shareholder. If so requested, Öhman shall always provide such information by mail to the address set forth in the SDR register. The Company's intention is to present all information in English.

9. Listing of SDRs

The SDRs are intended to be listed on the Stockholm Stock Exchange. If a decision is made to delist the SDRs, Öhman shall inform the SDR Holders on the decision as soon as possible.

10. Öhman's expenses

Öhman's expenses and the firm's fees for managing the depository and VPC's services shall be borne by the Company unless otherwise expressly provided in these terms and conditions.

11. Change of depository

If the Company decides to use the services of a securities firm other than Öhman, Öhman shall transfer all its rights and obligations to the SDR Holders according to these terms and conditions and deliver the shares to the new depository. Change of depository shall be submitted for approval by VPC and may be implemented not earlier than three months after notice (regarding change of depository) is sent by mail to the SDR Holders or an announcement to that effect was published in a daily newspaper according to item 12 below. When a change of depository is made in the manner set forth in this item 11, SDR Holders shall be deemed to have agreed to a transfer the rights and obligations between the SDR Holders and Öhman to the SDR Holders and the new depository.

12. Notices

Öhman shall ensure that notices to the SDR Holders pursuant to these terms and conditions, either directly or indirectly, are delivered to the SDR Holders and other holders of rights who are listed in the reconciliation register in accordance with the Swedish Act on accounting for financial instruments (1998:1479) and in accordance with the routines applicable by VPC from time to time. Except in cases where notice in writing is to be sent by mail to the shareholders in Swedish VPC companies, Öhman – as an alternative to sending the notice by mail – has the right to publish notices in consultation with the Company in the form of announcements in a daily Stockholm newspaper. Information shall also be provided to the Stockholm Stock Exchange.

13. Amendments to these terms and conditions

Öhman reserves the right to amend these terms and conditions to the extent required to make them conform to Swedish or other applicable legislation, regulatory decree or VPC's rules and regulations. Öhman – in consultation with the Company – reserves the right to amend these terms and conditions if such amendment is appropriate or necessary for other reasons, in all cases on the condition that the rights of the SDR Holders are not adversely affected in a material manner.

14. Information about SDR Holders (confidentiality)

14.1. Öhman reserves the right to request information from VPC about SDR Holders from the SDR register maintained by VPC and to provide information about the SDR Holders and their holdings of SDR to the Company.

14.2. Öhman also reserves the right to provide information about SDR Holders to those who work with registration of the shares as well as to government authorities, provided that such obligation is prescribed by Swedish or foreign law, statute or regulatory decree. SDR Holders are obliged to provide such information to Öhman upon request.

14.3. Öhman and the Company are entitled to submit and publish information regarding the SDR Holders to the extent required by Stockholm Stock Exchange or other authorised market place.

15. Limitation of liability

15.1. Unless otherwise stated in item 15.2 below, Öhman is liable for damage suffered by the SDR Holder due to negligence on the part of Öhman when performing the assignment according to these terms and conditions. However, Öhman shall not be liable for any indirect or consequential damage.

15.2. Öhman shall not be liable for any loss or damage resulting from Swedish or foreign legislation, Swedish or foreign regulatory decree, act of war, strike, boycott, lockout, blockade, acts of terrorism or other similar circumstances. The reservation regarding strike, blockade, boycott or lockout applies even if Öhman itself takes such action or is the object of such action.

15.3. Where Öhman or the Company is prevented from effecting payment or taking other action due to circumstances outside their control, Öhman or the Company may postpone execution until the obstacle has been removed.

15.4. Neither Öhman, the Company nor VPC shall be liable for losses or damages which the SDR Holders suffer due to the fact that a certain dividend, right, notice or other entitlement which accrues to shareholders of the Company cannot, due to technical, legal or other reasons beyond the control of the parties mentioned above, be distributed or otherwise transferred or provided to those SDR Holders registered in the VPC Register on a timely basis or at all.

16. Termination

16.1. Öhman reserves the right to terminate the deposit of shares according to these terms and conditions, by giving notice of termination to the SDR Holders pursuant to item 12 hereof, if

(i) a decision is made to cease listing SDRs on the Stockholm Stock Exchange or other equivalent marketplace;
(ii) the Company decides that the shares in the Company no longer are to be represented by SDRs according to these terms and conditions;
(iii) the Company has failed to fulfil payment of expenses and fees according to item 10 hereof for more than 30 days; or
(iv) the Company materially breaches its obligations vis-à-vis Öhman.

16.2. If such notice is given, these terms and conditions continue to remain in force for a period of notice of six months from the date of making such announcement or from the date when the announcement was published in a newspaper, where the SDRs have not previously been delisted following a decision by Stockholm Stock Exchange. The announcement to the SDR Holders must include the Record Date when Öhman will re-register all SDRs according to the SDR register kept by VPC in the Company's share register, or another institution appointed by the Company assigned to maintain a register of the Company's shareholders. Notice of termination shall also be given to any other holder of rights registered in the SDR register kept by VPC.

17. Governing law

These terms and conditions and the SDRs issued by Öhman shall be governed by Swedish law.

18. Disputes

Disputes concerning these terms and conditions, or legal relations emanating from these terms and conditions, shall be settled by a general court of law and action is to be initiated at the Stockholm District Court.

Terms and conditions for Warrants

Terms and Conditions for Warrants 2007/2007:1 for Subscription of Shares represented by Swedish Depository Receipts in Vostok Nafta Investment Ltd[01].

1. Background

A. At the board meeting on May 9, 2007 of Vostok Nafta Investment Ltd[02], a limited liability company incorporated in Bermuda (the "Company"), it was resolved to issue a series of warrants in connection with the restructuring of the Old Vostok Nafta company group, entailing a mandatory redemption procedure in Vostok Gas Ltd[03], whereby shares in Vostok Gas Ltd are redeemed in exchange for warrants in the Company. After the redemption procedure is executed in Vostok Gas Ltd. and the warrants are subscribed for the assets of Vostok Gas Ltd. will principally consist of shares in Gazprom held by its subsidiary Austro (Cyprus) Ltd. Remaining assets within the Old Vostok Nafta group will be held by the Company through its subsidiary Vostok Komi (Cyprus) Ltd.

B. These terms and conditions for the warrants (the "Terms and Conditions") have been drafted in order to regulate the Company's obligations to the Warrant holders.

2. Definitions

In these terms and conditions, the following terms shall have the meanings given below:

"Business Day"	a day which is not a Saturday, Sunday or other public holiday or, with respect to the payment of promissory notes, is not equated with a public holiday in Bermuda or Sweden;
"Market Quotation"	listing of Depository Receipts representing shares in the Company on a stock exchange, authorised market place or other corresponding market place;
"Depository Receipt"	Swedish Depository Receipts in the Company issued by Öhman, each representing one share of the Company
"Securities Account"	a securities account (Sw. avstämningskonto) with VPC in which the respective Warrant Holders' holdings of Warrants or holdings of Depository Receipts acquired pursuant to Warrants are registered;
"Subscription"	subscription of shares in the Company represented by Depository Receipts on exercise of Warrants;
"Subscription Price"	the price at which Subscription for new Depository Receipts may take place on exercise of Warrants;
"VPC"	VPC AB, (the Swedish Central Securities Depository and Clearing Organisation);
"Warrant"	the right to subscribe for newly issued shares in the Company represented by Depository Receipts in exchange for payment in accordance with these terms and conditions;
"Warrant Holder"	a person registered in a Securities Account as the holder of a Warrant;
"Öhman"	E. Öhman J:or Fondkommission AB

3. Warrants and registration

The total number of Warrants amounts to 46,020,900. The Warrants shall be registered in Securities Accounts in accordance with Chapter 4 of the Financial Instruments Accounts Act (SFS 1998:1479).

Requests for particular registration measures in respect of the Warrants shall be submitted to the account operator with which the Warrant Holder has opened a Securities Account.

4. Right to subscribe for new shares represented by Depository Receipts

Each Warrant entitles the holder thereof to subscribe for one share in the Company, represented by one Depository Receipt, at a Subscription Price of SEK 22.

The Subscription Price and the number of Depository Receipts for which each Warrant entitles the holder to subscribe may be recalculated in the circumstances set out in section 9 below. However, the Subscription Price may under no circumstance be less than the par value, USD 1, of the shares represented by the Depository Receipts.

Subscription may only take place in respect of the entire number of Depository Receipts for which the total number of Warrants entitles the Warrant Holder to subscribe and which a single Warrant Holder desires to exercise. On such Subscription, any excess fractions of Warrants which cannot be exercised shall be disregarded.

5. Application for Subscription

Application for Subscription of Depository Receipts may take place during the period commencing on June 14, 2007 up to and including July 2, 2007 or such earlier date as may be determined in accordance with section 9 below. If an application for Subscription is not submitted within the time stated above, the Warrant shall lapse.

On application for Subscription, a completed application form in the predetermined form shall be submitted to Öhman. Applications for Subscription are binding and irrevocable.

6. Payment for new Depository Receipts

On application for Subscription, payment for the number of Depository Receipts which the application for Subscription covers shall be made simultaneously. Payment shall be made in cash to a bank account designated by the Company.

01. Previously Vostok Nafta Holding Investment Ltd.
02. Previously Vostok Nafta Holding Investment Ltd.
03. Previously Vostok Nafta Investment Ltd.

7. Registration in Securities Account and in the share register

Following payment for subscribed Depository Receipts, Subscription shall be effected – after the shares which are represented by the Depository Receipts are registered in the Company's share register – through the registration in the securities register at VPC and as interim Depository Receipts on the respective Warrant Holder's Securities Account. According to section 9 below such registration might in certain circumstances be postponed.

8. Dividends

Depository Receipts issued following Subscription shall entitle the holders thereof to participate in the distribution of dividends for the first time on the record date that occurs immediately following the Subscription.

9. Recalculation of Subscription Price and the number of Depository Receipts

The following provisions shall govern the right that vests in Warrant Holder in the event the share capital prior to the Subscription is increased or reduced, convertible bonds or warrants are issued, or the Company is dissolved or ceases to exist as a consequence of a merger or division, or there is an Extraordinary Dividend (as defined below):

A Bonus issue

In the event of a bonus issue, where an application for Subscription is submitted at such time that the allotment of shares cannot be made on or before the fifth business day prior to the General Meeting which resolves to make the bonus issue, Subscription shall be effected only after the General Meeting has adopted a resolution approving the bonus issue. Depository Receipts which vest pursuant to Subscription effected after the adoption of a resolution approving the bonus issue shall be registered in the Warrant Holder's Securities Account as interim depository receipt, and accordingly such shares shall not entitle the holder thereof to participate in the bonus issue. Definitive registration in Securities Accounts shall only take place after the record date for the bonus issue.

In conjunction with Subscription which is effected after the adoption of a resolution to make a bonus issue, a recalculated Subscription Price as well as a recalculated number of Depository Receipts for which each Warrant entitles the Warrant Holder to subscribe shall be applied. The recalculation shall be carried out by the Company, in consultation with Öhman, in accordance with the following formulae:

Recalculated Subscription Price = (previous Subscription Price) x (the number of shares in the Company prior to the bonus issue) / (the number of shares in the Company after the bonus issue)

Recalculated number of Depository Receipts for which each Warrant entitles the Warrant Holder to subscribe = (previous number of Depository Receipts for which each Warrant entitled the holder to subscribe) x (the number of shares in the Company after the bonus issue) / (the number of shares in the Company prior to the bonus issue).

The Subscription Price and the number of shares which each Warrant entitles the holder to subscribe for, recalculated as set out above, shall be determined by the Company as soon as possible after the General Meeting has adopted a resolution approving the bonus issue.

B Reverse share split/share split

In the event the Company effects a reverse share split or share split, the provisions of sub-section A above shall apply mutatis mutandis. The record date shall be deemed to be the date on which the reverse share split or share split is carried out by VPC at the request of the Company.

C New issue

If the Company issues new shares subject to preferential rights for shareholders to subscribe for new shares in exchange for cash payment, the following shall apply with respect to the right to participate in the new issue held by the shareholders whose shares vest as a consequence of Subscription on exercise of the Warrant:

1. If the board of directors of the Company has resolved to carry out a new issue conditional on the approval of the General Meeting of the shareholders or pursuant to authorisation granted by the General Meeting of the shareholders, the resolution of the new issue shall state the last day on which Subscription must be effected in order to entitle the holders of the shares held pursuant to the Subscription to participate in the new issue.
2. If the General Meeting adopts a resolution to issue new shares, where an application for Subscription is submitted at such time that it cannot be effected on or before the fifth business day prior to the General Meeting which shall address the question of the new issue, Subscription shall only be effected following the adoption of a resolution with respect thereto by the General Meeting. Shares which vest as a consequence of such Subscription shall be registered in the Securities Account as interim shares, and accordingly shall not entitle the holders to participate in the new issue. Definitive registration in Securities Accounts shall only take place after the record date for the new issue.

Where Subscription is effected at such time that no right to participate in the new issue arises, a recalculated Subscription Price as well as a recalculated number of Depository Receipts for which each Warrant entitles the holder to subscribe shall apply. Recalculations shall be made by the Company, in consultation with Öhman, in accordance with the following formulae:

Recalculated Subscription Price = (previous Subscription Price) x (the average quoted price of the Depository Receipt during the subscription period stated in the resolution approving the issue (referred to below as the "average price of the Depository Receipt")) / (the average price of the Depository Receipt increased by the theoretical value of the subscription right calculated on the basis thereof)

Recalculated number of Depository Receipts for which each Warrant entitles the holder to subscribe = (previous number of Depository Receipts for which each Warrant entitled the holder to subscribe) x (the average price of the Depository Receipt increased by the theoretical value of the subscription right calculated on the basis thereof) / (the average price of the Depository Receipt)

The average price of the Depository Receipt shall be deemed to be the equivalent of the average calculated mean value, for each trading day during the subscription period, of the highest and lowest quoted paid price on that day according to the stock exchange or market place list on which the Depository Receipts are quoted. In the absence of a quoted paid price, the bid price shall form the basis for the calculation. Days on which neither a paid price nor a bid price is quoted shall be excluded from the calculation.

The theoretical value of the subscription right is calculated in accordance with the following formulae:
Theoretical value of subscription right = (the maximum number of new shares (possibly represented by Depository Receipts) which may be issued pursuant to the resolution approving the issue) x ((the average price of the Depository Receipts) – (the issue price of the new share (possibly represented by a Depository Receipt))) / (the number of shares prior to the adoption of the resolution approving the issue)

If this results in a negative value, the theoretical value of the subscription right shall be deemed to be zero.

The Subscription Price and the number of Depository Receipts for which each Warrant entitles the holder to subscribe, recalculated as set out above, shall be determined by the Company two Business Days after the expiry of the subscription period and shall apply to each Subscription effected thereafter.

If the Company's shares, at the time of the resolution to issue the new shares, are not subject to a Market Quotation, a corresponding recalculation of the Subscription Price and the number of Depository Receipts for which each Warrant entitles the holder to subscribe shall take place. The recalculation, which shall be made by the Company, shall be based on the assumption that the value of the Warrants shall remain unchanged.

During the period prior to the determination of the recalculated Subscription Price and the recalculated number of Depository Receipts for which each Warrant entitles the holder to subscribe, Subscription shall only be effected on a preliminary basis. Definitive registration in Securities Accounts shall be made following determination of the recalculated Subscription Price and the recalculated number of Depository Receipts for which each Warrant entitles the holder to subscribe.

D Issue of convertible bonds or warrants

In the event the Company issues convertible bonds or warrants, in both cases subject to preferential rights for the shareholders to subscribe for such equity related instrument in exchange for cash payment, the provisions of sub-section C, first paragraph, sub-paragraphs 1 and 2 shall apply mutatis mutandis in respect of the right to participate in the issue for any share which has been issued through Subscription.

Where Subscription is effected at such time that no right to participate in the new issue arises, a recalculated Subscription Price as well as a recalculated number of Depository Receipts for which each Warrant entitles the holder to subscribe shall apply. Recalculations shall be made by the Company, in consultation with Öhman, in accordance with the following formulae:

Recalculated Subscription Price = (previous Subscription Price) x (the average quoted price of the Depository Receipt during the relevant period stated in the resolution approving the issue (referred to below as the "average price of the Depository Receipt")) / (the average price of the Depository Receipt increased by the value of the subscription right).

Recalculated number of Depository Receipts for which each Warrant entitles the holder to subscribe = (previous number of Depository Receipts for which each Warrant entitled the holder to subscribe) x (the average price of the Depository Receipt increased by the value of the subscription right) / (the average price of the Depository Receipt).

The average price of the Depository Receipt shall be calculated in accordance with the provisions of subsection C above.

The value of the subscription right shall be deemed to be the equivalent of the average calculated mean value, for each trading day during the subscription period, of the highest and lowest quoted paid price on that day according to the stock exchange or market place list on which the subscription rights are quoted. In the absence of a quoted paid price, the quoted bid price shall form the basis for the calculation. Days on which neither a paid price nor a bid price is quoted shall be excluded from the calculation.

If the subscription rights are not subject to a Market Quotation, the value of the subscription right shall, to the greatest extent possible, be determined based upon the change in the market value of the Company's shares or Depository Receipts which may be deemed to have occurred as a consequence of the issue of the convertible bonds or warrants.

The Subscription Price and the number of Depository Receipts for which each Warrant entitles the holder to subscribe, recalculated as set out above, shall be determined by the Company two Business Days after the expiry of the subscription period and shall apply to each Subscription effected thereafter.

If the Company's Depository Receipts, at the time of the resolution to issue the notes, are not subject to a Market Quotation, a corresponding recalculation of the Subscription Price and the number of Depository Receipts for which each Warrant entitles the holder to subscribe shall take place. The recalculation, which shall be made by the Company, shall be based on the assumption that the value of the Warrants shall remain unchanged.

During the period prior to the determination of the recalculated Subscription Price and the recalculated number of Depository Receipts for which each Warrant entitles the holder to subscribe, Subscription shall only be effected on a preliminary basis. Definitive registration in Securities Accounts shall be made following determination of the recalculated Subscription Price and the recalculated number of Depository Receipts for which each Warrant entitles the holder to subscribe.

E Other offers to shareholders

Where the Company, in circumstances other than those referred to in sub-sections A–D above, makes offers to the shareholders, subject to preferential rights for the shareholders to acquire securities or rights of any type from the Company or resolves, in accordance with the principles mentioned above, to distribute such securities or rights to the shareholders without consideration, in conjunction with Subscription which is effected at such time that the shares thereby received do not entitle the holder to participate in the offer, a recalculated Subscription Price as well as a recalculated number of Depository Receipts for which each Warrant entitles the holder to subscribe shall apply. Recalculations shall be made by the Company, in consultation with Öhman, in accordance with the following formulae:

Recalculated Subscription Price = (previous Subscription Price) x (the average quoted price of the Depository Receipt during the application period for the offer (referred to below as the "average price of the Depository Receipt")) / (the average price of the Depository Receipt increased by the value of the right to participate in the offer (referred to below as the "value of the purchase right").

Recalculated number of Depository Receipts for which each Warrant entitles the holder to subscribe = (previous number of Depository Receipts for which each Warrant entitled the holder to subscribe) x (the average price of the Depository Receipt increased by the value of the purchase right) / (the average price of the Depository Receipt).

The average price of the Depository Receipt shall be calculated in accordance with the provisions of subsection C above.

Where shareholders have received purchase rights and trading in these has taken place, the value of the right to participate in the offer shall be deemed to be equivalent to the value of the purchase rights. For this purpose, the value of the purchase right shall be deemed to be equivalent to the average calculated mean value, for each trading day during the application period, of the highest and lowest quoted paid price during the day according to the stock exchange or market place list on which the purchase rights are quoted. In the absence of a quoted paid price, the quoted bid price shall form the basis for the calculation. Days on which neither a paid price nor a bid price is quoted shall be excluded from the calculation.

If the shareholders do not receive purchase rights or where such trading in purchase rights as referred to in the preceding paragraph otherwise does not take place, the recalculation of the Subscription Price shall be made as far as possible by applying the principles set out above in this sub-section E and the following shall apply. Where listing of the securities or rights offered to the shareholders takes place, the value of the right to participate in the offer shall be deemed to be equivalent to the average calculated mean value, for each trading day during the period of 25 trading days calculated from the first day of listing, of the highest and lowest transaction prices quoted for trades in such securities or rights on the securities exchange or other marketplace for financial instruments on which those securities or rights are listed, reduced where appropriate by the consideration paid for these in conjunction with the offer. In the absence of a quoted paid price, the quoted bid price shall form the basis for the calculation. Days on which neither a paid price nor a bid price is quoted shall be excluded from the calculation of the value of the right to participate in the offer. In the recalculation of the Subscription Price and the number of shares or Depository Receipts for which each Warrant entitles the holder to subscribe, the period of 25 trading days referred to above shall be deemed to be the application period determined for the offer pursuant to the first paragraph of this Section E.

Where no listing of such securities or rights offered to the shareholders takes place, the value of the right to participate in the offer shall, to the greatest extent possible, be determined based on the change in the market value of the Company's shares or Depository Receipts which may be deemed to have occurred as a consequence of the offer.

The Subscription Price and the number of Depository Receipts for which each Warrant entitles the holder to subscribe, recalculated in accordance with the above, shall be determined by the Company as soon as possible after it becomes possible to calculate the value of the right to participate in the offer.

If the Company's Depository Receipts, at the time of the offer, are not subject to a Market Quotation, a corresponding recalculation of the Subscription Price and the number of Depository Receipts for which each Warrant entitles the holder to subscribe shall take place. The recalculation, which shall be made by the Company in consultation with Öhman, shall be based on the assumption that the value of the Warrants shall remain unchanged.

During the period prior to the determination of the recalculated Subscription Price and the recalculated number of Depository Receipts for which each Warrant entitles the holder to subscribe, Subscription shall only be effected on a preliminary basis. Definitive registration in Securities Accounts shall be made following determination of the recalculated Subscription Price and the recalculated number of Depository Receipts for which each Warrant entitles the holder to subscribe.

F Equal treatment of Warrant Holders and shareholders

Where the Company issues new shares or other securities, with preferential rights for shareholders or holders of Depository Receipts to subscribe for equity related instruments in exchange for cash payment, the Company may grant all Warrant Holders the same preferential rights as the shareholders. In conjunction therewith, each Warrant Holder, irrespective of whether subscription has been made, shall be deemed to be the owner of the number of shares or Depository Receipts which such Warrant Holder would have received, had Subscription on the basis of the Warrant been effected in respect of the Subscription Price, and the number of shares or Depository Receipts for which each Warrant entitles the holder to subscribe, in effect at the time of the resolution to issue the shares.

If the Company resolves to make an offer to the shareholders as described in sub-section E above, what has been stated in the preceding paragraph shall apply mutatis mutandis. However, the number of Depository Receipts of which each warrant holder shall be deemed to be the owner shall, in such circumstances, be determined on the basis of the Subscription Price, and the number of Depository Receipts for which each Warrant entitles the holder to subscribe, in effect at the time of the resolution to make the offer.

If the Company resolves to grant the warrant holders preferential rights in accordance with the provisions set out in this sub-section F, no recalculation as set out in sub-sections C, D, or E above of the Subscription Price and the number of Depository Receipts for which each Warrant entitles the holder to subscribe for shall be made.

G Extraordinary Dividend

If the Company decides to pay a cash dividend to shareholders of an amount which, combined with other dividends paid during the same fiscal year, exceeds 15 per cent. of the average price of the share or Depository Receipt during the period of 25 trading days immediately preceding the day on which the Company's board of directors announced its intention to propose that the General Meeting approve such a dividend, a recalculation of the Subscription Price, and the number of Depository Receipts for which each Warrant entitles the holder to subscribe, shall be made in respect of any Subscription requested at such a time that the shares thereby received do not carry rights to receive such dividend. The recalculation shall be based on that part of the total dividend which exceeds 15 per cent. of the average price of the share or Depository Receipts during the above-mentioned period of 25 trading days (referred to below as "Extraordinary Dividend").

The recalculation shall be made by the Company, in consultation with Öhman, in accordance with the following formulae:

Recalculated Subscription Price = (previous Subscription Price) x (the average quoted price of the Depository Receipt during a period of 25 trading days calculated from the day on which the share is listed without any right to Extraordinary Dividend (referred to below as the "average price of the Depository Receipt")) / (the average price of the Depository Receipts increased by the Extraordinary Dividend paid per share or Depository Receipt).

Recalculated number of Depository Receipts for which each Warrant entitles the holder to subscribe = (previous number of Depository Receipts for which each Warrant entitles the holder to subscribe) x (the average price of the Depository Receipt increased by the Extraordinary Dividend paid per share or Depository Receipt) / (the average price of the Depository Receipt).

The average price of the Depository Receipt shall be deemed to be the equivalent of the average calculated mean value during the above-mentioned period of 25 trading days of the highest and lowest quoted paid price on each day according to the stock exchange or market place list on which the Depository Receipts are quoted. In the absence of a quoted paid price, the bid price shall form the basis for the calculation. Days on which neither a paid price nor a bid price is quoted shall be excluded from the calculation.

The recalculated Subscription Price and the recalculated number of Depository Receipts for which each Warrant entitles the holder to subscribe shall be determined by the Company two Business Days after the expiry of the above-mentioned period of 25 trading days and shall apply to each Subscription effected from the day on which the Depository Receipt is listed without any right to Extraordinary Dividend.

If the Company's Depository Receipts, at the time of the resolution to pay a dividend, are not subject to a Market Quotation and it is resolved to pay a cash dividend to shareholders of an amount which, combined with other dividends paid during the same fiscal year, exceeds 50 per cent. of the Company's earnings after tax in accordance with the Company's consolidated income statement adopted in the financial year immediately preceding the year in which the resolution was adopted to pay the dividend, a recalculation of the Subscription Price, and the number of Depository Receipts for which each Warrant entitles the holder to subscribe, shall be made in respect of any Subscription requested at such a time that the shares thereby received do not carry rights to receive such dividend. The recalculation shall be based on that part of the total dividend which exceeds 50 per cent. of the Company's earnings after tax and shall be made by the Company in accordance with the above-mentioned principles.

During the period prior to the determination of the recalculated Subscription Price and the recalculated number of Depository Receipts for which each Warrant entitles the holder to subscribe, Subscription shall only be effected on a preliminary basis. Definitive registration in Securities Accounts shall be made following determination of the recalculated Subscription Price and the recalculated number of Depository Receipts for which each Warrant entitles the holder to subscribe.

H Reduction of share capital

If the Company's share capital is reduced through a repayment to the shareholders, and such reduction is compulsory, a recalculated Subscription Price and a recalculated number of Depository Receipts for which each Warrant entitles the holder to subscribe, shall be applied.

The recalculations shall be made by the Company, in consultation with Öhman, in accordance with the following formulae:

Recalculated Subscription Price = (previous Subscription Price) x (the average quoted price of the Depository Receipt during a period of 25 trading days calculated from the day on which the Depository Receipt is listed without any right to participate in the distribution (referred to below as the “average price of the Depository Receipt”)) / (the average price of the Depository Receipt increased by the amount repaid per share).

Recalculated number of Depository Receipts for which each Warrant entitles the holder to subscribe = (previous number of Depository Receipts for which each Warrant entitled the holder to subscribe) x (the average price of the Depository Receipt increased by the amount repaid per share) / (the average price of the Depository Receipt).

The average price of the Depository Receipt is calculated in accordance with the provisions set out in sub-section C above.

In carrying out the recalculations according to the above and where the reduction is made through redemption of shares, instead of using the actual amount which is repaid for each share, an amount calculated as follows shall be applied:

Calculated amount to be repaid for each share = (the actual amount repaid for each redeemed share reduced by the average market price of the Depository Receipt during a period of 25 trading days immediately prior to the day on which the Depository Receipt is listed without any right to participate in the reduction (referred to below as the “average price of the Depository Receipt”)) / (the number of shares of the Company which carry an entitlement to the redemption of one share, reduced by 1)

The average exchange price is calculated in accordance with the provisions set out in sub-section C above.

The Subscription Price and number of Depository Receipts for which each Warrant entitles the holder to subscribe, recalculated as set out above, shall be determined by the Company two Business Days after the expiry of the above-mentioned period of 25 trading days, and shall apply to each Subscription effected thereafter.

During the period prior to the determination of the recalculated Subscription Price and the recalculated number of Depository Receipts for which each Warrant entitles the holder to subscribe, Subscription shall only be effected on a preliminary basis. Definitive registration in Securities Accounts shall be made following determination of the recalculated Subscription Price and the recalculated number of Depository Receipts for which each Warrant entitles the holder to subscribe.

If the Company’s share capital is reduced through redemption of shares with repayment to the shareholders, where such reduction is not compulsory, but where, in the opinion of the Company, the reduction, due to its technical structure and its financial effects, is equivalent to a compulsory reduction, the recalculation of the Subscription Price and the number of Depository Receipts for which each Warrant entitles the holder to subscribe shall be made, to the greatest extent possible, in accordance with the principles stated above in this sub-section H.

If the Company’s Depository Receipts, at the time of the reduction of share capital, are not subject to a Market Quotation, a corresponding recalculation of the Subscription Price and the number of shares for which each Warrant entitles the holder to subscribe shall take place. The recalculation, which shall be made by the Company in consultation with Öhman, shall be based on the assumption that the value of the Warrants shall remain unchanged.

I Recalculation shall give a reasonable result

Should the Company take actions such as those stated in sub-sections A–E, G or H above and if, in the Company’s opinion, application of the recalculation formula established for such action, taking into account the technical framework of such action or for other reasons, could not be made or would result in the Warrant Holders or holders of Depository Receipts receiving, in relation to the shareholders, economic compensation that is not reasonable, the Company in consultation with Öhman shall, subject to prior written approval by the board of directors of the Company, make the recalculation of the Subscription Price, and the number of shares for which each Warrant entitles the holder to subscribe, in such a manner as the Company determines is appropriate to ensure that the recalculation gives a reasonable result.

J Rounding off

On recalculation of the Subscription Price in accordance with the above, the Subscription Price shall be rounded off to the nearest ten öre, for which purposes five öre shall be rounded downwards and the number of Depository Receipts shall be rounded off to two decimal places.

K Mergers

Where the General Meeting adopts a resolution to approve a merger plan, pursuant to which the Company is to be merged into another company or where the board of directors adopts a resolution that the Company be merged into its parent company, the Warrant Holders shall receive rights in the acquiring company corresponding at least to the rights held in the Company (the transferor company), unless, pursuant to the merger plan, the Warrant Holders are entitled to demand redemption of their Warrants by the acquiring company.

L Division

Where the General Meeting adopts a resolution to approve a division plan, pursuant to which a proportion of the assets and liabilities of the Company are taken over by two or more other companies, a recalculated subscription price and a recalculated number of Depository Receipt for which each Warrant entitles the Warrant Holder to subscribe shall be calculated. The provisions of sub-section G regarding Extraordinary Dividend shall then apply mutatis mutandis. The recalculation shall be based on the proportion of the assets and liabilities of the Company that are taken over by the transferee company or companies.

Where all assets and liabilities of the companies are taken over by two or more other companies, on paying consideration to the shareholders of the Company, the provisions of sub-section M below regarding liquidation shall apply mutatis mutandis

M Liquidation

If it is resolved that the Company be put into liquidation, for whatever reason, Subscription may not take place thereafter. The right to demand Subscription shall terminate simultaneously with the adoption of the resolution to put the Company in liquidation, irrespective of whether such resolution has become final.

If the Company gives notice of a planned liquidation pursuant to the above, the Warrant Holders shall, notwithstanding the provisions of section 4 in respect of the earliest date for application for Subscription, be entitled to apply for Subscription commencing on the day on which the notice is given, provided that Subscription may be effected not later than prior to the General Meeting at which the resolution regarding the liquidation of the Company shall be addressed.

Notwithstanding the provisions above pursuant to which Subscription may not take place after the adoption of a resolution regarding liquidation, the right to subscribe shall be reinstated in the event the liquidation is not carried out.

N Insolvent liquidation

If the Company is put into insolvent liquidation, Subscription may not take place through the exercise of Warrants. Where, however, the decision to put the Company into insolvent liquidation is set aside by a higher court, subscription rights shall be reinstated.

10. Nominees

According to Chapter 3 section 7 of the Financial Instruments Accounts Act (SFS 1998:1479), a legal entity shall be entitled to be registered as nominee. Such a nominee shall be regarded as a Warrant Holder for the purposes of the application of these terms and conditions.

11. Notices

Notices relating to these Warrant Terms and Conditions shall be provided to each Warrant Holder and any other rights holders registered in Securities Accounts.

12. Right to represent Warrant Holders

Öhman shall be entitled to represent Warrant Holders in matters of a formal nature concerning the Warrants without special authorisation from the Warrant Holders.

13. Amendments to terms and conditions

The Company shall be entitled, in consultation with Öhman, to amend the terms and conditions of the Warrants to the extent required by legislation, decisions of courts of law or decisions of governmental authorities or where otherwise, in the Company's opinion, such is necessary or expedient for practical reasons and provided that the rights of the Warrant Holders are in no way prejudiced.

14. Confidentiality

The Company and VPC may not, without authorisation, disclose information regarding the Warrant Holders to any third party. The Company shall have access to information contained in the register of warrants held by VPC which sets out the persons registered as holders of Warrants.

15. Limitation of liability

In respect of measures which it is incumbent on the Company, VPC or Öhman to take in accordance with the terms and conditions of the Warrants, taking into consideration the provisions of the Financial Instruments Accounts Act (SFS 1998:1479), neither the Company, VPC nor the Bank shall be liable for loss which arises as a consequence of Swedish or foreign legislation, the actions of Swedish or foreign governmental authorities, acts of war, strikes, blockades, boycotts, lockouts, or other similar circumstances. The reservation in respect of strikes, blockade, boycotts, and lockouts shall apply notwithstanding that the Company, VPC or Öhman is itself the subject of, or effects, such measures.

Nor shall VPC be liable for loss which arises under other circumstances provided VPC has duly exercised normal caution. The Company and Öhman shall also enjoy a corresponding limitation of liability. In addition, under no circumstances shall the Company or the Bank be liable for indirect loss.

If the Company, VPC or Öhman is unable to perform its obligations as a consequence of a circumstance specified in the first paragraph, such performance may be postponed until such time as the cause for the impediment has terminated.

16. Applicable law and forum

The Warrants, and all legal issues related to the Warrants, shall be determined and interpreted in accordance with Swedish law. Legal proceedings relating to the Warrants shall be brought before the Stockholm District Court or such other forum as is accepted in writing by the Company.

Interim report for the period January–March 2007

This interim report has not been subject to review by the Company's auditor.

Vostok Nafta Investment Ltd[01]
Three Months Report
Covering the Period
January 1, 2007–March 31, 2007

- **Net profit for the period was USD 3.41 million (57.62 for the corresponding period last year). Earnings per share was USD 0.07 (1.25).**
- **The net asset value of the company was USD 377.89 million on March 31, 2007 (385.38), corresponding to USD 8.21 per share (8.37). Given a SEK/USD exchange rate of 6.98 the corresponding values were SEK 2,638.59 million and SEK 57.33, respectively. The net asset value reported on a monthly basis will reflect the market value of the group's assets less its liabilities.**
- **The group's net asset value per share in USD decreased by 1.91 per cent over the period January 1, 2007–March 31, 2007. During the same period the Credit Suisse First Boston ROS-index decreased by 0.78 per cent in USD terms. The number of shares at the end of March 2007 was 46,020,901[02].**

Background
In order to highlight the value of the non-Gazprom-related holdings, offer more direct and transparent exposure to Old Vostok Nafta's portfolio of assets, and meet different investors' risk preferences, the shareholders in Old Vostok Nafta approved the board of directors' proposal for the Restructuring of the Company at an extraordinary General Meeting on May 24, 2007.

This Restructuring entails spinning off the non-Gazprom-related part of Old Vostok Nafta's portfolio into a new company, New Vostok Nafta. As a result of this Restructuring, Old Vostok Nafta changed name on May 24, 2007 to Vostok Gas.

New Vostok Nafta will continue to invest in accordance with previous strategies, with a clear and sustained focus on Russia and its neighbours. However, its mandate will be extended in terms of geographical areas and industrial sectors. The formation of New Vostok Nafta and the capital being injected into the Company in connection with the Restructuring will also provide a better basis for exploiting the investment opportunities to be found in Russia and the other CIS states.

The board of directors is of the opinion that the spin off will highlight the advantages of the non-Gazprom related investments and allow greater flexibility when it comes to the future management of these investments. New Vostok Nafta's advantages include:

- A proven track record in the region and a variety of sectors.
- Opportunity for sharper focus on the portfolio.
- Strong business flow as a result of corporate management and Old Vostok Nafta's brand.
- More homogeneous risk/return profile.

01. Previously Vostok Nafta Holding Investment Ltd.
02. Until the utilization of the subscription option and the new share issues, the Company only holds 1 share. The number of shares used for showing meaningful per share data for all periods has been the number of shares achieved at full accession. Related capital in connection with imminent new share issue has however not been taken into consideration.

The accounts of the interim report have been prepared as if the division of the Vostok Nafta Investment Ltd Group was carried out on September 30, 2003, and comprises the consolidated accounts of the companies that will be included in the new Vostok Nafta Group; i.e. Vostok Komi (Cyprus) Ltd, Vostok Nafta Sverige AB, RusForest Ltd and RusForest (Cyprus) Ltd. The Restructuring of the Group further implies that items of the income statement and the balance sheet that relate to non-Gazprom assets, which formerly have been recognized in the accounts of other companies of the Old Vostok Nafta Group, are now included in the consolidated accounts of the New Vostok Nafta Group.

The transactions by which New Vostok Nafta Group acquires the companies mentioned above and the non-Gazprom related assets, which have been recognized in companies of the Old Vostok Nafta Group, comprises transactions between companies under joint control. These transactions are being recognized to the same values as they were in the selling company, in accordance with the so called predecessor accounting method.

The transferred income statement items, which were previously reported in companies within the Old Vostok Nafta Group, other than in those group companies now transferred in their entirety refer to non-Gazprom related realised and unrealised gains and losses from financial assets valued at fair value in the income statement, results from investments in associated companies, income from dividends with associated coupon tax, and administrative costs related to non-Gazprom related operations.

The transferred balance sheet items which were previously been reported in companies within the Old Vostok Nafta Group, other than in those group companies now transferred in their entirety refer to non-Gazprom related long-term and short- term financial assets valued at fair value in the income statement, investments in associated companies, unpaid share transactions and receivables from associated companies.

The transfer of these income statement items and assets has been made to shareholders' equity, i.e. as if the transfer of non-Gazprom related income statement items and assets to the New Vostok Nafta was carried out by way of a owners' contribution. For further information – *See Note 1.*

The financial year is January 1–December 31.

Group – results and net asset value

During the period, the result from financial assets at fair value through profit or loss amounted to USD –2.74 million (58.99). Result from investments in associated companies was USD 1.99 million (–0.26). Dividend income was USD 5.95 million (0.22).

Operating costs were USD 0.90 million (0.71). Net financial items were USD 0.00 million (–0.59). Net profit for the period was USD 3.41 million (57.62). Total shareholders' equity amounted to USD 377.89 million (385.38) on March 31, 2007, which also corresponds to the net asset value at the same point in time.

Liquid assets
The liquid assets of the group, defined as cash and bank deposits adjusted for concluded but not yet settled share transactions, amounted to USD 6.92 million (–2.53) on March 31, 2007.

Management report
The main event for our company during the past months has been the preparation of the separation of our Gazprom position into a separate company, Vostok Gas (although technically "Old" Vostok Nafta changes its name to Vostok Gas and spins off "New" Vostok Nafta to the shareholders).

The reason for the spin-off is to provide an opportunity for increased exposure to the part of the portfolio that is not related to shares in Gazprom. Gazprom's dominant role has meant that developments in the rest of the portfolio have not had a notable impact on our share price, which has not been ideal as we consider these investments to have great potential.

However we are convinced that it is not in our shareholders' interests to sell Gazprom in the short term – quite the opposite. During the autumn, two remaining factors behind Gazprom's continued major revaluation potential were clarified

1) the deregulation of Russian gas prices, and
2) the development of the company's enormous reserve base

The absence of fundamental analysis of Gazprom has meant that the revaluation in which the progress made in the autumn should normally have resulted in has not materialised. However, we expect this to be corrected over the next 12 to 24 months. This is a sufficiently long horizon for the remainder of the portfolio to be operated on a stand alone basis. The remainder of the portfolio has a risk and return profile that differs from the Gazprom holding, and in many cases has a longer time horizon and perhaps even greater potential. The Gazprom holding's dominance in the portfolio currently constitutes a barrier to the realisation of this potential.

New Vostok Nafta's business concept will be unchanged: to invest principally in Russia and neighbouring countries with emphasis on absolute return. The geographical mandate, like the sector mandate, is entirely open, but with a continued focus on natural resources and on Russia and its neighbours. We will invest wherever we can use our experience and capacity to manage risk and so create value for shareholders.

Four sectors make up the bulk of the new portfolio in terms of size: oil, agriculture, coal and mining & metal. The bulk of the capital being injected into New Vostok Nafta through the restructuring will be invested in these sectors, in both new and current investments. As before, we will also be opportunistic in sectors outside our traditional areas. As things stand, the portfolio includes investments in the sectors of forestry, media and cement.

Management will be unchanged and will be shared by the two companies. Work at New Vostok Nafta will continue to focus on analysing the existing portfolio and new investments, and then executing purchases and sales. Vostok

Gas will consist exclusively of the Gazprom holding, which naturally means that analytical work will be limited to one company.

Please note that at www.vostoknafta.com an information memorandum covering the spin off is available. From May 25, a prospectus covering the listing of the new company will also be available there.

Investments

Net investment in tangible non current assets during the period was USD 0.12 million (–). Net investment in financial assets at fair value through profit or loss was USD –15.72 million (19.43).

Major changes in the portfolio during the last quarter were:

Purchases (shares)

+	11,378	Transneft Pref
+	152,000	Sibcement
+	452,407	Uchalinsky GOK

Sales (shares)

–	3,415,583	Rosneft Oil Co
–	431,900	Mechel Steel
–	160,652,377	Alchevsk Steel

Portfolio structure

The investment portfolio stated at market value as at March 31, 2007 is shown on next page. New Vostok Nafta’s biggest investment is TNK-BP Pref constituting 22.87 per cent of the portfolio. Other major holdings are Black Earth Farming Ltd (18.58 per cent) and Belon (8.97 per cent).

Portfolio holdings as at March 31, 2007

	Holding (number of shares)	Price March 31, 2007, USD	Market value March 31, 2007, USD	Share of portfolio
Oil				
EMPS Corp	233,250	3.60	839,700	0.2%
Kherson Oil Refinery	5,156,903	0.20	1,021,067	0.3%
Orsk Refinery	2,025	30.00	60,750	0.0%
Orsk Refinery Pref	538	24.00	12,912	0.0%
TNK-BP Holding Ord	326,448	2.21	721,450	0.2%
TNK-BP Holding Pref	38,712,416	2.19	84,780,191	22.9%
Transneft Pref	11,378	2050.00	23,324,900	6.3%
Total Oil			110,760,970	29.9%
Gas				
Yakutgazprom	100,000	0.26	26,000	0.01%
Total Gas			26,000	0.01%
Energy				
Kyrgyzenergo	2,618,241	0.06	168,688	0.05%
Total Energy			168,688	0.05%
Coal				
Belon	929,700	35.75	33,236,775	9.0%
Kuzbassrazrezugol	71,005,000	0.43	30,354,638	8.2%
Mechel ADR	61,800	32.27	1,994,286	0.5%
Raspadskaya	8,710,000	2.23	19,423,300	5.2%
Yushny Kuzbass	271,312	24.60	6,674,275	1.8%
Total Coal			91,683,274	24.7%
Metals and Mining				
Gaisky	31,274	485.00	15,167,890	4.1%
Poltavksy GOK GDR	1,516,055	10.43	15,812,454	4.3%
UGOK	849,724	12.70	10,791,495	2.9%
Total Metals and Mining			41,771,839	11.3%
Cement				
Gornozavodsk Cement	39,000	350.00	13,650,000	3.7%
Sibcement	152,000	52.70	8,010,400	2.2%
Total Cement			21,660,400	5.8%
Other				
Black Earth Farming	23,460,000	2.94	68,876,477	18.6% [03]
Kamkabel	800,000	2.30	1,840,000	0.5%
Kontakt East	2,940,000	4.96	14,572,632	3.9% [03]
Luganskteplovoz	10,578,336	0.48	5,077,601	1.4%
Rusforest			10,923,813	2.9% [03]
Systemseparation	5,926,991	0.57	3,352,899	0.9%
Total Other			104,643,422	28.2%
Total Portfolio			370,714,593	100.0%

03. These investments are shown in the balance sheet as investments in associated companies.

Income statements

(USD thousand)	Jan 1, 2007– March 31, 2007	Jan 1, 2006– March 31, 2006
Result from financial assets at fair value through profit or loss	–2,737	58,990
Result from associated companies	1,989	–259
Dividend income	5,949	219
Total operating income	**5,201**	**58,950**
Operating expenses	–898	–709
Russian dividend withholding tax expenses	–892	–32
Operating result	**3,411**	**58,209**
Financial income and expenses		
Interest expense	–	–597
Currency exchange gains/losses, net	2	3
Net financial items	**2**	**-594**
Result before tax	**3,413**	**57,615**
Taxation	–8	–
Net profit for the financial period	**3,405**	**57,615**
Earnings per share, pro forma (in USD)	0.07	1.25
Diluted earnings per share, pro forma (in USD)	0.07	1.25

Share capital data, pro forma
Until the utilization of the subscription option and the new share issue, the Company only holds 1 share. The number of shares used for showing meaningful per share data for all periods has been the number of shares achieved at full accession. Related capital in connection with imminent new share issue has however not been taken into consideration.

Balance sheets

(USD thousand)	March 31, 2007	Dec 31, 2006
NON CURRENT ASSETS		
Tangible non current assets		
Office equipment	409	316
Total tangible non current assets	409	316
Financial non current assets		
Financial assets at fair value through profit or loss	276,342	294,808
Investment in associates	94,373	92,374
Total financial non current assets	370,715	387,182
CURRENT ASSETS		
Cash and bank	5,131	5,124
Unsettled trades	1,785	–
Receivables from related parties	79	681
Receivables from associated companies	–	271
Other current receivables	472	358
Total current assets	7,467	6,434
TOTAL ASSETS	378,591	393,932
SHAREHOLDERS' EQUITY		
(including net result for the financial period)	377,886	385,384
NON CURRENT LIABILITIES		
Deferred tax liabilities	11	11
Total non current liabilities	11	11
CURRENT LIABILITIES		
Non-interest bearing current liabilities		
Tax payable	593	585
Unsettled trades	–	7,653
Other current liabilities	27	26
Accrued expenses	74	299
Total current liabilities	694	8,537
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	378,591	393,932

The Group had no pledged assets or contingent liabilities per respective date.

Statement of Changes in Equity

(USD thousand)	Attributable to Vostok Gas[04]				Attributable to New Vostok Nafta		
	Share capital	Additional paid in capital	Retained earnings	Equity Old Vostok Nafta	Retained earnings	Minority interest	Total New Vostok Nafta
Balance at Dec 31, 2005	**47,154**	**91,171**	**1,420,168**	**1,558,493**	**209,376**	**156**	**209,532**
Profit for the period	–	–	1,772,685	1,772,685	69,633	–	69,633
Total recognized income for the financial year Jan 1, 2006 to Dec 31, 2006	–	–	1,772,685	1,772,685	69,633	–	69,633
Employees share option scheme:							
– value of employee services	–	421	–	421	–	–	–
– proceeds from shares issued	579	9,819	–	10,398	–	–	–
Purchase of own shares	–1,557	–100,313	–	–101,870	–	–	–
Transactions between Vostok Gas and Vostok Nafta	–	–	11,855	11,855	–11,855	–	–11,855
Assets and liabilities provided through an owners' contribution (note 1)	–	–	–118,230	–118,230	118,230	–	118,230
Purchase from minority in connection with company acquisitions	–	–	–	–	–	–156	–156
	–978	–90,073	–106,375	–197,426	106,375	–156	106,219
Balance at Dec 31, 2006	**46,176**	**1,098**	**3,086,478**	**3,133,752**	**385,384**	**–**	**385,384**
Profit for the period	–	–	–325,008	–325,008	3,405	–	3,405
Total recognized income for the financial year Jan 1, 2007 to March 31, 2007	–	–	–325,008	–325,008	3,405	–	3,405
Employees share option scheme:							
– value of employee services	–	151	–	151	–	–	–
– proceeds from shares issued	39	221	–	260	–	–	–
Purchase of own shares	–250	–1,470	–14,475	–16,195	–	–	–
Assets and liabilities provided through an owners' contribution (note 1)	–	–	10,903	10,903	–10,903	–	–10,903
Purchase from minority in connection with company acquisitions	–	–	–	–	–	–	–
	–211	–1,098	–3,572	–5,032	–10,903	–	–10,903
Balance at March 31, 2007	**45,965**	**–**	**2,757,898**	**2,803,863**	**377,886**	**–**	**377,886**

04. Changes in equity attributable to Vostok Gas, is presented to make possible a reconciliation of total equity against the equity previous presented in the published annual reports for Old Vostok Nafta.

Cash flow statements

(USD thousand)	Jan 1, 2007–March 31, 2007	Jan 1, 2006–March 31, 2006
OPERATING ACTIVITES		
Result before tax and before interest income and expenses	3,413	58,212
Adjustment for:		
Currency exchange gains/losses	–3	–3
Depreciation	26	3
Result from financial assets at fair value through profit or loss	2,737	–58,990
Results from associated companies	–1,989	259
Operating cash flow before changes in working capital	4,185	–522
Changes in working capital		
Investments in financial assets	–40,924	–41,159
Sales of financial assets	56,644	21,727
Change in current receivables	–1,629	–7,086
Change in current liabilities	–7,851	144
Change in receivables from related parties	601	10,180
Net cash flow from/used in operating activities	11,026	–16,713
INVESTING ACTIVITIES		
Investments in machinery and equipment	–119	–
Net cash flow used in investing activities	–119	–
FINANCING ACTIVITIES		
Internal transfers to group companies	–	–11,855
Assets and liabilities provided through an owners' contribution (note 1)	–10,903	26,447
Net cash flow used in/from financing activities	–10,903	14,592
Change in cash and bank	4	–2,121
Exchange gains on cash and bank	3	3
Cash and bank at beginning of period	5,124	7,212
Cash and bank at end of period	5,131	5,094

Key financial ratios – Group

	3 months to March 31, 2007	3 months to March 31, 2006
Return on capital employed, per cent[01]	0.90	23.94
Equity ratio, per cent[02]	99.81	99.76
Share capital data, pro forma		
Shareholders' equity/share, USD[03]	8.21	6.12
Earnings/share, USD[04]	0.07	1.25
Diluted earnings/share, USD[05]	0.07	1.25
Net asset value/share, USD[06]	8.21	6.12
Weighted average number of shares for the financial period	46,020,901	46,020,901
Weighted average number of shares for the financial period (fully diluted)	46,020,901	46,020,901
Number of shares at financial period end	46,020,901	46,020,901

Share capital data, pro forma

Until the utilization of the subscription option and the new share issues, the Company only holds 1 share. The number of shares used for showing meaningful per share data for all periods has been the number of shares achieved at full accession. Related capital in connection with imminent new share issue how however not been taken into consideration.

Definition of key indicators

01.
Return on capital employed is defined as the Group's result plus interest expenses plus/less exchange differences on financial loans divided by the average capital employed (the average total assets less non-interest bearing liabilities over the period).

02.
Equity ratio is defined as shareholders' equity in relation to total assets.

03.
Shareholders' equity/share USD is defined as shareholders' equity divided by total number of shares.

04.
Earnings/share USD is defined as result for the period divided by average weighted number of shares for the period.

05.
Diluted earnings/share USD is defined as result for the period divided by average weighted number of shares for the period calculated on a fully diluted basis.

06.
Net asset value/share USD is defined as shareholders' equity adjusted for market value of the share portfolio and with a deduction for deferred tax divided by total number of shares.

Notes

This consolidated interim account is prepared in accordance with IAS 34 Interim Financial Reporting. The same accounting principles and methods of calculations have been applied for the Group as for the preparations of the consolidated accounts for New Vostok Nafta 2006.

Note 1

Owners' contribution provided through assets and liabilities

The transactions by which New Vostok Nafta acquires the companies mentioned above and the non-Gazprom related assets, which have been recognized in other companies of the Old Vostok Nafta Group, comprises transactions between companies under joint control. These transactions are being recognized to the same values as they were in the selling company, in accordance with the so called predecessor accounting method.

The transferred income statement items, which were previously reported in companies within the Old Vostok Nafta Group, other than in those group companies now transferred in their entirety refer to non-Gazprom related realised and unrealised gains and losses from financial assets valued at fair value in the income statement, results from investments in associated companies, income from dividends with associated coupon tax, and administrative costs related to non-Gazprom related operations.

The transferred balance sheet items which were previously been reported in companies within the Old Vostok Nafta Group, other than in those group companies now transferred in their entirety refer to non-Gazprom related long-term and short- term financial assets valued at fair value in the income statement, investments in associated companies, unpaid share transactions and receivables from associated companies.

The transfer of these income statement items and assets has been made to shareholders' equity, i.e. as if the transfer of non-Gazprom related income statement items and assets to the New Vostok Nafta was carried out by way of an owners' contribution.

In other words, the item "Assets and liabilities provided through an owners' contribution" includes the net amount of the assets transferred to New Vostok Nafta which had not been reported in New Vostok Nafta's income statement and which is primarily comprised of net investments in financial assets, recognized but not received dividends (net after coupon tax), changes in unpaid share transactions and unpaid administration expenses.

	Jan 1, 2007– March 31, 2007	Jan 1, 2006– Dec 31, 2006
Net investments in financial assets	–15,720	139,141
Recognized but not received dividend income	–5,057	–10,644
Changes in unsettled trades	9,411	–12,933
Recognized but not paid operating expenses	733	3,435
Other	–271	–769
Assets and liabilities provided through an owners' contribution, total	–10,903	118,230

Note 2

Events after the balance sheet date

New borrowings

On May 10, 2007, Vostok Komi (Cyprus) Ltd, a company of the Group, has entered into a debt financing agreement. The loan, which amounts to USD 50 million, will mature in May, 2008 and carries a floating interest rate of 200 basis points over LIBOR.

Assets pledged for the loan will be the non-Gazprom share portfolio.

Upcoming Reporting Dates

Vostok Nafta's 6 months report for the period January 1, 2007–June 30, 2007 will be published on August 22, 2007.

May 24, 2007

Per Brilioth
Managing Director

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The accounts of the financial statements have been prepared as if the restructuring of the Vostok Nafta Investment Ltd Group was carried out on September 30, 2003, and comprises the consolidated accounts of the companies that will be included in the new Vostok Nafta Group; i e Vostok Komi (Cyprus) Ltd, Vostok Nafta Sverige AB, RusForest Ltd and RusForest (Cyprus) Ltd. The restructuring of the Group further implies that items of the income statement and the balance sheet that relate to non-Gazprom assets, which formerly have been recognized in the accounts of other companies of the Old Vostok Nafta Group, are now included in the consolidated accounts of the New Vostok Nafta Group. The transactions by which New Vostok Nafta acquires the companies mentioned above and the non Gazprom related assets, which have been recognized in other companies of the Old Vostok Nafta Group, comprises transactions between companies under joint control. These transactions are being recognized to the same values as they were in the selling company, in accordance with the so called predecessor accounting method.

The items of the income statement that have previously been recognized in other companies of the Old Nafta Group than in the by now completely transferred subsidiaries and which are non-Gazprom related realized and unrealized profits and losses from financial assets at fair value through the income statement, results from investments in associated companies, dividend income (including withholding dividend taxes) as well as non-Gazprom related operating expenses.

The items of the balance sheet that have been recognized in other companies of the Old Nafta Group than in the by now completely transferred subsidiaries and that are non-Gazprom related long term and short term financial assets at fair value through the income statement, investments in associated companies, unsettled share trades, and receivables from associated companies.

The transfer of these income statement items and assets has been made to shareholders' equity, i.e. as if the transfer of non-Gazprom related income statement items and assets to the New Vostok Nafta was carried out by way of an owners' contribution. For further information, see *Financial statements – Note 13*.

Income statement – Group

(USD thousand)	Note	Jan 1, 2006– Dec 31, 2006 (12 months)	Oct 1, 2004– Dec 31, 2005 (15 months)	Oct 1, 2003– Sep 30, 2004 (12 months)
Result from financial assets at fair value through profit or loss	3	61,908	126,066	41,514
Dividend income		12,541	4,726	2,914
Total income		74,449	130,792	44,428
Operating expenses	4,5,16	–3,441	–3,821	–3,520
Russian dividend withholding tax expenses		–1,897	–691	–437
Operating result		69,111	126,280	40,471
Financial income and expenses				
Interest income		2	15	26
Interest income from related parties		582	3,201	7,961
Interest expense		–	–	–3
Currency exchange gains/losses, net		26	–8	–207
Net financial items		610	3,208	7,777
Result before tax		69,721	129,488	48,248
Taxation	6	–88	–502	–60
Net profit for the financial period		69,633	128,986	48,188
Result per share (pro forma)	7	1.51	2.80	1.05

Share capital data, pro forma

Until the utilization of the subscription option and the new share issue, the Company only holds 1 share. The number of shares used for showing meaningful per share data for all periods has been the number of shares achieved at full accession. Related capital in connection with imminent new share issue how however not been taken into consideration.

Balance sheet – Group

(USD thousand)	Note	Dec 31, 2006	Dec 31, 2005	Sep 30, 2004
NON CURRENT ASSETS				
Tangible non current assets				
Office equipment	8	316	92	–
Total tangible non current assets		316	92	–
Financial non current assets				
Investments in associated companies	11	92,374	3,570	–
Financial assets at fair value through profit or loss	9	294,808	181,568	98,473
Total financial non current assets		387,182	185,138	98,473
CURRENT ASSETS				
Cash and bank		5,124	7,212	5,118
Restricted cash		–	–	–
Financial assets at fair value through profit or loss		–	995	995
Receivables from related parties		681	11,052	47,937
Receivables from associated companies		271	–	–
Other current receivables	12	358	5,579	2,029
Total current assets		6,434	24,838	56,079
TOTAL ASSETS		393,932	210,068	154,552
SHAREHOLDERS' EQUITY (including net result for the financial period)	13	385,384	209,532	154,426
NON CURRENT LIABILITIES				
Deferred tax liabilities	6	11	–	–
Total non current liabilities		11	–	–
CURRENT LIABILITIES				
Non-interest bearing current liabilities				
Tax payable		585	509	80
Other current liabilities	14	7,653	16	–
Accrued expenses		299	11	46
Total current liabilities		8,537	536	126
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		393,932	210,068	154,552
PLEDGED ASSETS and CONTINGENT LIABILITIES				
Pledged Assets		None	None	None
Contingent liabilities		None	None	None

Statement of Changes in Equity – Group

(USD thousand)	Attributable to Vostok Gas[01]				Attributable to New Vostok Nafta		
	Share capital	Additional paid in capital	Retained earnings	Equity Old Vostok Nafta	Retained earnings	Minority interest	Total New Vostok Nafta
Balance at Sep 30, 2003	**47,087**	**99,638**	**97,707**	**244,432**	**104,595**	**–**	**104,595**
Profit for the period	–	–	223,611	223,611	48,188	–	48,188
Total recognized income for the financial period Oct 1, 2003 to Sep 30, 2004	–	–	223,611	223,611	48,188	–	48,188
Employees share option scheme:							
– value of employee services	–	657	–657	–	–	–	–
– proceeds from shares issued	188	1,206	–	1,394	–	–	–
Assets and liabilities provided through owners'contribution (note 13)	–	–	–1,643	–1,643	1,643	–	1,643
Additional share issue costs	–	–209	–	–209	–	–	–
	188	**1,654**	**–2,300**	**–458**	**1,643**	**–**	**1,643**
Balance at Sep 30, 2004	**47,274**	**101,293**	**319,018**	**467,585**	**154,426**	**–**	**154,426**
Profit for the period	–	–	1,027,114	1,027,114	128,986	–	128,986
Total recognized income for the financial period Oct 1, 2004 to Dec 31, 2005	–	–	1,027,114	1,027,114	128,986	–	128,986
Employees share option scheme:							
– value of employee services		787	–	787	–		–
– proceeds from shares issued	656	4,061	–	4,717	–	–	–
Purchase of own shares	–776	–14,970	–	–15,746	–	–	–
Transactions between Vostok Gas and New Vostok Nafta	–	–	38,490	38,490	–38,490	–	–38,490
Assets and liabilities provided through owners' contribution (note 13)	–	–	35,546	35,546	–35,546		–35,546
Minority interest arising on business combinations	–	–	–	–	–	156	156
	–120	**–10,122**	**74,036**	**63,794**	**–74,036**	**156**	**–73,880**
Balance at Dec 31, 2005	**47,154**	**91,171**	**1,420,168**	**1,558,493**	**209,376**	**156**	**209,532**
Profit for the period	–	–	1,772,685	1,772,685	69,633	–	69,633
Total recognized income for the financial year Jan 1, 2006 to Dec 31, 2006	–	–	1,772,685	1,772,685	69,633	–	69,633
Employees share option scheme:							
– value of employee services	–	421	–	421	–	–	–
– proceeds from shares issued	579	9,819	–	10,398	–	–	–
Purchase of own shares	–1,557	–100,313	–	–101,870	–	–	–
Transactions between Vostok Gas and New Vostok Nafta	–	–	11,855	11,855	–11,855	–	–11,855
Assets and liabilities provided through owners' contribution (note 13)	–	–	–118,230	–118,230	118,230	–	118,230
Purchase from minority in connection with company acquisitions	–	–	–	–	–	–156	–156
	–978	**–90,073**	**–106,375**	**–197,426**	**106,375**	**–156**	**106,219**
Balance at Dec 31, 2006	**46,176**	**1,098**	**3,086,478**	**3,133,752**	**385,384**	**–**	**385,384**

01. Changes in equity attributable to Vostok Gas, is presented to make possible a reconciliation of total equity against the equity previous presented in the published annual reports for Old Vostok Nafta.

Cash flow statement – Group

(USD thousand)	Note	Jan 1, 2006–Dec 31, 2006 (12 months)	Oct 1, 2004–Dec 31, 2005 (15 months)	Oct 1, 2003–Sep 30, 2004 (12 months)
OPERATING ACTIVITES				
Result before tax and before interest income and expenses		69,137	126,272	40,264
Adjustment for:				
Tax paid		–12	–74	–78
Interest received		2	15	26
Interest paid		–	–	–3
Exchange gains/losses, net		–25	8	207
Depreciation and write down		40	5	–
Result from financial assets at fair value through profit or loss	9,10,11	–61,908	–126,066	–41,514
Other non-cash items		–	–	27
Operating cash flow before changes in working capital		7,234	160	–1,071
Changes in operating assets and liabilities				
Investments in financial assets at fair value through profit or loss	9,10,11	–395,763	–289,203	–242,216
Sales of financial assets at fair value through profit or loss*	9,10,11	256,622	328,604	294,752
Change in current receivables		4,795	–3,551	3,204
Change in current liabilities		7,935	–18	–
Change in receivables and liabilities to related parties		10,952	40,087	–55,827
Net cash flow used in/from operating activities		–108,225	76,079	–1,158
INVESTING ACTIVITIES				
Investments in office equipment	8	–264	–97	–
Net cash flow used in investing activities		–264	–97	–
FINANCING ACTIVITIES				
Transactions between Vostok Gas and New Vostok Nafta		–11,855	–38,490	–
Assets and liabilities provided through owners' contribution	13	118,230	–35,546	1,643
Purchases from minority shareholders in connection with company acquisitions		–	156	–
Net cash flow from/used in financing activities		106,375	–73,880	1,643
Change in cash and bank		–2,114	2,102	485
Cash and bank at beginning of period		7,212	5,118	4,840
Exchange gains/losses on cash and bank overdrafts		26	–8	–207
Cash and bank at end of period		5,124	7,212	5,118

Notes to the financial history

(Expressed in USD thousand unless indicated otherwise)

Introduction

The accounts of the financial statements have been prepared as if the restructuring of the Vostok Nafta Investment Ltd Group was carried out on September 30, 2003, and comprises the consolidated accounts of the companies that will be included in the New Vostok Nafta Group; i e Vostok Komi (Cyprus) Ltd, Vostok Nafta Sverige AB, RusForest Ltd and RusForest Ltd. The restructuring of the Group further implies that items of the income statement and the balance sheet that relate to non-Gazprom assets, which formerly have been recognized in the accounts of other companies of the Old Vostok Nafta Group, are now included in the consolidated accounts of the New Vostok Nafta Group.

The transactions by which New Vostok Nafta acquires the companies mentioned above and the non Gazprom related assets, which have been recognized in other companies of the Old Vostok Nafta Group, comprises transactions between companies under joint control. These transactions are being recognized to the same values as they were in the selling company, in accordance with the so called predecessor accounting method.

The items of the income statement that have previously been recognized in other companies of the Old Nafta Group than in the by now completely transferred subsidiaries and which are non-Gazprom related realized and unrealized profits and losses from financial assets at fair value through the income statement, results from investments in associated companies, dividend income (including withholding dividend taxes) as well as non-Gazprom related operating expenses.

The items of the balance sheet that have been recognized in other companies of the Old Nafta Group than in the by now completely transferred subsidiaries and that are non-Gazprom related long term and short term financial assets at fair value through the income statement, investments in associated companies, unsettled share trades, and receivables from associated companies.

The transfer of these income statement items and assets has been made to shareholders' equity, i.e. as if the transfer of non-Gazprom related income statement items and assets to the New Vostok Nafta was carried out by way of an owners' contribution. For further information, see *Financial statements – Note 13.*

The principal accounting policies adopted in the preparation of these financial statements are set out below.

Note 1

Significant accounting policies

Accounting basis

The consolidated and the parent company financial statements are prepared in accordance with International Financial Reporting Standards, IFRS, as adopted by EU as at December 31, 2006. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit and loss.

As from October 1, 2004 the accounting principle for financial assets was changed to IAS 39 revised, which means that the available for sale shares has been reclassified to financial assets at fair value through profit or loss. Previously, financial assets were classed as shares available for sale. The change in principle has not had any effect on the financial accounts.

Books and accounts

The books and accounts of the Group are maintained in USD, which is also the functional currency in which the Group operates.

Financial period

The financial year comprises the period January 1–December 31. The change of financial year end from September 30 to December 31 was approved by the board of directors of Vostok Nafta Investment Ltd and made effective in the financial year 2005. Hence, comparative information is given for the fifteen-month period from October 1, 2004 to December 31, 2005, and for the 12-month period from October 1, 2003 to September 30, 2004.

Principles of consolidation

a) Subsidiaries

The consolidated financial statements include the accounts of the parent company and each of those companies in which it owns (directly or indirectly) shares representing more than 50 per cent of the voting rights or has the sole right to exercise control over the operations

The consolidated financial statements are prepared using the purchase method of accounting. In addition to the parent company equity, only changes in subsidiary equity arising after acquisition are included in the group equity. The excess of the cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill. No goodwill was recognized in the consolidated balance sheet as of December 31, 2006, December 31, 2005, and September 30, 2004, respectively.

All inter-company profits, transactions and balances are eliminated on consolidation.

b) Associated companies

Investments where the Company has the right to exercise significant influence, which is normally the case when the Company holds between 20 per cent and 50 per cent, are accounted for as investments in associated companies by applying fair value. At the application of fair value changes are accounted for in the income statement.

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

Given the nature of the business and the geographical focus of the Group, there is only one segment in the Group.

Taxes

a) Corporate income tax

Corporate tax payable is calculated on taxable income at the current tax rate.

b) Deferred tax

Deferred tax, which arises from differences in the timing of the recognition of items, is calculated using the liability method of accounting. Deferred income tax is provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

Functional currency

Since most transactions are carried out in USD, the income statements and balance sheets of foreign subsidiaries are stated in USD, which is also considered to be the functional currency of the Group. Transactions in currencies other than USD are therefore translated into USD at the rate of exchange that was in effect at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are translated at rates of exchange prevailing at the balance sheet date. Realized and unrealized exchange gains/losses on receivables and liabilities are reported among financial items. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss.

Financial Assets

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available for sale shares. The classification depends on the purpose for which the investment was acquired.

Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within 12 months of the balance sheet date.

Purchases and sales of investments are recognized on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets at fair value through profit or loss are subsequently carried at fair value. Realized and unrealized gains and losses from changes in the fair value of financial assets at fair value through profit or loss are recorded in the income statement in the period in which they arise.

Assessment of fair value

Fair value of financial assets traded in an active market are based on listed prices on the value date. The listed market price applied for the group's financial assets, is the latest bid price.

Fair value of financial assets that are not traded in an active market is determined by applying valuation techniques. The group applies a number of methods and makes assumptions based on the market conditions prevailing on the value date.

Cash and bank

Cash and bank include cash, bank balances, and deposits held at call with banks.

Borrowings

Borrowings are recognized initially at fair value, net of transaction cost incurred. Borrowings are subsequently recognized at amortised cost: any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings.

Borrowings are classified as current unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Employee benefits

Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and additional paid in capital when the options are exercised.

Revenue recognition

Dividend income is recognized on an accrual basis when the dividend payment is deemed to be certain.

Furthermore, dividend income is accounted for inclusive of withholding taxes. These withholding taxes are shown either as an expense in the income statement, or as a current receivable, depending on whether or not the withholding tax is refundable.

For investments held at both the start and end of year, the change in value consists of the difference in the market value between these dates. For investments acquired during the year, the change in value consists of the difference between cost and the market value at the end of the year. For investments sold during the year, the change in value consists of the difference between the sales price received and the value of investments at the start of the year. All changes in value are reported under the heading Result from financial assets at fair value through profit and loss.

Interest Income is recognized taking into account accrued interest on the balance sheet day.

Other valuation principles

Assets and liabilities are included at their acquisition cost and nominal amounts, unless stated otherwise.

Share issue costs associated with the issuance of new equity are treated as a direct reduction of the proceeds. Buy back of own shares is recorded as a reduction of the share capital with the nominal value of shares bought back, and as a reduction of the additional paid in capital with the amount paid after reduction of transaction costs for the shares in excess of the nominal value.

Receivables are carried at original invoice amount less provision for doubtful receivables.

Office equipment is stated at cost less accumulated depreciation. Depreciation is based on cost on a straight-line basis of estimated useful life of three and five years.

Unless otherwise stated, the accounting principles are unchanged compared to previous year.

Financial risk factors

The Group's activities expose it to a variety of financial risks market risks (including currency risk and price risk), credit risk, liquidity risk and cash flow interest-rate risk.

(a) Market risk

(i) Foreign exchange risk: The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. However, since the majority of the shares in the portfolio are quoted in USD, and also by having its borrowings denominated in USD, the Group's risk exposure to foreign exchange changes is limited in scope.

(ii) Price risk: The Group is exposed to equity securities price risk because of investments held by the Group and classified on the balance sheet as assets at fair value through profit or loss.

(b) Credit risk

The Group has no significant concentrations of credit risk. Cash transactions are limited to high–credit-quality financial institutions.

(c) Liquidity risk

Having the majority of its assets in cash and marketable securities, the Group is not exposed to a significant liquidity risk.

(d) Cash flow interest rate risk

Since the Group does not posses any substantial interest bearing assets, the Group's revenues and cash flow from operations are almost fully independent of changes in market interest rates.

Critical accounting estimates and judgments

Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date.

Note 2
General

Structure and incorporation

The financial history comprises the consolidated accounts of the companies that as per May 24, 2007 are included in the New Vostok Nafta Group; i e Vostok Komi (Cyprus) Ltd, Vostok Nafta Sverige AB, RusForest Ltd and RusForest (Cyprus) Ltd. The accounts of Vostok Komi (Cyprus) include items of the income statement and the balance sheet that relate to non Gazprom assets and that formerly have been recognized in other companies of the Old Vostok Nafta Group.

On September 21, 2000, Vostok Komi (Cyprus) Limited was incorporated in Cyprus as a private limited liability company with offshore status. Vostok Nafta Sverige AB, a subsidiary of Vostok Komi (Cyprus) Limited was incorporated as a private limited liability company in 2005.

RusForest Limited was incorporated in Bermuda on March 8, 2005, and a change of name from Vostok Caspian Oil Ltd was made effective during 2006. On January 31, 2002, RusForest (Cyprus) Limited was incorporated in Cyprus as a private limited liability company with offshore status. A change of name from Vostok Energo (Cyprus) Ltd to RusForest (Cyprus) Ltd was carried out during 2006.

Note 3
Realized and not realized profits/losses, net of financial assets valued at true value via the income statement.

	Jan 1, 2006–Dec 31, 2006 (12 months)	Oct 1, 2004–Dec 31, 2005 (15 months)	Oct 1, 2003–Sep 30, 2004 (12 months)
Financial assets valued at fair value via the income statement – fair value, profits and losses (realized and non realized)	61,908	126,066	41,514

Note 4
Operating expenses by nature

	Jan 1, 2006–Dec 31, 2006 (12 months)	Oct 1, 2004–Dec 31, 2005 (15 months)	Oct 1, 2003–Sep 30, 2004 (12 months)
Employee benefit expense (Note 5)	913	1,327	786
Depreciation and write down of office equipment	40	5	–
Operating lease expenses	88	83	104
Other expenses	2,400	2,406	2,630
Total operating expenses	3,441	3,821	3,520

Note 5
Employee benefit expense

	Jan 1, 2006–Dec 31, 2006 (12 months)	Oct 1, 2004–Dec 31, 2005 (15 months)	Oct 1, 2003–Sep 30, 2004 (12 months)
Wages and salaries	691	1,175	727
Social security costs	186	91	16
Pensions costs (Note 19)	31	39	12
Other employee benefit expenses	4	22	31
Total employee benefit expense	913	1,327	786

Note 6
Tax

Corporate income tax – general

Vostok Komi (Cyprus) Ltd and RusForest (Cyprus) limited are subject to corporate tax on taxable profits at the rate of 10 per cent. (Vostok Komi (Cyprus) Limited opted to be taxed under the transitional rules until December 31, 2005. Its taxable profit was thereby subject to corporate tax at a rate of 4.25 per cent for the year up to and including 2005.) Under certain conditions interest may be subject to defence contribution at the rate of 10 per cent. In such cases 50 per cent of the same interest will be exempt from corporation tax thus having an effective tax rate burden of approximately 15 per cent. Any gains from disposal of qualified securities are not subject to corporate tax in Cyprus. In certain cases, however, dividends received from abroad may be subject to defence contribution at a rate of 15 per cent.

The Swedish subsidiary's profits are subject to Swedish income tax at the rate of 28 per cent. RusForest Ltd is exempted and therefore not liable for tax in Bermuda.

Income tax expense

	Jan 1, 2006– Dec 31, 2006 (12 months)	Oct 1, 2004– Dec 31, 2005 (15 months)	Oct 1, 2003– Sep 30, 2004 (12 months)
Current tax	–77	–502	–60
Deferred tax	–11	–	–
Taxation	–88	–502	–60

The tax on the Group's result before tax differs from the theoretical amount that would arise using the tax rate of the countries where the Group operates as follows:

	Jan 1, 2006– Dec 31, 2006 (12 months)	Oct 1, 2004– Dec 31, 2005 (15 months)	Oct 1, 2003– Sep 30, 2004 (12 months)
Result before tax	69,721	129,490	48,248
Expected tax Bermuda (0 per cent)	–	–	–
Expected tax Cyprus (10 per cent/4.25 per cent)	–7,045	–5,507	–2,050
Expected tax Sweden (28 per cent)	–237	0	–
Expected tax, total	–7,282	–5,507	–2,050
Income not subject to income tax	7,738	5,559	1,990
Expenses not deductible	–541	–554	–
Tax losses for which no deferred income tax was recognized	–3	–	–
Taxation	–88	–502	–60

Deferred tax

	Dec 31, 2006	Dec 31, 2005	Sep 30, 2004
Deferred tax liabilities related to untaxed reserves	11	–	–

The gross movement on the deferred income tax

	Jan 1, 2006– Dec 31, 2006 (12 months)	Oct 1, 2004– Dec 31, 2005 (15 months)	Oct 1, 2003– Sep 30, 2004 (12 months)
Beginning of the year	–	–	–
Charged to income statement	11	–	–
End of the year	11	–	–

Note 7
Earnings per share (pro forma)

Earning per share has been calculated by dividing the net profit for the fiscal year by the weighted average number of issued shares for the fiscal year.

Until the warrants and subscription rights have been exercised, the Company has only 1 share. In order to provide meaningful data per share for all periods, the proforma number of shares obtained at full exercise has been employed. Proceeds related to the forthcoming rights issue have, however, not been considered.

	Jan 1, 2006– Dec 31, 2006 (12 months)	Oct 1, 2004– Dec 31, 2005 (15 months)	Oct 1, 2003– Sep 30, 2004 (12 months)
Net profit (TUSD)	69,633	128,987	48,188
Number of shares	46,020,901	46,020,901	46,020,901
Earnings per share pro forma (USD)	1.51	2.80	1.05

Note 8
Office equipment

	Dec 31, 2006	Dec 31, 2005	Sep 30, 2004
Acquisition value			
Opening cost	97	–	–
Additions	264	97	–
Closing cost	361	97	–
Depreciation			
Opening accumulated depreciation	–5	–	–
Depreciation for the financial period	–40	–5	–
Closing accumulated depreciation	–45	–5	–
Net book value as at year end	316	92	–

Note 9
Non-current financial assets at fair value through profit or loss

	Dec 31, 2006	Dec 31, 2005	Sep 30, 2004
Beginning of the year	181,568	98,473	104,748
Additions	343,305	285,633	26,949
Proceeds from disposals	–254,062	–328,604	–63,418
Result from disposals	62,402	57,782	3,396
Change in fair value	–1,159	68,284	26,798
End of the year	294,808	181,568	98,473

Non-current financial assets at fair value through profit or loss

	Number of shares Dec 31, 2006	Fair value (USD) Dec 31, 2006	Number of shares Dec 31, 2005	Fair value (USD) Dec 31, 2005	Number of shares Sep 30, 2004	Fair value (USD) Sep 30, 2004
Oil, Russia						
Kherson Oil Refinery	5,156,903	2,052,447	1,800,000	1,296,000	–	–
Komsomolsk Oil Refinery Ord	–	–	500	72,500	–	–
Komsomolsk Oil Refinery Pref	–	–	1,100	124,300	–	–
Megionneftegas Ord	–	–	–	–	1,500,000	30,187,500
Megionneftegas Pref	–	–	–	–	1,044,849	9,873,823
Onako	–	–	–	–	20,000	48,000
Orenburgneftegas Ord	–	–	–	–	116,500	2,860,075
Orenburgneftegas Pref	–	–	–	–	217,716	3,151,439
Orsk Refinery Ord	2,025	50,625	2,125	128,563	1,890	65,205
Orsk Refinery Pref	538	13,450	538	13,181	4,615	78,455
Purneftegas Ord	–	–	118,000	4,307,000	–	–
Purneftegas Pref	–	–	127,000	4,159,250	–	–
Rosneft Oil Co	3,415,583	31,252,584	–	–	–	–
Sachaneftegas	–	–	–	–	1,985,145	6,898,379
Stavropolneftegas ord	–	–	–	–	200	18,550
Stavropolneftegas Pref	–	–	–	–	900	63,225
Tyumen Oil Co	–	–	–	–	8,116,931	22,869,453
TNK-BP Holding Ord	326,448	829,178	37,800	107,163	–	–
TNK-BP Holding Pref	38,712,416	89,038,557	39,552,716	96,310,863	–	–
Yaroslavneftorg Pref	–	–	–	–	2,850,000	356,250
Yaroslavneford synt	–	–	–	–	812,535	212,275
Oil, Russia, total		123,236,841		106,518,820		76,682,629
Oil, other						
Aktubemunaigas ord	–	–	–	–	105,600	6,003,405
Aktubemunaigas Pref	–	–	–	–	54,960	934,320
Caspian Services Inc.	233,250	886,350	383,250	1,724,625	750,000	2,868,750
Sibir Energy Plc	–	–	500,000	2,835,000	–	–
Valkyries Petroleum Company	–	–	2,985,400	17,016,780	1,071,000	2,763,180
Oil, other, total		886,350		21,576,405		12,569,655
Gas						
Yakutgazprom	100,000	25,000	100,000	19,000		
Gas, total		25,000		19,000		

Non-current financial assets at fair value through profit or loss

	Number of shares Dec 31, 2006	Fair value (USD) Dec 31, 2006	Number of shares Dec 31, 2005	Fair value (USD) Dec 31, 2005	Number of shares Sep 30, 2004	Fair value (USD) Sep 30, 2004
Energy						
Centerenergo	500,000	658,750	–	–	–	–
Kyrgyzenergo	2,618,241	44,510	2,618,241	44,510	2,618,241	44,510
Zakhidenergo	–	–	23,556	613,398	30,556	371,761
Zakhidenergo ADR	–	–	1,598,004	10,403,006	211,941	7,319,382
Energy, total		703,260		11,060,914		7,735,653
Other						
Alchevsk Steel	160,652,377	7,510,499	11,558,569	4,715,896	–	–
Aluminium Kazakhstan	–	–	327,117	245,338	–	–
Azot Novomoskovsk	–	–	–	–	9,168	875,544
Belon	919,700	33,339,125	–	–	–	–
European Minerals Wt	3,400,000		3,400,000	1,020,000	–	–
Gaisky GOK	30,114	15,358,140	–	–	–	–
Gornozavodsk Cement	39,000	13,143,000	3,000	330,000	–	–
Kamkabel	800,000	1,680,000	800,000	1,460,000	–	–
Kemerovo Azot	–	–	199,489	4,442,620	–	–
Krasnogorsk Razrez Ord	–	–	11,383	6,545,225	–	–
Krasnogorsk Razrez Pref	–	–	1,991	891,968	–	–
Kuzbassrazrezugol	70,005,000	30,452,175	–	–	–	–
Lenin Coal Mine Ord	–	–	1,894	894,915	–	–
Lenin Coal Mine Pref	–	–	3,521	1,487,623	–	–
Luganskteplovoz	10,578,336	4,691,492	–	–	–	–
Mechel ADR	493,700	12,539,980	–	–	–	–
Mikhailovsky GOK Ord	–	–	–	–	4,500	290,813
Mikhailovksy GOK Pref	–	–	–	–	10,000	339,000
Poltavsky Gok GDR	1,516,055	15,160,550	1,083,000	11,945,490	–	–
Raspadskaya	11,000,000	20,295,000	–	–	–	–
Razrez Borodinski Ord	–	–	500	492,500	–	–
Razrez Borodinski Pref	–	–	50	40,250	–	–
SystemSeparation	5,926,991	2,293,024	2,332,469	3,076,760	–	–
Uchalinsky GOK	397,317	5,761,097	–	–	–	–
Usinskaya Razrez Ord	–	–	677	287,725	–	–
Usinskaya Razrez Pref	–	–	817	310,460	–	–
Voskresensk Cement	–	–	2,500	2,370,000	–	–
Yuzhni Kuzbass	271,312	7,732,392	47,371	1,835,626	–	–
Other, total		169,956,474		42,392,396		1,505,357
Non current financial assets at fair value through profit or loss, total		294,807,925		181,567,535		98,473,294

Risk factors in Russia

The economy of the Russian Federation continues to display characteristics of an emerging market. These characteristics include, but are not limited to, the existence of a currency that is not freely convertible outside of the country; a low level of liquidity in the public and private debt and equity markets; and relatively high inflation. Exchange restrictions and controls exist relating to converting Russian Roubles into other currencies.

Since Vostok Nafta has the bulk of its assets invested in Russia, the shareholders of Vostok Nafta also need to be aware of these risks.

Operations on the Russian securities market are affected by its underdeveloped infrastructure, particularly the stage of development of its registration and settlement systems and the current status of the developing regulatory and legal framework in Russia. The political stabilization beginning in 2000 is still ongoing and has been a positive contributing factor for the further development of the political and legal environment.

The prospects for future economic stability in the Russian Federation are largely dependent upon the effectiveness of economic measures undertaken by the government, together with legal, regulatory and political developments, which are beyond the Company's control.

An investment in New Vostok Nafta shares (Depository Receipts) is consequently associated with considerable risks.

Market Risk

The markets in which the Group invests are less liquid and more volatile than markets in countries with larger, freer, and less fragmented markets. There is a risk that the Group's investments will be adversely affected by the political, economic and social climate in Russia.

Note 10

Current financial assets at fair value through profit or loss

	Dec 31, 2006	Dec 31, 2005	Sep 30, 2004
Beginning of the year	995	995	2,218
Purchases	–	–	215,267
Proceeds from disposals	–983	–	–227,394
Result from disposals	–12	–	10,904
End of the year	–	995	995

Current financial assets at fair value through profit or loss

	Number of shares Dec 31, 2006	Fair value (USD) Dec 31, 2006	Number of shares Dec 31, 2005	Fair value (USD) Dec 31, 2005	Number of shares Sep 30, 2004	Fair value (USD) Sep 30, 2004
Group						
Telecom						
Mustcom Bond	–	–	982,731	982,731	982,731	982,731
Total Telecom	–	–	–	982,731	–	982,731
Others						
Biolink	–	–	52,940	12,176	52,940	12,176
Total others	–	–	–	12,176	–	12,176
Total	–	–	1,035,671	994,907	1,035,671	994,907

Note 11

Investment in associated companies	Dec 31, 2006	Dec 31, 2005	Sep 30, 2004
Beginning of the year	3,570	–	3,524
Additions	52,458	3,570	–
Proceeds from disposals	–1,577	–	–3,940
Result from disposals	677	–	415
Change in fair value or share of income	37,246	–	–
End of the year	92,374	3,570	–

The shares specified below are investments in associated companies. Black Earth Farming and Kontakt East are listed companies; hence, the fair value option is applied for the value assessment of these investments. Rus-Forest group of companies is still unlisted, why the investment is recognized at acquisition cost as this at balance sheet date is estimated to correspond to fair value.

	Number of shares	Share of votes, per cent Dec 31, 2006	Share of capital, per cent Dec 31, 2006	Acquisition cost, Dec 31, 2006	Fair value, Dec 31, 2006	Acquisition cost, Dec 31, 2005	Fair value, Dec 31, 2005
Black Earth Farming Ltd	23,460,000	30.6	30.6	38,815	63,362	3,570	3,570
Kontakt East Holding AB	2,940,000	35.0	35.0	4,899	17,598	–	–
RusForest group of companies*	–	40.0	40.0	11,414	11,414	–	–
Total				55,128	92,374	3,570	3,570

* The RusForest group comprises of a number of companies in the forestry sector in the Irkutsk Region (Russia), as specified below. The financial information is gathered from the companies' nine months financial reports for the period January 1, 2006 to September 30, 2006 and are prepared according to Russian Accounting Standards.

	Per cent interest held	Assets at Sep 30, 2006	Liabilities at Sep 30, 2006	Revenues, 9 months 2006	Profit/(loss), 9 months 2006
OOO PIK-89	40	13,080	6,539	18,804	188
OOO Tuba Les	40	3,628	1,969	1,108	–73
ZAO Tublesprom	40	449*	450*	327*	–2*
OOO Ust-Ilimsk	40	2,217	649	868	–41
OOO PIK 2005	40	354	198	1,185	156

* comprises the period July 1, 2006–September 30, 2006.

Note 12

Other current receivables	Dec 31, 2006	Dec 31, 2005	Sep 30, 2004
Unsettled share transactions	–	5,307	2,029
Sundry debtors	358	272	–
	358	5,579	2,029

Note 13

During the period non-Gazprom related assets and liabilities provided through owners' contributions

The transactions by which New Vostok Nafta acquires the companies mentioned above and the non-Gazprom related assets, which have been recognized in other companies of the Old Vostok Nafta Group, comprises transactions between companies under joint control. These transactions are being recognized to the same values as they were in the selling company, in accordance with the so called predecessor accounting method.

The items of the income statement that have previously been recognized in other companies of the Old Vostok Nafta Group than in the by now completely transferred subsidiaries and which are non-Gazprom related realized and unrealized profits and losses from financial assets at fair value through the income statement, results from investments in associated companies, dividend income (including withholding dividend taxes) as well as non-Gazprom related operating expenses.

The items of the balance sheet that have been recognized in other companies of the Old Vostok Nafta Group than in the by now completely transferred subsidiaries and that are non-Gazprom related long term and short term financial assets at fair value through the income statement, investments in associated companies, unsettled share trades, and receivables from associated companies.

The transfer of these income statement items and assets has been made to shareholders' equity, i.e. as if the transfer of non-Gazprom related income statement items and assets to the New Vostok Nafta was carried out by way of an owners' contribution.

In other words, the item "Assets and liabilities provided through an owners' contribution" includes the net amount of the assets transferred to Nya Vostok Nafta which had not been reported in Nya Vostok Nafta's income statement and which is primarily comprised of net investments in financial assets, unpaid dividends (net after coupon tax), changes in unpaid share transactions and unpaid administration expenses.

	Jan 1, 2006– Dec 31, 2006 (12 months)	Oct 1, 2004– Dec 31, 2005 (15 months)	Oct 1, 2003– Sep 30, 2004 (12 months)
Net investments in financial assets	139,141	–39,401	3,863
Recognized but not received dividend income	–10,644	–4,035	–2,392
Changes in unsettled trades	–12,933	3,278	–3,193
Recognized but not paid operating expenses	3,435	3,561	3,215
Other	–769	1,051	150
Total assets and liabilities provided through owners' contribution	118,230	–35,546	1,643

Note 14

Other current liabilities	31 dec 2006	31 dec 2005	30 sep 2004
Unsettled share transactions	7,626	–	–
Other current liabilities	27	16	–
	7,653	16	–

Note 15

Pensions and other post-retirement benefits

The managing director has a pension plan according to the Swedish ITP level and is entitled to pension from the age of 65, which is accounted for as defined benefit plan in accordance with IAS 19.30.

The pension is based on the managing director's base salary. The company has no further obligation when the pension has been paid. No pensions apply to the board of directors.

Note 16
Staff costs

	Jan 1, 2006–Dec 31, 2006 (12 months)	Oct 1, 2004–Dec 31, 2005 (15 months)	Oct 1, 2003–Sep 30, 2004 (12 months)
Salaries and other remunerations to the Managing Director and the board of directors	375	745	372
Salaries to other employees	316	430	355
Total salaries	691	1,175	727

Note 17
Financial instruments/currency risks
The Company currently holds and intends to hold in the future, liquid funds in USD accounts, to the largest extent possible. The funds will primarily be held in banks situated in the Western World. This strategy will continue in the future, in order to avoid credit losses at Russian banks and to minimize risk of exchange losses that would occur with a decline in the value of the Russian Rouble.

Note 18
Transactions with related entities
During the fiscal year the Group has participated in transactions with the following main groups of related entities:
– The Lundin family and the Lundin group. Several members of the Lundin family – Adolf H Lundin (AHL), Lukas H Lundin (LHL) and Ian H Lundin (IHL) – have actively participated in the management of the company and have received remuneration for their provided services. The Lundin group is comprised of a number of companies whose main owner is the Lundin family. The companies with which the Group has participated in transactions are primarily Lundin Mining AB (LUMI) and Lundin SA (LSA).
– Associated companies: Black Earth Farming Ltd (BEF) and Kontakt East Holding AB (KEH), as well as key management in KEH.

Revenues:	2006	2005	2004
Office rental income (KEH)	6	-	-
Office rental income (LUMI)	3	-	-
Interest income KEH	42	-	-
Interest income BEF	16	-	-
Interest income, key individual KEH	2	-	-

During the fiscal year the Group has extended credits to BEF and KEH in the amounts of USD 4,000,000 (2005: 0; 2004: 0) and USD 450,000 (2005: 715,000; 2004: 0) respectively. These credits, including accrued interest have been repaid in the fiscal year 2006.

Expenses made by the Group to the benefit of KEH up to its initial public offering, were redeemed prior to December 31, 2006.

Expenses:	2006	2005	2004
Management services AHL	142	289	86
Management services LHL	90	113	90
Management services IHL	8	–	–
Other remunerations LHL	2	3	2
Other remunerations IHL	2	3	2
Management services, key individuals KEH	12	–	–
Office rental expenses (LUMI)	46	52	16
Office rental expenses (LSA)	9	45	36

At value date	2006	2005	2004
Receivables			
Receivables KEH	271	–	–

Note 19
Events after the end of the period
As at May 10, 2007, Vostok Komi (Cyprus) Ltd has entered into an agreement on credit financing. The credit, amounting to a nominal USD 50 million, has a maturity of one year and a floating rate of 200 basis points above LIBOR. Pledged collateral for the credit will be the equities portfolio of the Group.

Auditors' report applying to new, revised historical financial statements

To the board of directors of Vostok Nafta Investment Ltd[01]

We have audited the financial statements for Vostok Nafta Investment Ltd[02] on pages 122–136, which comprise the balance sheets as of December 31, 2006, December 31, 2005 and September 30, 2004 and the income statement and the cash flow statement for the years then ended, and a summary of significant accounting policies and other explanatory notes.

The board of directors' and the Managing Director's responsibility for the financial statements

The board of directors and the Managing Director are responsible for the preparation and the fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Prospectus Directive implementing Regulation (EC) No 809/2004. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

The auditor's responsibility

Our responsibility is to express an opinion on these financial statements on the basis of our audit. We have conducted our audit in accordance with FAR SRS Proposed Recommendation RevR 5 Examination of Prospectuses. This recommendation states that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

Work performed

An audit in accordance with FAR SRS Proposed Recommendation RevR 5 Examination of Prospectuses involves performing procedures to obtain audit evidence corroborating the amounts and disclosures in the financial statements. The audit procedures selected depend on our assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes assessing the accounting policies used and the reasonableness of the significant accounting estimates made by the board of directors and the Managing Director and evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

01. Previously Vostok Nafta Holding Investment Ltd.
02. Previously Vostok Nafta Holding Investment Ltd.

Opinion

In our opinion, the financial statements give a true and fair view of the financial performance, financial position and cash flows of Vostok Nafta Investment Ltd[03] for the year ended December 31, 2006, December 31, 2005 and September 30, 2004 in accordance with the International Financial Reporting Standards as adopted by the EU.

Stockholm, May 24, 2007
PricewaterhouseCoopers AB

Klas Brand
Authorised Public Accountant

Bo Hjalmarsson
Authorised Public Accountant

03. Previously Vostok Nafta Holding Investment Ltd.

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