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Press release

December 17, 2012

Alliance Oil successfully completes upsized preference share offering at USD 202 million

Alliance Oil has successfully completed the largest preference share offering in Scandinavia in recent years. The transaction has received interest from about 4,500 investors and Company shareholders in total with solid demand both among institutional (about two thirds of demand) and retail investors (about one third of demand). Demand was split roughly 50/50 between Swedish and international investors.

Following a bookbuilding process, the issue price for the new class of preference shares was set at SEK 270 per share, representing a yield of about 11.1 percent (dividend of SEK 30 per year). A total of 5 million (5,000,000) shares will be issued, indicating that the Company will raise SEK 1,350 million (approx. USD 202 million) before transaction costs. Following the transaction the total number of shares in the Company will be 176,528,414 with the preference shares representing 0.3 percent of the votes and 2.8 percent of the capital in the Company.

The settlement day will be 20 December 2012 and the first day of trading on NASDAQ OMX Stockholm is preliminary 2 January 2013.

"We are very pleased with the outcome of the transaction and proud to have attracted such strong interest among Scandinavian, European as well as Russian investors. It can be particularly noted that our offering records the first ever international preference share issue by a Russian business. The fact that our initial target of USD 100 million more than doubled with demand significantly exceeding the final allocations is a good indication of the markets' perception of the attractive Russian oil & gas business and great confidence in Alliance Oil Company" Arsen Idrisov, Managing Director of Alliance Oil Company said.

Carnegie acted as Global Coordinator and Joint Bookrunner and Swedbank acted as Joint Bookrunner in the transaction. Gazprombank acted as leading Russian selling agent. Baker & McKenzie acted as legal advisor to Alliance Oil.

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Important information

This press release is not an offering to subscribe for securities in Alliance Oil but an announcement regarding the outcome of the issue of preference shares for which the subscription period ended on 14 December 2012. Further information regarding the rights issue can be found in the prospectus which was approved by the Swedish Financial Supervisory Authority on 30 November 2012. Terms not defined in this press release have the same meanings as defined in the prospectus to which this press release refers to.

Alliance Oil Company Ltd is a leading independent oil and gas company with vertically integrated operations in Russia and Kazakhstan. Alliance Oil has proved and probable reserves of 760 million barrels of oil equivalent 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.



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This press release contains forward-looking statements that reflect executive management's current view of future events and potential financial development. While Alliance Oil believes that the expectations described in such statements are reasonable, there is no guarantee that these forward-looking statements will be realized or correct. Consequently, as a result of various factors, the outcome of such statements could differ significantly from the forward-looking statements. The reader is urged to read this press release and the prospectus and any information incorporated through reference therein for a further discussion of the factors that could affect Alliance Oil's future performance and the markets and industries where the Company is active. In the light of these risks, uncertainties and assumptions, it is possible that the events described in the forward-looking statements in this press-release will not be known.