

# Annual General Meeting

Company presentation

by Maxim Barski, CEO

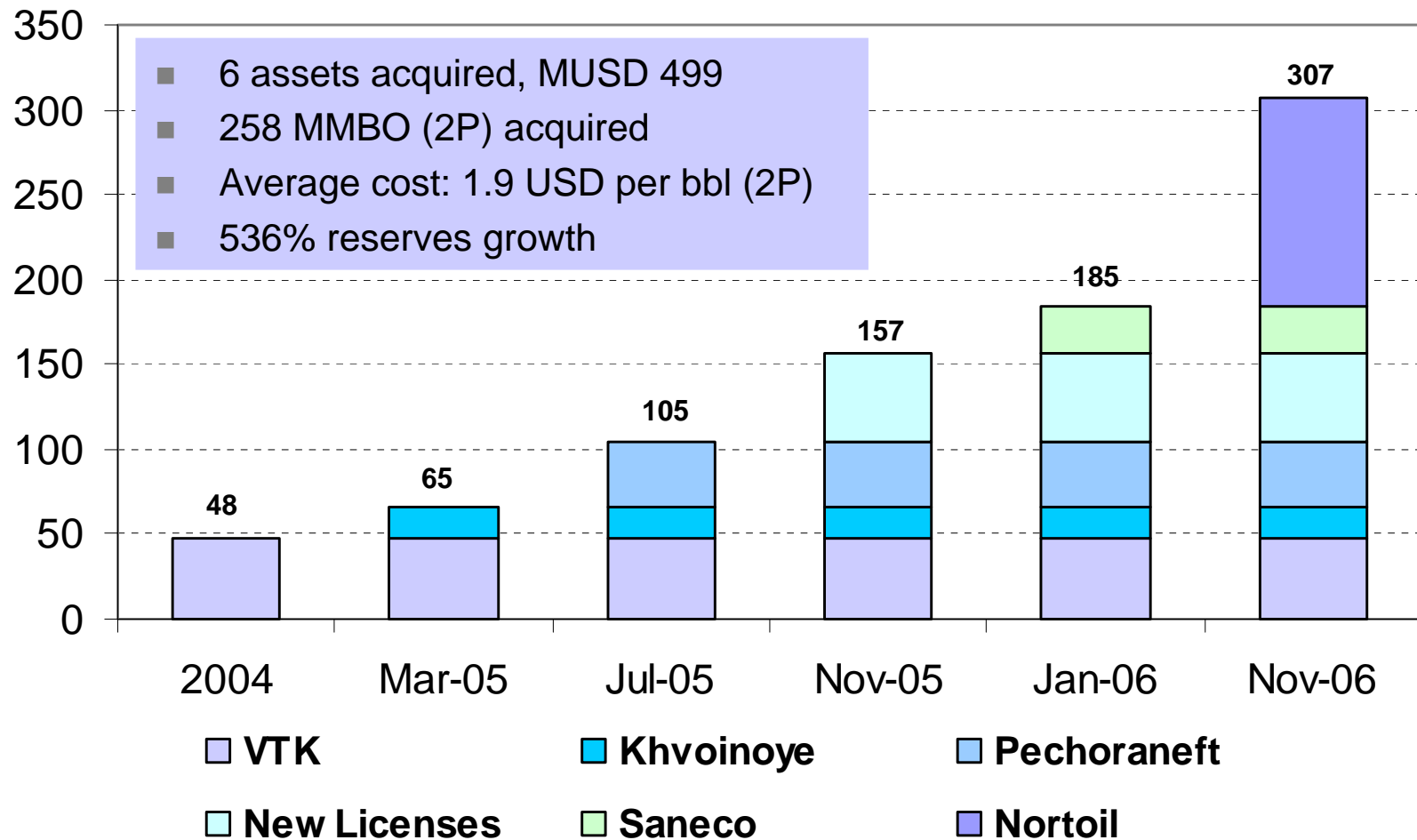
**WEST SIBERIAN**  
Resources Ltd

May 22<sup>nd</sup>, 2007

# 2006 – 2007 Major Events

- Record growth of key indicators in 2006: production - 169% YoY of that 114% organic, EBITDA – over 3 times increase, net result \$30 mln vs \$0.2 in 2005
- MUSD 162 private placement of shares completed in February 2006
- Saneco acquisition closed, became largest producer in WSR
- Strategic partnership with Repsol YPF entered (Repsol – 10% shareholder, present on the Board and management)
- Timano-Pechora acquisition in Nov'06 – “Nortoil” (Kolvinskoye field, 122 MMBO 2P reserves for \$115 mln, expected production peak of 25 th. bpd in 2012)
- Jan'2007: \$80 mln raised through a private placement of 90 mln shares
- 2P reserves as of Jan 1, 2007 increased to 307 MMBO based on recent independent reserve appraisal conducted by DeGolyer&MacNaughton (81% increase of that 12% organic)
- In 2007 development of 4 new fields started: North and Lek-Kharyaga, Puglalymyskoye, West Kochevnskoye
- Successful exploration and production drilling results suggest increase in the reserves in all regions
- Moving to Stockholm Stock Exchange

# Reserves Growth (2P\*)

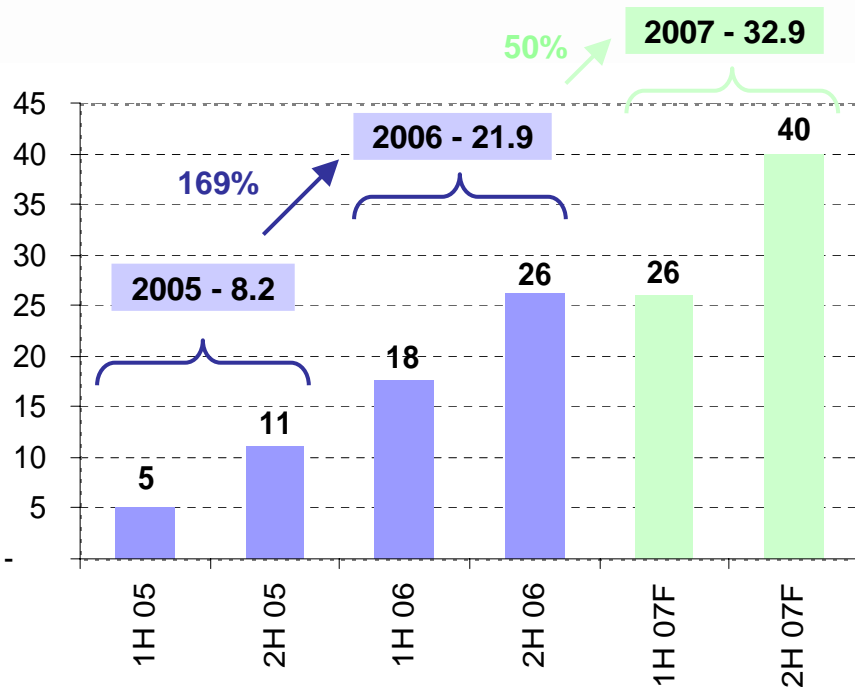


(\* ) Figures as of Jan 1 2007 based on DeGolyer&McNaughton report as of Sep 1 2006 excluding production for Sep – Dec 2006

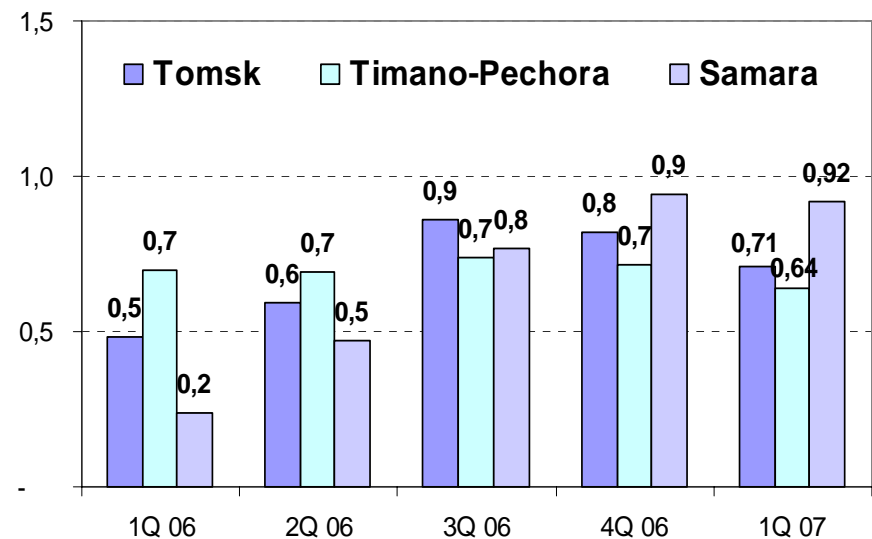
# 2006 – 2007 Production Highlights

- 169% oil production growth in 2006 (year-on-year), 8.0 MMBO produced (2005 – 2.98 MMBO)
- 59% oil production growth in Q1'2007 (year-on-year), 2.2 MMBO produced (Q1'06 – 1.4 MMBO)
- Average production in Q1'2007 – 25,200 bpd; current production – 28,000 bpd
- 2007 oil production is planned to increase by 50% to 12 MMBO and reach 42,000 bpd by year end
- All regions contributed to growth in production

WSR average daily oil production, kbps



Quarterly oil production by region, MMBO



# Tomsk Region 2006 - 2007

- Production: 2006 - 2.76 and Q1'07 - 0.71 MMBO
- Now 39 producing wells
- Development of 2 new fields (Kluchevskoye and Puglalymyskoye): 18 new production and injection wells drilled
- Hydro fracturing successfully performed on 13 wells
- All ground construction works completed at Kluchevskoye and Puglalymyskoye fields
- Khvoinoye field: gathering of 3-D seismic covering 83 sq. km started
- Production plan 2007 – 3.7 mln bbls
- Drilling plan for 2007:  
*Kluchevskoye & Puglalymyskoye*: 14 production and 8 water injection wells
- Expected reserve upgrade at Kluchevskoye due to drilling results



# Timano-Pechora Region 2006 - 2007

- Production: 2006 - 2.84 and Q1'2007 0.64 MMBO
- Now 20 producing wells
- 4 new wells drilled, 2 wells sidetracked, 3 wells reactivated
- United infrastructure (power grid, pipeline, oil treatment facilities and pumping) was constructed and optimized for North and Middle Kharyagas
- 3D seismic acquisition on Kolvinskoye, North and Lek Kharyagas completed (320 sq. km)
- 4 power-generating units delivered and installed. 9MW power block will provide sufficient electricity up to 2009
- New General Director Mr. Revyakin appointed
- Production plan 2007 – 3.5 mln bbls
- 2007 development plan
  - *North and Lek-Kharyaga*: 20 production wells will be drilled by 3 rigs, 18 put on stream
  - Kolvinskoye – 3D seismic and development project design
- Expected reserve upgrade at North Kharyaga as a result of 2007 drilling campaign



The Timano-Pechora Region



# Volga-Urals Region 2006 - 2007

- Production: 2006 - 2.41 MMBO and Q1'2007 - 0.92 MMBO
- Now 25 producing wells
- 5 new wells drilled
- Daily oil well rates doubled in 2006 due to production enhancement and ESP installation programs
- New General Director Mr. Erkin Khasanov appointed
- Production plan 2007 – 4.8 mln bbls
- Drilling program in 2007 includes: 4 production and 5 exploration wells
  
- Exploration success:
  - ✓ Increase in reserves in 2007 due to new discoveries including Kovalevskoe, Kulturnenskaya, Solnechnoye fields
  - ✓ New oil field at West Borshcevskeye prospect open in 2007 - exploration well tested oil at 2 new horizons at depth of 2,385 and 2,980 meters
  - ✓ 2<sup>nd</sup> well drilling on Kovalevskoye field showed net pay bigger than expected



The Volga-Urals Region



# Growth Opportunities

## Exploration

*We expect significant increase in reserves from our existing assets*

- Samara
  - Existing production rates suggest larger reservoir sizes
  - 4 exploration fields successfully been drilled, another 10 to go.
- Timano-Pechora
  - Substantial exploration upside exists on North- and Lek-Kharyaga and Kolvinskoye. Results of 2D and 3D seismic expected by the end of the year. Preliminary survey shows several horizons are oil saturated
  - Newly drilled well tests results showed net oil pay 50% increase
- Tomsk
  - 2 new wells showed net oil pay bigger than expected which leads to upgrade of reserves

## M&A

- In 2007 the acquisition strategy will focus on adding opportunities for reserve development in the regions where we are present as well as in other Russian regions

# 2006 – 2007 Financial Highlights

## 2006

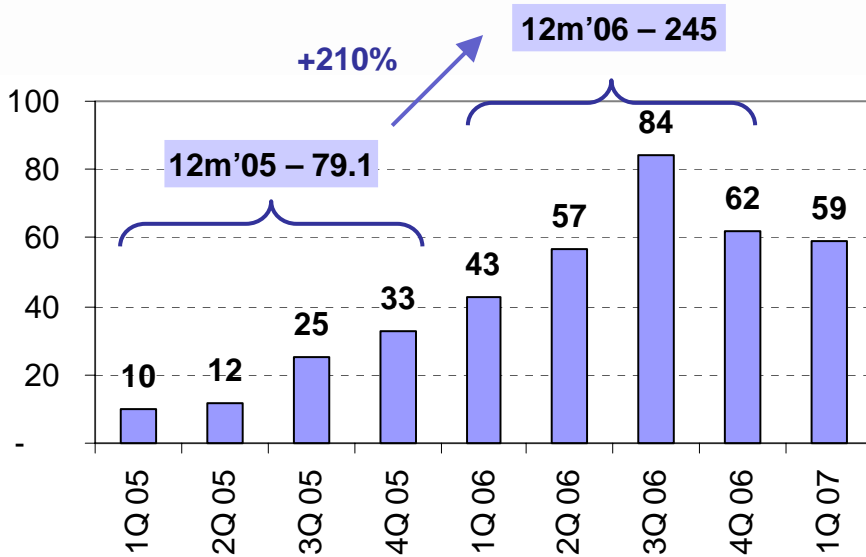
- Total Revenue for 2006: MUSD 245 (vs MUSD 79 in 2005)
- EBITDA for 2006: MUSD 81.6 (vs MUSD 25.7 in 2005)
- Net profit for 2006: MUSD 30.2 (vs MUSD 0.2 in 2005)

## 2007

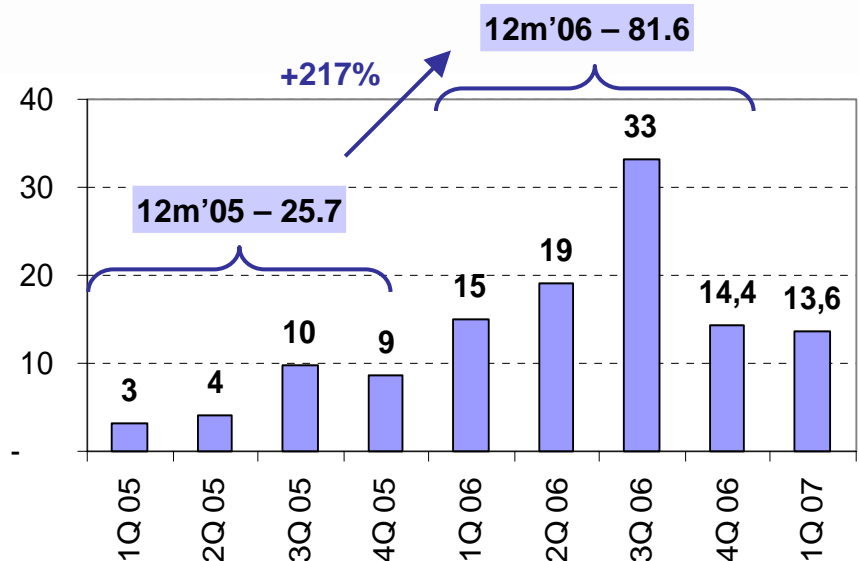
- Total Revenue for Q1'2007: MUSD 58.8 (vs MUSD 42.6 in Q1'2006)
- EBITDA for Q1'2007: MUSD 13.6 (vs MUSD 14.9 in Q1'2006)
- Net loss for Q1'2007: MUSD 0.9 (vs net income of MUSD 6.3 in Q1'2006)

**Controllable production costs kept at targeted level of \$4 per bbl despite development of new fields, USD devaluation and RR cost inflation**

### WSR quarterly Revenue, MUSD

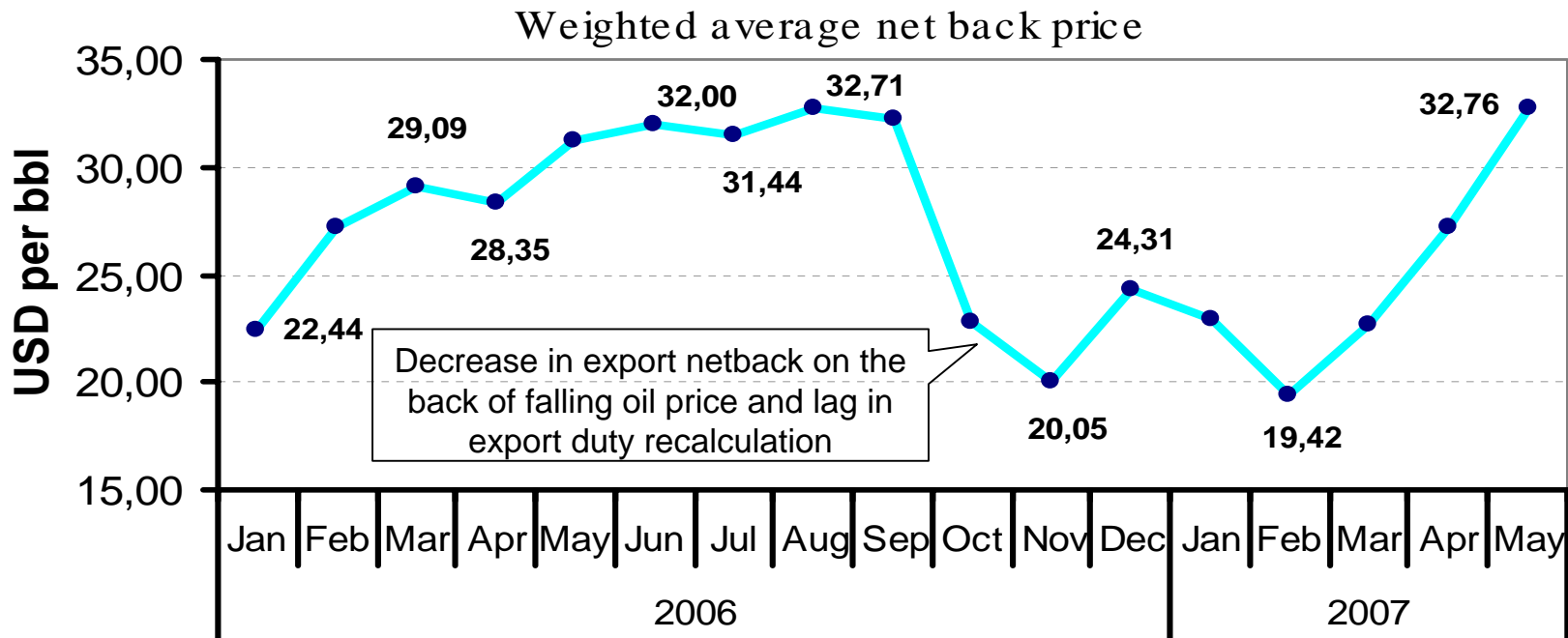


### WSR quarterly EBITDA, MUSD



# Oil Prices – Netback\*

- Historic maximum export and domestic prices – Urals over \$70 and local \$41 per bbl in 2006
- Effective performance of internal sales function due to integration of Saneco
- Average netback for 2006 – 28 USD per bbl
- Warm winter caused decline in export and domestic oil prices, especially in February 2007
- Average netback for Q1'2007 – 22 USD per bbl (17% lower than in Q1'2006)
- Steady improvement of the market from March. May average netback over \$30 per bbl



# Peer Group Comparison

	West Siberian Resources	Urals Energy	Imperial Energy	PA resources	Lundin Petroleum
Share price, 1-year change, %	<b>-19%</b>	-15%	25%	66%	-28%
2P Reserves	<b>307</b>	577 *	803	106,1	176,4
2006A production (th. bpd)	<b>22</b>	10	0,1	5	29
2007E production (th. bpd)	<b>32</b>	14	5	23	45
2006 vs 2005 production growth	<b>171%</b>	82%	100%	138%	-11%
Mkt cap	<b>976</b>	941	1 234	1 271	3 272
Net debt position	<b>229</b>	121	-95	120	160
Enterprise value	<b>1 205</b>	1 062	1 139	1 391	3 432
EV/Reserves (USD/boe)	<b>3,9</b>	1,8	1,4	13,1	19,5
EV/2006A production (USD/boe)	<b>150</b>	304	31 211	710,5	320
EV/2007E production (USD/boe)	<b>103</b>	208	624	165,6	209
2006 EBITDA	<b>82</b>	22,9	-	75,3	370
EV/EBITDA	<b>14,8</b>	46,4	-	18,5	9,3

# Strategy

- Strong assets base: 307 MMBO of 2P reserves = 38 years Reserves / Production
- Production peak: with the Kolvinskoye acquisition, production is expected to peak at 75 th bpd in 2011
- We plan to significantly increase our reserve base in 2007 both from
  - pursuing exploration opportunities from existing license areas and
  - M&A of exploration and ready for production reserves in the regions of our presence as well as in other Russian regions