



Press release  
Operational Update

July 10, 2012

## Oil product demand lifts downstream volumes

Alliance Oil Company's average daily oil production for the second quarter of 2012 amounted to 53,540 bopd compared to 41,900 bopd in the second quarter of 2011. In total, 4.9 mbbl were produced in the reporting period compared to 3.8 mbbl in the second quarter of 2011. Preliminary average daily refining volumes at the Khabarovsk refinery amounted to 78,400 bopd in the second quarter of 2012 compared to 75,400 bopd in the second quarter of 2011. In total, 7.1 mbbl were refined compared to 6.9 mbbl in the second quarter of 2011. Preliminary crude oil and oil product sales amounted to 4.9 mbbl and 7.5 mbbl respectively in the second quarter of 2012 compared to 3.6 mbbl and 7.0 mbbl in the second quarter of 2011.

The guidance for the downstream segment is increased to an average daily production of 72,000-77,000 barrels (68,000-73,000 barrels). The upstream production guidance for 2012 remains at an average daily production of 55,000-60,000 barrels.

Preliminary operating results in barrels per day:

2012	Upstream		Downstream	
	Production	Crude oil sales	Refining	Oil product sales
January	59,421	56,734	77,531	65,865
February	55,187	54,444	78,390	77,634
March	54,481	49,752	69,129	69,377
<b>1<sup>st</sup> quarter</b>	<b>56,363</b>	<b>53,643</b>	<b>75,017</b>	<b>70,959</b>
April	52,918	52,297	70,888	72,625
May	54,422	53,689	81,946	93,600
June	53,279	54,795	82,260	82,828
<b>2<sup>nd</sup> quarter</b>	<b>53,540</b>	<b>53,545</b>	<b>78,404</b>	<b>82,912</b>
<b>6 months</b>	<b>54,951</b>	<b>53,594</b>	<b>76,691</b>	<b>76,988</b>

### Upstream

Average daily oil production in the Timano-Pechora region amounted to 22,600 bopd in the second quarter of 2012 compared to 12,100 bopd in the second quarter of 2011. Oil production in the Volga-Urals region and Kazakhstan amounted to 22,500 bopd in the second quarter of 2012 compared to 21,200 bopd in the second quarter of 2011. Oil production in the Tomsk region amounted to 8,500 bopd in the second quarter of 2012 compared to 8,600 bopd in the second quarter of 2011. In the second quarter of 2012, 32 new wells were drilled including 3 exploration wells in the Volga-Urals and Timano-Pechora regions.

At the Kolvinskoye oil field in the Timano-Pechora region, the average daily production amounted to 12,400 barrels with a total of 1.1 mbbl produced for the quarter. As of June 30, 2012 the well stock of the field consisted of 33 production wells and 1 exploration well. 17 wells were in operation, 16 wells were not producing due to testing and workover operations and 1 well was transferred to an injection well. 5 new wells were drilled in the second quarter of 2012.

*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 648 million barrels and downstream operations that includes 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.*

## Downstream

In the downstream segment capacity utilization of the refinery remained high due to strong demand for oil products both domestically and internationally. Wholesale and export volumes increased compared to the previous quarter.

“Crude production was stabilized through the ongoing well workover programme and the recent addition of new production wells. Oil product sales reached new highs as export and domestic seasonal demand further increased. Oil and currency markets were volatile with lower international oil prices and lagging export duties negatively affecting upstream and downstream margins” says Arsen Idrisov, Managing Director of Alliance Oil Company.

Upstream and downstream production data for July 2012 will be disclosed on August 10, 2012. Second quarter financial results will be disclosed on August 21, 2012.

Also visit [www.allianceoilco.com](http://www.allianceoilco.com)

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