



Press release

October 16, 2012

Alliance Oil acquires gas company and expands operations in Tomsk region

- Alliance Oil has agreed to acquire 100% of the shares in LLC “SN-Gazdobycha” (SNGD) for 128 MUSD
- SNGD has two gas licenses in the Tomsk region which facilitate synergies with Alliance Oil’s regional operations
- 2P reserves of 112 million barrels of oil equivalent (mboe), 3P reserves of 259 mboe and high exploration potential
- Gas production scheduled to commence in the first half of 2013
- Alliance Oil’s total reserves increase by 26% to 1,256 mboe

Alliance Oil Company has signed an agreement to acquire 100% of the shares in LLC “SN-Gazdobycha” for 128 MUSD, which primarily will be funded from existing cash and from debt facilities. SNGD holds two gas licenses covering an area of about 1,323 square kilometers located approximately 55 kilometers west of the town of Kargasok, in the Tomsk region in Russia. Proved and Probable (2P) gas reserves are estimated at 112 mboe and Proved, Probable and Possible (3P) reserves are estimated at 259 mboe¹. Gas field development is at an advanced stage with 4 new wells drilled and a 43 kilometers gas pipe joining the Gazprom trunk pipeline at the Parabel tie-in point near completion. Gas production is scheduled to commence in the first half of 2013.

Through the acquisition, the Company's total hydrocarbon reserves (3P) will increase by 26% from 997² mboe to 1,256 mboe. 2P reserves will increase by 17% to 760 mboe (from 648 mboe).

“The Russian gas sector currently offers exciting opportunities for value creation and attractive returns from an improving market environment. This acquisition expands Alliance Oil’s position in the promising Russian gas market and will be integrated into our subsidiary in the Tomsk region to realize both operational synergies and immense exploration potential. As we execute our upstream growth strategy, the Company’s reserve base is broadening, and gas will increasingly contribute to production, revenue and results in coming years”, says Arsen Idrisov, Managing Director of Alliance Oil Company.

The transaction is expected to be consummated in the fourth quarter of 2012.

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Also visit www.allianceoilco.com

¹ As of February 29, 2012. Evaluated by DeGolyer and MacNoughton under SPE standards.

² As of December 31, 2011. Evaluated by DeGolyer and MacNoughton under SPE standards.