



Press release

October 07, 2011

## Operational update for the third quarter and nine months of 2011

Alliance Oil Company's total oil production for the third quarter of 2011 amounted to 4.2 mbbbl compared to 3.8 mbbbl in the second quarter of 2011. Preliminary refining volumes at the Khabarovsk refinery amounted to 7.1 mbbbl in the third quarter of 2011 compared to 6.9 mbbbl in the second quarter of 2011. Preliminary crude oil and oil product sales amounted to 4.0 mbbbl and 6.9 mbbbl respectively in the third quarter of 2011 compared to 3.6 mbbbl and 7.0 mbbbl in the second quarter of 2011.

**Currently, the Company is producing about 64,000 barrels and refining about 74,000 barrels per day.**

For the first nine months of 2011, the Company's oil production amounted to 12.2 mbbbl (44,500 bpd) and refining volumes at the Khabarovsk refinery preliminarily totaled 20.2 mbbbl (73,900 bpd).

Oil production in the Volga-Urals region and Kazakhstan totaled 2.0 mbbbl in the third quarter of 2011 compared to 1.9 mbbbl in the second quarter of 2011. Oil production in the Timano-Pechora region totaled 1.5 mbbbl in the third quarter of 2011 compared to 1.1 mbbbl in the second quarter of 2011. Oil production in the Tomsk region totaled 0.7 mbbbl in the second quarter of 2011 compared to 0.8 mbbbl in the second quarter of 2011.

In the upstream segment, 11 new wells were drilled in the third quarter of 2011. The Company completed infrastructure development and launched production at the Kolvinskoye oil field in September. To date, 17 production wells have been put on stream at the Kolvinskoye oil field and current production is around 23,500 bpd. In the third quarter of 2011 oil production from the Kolvinskoye oil field amounted to 0.4 mbbbl.

In the downstream segment, demand for oil products stabilized and capacity utilization at the Khabarovsk refinery remained high.

"Solid third quarter operating performance for both segments and improved economics will bring further improvements in financial results. In the upstream segment, we entered the growth path as the successful launch of the Kolvinskoye so far resulted in daily production increasing by more than 50%. It is now our largest field both in terms of reserves and production, and the critical driver of production growth going forward. Currently, we have decided to stabilize our production at this level and to evaluate the initial performance of the field and the infrastructure before ramping up volumes further in accordance with the production plan. This will also determine the final outcome of this year's production plan for the upstream segment. In the downstream segment, record sales volumes were supported by firm seasonal demand for oil products in domestic markets. Refining volumes were again higher than planned and we are well positioned to reach the target for the downstream segment," says Arsen Idrisov, Managing Director of Alliance Oil Company.

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*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.*