West Siberian Resources Ltd:
Interim report for the quarter ended March 31, 2005

- **Total revenue increased by 234% to MUSD 9.7 (MUSD 2.9)***
- **EBITDA amounted to MUSD 3.21 (MUSD 0.03)**
- **The result before tax and minority interest improved to MUSD 2.3 (MUSD 0.1)**
- **Earnings per share amounted to USD 0.00 (USD -0.00)**
- **Oil production increased by 171% to 444,343 barrels**
- **In April 2005 equity of MSEK 347.5 was raised through a preferential rights offering**

**Comparisons reflect the quarter ended March 31, 2004*

West Siberian Resources Ltd is an independent oil company active in the Tomsk region in Western Siberia. West Siberian´s depository receipts are traded on Nya Marknaden of the Stockholm Stock Exchange under the symbol WSIB.

Results – the Group

For the quarter ended March 31, 2005 the Group reports a net result after tax of MUSD 1.99 corresponding to USD 0.00 per share (MUSD -0.22 and USD -0.00 per share, respectively, for the corresponding period of last year). For the quarter the net result attributable to equity holders of the parent company was MUSD 1.99 (MUSD –0.45) and the net result attributable to minority interest was zero (MUSD –0.23).

Group revenue amounted to MUSD 9.72 (MUSD 2.92).

Production costs were MUSD 5.29 (MUSD 2.00).

The depletion, depreciation and amortisation charge was MUSD 1.05 (MUSD 0.19).

Selling, general and administration expenses amounted to MUSD 1.26 (MUSD 0.88).

The operating result was a profit of MUSD 2.16 (loss of MUSD 0.16).

Net finance income was MUSD 0.06 (net expense of MUSD 1.13).

Currency exchange rate gain amounted to MUSD 0.06 (MUSD 1.43).

Tax charges for the quarter were MUSD 0.29 (MUSD 0.36).

Exploration and Production

Total oil production for the quarter ended March 31, 2005 increased to 444,343 barrels (163,738 barrels) Average daily production increased to 4,937 barrels per day (1,799 barrels per day). During the quarter, a total of 15 wells contributed to production.

Average export prices received for the quarter ended March 31, 2005 were USD 29.12 (USD 22.95) per barrel (exclusive export duty). Domestic prices of USD 15.39 (USD 13.33) per barrel (exclusive VAT) were received. 44% of the production for the quarter was exported. As a result of exponentially increased production taxes and export duty, Russian oil companies are not able to take full advantage of rising international oil prices achieved on export sales.

The Group's net oil revenue amounted to MUSD 8.71 (MUSD 2.88).

During the quarter, the drilling program continued at the Middle Nyurola oil field. Using two Ural-3000 drilling rigs, about 11,620 meters were drilled. A third drilling rig was assembled late in the quarter to be employed in April. Wells 137 and 130 were completed and put into production. Two water injection wells were completed in the first quarter in order to improve pressure and facilitate increased production from the Middle Nyurola oil field. An additional well, no 123, has been drilled and production commenced in May 2005.

Three producing wells and one exploration well were re-activated in the newly acquired Khoinoye oil field. Oil produced in the Khvoinoye oil field is transported to Alexandrov refinery for further reprocessing.

In February 2005, a direct connection to the national Russian pipeline grid operated by Transneft was established as the Company's newly built distribution terminal at Luginetskoye oil field became commercially operational.

The pipeline connecting the Middle Nyurola-, Kluchevskoye- and Puglalymskoye oil fields was completed in April 2005. This pipeline allows transferring crude oil produced from Kluchevskoye and Puglalymskoye oil fields into the Transneft pipeline system.

Investments, Financing and Liquidity

Net investments in oil and gas assets during the quarter ended March 31, 2005 amounted to MUSD 6.78
(MUSD 0.11).

The acquisition of 100% of Khvoinoye LLP and Alexandrov refinery was formally approved by the Anti-Monopoly Committee of the Russian Federation and the acquisition was completed during the quarter. The total consideration for the shares acquired was MUSD 9, out of which MUSD 4.5 was paid in late December 2004 and the remainder in 2005. Acquisition funding of MUSD 4.5 was provided by Alltech Investments Ltd, a shareholder, and repaid in April 2005.

In April 2005 a 4 year MUSD 20 credit facility agreement was signed between the fully owned subsidiary VTK and BNP Paribas SA. The credit is secured by revenues from VTK export sales of crude oil. The credit bears interest at the rate of one month LIBOR plus 4.75%. West Siberian Resources Ltd and Vostok Oil (Cyprus) Ltd act as guarantors of fulfilment of credit obligations. No instalments are payable during the first year of the credit facility.

In April 2005, an equity offering raising SEK 347,530,905 (before issue costs) was executed with preferential rights for shareholders. Shareholders were offered to subscribe for 257,430,300 new shares/depository receipts with a subscription price of SEK 1.35. The rights issue was fully subscribed and was recorded in the second quarter 2005.

Parent company

The parent company's revenue amounted to MUSD 0.34 (MUSD 0.03) for the quarter.

The parent company's net result before tax amounted to MUSD 1.53 (loss of MUSD 1.14).

As at March 31, 2005 the liquidity of the parent company amounted to MUSD 0.18 (MUSD 0.00).

Share data

The shares of the Company are represented by the Depository Receipts listed on Nya Marknaden of the Stockholm Stock Exchange. Each share carries one vote.

The share capital of the Company amounted to USD 21,452,525 and the number of shares outstanding as of March 31, 2005 amounted to 429,050,500.

In April 2005 the share capital of the Company increased by USD 12,871,515 to USD 34,324,040 and the number of shares increased from 429,050,500 to 686,480,800 as a result of the successful rights offering.

Management discussion

In the first quarter 2005, the growth trend established in the second half of 2004 continued. Revenues were record high reaching almost MUSD 10 and the operating result was the highest in company history.

Growth was primarily driven by increased oil production resulting from the ongoing drilling program at Middle Nyourola oil field and the recent Khvoinoye acquisition. Higher domestic and international oil prices also contributed to earnings improvement together with the effects of last years’ cost cutting program.

A significant event during the quarter was our Luginetskoye Terminal becoming operational, thus providing direct access to Transneft’s pipeline. The connection increases our independence and will result in meaningful transportation cost savings going forward. Another significant capital project, that has been initiated, is the installation of gas power generators at Middle Nyourola. We expect to be self sufficient on electricity thereby achieving significant savings on diesel and transportation costs.

Current production amounts to approximately 5,500 barrels or 10% more than during the first quarter. In the first quarter, the main objective was the drilling of water injection wells. Recently drilling activities aimed at oil producing wells have increased and we are now using three rigs to execute the program. We are on target with our development plans. This means that oil production will remain flat in the near term and should increase significantly in the second half of the year as a result of new wells and the water injection system coming on-line.

The preferential rights offering was recently concluded, raising approximately 48 million dollars in new equity. We were successful in attracting old and new shareholders to the company and could conclude the issue at very reasonable issuing costs, as we did not need a financial guarantee. West Siberian’s Russian subsidiary VTK was also successful in arranging a MUSD 20 pre-export credit facility. The increased availability of debt and equity capital together with the increasing cash flow from operations facilitates drilling and acquisitions aimed at increasing production and reserves.

We are in a good position to grow profitably and will also benefit from the recent rise in domestic oil prices.

Maxim Barski
Managing Director

GROUP INCOME STATEMENT

(Expressed in USD thousands)	Jan 1, 2005 - Mar 31, 2005 3 months	Jan 1, 2004 - Mar 31, 2004 3 months
Operating income		
Sales of oil and gas	8 706	2 877
Sales of oil products	938	-
Other income	79	38
	9 723	**2 915**
Cost of Sales		
Production costs	-5 287	-1 998
Depletion, depreciation and amortisation	-1 053	-186
Gross Profit	**3 383**	**731**
Selling, general and administration expenses	-1 261	-878
Other operating income/expenses	40	-12
Operating result	**2 162**	**-159**
Finance income/expenses, net	63	-1 128
Currency exchange gains	62	1 425
Result before tax and minority interests	**2 287**	**138**
Tax	-293	-357
Result for the period	**1 994**	**-219**
Attributable to:		
Equity holders of the parent	**1 994**	**-452**
Minority interests	**-**	**-233**
Earnings per share (USD)	0,00	-0,00
Diluted earnings per share (USD)	0,00	-0,00

GROUP BALANCE SHEET - Condensed

	Mar 31, 2005	Dec 31, 2004
FIXED ASSETS		
Tangible fixed assets	95 342	74 884
Financial fixed assets	4 807	7 411
	100 149	**82 295**
CURRENT ASSETS	12 480	9 457
TOTAL ASSETS	**112 629**	**91 752**
SHAREHOLDERS' EQUITY		
Restricted equity	60 117	60 117
Non-restricted equity	12 151	10 183
	72 268	**70 300**
LONG TERM LIABILITIES		
Deferred tax liability	12 650	9 167
Provision for site restoration costs	2 053	1 611
	14 703	**10 778**
CURRENT LIABILITIES	25 658	10 674
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**112 629**	**91 752**
PLEDGED ASSETS	7 874	4 172
CONTINGENT LIABILITIES	None	None

GROUP STATEMENT OF CASH FLOW - Condensed

(Expressed in USD thousands)	Jan 1, 2005 - Mar 31, 2005 3 months	Jan 1, 2004 - Mar 31, 2004 3 months
Cash flow from/used in operations		
Operating result	2 162	-159
Operating cash flow after adjustments made before changes in working capital	**-473**	**393**
Total cash flow from operations	**1 250**	**149**
Total cash flow used for investments	**-11 364**	**-96**
Total cash flow from financing	**9 375**	**147**
Effect of exchange rate changes on cash and cash equivalents	-1	30
Change in cash and bank	**-740**	**230**
Cash and bank at beginning of period	2 645	83
Cash and bank at end of period	**1 905**	**313**

STATEMENT OF CHANGES IN EQUITY

(Expressed in USD thousands)	**Share capital**	**Share premium reserve**	**Unconditional shareholders' contribution**	**Convertible debenture equity component**	**Translation difference**	**Retained earnings**	**Total**
Equity at Dec 31, 2003	**8 045**	**7 540**	**15 000**	**6 992**	**354**	**-30 903**	**7 028**
Reduction of shares' nominal value	-6 436	6 436	-	-	-	-	-
Issue through set-off	3 754	14 502	-	-6 152	-	6 152	18 256
Rights Issue	16 089	10 187	-	-	-	-	26 276
Translation difference for the period	-	-	-	-	189	-	189
Net result for the period Jan 1, 2004 – Mar 31, 2004	-	-	-	-	-	-452	-452
Equity at Mar 31, 2004	**21 452**	**38 665**	**15 000**	**840**	**543**	**-25 203**	**51 297**
Correction of the prior year	-	-	-	-	-	-1 510	-1 510
Translation difference for the period	-	-	-	-	306	-	306
Net result for the period Apr 1, 2004 – Dec 31, 2004	-	-	-	-	-	20 207	20 207
Equity at Dec 31, 2004	**21 452**	**38 665**	**15 000**	**840**	**849**	**-6 506**	**70 300**
Translation difference for the period	-	-	-	-	-26	-	-26
Net result for the period Jan 1, 2005 – Mar 31, 2005	-	-	-	-	-	1 994	1 994
Equity at Mar 31, 2005	**21 452**	**38 665**	**15 000**	**840**	**823**	**-4 512**	**72 268**

KEY FINANCIAL AND OPERATIONAL RATIOS

	Jan 1, 2005 - Mar 31, 2005 3 months	Jan 1, 2004 - Mar 31, 2004 3 months
Financial ratios		
EBITDA [1], TUSD	3 214	27
Return on shareholders' equity [2], %	3%	-1%
Return on capital employed [3], %	3%	0%
Debt/equity ratio [4], %	24%	23%
Equity ratio [5], %	64%	72%
Risk-bearing capital [6], %	75%	72%
Interest-coverage ratio [7]	4,53	0,54
Weighted average number of shares for the financial period [8,9]	429 050 500	57 585 243
Weighted average number of shares for the financial period (fully diluted) [8,9]	429 050 500	57 585 243
Number of shares at financial period end [9]	429 050 500	57 585 243
Operational ratios		
Production volume, barrels	444 343	163 738
Oil revenue per barrel (sold), USD/barrel	21,43	18,07
Export (excl. export duty)	29,12	22,95
Domestic	15,39	13,33
Operating costs per barrel produced, USD/barrel	13,96	13,34
Production Costs (excl. refining costs)	4,30	8,31
Production Taxes	7,29	3,89
Depletion, depreciation and amortisation	2,37	1,14

Key ratio definitions

1. Earnings before interest, tax, depreciation and amortisation is defined as the Group's net result plus depletion, depreciation and amortisation.
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 is SEK 6.70 per convertible debenture. The term of the convertible debentures is 3 years maturing 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 will increase by 1,367,312. The conversion price of SEK 6.70 is higher than the average market price of the share over the financial period. Therefore, the non-converted part of the convertible debentures does not have an effect on the average number of shares when calculated on a fully diluted basis.
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.

NOTES

Note 1 Accounting principles

This consolidated interim report follows 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, 2004.

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 exist as of March 31, 2005 and December 31, 2004.

Note 3 Pledged assets and contingent liabilities

As of December 31, 2004 the assets amounted to TUSD 4,172 were pledged to the Russian bank “Uralsib” as collateral for the original loans of TUSD 1,260 and TUSD 1,000. During the financial year ended December 31, 2004 the original loan of TUSD 1,260 received from the Russian bank “Uralsib” was fully repaid but the collateral amounted to TUSD 1,603 was cancelled only on January 13, 2005. In December 2004 the new loan of MUSD 1 was received from “Uralsib” with collateral of the assets amounted to TUSD 2,569.

During the quarter ended March 31, 2005 the collateral of TUSD 2,569 for the original loan of TUSD 1,000 was released. In March 2005 the new loan of TUSD 2,000 was received from “Uralsib”. In March 2005 the assets amounted to TUSD 4,262 were pledged to “Uralsib” as collateral for the original loans of TUSD 3,000. Both loans are denominated in USD and bear interest at the rate of 12% p.a.

As of March 31, 2005 assets amounting to TUSD 3,612 were pledged to the Russian bank “Grand Invest Bank” as collateral for the original loan of TUSD 2,875 received in February 2005. The loan is denominated in Russian Rubles and bears interest at the rate of 14.3% p.a.

Upon receipt of first tranche of BNP Paribas credit facility in April 2005 the loans payable to “Uralsib” and “Grand Invest Bank” were fully repaid.

Note 4 Segment information

In 2005 West Siberian Resources Ltd produces crude oil and oil products. As a consequence, there are two business segments. Management still review and evaluate the business on a geographical basis as a result two 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. During the quarter ended March 31, 2005 there were no sale of oil products to countries outside Russia.

	Crude oil		Oil products	Group
	Export	Russia	Russia	
Quarter ended March 31, 2005				
Segment revenue	5 207	3 499	938	9 644
Segment result	1 743	33	790	2 566
Quarter ended March 31, 2004				
Segment revenue	1 802	1 075	-	2 877
Segment result	429	-31	-	397

Note 5 Acquisitions

On March 4, 2005 the acquisition of 100% of Khvoinoye and Alexandrov refinery was formally approved by the Anti-Monopoly Committee of the Russian Federation. The considerations for the shares acquired of Khvoinoye and Alexandrov refinery were MUSD 8 and MUSD 1, respectively, out of which MUSD 4.5 was paid in late December 2004 from operating cash flows. The remaining MUSD 4.5 was paid in February 2005 from the loan received from Alltech Investments Ltd, the major shareholder of West Siberian Resources Ltd. The loan with interest accrued was fully repaid April 19, 2005.

The arisen differences between the considerations paid and the net assets of Khvoinoye and Alexandrov refinery, as of January 1 2005, amounted to TUSD 7,966 and TUSD 677 respectively and were included in the line ‘Tangible fixed assets’ of the condensed balance sheet as at March 31, 2005.

Next report due
The next financial report for the six months from January 1, 2005 to June 30, 2005 will be published on August 26, 2005.

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

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