



Press release

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Operational update for the second quarter and first half of 2011

Alliance Oil Company's total oil production for the second quarter of 2011 amounted to 3.8 mbbl compared to 3.8 mbbl in the second quarter of 2010. Preliminary refining volumes at the Khabarovsk refinery amounted to 6.9 mbbl in the second quarter of 2011 compared to 6.0 mbbl in the second quarter of 2010. Preliminary crude oil and oil product sales amounted to 3.6 mbbl and 7.0 mbbl respectively in the second quarter of 2011 compared to 3.7 mbbl and 6.0 mbbl in the second quarter of 2010.

Currently, the Company is producing about 41,000 barrels and refining about 77,000 barrels per day. Due to strong demand for oil products, the downstream volume target has been revised from 23 mbbl to 25 mbbl in 2011. The Kolvinskoye oil field is scheduled to be on production in the beginning of September.

For the first six months of 2011, the Company's oil production amounted to 8.0 mbbl (44,000 bpd) and refining volumes at the Khabarovsk refinery preliminarily totalled 13.1 mbbl (64,000 bpd).

Oil production in the Volga-Urals region and Kazakhstan totaled 2.0 mbbl in the second quarter of 2011 compared to 2.0 mbbl in the second quarter of 2010. Oil production in the Timano-Pechora region totaled 1.1 mbbl in the second quarter of 2011 compared to 1.1 mbbl in the second quarter of 2010. Oil production in the Tomsk region totaled 0.8 mbbl in the second quarter of 2011 compared to 0.7 mbbl in the second quarter of 2010.

In the upstream segment, 18 new wells were drilled in the second quarter of 2011. To date, 17 production wells have been drilled at the Kolvinskoye oil field. Preparations are being finalised for launching the Kolvinskoye field and marketing oil through the Transneft-pipeline system. The 146 kilometer pipeline from the Kolvinskoe field to the Kharyaga terminal has been completed. Oil preparation and transfer unit construction works are anticipated to be completed by the end of August. The field is scheduled to be on production in early September 2011 with 22,000 barrels of oil per day.

In the downstream segment, demand for oil products continued to increase and capacity utilization at the Khabarovsk refinery remained high. Accordingly, the downstream volume target has been increased from 23 mbbl to 25 mbbl in 2011.

"The price of oil stabilized in the second quarter and upstream segment economics improved further. Oil product demand traditionally strengthened. We are raising our downstream volume target and look forward to the timely launch of the Kolvinskoye field which is expected to be a significant driver of oil production growth going forward", says Arsen Idrisov, Managing Director of Alliance Oil Company.

For further information please contact:

Arsen Idrisov, Managing Director, Alliance Oil Company, Tel.: +7 495 777 18 08

Eric Forss, Chairman, Alliance Oil Company, Tel.: +46 8 611 49 90

Alliance Oil Company Ltd is a leading independent oil company with vertically integrated operations in Russia and Kazakhstan. Alliance Oil has proved and probable oil reserves of 638 million barrels and downstream operations that include the Khabarovsk refinery and the leading network of gas stations and wholesale oil products terminals in the Russian Far East. Alliance Oil's depository receipts are traded on the Nasdaq OMX Nordic under the symbol AOIL.