Report for the financial year and the quarter ended December 31, 2006

- **The net result improved to MUSD 30.2 (MUSD 0.2) for the financial year and to a loss of MUSD 1.5 (loss MUSD 7.1)* for the quarter.**
- **EBITDA improved to MUSD 81.6 (MUSD 25.7) for the financial year and to MUSD 14.4 (MUSD 8.6) for the quarter.**
- **Oil production increased by 169% to 8,010,855 barrels for the financial year and by 94% to 2,472,979 barrels for the quarter.**
- **Total revenue increased by 210% to MUSD 245.2 (MUSD 79.2) for the financial year and by 88% to MUSD 62.0 (MUSD 33.0) for the quarter.**
- **Earnings per share amounted to USD 0.03 (USD 0.00) per share for the financial year and to a loss of USD 0.00 (loss of USD 0.01) per share for the quarter.**
- **MUSD 116.1 acquisition of Northoil in the Timano-Pechora region completed**

**Comparisons reflect the twelve months and the quarter ended December 31, 2005*

West Siberian Resources Ltd is an independent oil company active in Russia. West Siberian´s depository receipts are traded on First North of the Stockholm Stock Exchange under the symbol WSIB.

Results – the Group

Group revenue for the financial year ended December 31, 2006 was MUSD 245.21 (MUSD 79.18 for the corresponding period of last year). For the quarter ended December 31, 2006 the Group revenue was MUSD 61.95 (MUSD 33.04).

Sales volumes and prices for export and domestic markets are presented in the following table:

Twelve months ended December 31, 2006				
	Export	**CIS export**	**Russia**	**Total**
Sold volume (barrels)	1 136 357	1 964 904	4 730 793	7 832 055
Gross price (USD/barrel)	57,20	35,40	33,32	37,17
Net price (USD/barrel)	32,08	35,10	28,02	30,39
Quarter ended December 31, 2006				
Sold volume (barrels)	41 762	783 382	1 546 819	2 371 963
Gross price (USD/barrel)	50,92	31,25	26,24	28,32
Net price (USD/barrel)	24,62	31,07	22,26	25,21

For the twelve month period average non-CIS export duties amounted to USD 24.21 (USD 19.80) per barrel (for export to CIS countries export duties are not levied). In the fourth quarter, non-CIS export duties reached its historic maximum of USD 32.21 per barrel.

Production costs for the financial year were MUSD 127.36 (MUSD 41.17) and for the quarter the production costs were MUSD 34.95 (MUSD 17.52).

For the financial year the depletion and depreciation charge was MUSD 59.85 (MUSD 14.04) and MUSD 17.66 (MUSD 10.41) for the quarter.

Revenues, production costs and depletion and depreciation charges increased as a result of significantly higher production volumes following recent years' acquisitions and extensive development activities. Increased depletion charges per produced barrel of oil also contributed to higher depletion and depreciation charges. Since 2005, WSR has commissioned DeGolyer and MacNaughton (D&M) for the company's Society of Petroleum Engineers (SPE) classification of recoverable reserves. From the fourth quarter 2005, WSR calculates depletion charges based on D&M's estimates of reserves and future capital expenditures. In the fourth quarter of 2005, this resulted in an increased depletion rate per barrel (USD 8.17) of oil produced as D&M estimates of future capital expenditures significantly exceeded WSR's internally planned investments. Based on D&M's 2006 estimates of reserves and future capital expenditures this difference with the company's internal estimates was reduced. Consequently, the depletion rate was reduced to USD 7.13 per barrel from the fourth quarter 2006. For the financial year, the average depletion rate was USD 7.46 (USD 4.72). As WSR continues to expect that additional reserves will be recovered at lower cost than D&M's projections, the oil and gas properties are depleted at a higher rate than may be the case in coming years.

The selling, general and administration expenses amounted to MUSD 35.93 (MUSD 11.37) for the financial year and to MUSD 12.03 (MUSD 6.42) for the quarter. The selling expenses included in the selling and administration expenses amounted to MUSD 21.57 (MUSD 5.79) for the financial year and to MUSD 6.29 (MUSD 3.16) for the quarter. The charge related to the global share option plan amounted to MUSD 3.97 for the financial year and to MUSD 0.83 for the quarter. The annual bonus awarded to management amounted to MUSD 0.90 (MUSD 2.20) and was included in the selling, general and administration expenses.

The gain on the disposal of the shares in the fully owned subsidiary "Reimpex-Samara-Neftepromysel" ("Reimpex") amounted to MUSD 5.84 for the financial year.

EBITDA amounted to MUSD 81.63 (MUSD 25.73) for the financial year and to MUSD 14.44 (MUSD 8.64) for the quarter.

The operating profit amounted to MUSD 27.63 (MUSD 11.61) for the financial year and to a loss of MUSD 3.22 (MUSD 1.77) for the quarter.

Net finance expenses were MUSD 14.87 (MUSD 6.82) for the financial year and MUSD 4.42 (MUSD 4.38) for the quarter.

Currency exchange rate gains amounted to MUSD 21.75 (loss MUSD 3.74) for the financial year and to MUSD 4.66 (loss MUSD 1.11) for the quarter. These unrealized currency exchange rate gains resulted from the substantial devaluation of the US Dollar against the Russian Ruble and were derived from recalculating external and inter-company loans of the subsidiaries.

The current and deferred tax charge was MUSD 4.29 (MUSD 0.81) for the financial year and an income of MUSD 1.44 (MUSD 0.14) for the quarter.

The net result attributable to equity holders of the parent company for the financial year was a profit of MUSD 30.23 corresponding to USD 0.03 per share (MUSD 0.23 and USD 0.00 per share, respectively). For the quarter the Group reports a net loss after tax of MUSD 1.54 corresponding to a loss of USD 0.00 per share (net loss of MUSD 7.12 and USD 0.01 per share, respectively).

The board of directors propose that no dividends shall be paid for the financial year ended December 31, 2006.

Exploration and Production

West Siberian Resources Ltd operates in three Russian regions: Tomsk, Timano-Pechora and Volga-Urals. Based on most recent reserve reports and including the acquisition of CJSC “Northoil” West Siberian Resources’ proven and probable oil reserves under Russian classification amount to 401.7 million barrels. Under SPE classification, proven and probable reserves amounted to 306.8 million barrels as of December 31, 2006 based on D&M’s appraisal.

The total consolidated oil production increased to 8,010,855 barrels (2,976,312 barrels) for the financial year and to 2,472,979 barrels (1,274,443 barrels) for the quarter. The average daily production increased to 21,948 barrels per day (8,154 barrels per day) for the financial year and to 26,880 barrels per day (13,853 barrels per day) for the quarter. During the fourth quarter, a total of 34 wells in the Tomsk region, 19 wells in the Timano-Pechora region and 23 wells in the Volga-Urals region contributed to production.

The Tomsk Region

The main producing fields in the Tomsk region of Russia are the Middle Nyurola, Khvoinoye and Kluchevskoye. In the fourth quarter, the development of the Kluchevskoye oil field continued. To date, 10 new wells have been drilled in the field.

Total production in the Tomsk region for the financial year was 2,757,422 barrels (2,002,739 barrels) and for the fourth quarter it was 818,635 barrels (528,644 barrels). In total, 34 wells contributed to production in the quarter and 2 new wells were completed.

During the financial year 238.31 thousand barrels (296.28 thousand barrels) were refined at the Alexandrov refinery which generated oil products revenue of MUSD 5.37 (MUSD 4.86). During the quarter 59.5 thousand barrels (80.6 thousand barrels) were refined and MUSD 1.59 (MUSD 1.75) of oil products revenue were generated.

The Timano-Pechora Region

The main producing field in the Timano Pechora region in Northern Russia is the Middle Kharyaga, where activities focused on production enhancement. The North Kharyaga and Lek-Kharyaga fields are under development with infrastructure projects near completion. Exploration activities are progressing at the Liginski block.

Total production in the Timano-Pechora region amounted to 2,842,808 barrels (973,573 barrels) for the financial year and to 714,505 barrels (745,799 barrels) for the fourth quarter. In total, 19 wells contributed to production in the quarter.

In the fourth quarter, all outstanding shares of CJSC “Northoil” were acquired. Northoil holds the license to produce hydrocarbons from the Kolvinskoye oil field in the Timano-Pechora region. The Kolvinskoye field is located approximately 150 km from West Siberian’s current operations at the Kharyaga fields. In the field, which was discovered in 1986, a total of 18 wells have been drilled, out of which 8 contained proved hydrocarbons. Production from the field is scheduled to start in 2008. The initial development plan projects reactivating 7 abandoned wells, drilling 34 new production wells, constructing a pipeline for oil transportation, and establishing an oil processing facility in the field. The Kolvinskoye field is expected to produce approximately 25 000 barrels per day within three years from the production start.

The Kolvinskoye field’s proven and probable oil reserves amount to 127 million barrels under Russian classification (C1+C2). Under SPE classification, proven and probable oil reserves amount to 122.2 million barrels according to D&M’ estimate.

The Volga-Urals Region

The Volga-Urals region was entered through the Saneco acquisition in February 2006. As a result the company acquired production and exploration licences covering several producing and prospective fields in the region.

For the financial year total production amounted to 2,679,937 barrels out of which 2,410,625 barrels were consolidated in the annual financial statements. In the fourth quarter, total production in the region amounted to 939,839 barrels. In total, 23 wells contributed to production in the quarter and 1 new well was completed.

In the Kovalevskoye area, the first exploration well resulted in a new field discovery. The discovery adds proven and probable reserves of approximately 4.5 million barrels in accordance with Russian classification and 2.3 million barrels according to D&M’s estimates.

At the West Kochevnenskoye field, production was shut-in in the spring awaiting license approvals. Recently the production license was received. The field will be returned to production as soon as necessary approvals for the field development plan have been received.

A successful exploration well was drilled at the Kulturnenskaya prospect. The discovery opens up a new field for future development following further evaluation.

A discovery well was also drilled at the Solnechnoye field, the exploration well was sidetracked. The well confirmed an oil formation capable of producing 300 barrels of oil per day which is now being evaluated. A new production license for the Solnechnoye field has been applied for.

The shares in Reimpex, a subsidiary holding the license for the development of the Emelianovskoye oil field in the Volga-Urals region, were sold. The Emelianovskoye field, which was a part of the Saneco acquisition, is estimated to contain approximately 0.3 million barrels of proven and 1.1 million barrels of probable oil reserves, according to D&M's estimates.

Investments, Financing and Liquidity

Investments
For the financial year total net investments in oil and gas assets amounted to MUSD 112.67 (MUSD 108.52). Net investments in oil and gas assets for the quarter amounted to MUSD 41.36 (MUSD 84.54) and were made in the Tomsk (MUSD 11.37), Timano-Pechora region (MUSD 16.90) and Volga-Urals region (MUSD 13.09).

In February 2006, upon completion of the Saneco acquisition 116 500 000 shares representing 10.6% of the enlarged share capital with a value of about MUSD 115.82 on the closing date, were issued to Saneco's shareholders. In addition, WSR paid MUSD 63.56 in cash and assumed debt of MUSD 8.84 for the acquisition.

In August 2006 all shares of the fully owned subsidiary "Reimpex" were sold. Net income from the sale amounted to MUSD 5.84 (including repayment of intra-company indebtedness).

In November 2006 West Siberian Resources Ltd acquired all outstanding shares of CJSC "Northoil" for a total of MUSD 115, out of which MUSD 90 were paid at closing and MUSD 25 in January 2007. Acquisition costs amounted to MUSD 1.10. Northoil holds the license to produce hydrocarbons from the Kolvinskoye oil field in the Nenets Autonomous District in Northern Russia.

Financing
In February 2006, SEK 1,254,408,940 (MUSD 162.40 before placement costs) was raised through a private placement of 190 million common shares. Institutional investors subscribed for 80,097,268 new shares/depositary receipts with a subscription price of SEK 7.25 per share. 109,902,732 shares (10% of the enlarged share capital) were issued to Repsol YPF at SEK 6.13 per share. The net proceeds after placement costs amounted to SEK 1,184,389,286 (MUSD 153.05).

In November 2006, BNP Paribas as an arranger for a syndicate of several other banks extended the loan principal up to MUSD 250 with maturity date at September 16, 2007.

The acquisition of CJSC "Northoil" was financed by cash and from BNP Paribas loan.

In January 2007 MSEK 562.5 (MUSD 80 before placement costs) was raised through a private placement of 90 million common shares with institutional investors. The net proceeds after placement costs amounted to approximately MSEK 545.6 (about MUSD 77.25).

Liquidity
As at December 31, 2006 the Group liquidity amounted to MUSD 32.13 (MUSD 1.18). Cash flow from operations, before changes in working capital, amounted to MUSD 54.86 (MUSD 22.04) for the financial year.

Parent company
The parent company's revenue amounted to MUSD 4.20 (MUSD 0.89) for the financial year and MUSD 1.19 (MUSD 0.35) for the quarter.

The parent company's net result before tax amounted to MUSD 5.68 (loss MUSD 1.03) for the financial year and a loss of MUSD 4.81 (loss MUSD 3.96) for the quarter.

As at December 31, 2006 the liquidity of the parent company amounted to MUSD 9.39 (MUSD 0.73).

The parent company's investments in Saneco and Northoil in 2006 were described above.

In January 2007, the parent company issued 90 million shares as described above.

Organisation

The current board of directors consists of Mr. Eric Forss (Chairman), Mr. Maxim Barski, Mr. Claes Levin, Mr. Fred Boling, Mr. Oleg Fomenko, who were all re-elected and Mr. Nemesio Fernandez-Cuesta, who was appointed at the Annual General Meeting in May 2006.

Share data

The shares of the Company are represented by the Depository Receipts listed on First North of the Stockholm Stock Exchange. Each share carries one vote. The Company has started preparations to apply for a listing of the Depositary receipts at the Nordic Exchange in Stockholm.

In February 2006, as a result of a private placement and the Saneco acquisition, the share capital of the Company increased by USD 15,325,001 from USD 39,626,365 to USD 54,951,366 and the number of shares increased from 792,527,312 to 1,099,027,312.

As of December 31, 2006 38,499,000 options were issued and outstanding under the company's Global Share Option Plan. Each option gives the right to subscribe for 1 share of common stock at SEK 6.13. All options are exercisable after 3 years subject to certain conditions and expire in 5 years. The value of the options on the grant date is recognised over the vesting period of 3 years. Charges related to the option plan are recorded as non-cash administration expenses with corresponding entry to retained earnings.

In January 2007 as a result of a private placement the share capital of the Company increased by USD 4,500,000 from USD 54,951,366 to USD 59,451,366 and the number of shares increased from 1,099,027,312 to 1,189,027,312.

Management discussion

2006 was a very active year for West Siberian Resources as the company continued to grow quickly. Oil production nearly and oil revenues more than tripled. Oil reserves almost doubled and our activities expanded in all areas. EBITDA, cash flow and earnings reached unprecedented levels in the company's history. The market capitalization of the company also expanded, however at a slower rate as it went from 3.8 billion SEK (MUSD 484.70) at the end of 2005 to 8.1 billion SEK (MUSD 1,178.61), an increase of 110%. The share price increased by 51% during the period.

Oil markets were strong for most of the year. In the world market oil prices reached levels above USD 70 per barrel. The domestic Russian market strengthened even more as prices went from an average of USD 29.2 in 2005 to peak at above USD 40 in 2006. Our average oil price received, net of VAT and export duties, increased by approximately 15%.

The growth and financial performance should be viewed in the light of the fourth quarter price realizations being significantly lower than earlier in the year, however. The primary reason for this was the high export duties established in the summer remaining virtually unchanged while world market oil prices contracted towards the end of the year. This resulted in low net realization in the export market which led to excess oil supplies in the domestic market pushing domestic prices lower. The low netbacks in the fourth quarter resulted in lower profitability than earlier in the year, despite continued production growth and cost control. Compared to the last quarter of 2005 earnings, cash flow and EBITDA improved considerably.

Oil production increased throughout the year, from 13,146 in January 2006 to about 27,216 barrels per day at the end of the year. Most of this growth was organic resulting from development and drilling activities. Early in the year, we entered the Volga Urals region through the Saneco acquisition. The Saneco fields were producing about 4,500 barrels per day when we bought them. Since then production has more than doubled to about 10,850 barrels per day in December 2006 making Volga Urals our largest producing region. Exploration activities in this region have also been successful with discoveries that will result in three new oil fields being developed. In the Tomsk region, the Kluchevskoye field development was the primary growth driver. In Timano-Pechora, investments primarily focused on infrastructure in preparation for field development and production growth from 2007 and onwards. In this region, we also concluded the Northoil acquisition, adding the Kolvinskoye oil field late in the year. The Kolvinskoye now represents our largest development opportunity planned to add production of 25,000 barrels per day by 2011.

Our total recoverable oil reserves continued to increase and now amount to almost half a billion barrels. The proven and probable (2P) oil reserves stand at more than 300 million barrels according to third party SPE estimates. These reserves constitute our inventory of growth opportunities for the future. The objective is to further develop the fields containing these reserves and to increase production from them to more than 75,000 barrels per day by 2011. The reserve appraisal also provided the basis for a reduced depletion rate per barrel from the fourth quarter 2006 and onwards.

In 2007, we plan to drill 50 new production, injection and exploration wells. Total oil production is planned to increase by fifty percent to 12 million barrels in 2007. The daily production target for the end of 2007 production is 42,000 barrels.

We plan to mobilize 8 additional drilling rigs for exploration and production drilling in the first quarter: 2 rigs in the Tomsk region, 3 rigs in the Volga-Urals region where processing capacity is also upgraded and 3 rigs in the Timano-Pechora region. Most of the drilling will be done in the second quarter 2007. Hydro fracturing work is planned on several wells at the Kluchevskoye oil field in the Tomsk Region.

Current activities restrict production in the first quarter 2007. We expect growth to accelerate in the second quarter and continue throughout the year, as indicated by the production plan targets of 5 million barrels in the first half of 2007 and 7 million barrels in the second half.

We raised MUSD 162 in equity early in 2006 and recently raised an additional MUSD 80 through private placements. The purpose of the equity issues was to secure the long-term funding of the Saneco and Northoil acquisitions. Two successful private placements in one year indicate that capital markets have been available to facilitate value adding acquisitions.

We look forward to another active and exciting year. High production growth from the second quarter and the recent oil market recovery supports our continued positive development. We also aim to conclude acquisitions that create possibilities above and beyond the current plans. Lastly, we have made progress in our preparations for applying for a listing on the Nordic Exchange in Stockholm, a process intended to increase investor interest in our activities.

GROUP INCOME STATEMENT

(Expressed in USD thousands)	Note	Jan 1, 2006 - Dec 31, 2006 12 months	Jan 1, 2005 - Dec 31, 2005 12 months	Oct 1, 2006 - Dec 31, 2006 3 months	Oct 1, 2005 - Dec 31, 2005 3 months
Operating income					
Sales of oil and gas	3	237 980	73 544	59 803	31 285
Sales of oil products	3	5 369	4 857	1 591	1 752
Other income		1 861	780	560	-
		245 210	**79 181**	**61 954**	**33 037**
Cost of Sales					
Production costs		-127 364	-41 170	-34 949	-17 522
Depletion and depreciation	5	-59 846	-14 036	-17 664	-10 407
Investment write-off		-	-85	-	-
Gross Profit		**58 000**	**23 890**	**9 341**	**5 108**
Selling, general and administration expenses	10	-35 929	-11 372	-12 033	-6 416
Gain on disposal of shares in subsidiaries	6	5 843	-	-	-
Other operating income/expenses		-289	-912	-529	-461
Operating result		**27 625**	**11 606**	**-3 221**	**-1 769**
Finance income/expenses, net		-14 868	-6 823	-4 419	-4 382
Currency exchange gains/losses, net		21 754	-3 741	4 658	-1 108
Result before tax and minority interests		**34 511**	**1 042**	**-2 982**	**-7 259**
Tax	8	-4 286	-811	1 439	138
Result for the period		**30 225**	**231**	**-1 543**	**-7 121**
Attributable to:					
Equity holders of the parent		**30 228**	**232**	**-1 536**	**-7 115**
Minority interests		**-3**	**-1**	**-7**	**-6**
Earnings per share (USD)	2	0,03	0,00	-0,00	-0,01
Diluted earnings per share (USD)	2,7	0,03	0,00	-0,00	-0,01

GROUP BALANCE SHEET - Condensed

(Expressed in USD thousands)	*Note*	Dec 31, 2006	Dec 31, 2005
NON-CURRENT ASSETS			
Oil and gas properties and office equipment		869 311	381 684
Land		12	-
Goodwill and computer software		847	583
Deferred tax asset		3 587	1 126
Financial fixed assets		1 081	4 214
		874 838	**387 607**
CURRENT ASSETS		95 368	38 242
TOTAL ASSETS		**970 206**	**425 849**
SHAREHOLDERS' EQUITY	7	**502 047**	**174 323**
LONG TERM LIABILITIES			
Interest-bearing long-term liabilities		424	3 311
Deferred tax liability		128 581	38 679
Provision for site restoration costs		6 620	9 762
		135 625	**51 752**
CURRENT LIABILITIES	4	332 534	199 774
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**970 206**	**425 849**
PLEDGED ASSETS and SHARES	4	270 625	175 436
CONTINGENT LIABILITIES	9	1 878	1 878

GROUP STATEMENT OF CASH FLOW - Condensed

(Expressed in USD thousands)	Note	Jan 1, 2006 - Dec 31, 2006 12 months	Jan 1, 2005 - Dec 31, 2005 12 months
Cash flow from operations			
Operating result		27 625	11 606
Operating cash flow after adjustments made before changes in working capital		**54 855**	**22 040**
Total cash flow from operations	**6**	**57 614**	**11 672**
Total cash flow used for investments	6	**-259 056**	**-233 183**
Total cash flow from financing	4,7	**232 400**	**220 919**
Effect of exchange rate changes on cash and cash equivalents		-7	-870
Change in cash and bank		**30 951**	**-1 462**
Cash and bank at beginning of period		1 183	2 645
Cash and bank at end of period		**32 134**	**1 183**

STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent company							**Minority interest**	**Total equity**
(Expressed in USD thousands)	**Share capital**	**Other paid in capital**	**Unconditional shareholders' contribution**	**Convertible debenture equity component**	**Currency translation difference**	**Retained earnings**	**Total**		
Equity at Dec 31, 2004	**21 452**	**38 665**	**15 000**	**840**	**851**	**-6 508**	**70 300**	**-**	**70 300**
Rights Issue	18 174	86 178	-	-	-	-	104 352	-	104 352
Convertible debenture equity component	-	-	-	-840	-	840	-	-	-
Acquisition of subsidiaries with minority interest	-	-	-	-	-	-	-	313	313
Translation difference for the period	-	-	-	-	475	-	475	-	475
Net result for the period Jan 1, 2005 – Sep 30, 2005	-	-	-	-	-	7 347	7 347	40	7 387
Equity at Sep 30, 2005	**39 626**	**124 843**	**15 000**	**-**	**1 327**	**1 679**	**182 474**	**353**	**182 828**
Translation difference for the period	-	-	-	-	-1 349	-	-1 349	-	-1 349
Net result for the period Oct 1, 2005 – Dec 31, 2005	-	-	-	-	-	-7 115	-7 115	-41	-7 156
Equity at Dec 31, 2005	**39 626**	**124 843**	**15 000**		**-23**	**-5 436**	**174 010**	**313**	**174 323**
Private Placement and Issuance of shares to Saneco shareholders (Notes 6,7)	15 325	253 542	-	-	-	-	268 867	-	268 867
Share option plan	-	-	-	-	-	2 628	2 628	-	2 628
Translation difference for the period	-	-	-	-	17 744	-	17 744	-	17 744
Net result for the period Jan 1, 2006 – Sep 30, 2006	-	-	-	-	-	31 764	31 764	4	31 768
Equity at Sep 30, 2006	**54 951**	**378 385**	**15 000**		**17 721**	**28 956**	**495 013**	**317**	**495 330**
Share option plan	-	-	-	-	-	1 344	1 344	-	1 344
Translation difference for the period	-	-	-	-	6 916	-	6 916	-	6 916
Net result for the period Oct 1, 2006 – Dec 31, 2006	-	-	-	-	-	-1 536	-1 536	-7	-1 543
Equity at Dec 31, 2006	**54 951**	**378 385**	**15 000**		**24 637**	**28 764**	**501 737**	**310**	**502 047**

KEY FINANCIAL AND OPERATIONAL RATIOS

	Jan 1, 2006 - Dec 31, 2006 12 months	Jan 1, 2005 - Dec 31, 2005 12 months	Oct 1, 2006 - Dec 31, 2006 3 months	Oct 1, 2005 - Dec 31, 2005 3 months
Financial ratios				
EBITDA [1], TUSD	81 627	25 727	14 443	8 638
Return on shareholders' equity [2], %	6%	0%	0%	-4%
Return on capital employed [3], %	9%	4%	0%	-1%
Debt/equity ratio [4], %	54%	107%	54%	107%
Equity ratio [5], %	52%	41%	52%	41%
Risk-bearing capital [6], %	65%	50%	65%	50%
Interest-coverage ratio [7]	3,25	1,15	0,37	-0,59
Weighted average number of shares for the financial period [8,9,10,11,12,13,14]	1 060 073 994	635 615 586	1 099 027 312	792 527 312
Weighted average number of shares for the financial period (fully diluted) [8,9,10,11,12,13,14]	1 064 214 168	635 615 586	1 104 248 089	792 527 312
Number of shares at financial period end [9,10,11,12,13,14]	1 099 027 312	792 527 312	1 099 027 312	792 527 312
Operational ratios				
Production volume, barrels	8 010 855	2 976 312	2 472 979	1 274 443
Oil revenue per barrel (sold), USD/barrel	30,39	26,38	25,21	26,23
Export (excl. export duty)	32,08	29,09	24,62	25,98
Export CIS	35,10	34,08	31,07	34,08
Domestic	28,02	24,00	22,26	24,97
Operating costs per barrel sold, USD/barrel	22,93	17,62	20,95	21,25
Production Costs (excl. refining costs)	4,37	3,99	3,97	3,95
Production Taxes	11,10	8,91	9,85	9,13
Depletion and Depreciation	7,46	4,72	7,13	8,17

Key ratio definitions

1. Earnings before interest, tax, depletion and depreciation is defined as the Group's operating result plus depletion and depreciation and minus gain on disposal of shares in subsidiaires.
2. Return on shareholders' equity is defined as the Group's net result divided by the shareholders' equity at the end of the financial period.
3. Return on capital employed is defined as the Group's net result after financial items, plus interest expenses, plus/minus exchange-rate differences on financial loans, divided by average total capital employed (the average total assets less non-interest bearing liabilities over the financial period).
4. Debt/equity ratio is defined as the Group's interest-bearing liabilities in relation to shareholders' equity.
5. Equity ratio is defined as the Group's shareholders' equity, plus minority interest, in relation to total assets.
6. The percentage of risk-bearing capital is defined as the total sum of shareholders' equity and deferred tax liabilities (including minority interest), divided by total assets.
7. Interest-coverage ratio is defined as the Group's net result after financial items, plus interest expenses, plus/minus exchange-rate differences on financial loans, divided by interest expenses.
8. Two issues of convertible debentures were completed in late May 2002. The conversion price was SEK 6.70 per convertible debenture. The term of the convertible debentures was 3 years and matured on May 31, 2005. On February 17, 2004 by way of the Issue Through Set-off SEK 150,165,272 of convertible debentures were converted into 75,082,636 shares at the conversion price of SEK 2 after which the number of shares increased to 107,262,625. After the conversion of the outstanding convertible debentures the number of shares would increase by 1,367,312. The conversion price of SEK 6.70 was higher than the average market price of the share over the financial period. Therefore, the non-converted part of the convertible debentures did not have an effect on the average number of shares when calculated on a fully diluted basis. The non-converted part of the convertible debentures was redeemed on May 31, 2005.
9. On March 26, 2004 the Group completed the preferential right issue to existing shareholders and debenture holders after which the number of shares increased by 321,787,875 from 107,262,626 to 429,050,500.
10. On April 27, 2005 the Group completed the preferential right issue to existing shareholders after which the number of shares increased by 257,430,300 from 429,050,500 to 686,480,800.
11. On September 14, 2005 the Group completed the private share placement after which the number of shares increased by 106,046,512 from 686,480,800 to 792,527,312.
12. As of December 31, 2006 38,499,000 options were issued with the right to subscribe for 1 share of common stock at SEK 6.13 which have an effect on the average number of shares when calculated on a fully diluted basis.
13. On February 10, 2006 the Group completed the private share placement after which the number of shares increased by 190,000,000 from 792,527,312 to 982,527,312.
14. On February 17, 2006 the Group issued 116,500,000 shares to former Saneco shareholders after which the number of shares increased from 982,527,312 to 1,099,027,312.

NOTES

Note 1 Accounting principles

This consolidated interim report is prepared in accordance with IAS 34. The accounting principles used in this interim report are the same as the ones used in the annual report as of December 31, 2005.

Several International Financial Reporting Standards (IFRS) were subject to changes as of January 1, 2006. The amended IFRS have not had any impact on the profit or loss and financial position of West Siberian Resources Limited.

Note 2 Earnings per share

The earnings per share have been calculated by dividing the net result by the weighted average number of shares for the financial period. No dilutive potential ordinary shares existed as of December 31, 2005. As of December 31, 2006 there was a dilutive effect on the shares due to options granted.

Note 3 Segment information

In 2006 West Siberian Resources Ltd produces crude oil and oil products. As a consequence, there are two business segments. Management review and evaluate the business on a geographical basis and as a result three secondary segments are identified. Sale of crude oil and oil products to Russia are categorised as domestic and sale of crude oil to countries outside Russia is categorised as export and sale of crude oil to CIS countries is categorized as export to CIS countries. During the quarter ended December 31, 2006 there were no sale of oil products to countries outside Russia.

	Crude oil				**Oil products**	**Group**
	Export	**Export CIS**	**Russia**	**Re-sale of purchased crude oil**	**Russia**	
12 months ended December 31, 2006						
Segment revenue	36 451	68 960	129 150	3 419	5 369	243 349
Segment result	5 552	11 057	12 730	2 397	3 557	35 293
12 months ended December 31, 2005						
Segment revenue	30 655	3 794	37 404	1 691	4 857	78 401
Segment result	4 926	2 122	9 231	502	622	17 403

	Crude oil				**Oil products**	**Group**
	Export	**Export CIS**	**Russia**	**Re-sale of purchased crude oil**	**Russia**	
Quarter ended December 31, 2006						
Segment revenue	1 028	24 337	33 268	1 170	1 591	61 394
Segment result	63	2 546	-2 062	914	1 254	2 715
Quarter ended December 31, 2005						
Segment revenue	11 641	3 794	15 291	559	1 752	33 037
Segment result	-1 971	2 121	1 637	6	150	1 943

Note 4 Bank loans and related pledged assets

WSR Group short-term loans and related pledged assets are presented in the table below.

Borrower	Creditor	Denominated in	Outstanding amount	Maturity	Interest rate	Pledged assets		
						Amount of pledge	Description of pledged assets	Location of pledged assets
Short-term loans								
West Siberian Resources Ltd	BNP Paribas	USD	241 667	16.09.2007	3.5%+LIBOR	270 625	100% of shares of Vostok Oil (Cyprus) Ltd, VTK, Khvoinoye, Nikol, Pechoraneft, Saneco and Northoil, Nikol Share Purchase Agreement Assignment, Pechoraneft, VTK and Saneco Guarantee	Moscow Depository "R.O.S.T."; Registrar of companies in Bermuda
Pechoraneft	International Moscow Bank	USD	20 000	30.09.2007	3.5%+LIBOR	-	-	-
TOTAL			**261 667**			**270 625**		

The loan amounted to TUSD 20,000 payable to International Moscow Bank was repaid in full in January 2007 from the private placement proceeds.
The pledged assets and shares as of December 31, 2005 amounted to TUSD 175,436.

Note 5 Depletion and depreciation

For the twelve months and the quarter ended December 31, 2006 the depletion and depreciation charge amounted to TUSD 59,846 and TUSD 17,664, respectively. The depletion and depreciation increased significantly due to higher production volumes and accelerated depletion charges. Since 2005, WSR has commissioned DeGolyer and MacNaughton (D&M) for the company’s Society of Petroleum Engineers (SPE) classification of recoverable reserves. In the fourth quarter of 2005, this resulted in an increased depletion rate per barrel (USD 8.17) of oil produced as D&M estimates of future capital expenditures significantly exceeded WSR’s internally planned investments. Based on D&M’s 2006 estimates of reserves and future capital expenditures this difference with the company’s internal estimates was reduced. Consequently, the depletion rate was reduced to USD 7.13 per barrel from the fourth quarter 2006. For the financial year, the average depletion rate was USD 7.46 (USD 4.72). As WSR continues to expect that additional reserves will be recovered at lower cost than D&M’s projections, the oil and gas properties are depleted at a higher rate than may be the case in coming years.

Note 6 Acquisitions and disposals

On January 23, 2006 the share purchase agreement was signed for the acquisition of CJSC “Saneco”. In accordance with the share purchase agreement the total purchase price of MUSD 140 should be paid by a maximum MUSD 70 in cash (including assumption of debt if any) and MUSD 70 in 116,500,000 West Siberian shares valued at SEK 4.74 per share.

On February 17, 2006, when the acquisition was completed, the share price was SEK 7.85 and the value of 116,500,000 shares was TUSD 115,821. Up to December 31, 2006 WSR paid TUSD 63,554 with assumed debt of TUSD 8,841 to the sellers. The acquisition costs paid up to December 31, 2006 amounted to TUSD 1,092. The assumed debt included dividends payable to former shareholders amounted to TUSD 4,038, the loan payable to NOMOS bank amounted to TUSD 957 and other current liabilities. These liabilities were repaid in full as of December 31, 2006 and were included in the Cash Flow Statement lines “Total cash flow from financing” and “Total cash flow from operations”.

In November 2006 a share purchase agreement was signed for the acquisition of CJSC “Northoil” holding the license to produce hydrocarbons from the Kolvinskoye field in the Timano-Pechora region. In accordance with the share purchase agreement the total purchase price of MUSD 115 should be paid in cash out of which MUSD 90 was paid at completion and MUSD 25 were paid in January 2007. The incurred acquisition costs amounted to TUSD 1,095 out of which TUSD 1,050 represented acquisition related bonus to WSR business development team.

The preliminarily evaluated fair values of the acquired assets and liabilities of Saneco and Northoil are presented in the table below.

	Saneco	Northoil
Date of acquisition	February 17, 2006	November 2, 2006
Percentage of share capital acquired	100,00%	100,00%
Oil and gas properties	242 486	152 598
Land	11	-
Office equipment	305	-
Intangible assets	3	-
Other financial fixed assets	1 222	-
Inventories	1 667	-
Trade and other current receivables	3 335	92
Short-term investments	35	-
Cash and bank	847	1
Provision for site restoration costs	(1 264)	-
Deferred tax liability	(52 797)	(36 520)
Short-term borrowings	(957)	-
Trade payables	(3 559)	-
Accrued expenses	(7 889)	(76)
Other current liabilities	(4 044)	-
Net assets at acquisition date	**179 401**	**116 095**
Minority interest	-	-
Net assets acquired	**179 401**	**116 095**
Cash and issued shares	179 401	116 095
Cash paid by the Company (as of December 31, 2006)	63 554	90 045
Less cash of acquired subsidiary	(847)	(1)
Cash flow on acquisition, net of cash acquired	**62 707**	**90 044**
Profit (loss) since the acquisition date	8 495	(14)
Revenue for 12 months 2006 as though the acquisition date had been January 1, 2006	88 403	-
Profit (loss) for 12 months 2006 as though the acquisition date had been January 1, 2006	5 893	(14)

At the end of August 2006 a share sale agreement was signed for the sale of 100% of CJSC "Reimpex-Samara-Neftepromysel" ("Reimpex"). In accordance with the share sale agreement the total sales price should be paid by TUSD 8,515 in cash and TUSD 476 by assumption of debt. The selling costs amounted to TUSD 2,200 were incurred. As of September 20, 2006 the deal was closed and as of December 31, 2006 the Company received TUSD 6,791 net of selling costs included in the Cash Flow Statement line "Total cash flow used for investments". Since the net assets of Reimpex as of the disposal date amounted to TUSD 948 the Company recognized a gain on disposal of TUSD 5,843 included in the income statement line "Gain on disposal of shares in subsidiaries". The income statement of Reimpex for the twelve months ended December 31, 2006 is not presented due to absence of operations during the period.

Note 7 Private placement proceeds

In February 2006 a private placement of common shares raising SEK 1,254,408,940 (MUSD 162.40 before placement costs) was completed. Institutional investors subscribed for 80,097,268 new shares/depositary receipts with a subscription price of SEK 7.25. 109,902,732 shares were issued to Repsol YPF at SEK 6.13 (10% of enlarged share capital). The net proceeds after placement costs amounted to SEK 1,184,389,286 (TUSD 153,046).

Note 8 Tax

For the twelve months ended December 31, 2006 the deferred tax liability increased from TUSD 38,679 to TUSD 128,581 mainly due to consolidation of Saneco and Nothoil and related increase of oil and gas properties.

For the twelve months ended December 31, 2006 the current tax expense amounted to TUSD 13,236 (TUSD 1,865) and deferred tax income amounted to TUSD 8,950 (TUSD 1,054).

Note 9 Contingent liability

On December 26, 2005 Administration of the Nenetsk Autonomous Area ("Nenetsk") brought a claim to the Arbitrazh of the Arkhangeslk Region requiring Pechoraneft to repay an amount of USD 1,878,200. Nenetsk alleges Pechoraneft owes it this amount under the Agreement on Social-Economic Cooperation dated October 26, 2001 between Nenetsk and Pechoraneft pursuant to the conditions of the licensing agreement related to the licence granted to Pechoraneft. According to these arrangements, Pechoraneft was obliged to settle USD 1,000,000 to the special-purpose budget fund of the Nenetsk Autonomous Area and pay USD 3.5 from each tonne of oil produced starting from the first quarter of 2002. However, when the relevant licence was re-issued to Pechoraneft, the licensing agreement did not provide for such obligation. WSR took a position that the obligations under the previous arrangement were no longer valid.

During 2006 several court sittings were held on the above matter and two of them were won by Pechoraneft. The third instance expedited the cause for reconsideration.

In order to solve the dispute the Nenetsk suggested Pechoraneft to conclude the settlement agreement for the amount of MUSD 3.60. At the present time the possibility of signing such a settlement agreement, the settlement amount and terms of settlement are being negotiated between the Nenetsk and Pechoraneft. The probability of the conclusion of the proposed settlement agreement with the Nenetsk is currently difficult to assess, since judicial practice in the region and position of supervising state authorities can negatively affect initiatives of the Nenetsk. If the above mentioned settlement agreement is not signed the court examinations would continue and could drag up to one year.

Note 10 Share option plan

On January 31, 2006 35,274,000 options were granted and outstanding under the WSR Global Share Option Plan and from the same date the Group follows IFRS 2 “Share based Payment”. During the financial year additional options were granted to new employees so that as of December 31, 2006 the total number of outstanding options amounted 38,499,000. Each option gives the right to subscribe for 1 share of common stock at SEK 6.13. All options are exercisable after 3 years subject to certain conditions and expire in 5 years. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed over the vesting period of 3 years is determined by reference to the fair value of the options granted excluding the impact of any non-market vesting conditions. For the period January 31, 2006 – December 31, 2006 the effect amounted to TUSD 3,972 increased the income statement line “Selling, general and administration expenses” and correspondingly the retained earnings.

Note 11 Subsequent events

In January 2007 a private placement of common shares raising SEK 562,500,000 (MUSD 80 before placement costs) was completed. Institutional investors subscribed for 90,000,000 new shares/depositary receipts with a subscription price of SEK 6.25. The net proceeds after placement costs amounted approximately to SEK 545,625,000 (about MUSD 77.25).

Next report due

The next financial report for the first quarter from January 1, 2007 to March 31, 2007 will be published on May 22, 2007. The annual report will be sent to shareholders in April 2007. The Annual General Meeting will be held in Stockholm, Sweden, on May 22, 2007.

February 28, 2007

West Siberian Resources Limited

The Board of Directors

For further information:

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This report has not been subject to review by the company's auditors.

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