



Press release

April 11, 2008

West Siberian Resources successfully completes merger with Alliance Oil

West Siberian Resources Ltd. today announced the successful completion of a merger with Alliance Oil. The merged group is a leading independent oil business with vertically integrated operations in Russia and Kazakhstan, set to capitalize on the benefits of vertical integration in all stages of the oil and gas industry value chain. WSR will now proceed with its investment plans, comprising expected capital expenditure for the combined group of USD 403 million in 2008. Total oil production in 2008 is expected to reach 18.6 million barrels (14.1 pro forma 2007). WSR also expects to refine 24,5 million barrels of oil in 2008 (23.6 pro forma 2007).

West Siberian Resources Ltd ("WSR") and the shareholders of OJSC Oil Company Alliance ("Alliance Oil") have finalised an agreement where Alliance Oil's shareholders have contributed the entire share capital of Alliance Oil to WSR in exchange for 1,783,540,968 ordinary shares issued by WSR (the "merger"). In addition, WSR has issued warrants to subscribe for 99,682,500 ordinary shares at an exercise price of SEK 6.21 per share as part of the merger. Through the merger, the number of shares in WSR will increase from 1,189,027,312 to 2,972,568,280.

Accordingly, OAO Group Alliance, ZAO IK Alliance Capital and Daumier Investments Ltd., all controlled by the Bazhaev family have become the largest shareholders in WSR, holding 60 per cent of the share capital.

The merged group has:

- Pro forma revenues amounting to nearly USD 2.0 billion and EBITDA of USD 350 million, in 2007.
- A pro forma market capitalisation of approximately USD 2.25 billion.
- Proved and probable oil reserves of 489 million barrels.
- A stable supply of crude oil with a production of close to 45,000 barrels per day (in the first quarter 2008).
- A substantial refining capacity of 70 000 barrels per day.
- Significant assets in distribution and marketing of petroleum products in East Russia's largest network of 255 gas stations and 24 wholesale oil terminals.

“The completed merger has created a leading independent, fully integrated oil company with operations in Russia and Kazakhstan, set to benefit from growth opportunities through the whole oil industry value chain. This platform will provide the basis for improved margins, higher quality earnings and cash flows, and further growth for WSR”, said Maxim Barski, Managing Director of WSR.

Integration

WSR will seek to take advantage of the benefits of vertical integration in all stages of the oil and gas industry value chain. The primary objectives are to lower transportation costs and to capture the potential for higher margins and improved netbacks through the whole value chain.

Further, WSR will strive to create meaningful synergies and to improve the trading, marketing and supply of crude oil and refined products through more efficient utilization of export quotas amongst production subsidiaries, better exploitation of arbitrage opportunities arising in different regional markets in Russia, as well as through elimination of intermediaries.

WSR will also aim to benefit from opportunities for better financing and lower costs of capital, which are expected to result from WSR's increased business size, balance sheet and market capitalisation. It is WSR's intention to improve its capital structure and lower its cost of capital by financing capital requirements through an optimal combination of operating cash flow, long term debt available under existing credit agreements and additional external debt and equity capital.

Going forward, WSR will have two business areas. The Upstream business area will comprise all exploration and production in the combined group. The Downstream business area will comprise the refinery and marketing operations. Maxim Barski is to remain as Managing Director of the combined group. Viacheslav Pershukov, WSR's Chief Technical Officer will head the upstream business area. Alliance Oil's Evgeniy Vorobeichik will continue as the CEO of the Alliance Oil subsidiary and will be primarily responsible for the refining and marketing business area.

Capital program

The closing of the merger also means that WSR can now proceed with its investment plans for the combined group, with the objective of strengthening WSR's profitability over the coming years through increased production and refining output and improved margins. Total 2008 oil production is expected to amount to 18.6 million barrels (14.1 pro forma 2007) and total refining to 24.5 million barrels of oil in 2008 (23.6 pro forma 2007). WSR is expecting to produce and refine 65,000 barrels of oil per day by 2009 and 90,000 barrels of oil per day by 2011.

2008 capital expenditures for the upstream operations are planned at USD 257 million. These plans include drilling of 70 new production, injection and exploration wells. The greater part of these investments, USD 121 million, will be made in WSR's fields in the Timano-Pechora region.

Downstream capital expenditure are expected to amount to USD 146 million and total capital expenditures for the combined group are planned to amount to USD 403 million in 2008.

WSR has launched a modernisation programme at the Khabarovsk oil refinery. The upgrading measures aim to increase its conversion capacity in order to produce a greater proportion of lighter and higher value petroleum products. The changed product mix is expected to result in refining margins improving significantly. The total cost of the modernisation of the Khabarovsk oil refinery is

expected to be approximately USD 1,000 million (based on prevailing exchanges rate in November 2007, exclusive import duties and VAT) until 2011. In 2008, the first stage of the modernisation program will be prepaid.

WSR plans to finance the 2008 capital expenditures program, prepayments for the refinery upgrade and debt refinancings through a combination of operational cash flow, additional debt and equity capital.

Advisors

Carnegie acts as a financial advisor to WSR. Morgan Stanley and Troika Dialog act as joint financial advisors to Alliance Oil in the merger

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West Siberian is a leading independent oil company with fully integrated operations in Russia and Kazakhstan. Through the merger with Alliance Oil, West Siberian Resources has proved and probable oil reserves of 489 million barrels, a production of close to 45,000 barrels per day in the first quarter of 2008, refining capacity of 70,000 barrels per day and a network of 255 gas stations and 24 wholesale oil terminals. West Siberian's depository receipts are traded on the OMX Nordic Exchange Stockholm under the symbol WSIB.

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