WEST SIBERIAN
Resources Ltd

West Siberian Resources Limited: Report for the financial year and the quarter ended December 31, 2007

- **Total revenue increased by 117% to MUSD 134.4 (MUSD 62.0)* for the quarter and by 55% to MUSD 380.3 (MUSD 245.2) for the financial year.**
- **EBITDA amounted to MUSD 47.7 (MUSD 14.4) for the quarter and to MUSD 120.9 (MUSD 81.6) for the financial year.**
- **The quarterly net result amounted to MUSD 4.8 (loss of MUSD 1.5) and the financial year net result amounted to MUSD 29.9 (MUSD 30.2).**
- **Earnings per share amounted to USD 0.00 (USD 0.00) per share for the quarter and to USD 0.03 (USD 0.03) per share for the financial year.**
- **Proven and probable reserves increased by 18% to 361 million barrels**
- **Oil production increased by 27% to 3,130,588 barrels for the quarter and by 33% to 10,637,650 barrels for the financial year.**
- **Proposed merger with Alliance Oil Company**

**Comparisons reflect the quarter and the financial year ended December 31, 2006.*

West Siberian Resources Ltd is an independent oil company active in Russia.
West Siberian´s depository receipts are traded on the OMX Nordic Exchange Stockholm under the symbol WSIB.

Dear fellow shareholders,

The objective for any oil exploration and production company is to add and produce oil reserves at the lowest cost possible and to sell the oil realizing the best price available. In 2007, we added 65 million barrels of proven and probable reserves, representing an 18% reserve increase and a 609% reserve replacement ratio. Oil production increased by 33% to 10.6 million barrels.

Our capital expenditures amounted to almost MUSD 200, which means that the finding and development cost amounted to USD 3.03 per barrel of reserves added. The controllable production costs amounted to USD 4.06 for the full year and USD 3.90 for the fourth quarter 2007, well in line with our long term target of USD 4.00 per barrel.

Financially, the operational success translated into record level revenues, EBITDA and cash flow. Oil prices increased through the year contributing to oil revenues reaching MUSD 132 and EBITDA of more than MUSD 47 in the fourth quarter. The full year operating cash flow amounted to almost MUSD 100. This performance allowed us to refinance our short-term loans and raise MUSD 300 as of the date of the report through a six year syndicated loan arrangement.

In 2007, 100% of our growth was organic and resulted from our active development program in all regions. Currently, we are developing six new oil fields that we opened up for production in the last couple of years. We are also about to start production drilling at our largest development project to date, the Kolvinskoye field. The plan for 2008 is to increase total production by 41% to 15 million barrels. Early in the year, production is negatively affected by intense development activities and preparations in the fields with production planned to increase from the second quarter and onwards.

The operational success was however not fully reflected at the bottom line in 2007. The primary reasons for this is a large increase in production taxes resulting from higher oil prices, an impairment charge for the Liginski Block and increasing depletion charges for the oil reserves.

As a consequence of the large increase in reserves we have to include the historical exploration costs and future costs for developing these reserves when calculating the depletion rate. Also, we made adjustments for cost inflation and increased drilling costs in the future. These adjustments increased the depletion charges and reduced bottom line earnings, but do not affect cash flow.

The reality of the Russian exploration and production sector is that despite double digit growth, cost control, world oil prices at record levels and very successful operations, it is increasingly harder to improve profitability. Taxation increases with rising oil prices that also create upward pressure on operating and capital expenditures which limits margin increases.

Therefore, the merger with Alliance Oil is a natural step. Through the deal, we are creating a fully integrated oil company operating throughout the oil industry value chain. Russian refining and marketing are increasingly profitable ventures benefiting from the high oil price environment and lower taxation than crude oil producers. The merger will enable us to capture the higher margins of the downstream segment, by allowing processing of own crude, and offers security of supply for refining and marketing operations.

Together with Alliance Oil, West Siberian can continue to grow and prosper. By 2009, we expect to produce 65,000 barrels of oil which will allow us to fully supply the Alliance Oil's main subsidiary, Khabarovsk refinery. By the time the upgrade of the refinery is completed in 2011, we plan to produce and supply the refinery with 90,000 barrels of oil per day. On these barrels, we expect to earn significantly higher margins than today.

February 26, 2008

Maxim Barski
Managing Director

Results – the Group

Group revenue for the quarter ended December 31, 2007 was MUSD 134.39 (MUSD 61.95) and MUSD 380.33 (MUSD 245.21) for the financial year ended December 31, 2007.

Sales volumes and prices for export and domestic markets are presented in the following table:

Financial year ended December 31, 2007				
	Export	**CIS**	**Domestic**	**Total**
Sold volume (barrels)	1 603 711	3 421 708	5 503 993	10 529 411
Gross price (USD/barrel)	70,36	41,75	37,72	44,00
Net price (USD/barrel)	40,29	38,75	31,70	35,30
Selling expenses (USD/barrel)	4,71	7,74	0,50	3,49
Netback price (USD/barrel)	35,58	31,01	31,20	31,81
Financial year ended December 31, 2006				
	Export	**CIS**	**Domestic**	**Total**
Sold volume (barrels)	1 136 357	1 964 904	4 730 793	7 832 055
Gross price (USD/barrel)	57,20	35,40	33,32	37,17
Net price (USD/barrel)	32,08	35,10	28,02	30,39
Selling expenses (USD/barrel)	4,98	6,96	0,46	2,75
Netback price (USD/barrel)	27,10	28,14	27,56	27,64
Quarter ended December 31, 2007				
	Export	**CIS**	**Domestic**	**Total**
Sold volume (barrels)	639 383	938 790	1 523 345	3 101 519
Gross price (USD/barrel)	84,05	51,40	44,80	54,90
Net price (USD/barrel)	47,87	47,05	37,48	42,52
Selling expenses (USD/barrel)	4,66	8,63	0,59	3,86
Netback price (USD/barrel)	43,21	38,42	36,89	38,66
Quarter ended December 31, 2006				
	Export	**CIS**	**Domestic**	**Total**
Sold volume (barrels)	41 762	783 382	1 546 819	2 371 963
Gross price (USD/barrel)	50,92	31,25	26,24	28,32
Net price (USD/barrel)	24,62	31,07	22,26	25,21
Selling expenses (USD/barrel)	3,74	6,79	0,52	2,65
Netback price (USD/barrel)	20,88	24,28	21,74	22,56

The net prices are calculated by deducting VAT (for Russian domestic sales) or export duty (for export far abroad and to CIS countries sales) from the gross prices. The netback prices are calculated by deducting VAT (for Russian domestic sales), railway and pipeline transportation costs or export duty, brokers' commission and certain other costs (for export sales) or transportation, brokers' commission and certain other costs (for CIS countries export) from the gross price.

Production costs for the quarter were MUSD 65.96 (MUSD 34.95) and for the financial year production costs were MUSD 198.34 (MUSD 127.36). Production and other taxes included in the Production costs for the quarter were MUSD 52.71 (MUSD 25.42) and MUSD 149.22 (MUSD 92.25) for the financial year. Production costs (excluding refining costs and production and other taxes) per barrel amounted to USD 3.90 (USD 3.63) for the quarter and USD 4.06 (USD 3.99) for the financial year.

Following the significant increase in oil production in the Timano-Pechora region, the group's social responsibilities in the region are increasing. WSR has agreed to pay USD 3.5 for each ton of oil produced (about USD 0.47 per barrel produced) from the Middle Kharyaga oil field to the Administration of the Nenetsk Autonomous Area. In the third and fourth quarters MUSD 4.75 charge was recorded in the income statement. MUSD 2.12 related to the period March 31, 2004 to September 30, 2005 and the remaining MUSD 2.63 related to the period from October 1, 2005 till December 31, 2007. MUSD 2.12 was settled in September 2007, the 2007 charge of MUSD 1.00 was settled in January 2008 and the remaining MUSD 1.63 will be settled by March 1, 2008 as agreed with the Administration.

For the quarter, the depletion and depreciation charge was MUSD 27.18 (MUSD 17.66) and MUSD 77.70 (MUSD 59.85) for the financial year. The average depletion rate per barrel of oil produced increased to USD 8.67 (USD 7.13) in the fourth quarter and decreased to USD 7.29 (USD 7.46) for the financial year. Depletion and depreciation charges increased as a result of higher production volumes, reclassification of exploration assets to production assets, increasing reserves and higher estimates of future capital expenditures.

Depletion charges are calculated based on DeGolyer and MacNaughton's (D&M) Society of Petroleum Engineers (SPE) classification of the company's recoverable reserves and estimates of future capital expenditures. In 2007, D&M estimates of future capital expenditures increased significantly to reflect the devaluation of the US dollar, inflation and higher expected future drilling costs.

An impairment charge of MUSD 10.48 was recorded in the income statement in the fourth quarter 2007 to reflect the abandonment of the Liginski Block in the Timano-Pechora region for which the license expired in December 2007. WSR did not seek to extend the exploration license following an unsuccessful exploration test in 2006 and subsequent technical evaluations.

The Selling expenses amounted to MUSD 12.05 (MUSD 6.29) for the quarter and MUSD 37.60 (MUSD 21.57) for the financial year. Comparing to 2006 the selling expenses increased due to larger volumes of crude oil sold, increased transportation charges per barrel and higher volumes of crude oil sold for far abroad export and export to CIS countries.

The Administration expenses amounted to MUSD 9.13 (MUSD 5.74) for the quarter and MUSD 22.83 (MUSD 14.36) for the financial year. The charge related to the global share option plan amounted to MUSD 1.31 (MUSD 1.34) for the quarter and MUSD 4.96 (MUSD 3.97) for the financial year. The annual bonus awarded to management amounted to MUSD 0.88 (MUSD 0.90) was included in the Administration expenses. Costs associated with the listing on the Stockholm Stock Exchange were included in the Administration expenses and amounted to MUSD 0.77.

EBITDA amounted to MUSD 47.70 (MUSD 14.44) for the quarter and to MUSD 120.90 (MUSD 81.63) for the financial year.

The operating income for the quarter was MUSD 10.05 (loss of MUSD 3.22) and MUSD 32.72 (MUSD 27.63) for the financial year. Last financial year, a gain of MUSD 5.84 from the sale of shares in subsidiaries was included in the operating income.

Net finance expenses were MUSD 4.37 (MUSD 4.42) for the quarter and MUSD 15.53 (MUSD 14.87) for the financial year.

Currency exchange rate gains amounted to MUSD 5.79 (MUSD 4.66) for the quarter and to MUSD 24.53 (MUSD 21.75) for the financial year. These mainly unrealised currency exchange rate gains resulted from the substantial devaluation of the US Dollar against the Russian Rouble and were mainly derived from recalculating inter-company loans of the subsidiaries from Russian Roubles to US Dollars. The exchange rate used regarding the Russian Rouble to the USD at December 31, 2006 and December 31, 2007 were 26.33 and 24.55 per to USD.

Tax charges for the quarter were MUSD 6.62 (MUSD 1.44) and MUSD 11.82 (MUSD 4.29) for the financial year.

For the quarter the Group reports a net result after tax of MUSD 4.82 corresponding to USD 0.00 per share (loss of MUSD 1.54 and USD 0.00 per share, respectively). The net result for the financial year was MUSD 29.91 corresponding to USD 0.03 per share (MUSD 30.23 and USD 0.03 per share, respectively).

The board of directors propose that no dividends shall be paid for the financial year ended December 31, 2007.

Exploration and Production

West Siberian Resources Ltd operates in three Russian regions: Tomsk, Timano-Pechora and Volga-Urals. Based on most recent reserve report West Siberian Resources' proven and probable oil reserves under Russian classification amount to 401.7 million barrels. Under SPE classification, proven and probable reserves amounted to 365.0 million barrels as of August 31, 2007 based on D&M's appraisal. Excluding the production for September-December 2007 the proven and probable reserves as of December 31, 2007 amounted to 361 million barrels (307 million barrels).

West Siberian Resources Ltd's oil production increased to 3,130,588 barrels (2,472,979 barrels) for the quarter and to 10,637,650 barrels (8,010,855 barrels) for the financial year ended December 31, 2007. Average daily production increased to 34,028 barrels per day (26,880 barrels per day) for the quarter and 29,144 barrels per day (21,948 barrels per day) for the financial year.

During the fourth quarter, a total of 52 wells in the Tomsk region, 31 wells in the Timano-Pechora region and 34 wells in the Volga-Urals region contributed to production.

The Tomsk Region
Total production in the Tomsk region in the quarter was 1,032,694 barrels (818,635 barrels) and 3,545,502 barrels (2,757,422 barrels) for the financial year.

At the Khvoinoye oil field production drilling was started. One production and one water well were drilled and will be completed in the 1st quarter 2008 after production well has been hydrofractured. In January 2008 3 wells at the Puglalymskoye and 5 wells at the Kluchevskoye fields were subject to hydrofracturing works intended to increase flow rates.

A pressure maintenance system was put into operation at the Kluchevskoye field where preparation of new drilling pads for the 2008 drilling program was started. The construction of a 52 km winter road to the Middle Nyurola field was finished in order to secure the delivery of equipment and materials for the 2008 working program. At the Puglalymskoe field the booster pipeline pumping station was completed.

During the quarter 51.67 thousand barrels (59.50 thousand barrels) were refined at the Alexandrov refinery which generated oil products revenue of MUSD 1.67 (MUSD 1.59). During the financial year 226.50 thousand barrels (238.21 thousand barrels) were refined and MUSD 5.41 (MUSD 5.37) of oil products revenue was generated.

The Timano-Pechora Region
Total production in the Timano-Pechora region amounted to 1,139,620 barrels (714,505 barrels) for the quarter and 3,343,502 barrels (2,842,808 barrels) for the financial year.

At the North Kharyaga oil field, 3 new production wells were drilled and 4 wells were put into operation (with 1 well drilled in the third quarter 2007). Two wells core samples were obtained for analysis. In order to improve flow rates from new wells that were underperforming, studies have been initiated to determine appropriate technology for opening formation and selecting drilling mud. The 120 km^2 3D seismic study interpretation was completed and a new geological model of the North Kharyaga field reservoir was created.

At the Lek-Kharyaga field, 2 oil wells were drilled and completed with production flow rates exceeding expectations. Following the 70 km^2 3D seismic study interpretation for the Lek-Kharyaga field a new geological model was created. At the Lek-Kharyaga field the oil collection and treatment facility was completed. In addition an 8.3 km winter road to the field was constructed.

At the Kolvinskoye field well no. 66 was reactivated in order to test well productivity and meet license obligations. The first 322 barrels of oil were extracted from the well.

At the Middle Kharyaga field, construction of water and heating supply systems for the treatment facility was completed. Also, the construction of a 10.5 kilometer winter road to the field was finished to facilitate the supply of equipment and materials for the 2008 working program.

The Volga-Urals Region
Total production in the Volga-Urals region amounted to 958,274 barrels (939,839 barrels) for the quarter and 3,748,646 barrels (2,410,625 barrels) for the financial year.

A new 25 year oil production license for the Kovalevskoye field was obtained in December 2007.

The upgrade of the Kochevnenskoye field's oil treatment facility was completed increasing capacity to 10,800 barrels per day. This allowed production to start from the previously drilled wells no. 111 and 112. Well no. 2 was sidetracked and will be put in production in 2008.

At the Novo-Kievskoye oil field production well drilling started. This well is intended to optimize the field reserve recovery. The field energy supply system was improved with additional power line completed. The field treatment facility effectiveness was increased with the new water removal plant put into operation.

Drilling of the first exploration well started at the Ivanikhinskaya structure.

Investments, Financing and Liquidity

Investments
Net investments in oil and gas assets for the quarter amounted to MUSD 49.72 (MUSD 41.36) and were made in the Timano-Pechora region (MUSD 20.45), Tomsk region (MUSD 17.24), and Volga-Urals region (MUSD 12.03). For the financial year total net investments in oil and gas assets amounted to MUSD 196.50 (MUSD 112.67).

In January 2007, the final settlement of MUSD 25.00 for the acquisition of Northoil, the oil company holding the license to produce the hydrocarbons from the Kolvinskoye field in the Timano-Pechora region, was paid.

Financing
In January 2007, MSEK 562.50 (MUSD 80.36 before placement costs) was raised through a private placement of 90 million common shares. The net proceeds after placement costs amounted to MSEK 544.71 (MUSD 77.79). The placement costs amounting to MUSD 2.57 were mainly paid in April 2007.

In December 2007 a loan facility for up to MUSD 350 was signed with a syndicate of banks out of which MUSD 240 was disbursed to refinance a previous bridge facility expiring in March 2008. An additional MUSD 60 was disbursed in February 2008. The loan matures in 6 years and bears interest rate LIBOR plus 3.25%-3.75%.

Liquidity
As at December 31, 2007 the Group liquidity amounted to MUSD 6.50 (MUSD 32.13). Cash flow from operations, before changes in working capital, amounted to MUSD 87.13 (MUSD 54.86) for the financial year.

Parent company

The parent company’s revenue amounted to MUSD 1.24 (MUSD 1.19) for the quarter and MUSD 4.84 (MUSD 4.20) for the financial year.

The parent company’s net result before tax for the quarter amounted to loss of MUSD 6.32 (loss of MUSD 4.81) and loss of MUSD 2.34 (profit of MUSD 5.68) for the financial year.

As of December 31, 2007 the liquidity of the parent company amounted to MUSD 0.63 (MUSD 9.39).

In January 2007, the parent company issued 90 million shares as described above. In December 2007 the parent company’s loan facility was refinanced as described above.

Organisation

The current board of directors consists of Mr. Eric Forss (Chairman), Mr. Maxim Barski, Mr. Claes Levin, Mr. Fred Boling, Mr. Oleg Fomenko, and Mr. Nemesio Fernandez-Cuesta. At the Annual

General Meeting in May 2007, Mr. Fernando Martinez Fresneda was elected as an alternate director for Mr. Fernandez-Cuesta.

Share data

The shares of the Company are represented by the Depository Receipts listed on the OMX Nordic Exchange Stockholm where they were approved for trading from May 23, 2007. Each share carries one vote.

In January 2007, as a result of a private placement the share capital of the company increased by USD 4,500,000 from USD 54,951,366 to USD 59,451,366 and the number of shares increased from 1,099,027,312 to 1,189,027,312.

As of December 31, 2007 the total number of options outstanding under the WSR Global Share Option Plan amounted to 66,455,000. Each option gives the right to subscribe for 1 share of common stock at exercise prices ranging from SEK 5.55 to SEK 7.00. All options are exercisable after 3 years subject to certain conditions and expire in 5 years from issuance. The value of the options on the grant date is recognized over the vesting period of 3 years. Charges related to the option plan are recorded as non-cash administrative expenses with corresponding entry to retained earnings.

Subsequent events - Merger with Alliance Oil Company

On 17 February 2008, West Siberian and Alliance Group announced that they had signed an agreement to create a leading independent, fully integrated oil company operating in Russia and Kazakhstan, listed on the OMX Nordic Exchange Stockholm. The combined group will have proved and probable oil reserves of 484 million barrels, production of close to 51,000 barrels per day, refining capacity of 70,000 barrels per day, a network of 255 gas stations and 24 wholesale oil terminals. The transaction will have a substantial positive impact on WSR´s revenue, EBITDA and earnings.

Under the Contribution Agreement, Alliance Oil Shareholders will contribute the entire share capital of Alliance Oil to WSR in exchange for WSR issuing to Alliance Oil shareholders 1,783,540,968 ordinary shares. Warrants to subscribe for 99,682,500 ordinary shares at an exercise price of SEK 6.21 per share shall also be issued as part of the merger. Accordingly, members of the Bazhaev family, who currently control Alliance Oil, will become the largest shareholders in the combined group ultimately holding 60 per cent of the fully diluted share capital post completion of the merger.

The merger is subject to the approval of WSR’s current shareholders in a Special General Meeting of WSR on March 3, 2008. The parties have received relevant anti-monopoly approvals. Completion of the Merger is expected to occur in March 2008.

Alliance Oil’s shareholders will nominate two directors for election to WSR's board of directors at the Annual General Meeting in May 2008. The current WSR management team headed by Maxim Barski as Managing Director will maintain their positions and be complemented by the senior management of Alliance Oil, adding downstream experience and a track record of refining and marketing operations in the Russian Far East.

GROUP INCOME STATEMENT

(Expressed in USD thousands)	Note	Jan 1, 2007 - Dec 31, 2007 12 months	Jan 1, 2006 - Dec 31, 2006 12 months	Oct 1, 2007 - Dec 31, 2007 3 months	Oct 1, 2006 - Dec 31, 2006 3 months
Revenue					
Revenue from sales of oil and gas	3	371 696	237 980	131 876	59 803
Revenue from sales of oil products	3	5 410	5 369	1 673	1 591
Other income		3 228	1 861	841	560
		380 334	**245 210**	**134 390**	**61 954**
Cost of sales					
Production costs		-198 338	-127 364	-65 959	-34 949
Depletion and depreciation	5	-77 704	-59 846	-27 178	-17 664
Impairment of oil and gas properties	6	-10 480	-	-10 480	-
Gross profit		**93 812**	**58 000**	**30 773**	**9 341**
Selling expenses		-37 601	-21 568	-12 050	-6 289
Administration expenses	11	-22 833	-14 361	-9 133	-5 744
Gain on disposal of shares in subsidiaries	7	-	5 843	-	-
Other operating income/(expenses)		-663	-289	455	-529
Operating income/(loss)		**32 715**	**27 625**	**10 045**	**-3 221**
Finance income/(expenses), net		-15 532	-14 868	-4 372	-4 419
Currency exchange gains/(losses), net		24 528	21 754	5 792	4 658
Result before tax and minority interests		**41 711**	**34 511**	**11 465**	**-2 982**
Tax	9	-11 820	-4 286	-6 622	1 439
Result for the period		**29 891**	**30 225**	**4 843**	**-1 543**
Attributable to:					
Equity holders of the parent		**29 906**	**30 228**	**4 819**	**-1 536**
Minority interests		**-15**	**-3**	**24**	**-7**
Earnings per share (USD)	2	0,03	0,03	0,00	-0,00
Diluted earnings per share (USD)	2,8,11	0,02	0,03	0,00	-0,00

GROUP BALANCE SHEET - Condensed

(Expressed in USD thousands)	Note	Dec 31, 2007	Dec 31, 2006
FIXED ASSETS			
Oil and gas properties and office equipment		1 051 734	869 311
Land		13	12
Goodwill and computer software		1 771	847
Deferred tax asset		1 570	3 587
Financial fixed assets		1 676	1 081
		1 056 764	**874 838**
CURRENT ASSETS		77 054	95 368
TOTAL ASSETS		**1 133 818**	**970 206**
SHAREHOLDERS' EQUITY	8,11	**646 667**	**502 047**
LONG-TERM LIABILITIES			
Interest-bearing long-term liabilities		235 937	424
Deferred tax liability	9	130 128	128 581
Provision for site restoration costs		11 963	6 620
		378 028	**135 625**
CURRENT LIABILITIES	4	109 123	332 534
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1 133 818**	**970 206**
PLEDGED ASSETS and SHARES	4	500 000	270 625
CONTINGENT LIABILITIES	10	-	2 124

GROUP STATEMENT OF CASH FLOW - Condensed

(Expressed in USD thousands)	Note	Jan 1, 2007 - Dec 31, 2007 12 months	Jan 1, 2006 - Dec 31, 2006 12 months
Cash flow from operations			
Operating income		32 715	27 625
Operating cash flow before changes in working capital		**87 126**	**54 855**
Total cash flow from operations	7	**99 978**	**57 614**
Total cash flow used for investments	7	**-221 827**	**-259 056**
Total cash flow from financing	4,8	**96 800**	**232 400**
Effect of exchange rate changes on cash and cash equivalents		-585	-7
Change in cash and bank		**-25 634**	**30 951**
Cash and bank at beginning of period		32 134	1 183
Cash and bank at end of period		**6 500**	**32 134**

STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent company					Minority interest	Total equity
(Expressed in USD thousands)	**Share capital**	**Other paid in capital**	**Other reserves**	**Retained earnings**	**Total**		
Equity at Dec 31, 2005	**39 626**	**124 843**	**-23**	**9 564**	**174 010**	**313**	**174 323**
Translation difference for the period	-	-	17 744	-	17 744	-	17 744
Net result for the period Jan 1, 2006 – Sep 30, 2006	-	-	-	31 764	31 764	4	31 768
Total recognised income and expense for the period	-	-	17 744	31 764	49 508	4	49 512
Private Placement and Issuance of shares to Saneco shareholders	15 325	253 542	-	-	268 867	-	268 867
Share option plan (Note 11)	-	-	-	2 628	2 628	-	2 628
Equity at Sep 30, 2006	**54 951**	**378 385**	**17 721**	**43 956**	**495 013**	**317**	**495 330**
Translation difference for the period	-	-	6 916	-	6 916	-	6 916
Net result for the period Oct 1, 2006 – Dec 31, 2006	-	-	-	-1 536	-1 536	-7	-1 543
Total recognised income and expense for the period	-	-	6 916	-1 536	5 380	-7	5 373
Share option plan (Note 11)	-	-	-	1 344	1 344	-	1 344
Equity at Dec 31, 2006	**54 951**	**378 385**	**24 637**	**43 764**	**501 737**	**310**	**502 047**
Translation difference for the period	-	-	24 526	-	24 526	-	24 526
Net result for the period Jan 1, 2007 – Sep 30, 2007	-	-	-	25 087	25 087	-39	25 048
Total recognised income and expense for the period	-	-	24 526	25 087	49 613	-39	49 574
Private Placement (Note 8)	4 500	73 316	-	-	77 816	-	77 816
Share option plan (Note 11)	-	-	-	3 643	3 643	-	3 643
Equity at Sep 30, 2007	**59 451**	**451 701**	**49 163**	**72 494**	**632 809**	**271**	**633 080**
Translation difference for the period	-	-	7 464	-	7 464	-	7 464
Net result for the period Oct 1, 2007 – Dec 31, 2007	-	-	-	4 819	4 819	24	4 843
Total recognised income and expense for the period	-	-	7 464	4 819	12 283	24	12 307
Private Placement (Note 8)	-	-32	-	-	-32	-	-32
Share option plan (Note 11)	-	-	-	1 312	1 312	-	1 312
Equity at Dec 31, 2007	**59 451**	**451 669**	**56 627**	**78 625**	**646 372**	**295**	**646 667**

KEY FINANCIAL AND OPERATIONAL RATIOS

	Jan 1, 2007 - Dec 31, 2007 12 months	Jan 1, 2006 - Dec 31, 2006 12 months	Oct 1, 2007 - Dec 31, 2007 3 months	Oct 1, 2006 - Dec 31, 2006 3 months
Financial ratios				
EBITDA [1], TUSD	120 899	81 628	47 703	14 443
Return on shareholders' equity [2], %	5%	6%	1%	0%
Return on capital employed [3], %	7%	9%	2%	0%
Debt/equity ratio [4], %	45%	54%	45%	54%
Equity ratio [5], %	57%	52%	57%	52%
Risk-bearing capital [6], %	69%	65%	69%	65%
Interest-coverage ratio [7]	3,57	3,25	3,37	0,37
Weighted average number of shares for the financial period [8,9,10,11,12,13,14,15]	1 186 447 178	1 060 073 994	1 189 027 312	1 099 027 312
Weighted average number of shares for the financial period (diluted) [8,9,10,11,12,13,14,15]	1 199 808 376	1 064 214 168	1 194 129 247	1 104 248 089
Number of shares at financial period end [10,11,12,13,14,15]	1 189 027 312	1 099 027 312	1 189 027 312	1 099 027 312
Operational ratios				
Production volume, barrels	10 637 650	8 010 855	3 130 588	2 472 979
Oil revenue per barrel (sold), USD/barrel	35,30	30,39	42,52	25,21
Export (excl. export duty)	40,29	32,08	47,87	24,62
Export CIS	38,75	35,10	47,05	31,07
Domestic	31,70	28,02	37,48	22,26
Operating costs per barrel produced, USD/barrel	25,38	22,97	29,41	21,04
Production costs (excl. refining costs, production and other taxes)	4,06	3,99	3,90	3,63
Production and other taxes	14,03	11,52	16,84	10,28
Depletion	7,29	7,46	8,67	7,13

Key ratio definitions

1. Earnings before interest, tax, depreciation and amortisation is defined as the Group's operating result plus depletion and depreciation, impairment of oil and gas properties and minus gain on disposal of shares in subsidiaries.
2. Return on shareholders' equity is defined as the Group's net result divided by the shareholders' equity at the end of the financial period.
3. Return on capital employed is defined as the Group's net result after financial items, plus interest expenses, plus/minus exchange-rate differences on financial loans, divided by average total capital employed (the average total assets less non-interest bearing liabilities over the financial period).
4. Debt/equity ratio is defined as the Group's interest-bearing liabilities in relation to shareholders' equity.
5. Equity ratio is defined as the Group's shareholders' equity, plus minority interest, in relation to total assets.
6. The percentage of risk-bearing capital is defined as the total sum of shareholders' equity and deferred tax liabilities (including minority interest), divided by total assets.
7. Interest-coverage ratio is defined as the Group's net result after financial items, plus interest expenses, plus/minus exchange-rate differences on financial loans, divided by interest expenses.
8. On February 17, 2004 by way of the Issue Through Set-off SEK 150,165,272 of convertible debentures issued in 2002 were converted into 75,082,636 shares at the conversion price of SEK 2 after which the number of shares increased to 107,262,625. The conversion price of SEK 6.70 was higher than the average market price of the share over the financial period. Therefore, the non-converted part of the convertible debentures did not have an effect on the average number of shares when calculated on a fully diluted basis. The non-converted part of the convertible debentures was redeemed on May 31, 2005.
9. On March 26, 2004 the Group completed the preferential right issue to existing shareholders and debenture holders after which the number of shares increased by 321,787,875 from 107,262,626 to 429,050,500.
10. On April 27, 2005 the Group completed the preferential right issue to existing shareholders after which the number of shares increased by 257,430,300 from 429,050,500 to 686,480,800.
11. On September 14, 2005 the Group completed the private share placement after which the number of shares increased by 106,046,512 from 686,480,800 to 792,527,312.
12. On February 10, 2006 the Group completed the private share placement after which the number of shares increased by 190,000,000 from 792,527,312 to 982,527,312.
13. On February 17, 2006 the Group issued 116,500,000 shares to Saneco former shareholders after which the number of shares increased from 982,527,312 to 1,099,027,312.
14. As of December 31, 2007 66,455,000 options were outstanding with the right to subscribe for 1 share of common stock at exercise prices ranging from SEK 5.55 to SEK 7.00 which have an effect on the average number of shares when calculated on a diluted basis.
15. On January 19, 2007 the Group completed the private share placement after which the number of shares increased by 90,000,000 from 1,099,027,312 to 1,189,027,312.

NOTES

Note 1 Accounting principles

This consolidated interim report is prepared in accordance with IAS 34. The accounting principles used in this interim report are the same as the ones used in the annual report as of December 31, 2006.

The company applies the new standard IFRS 7 “Financial instruments: Disclosures and classification”, as well as Amendments to IAS 1 “Presentation of financial statements”. IFRS 7 does not entail any change in the reporting and valuation of financial instruments. On the other hand, certain disclosure requirements have been expanded, compared with earlier requirements under IAS 32, particularly as concerns the exposure and management of risk relating to financial instruments. The Amendments to IAS 1 include expanded additional disclosure regarding elements such as the definition of capital, capital structure and capital management policies. In addition to IFRS and the Amendment to IAS 1, there are four IFRIC interpretations – IFRIC 7 “Applying the Restatement Approach under IAS 29 “Financial Reporting in Hyperinflationary Economies”, IFRIC 8 “Scope of IFRS 2”, IFRIC 9 “Reassessment of Embedded Derivatives”, and IFRIC 10 “Interim Financial Reporting and Impairment”. The application of IFRS 7, Amendment to IAS 1 and IFRIC 7, 8, 9 and 10, has not had any impact on the company’s position or earnings.

Note 2 Earnings per share

The earnings per share have been calculated by dividing the net result by the weighted average number of shares for the financial period. For the financial periods ended December 31, 2007 and 2006 there was a dilutive effect on the shares due to options granted.

Note 3 Segment information

Since 2005 West Siberian Resources Ltd produces crude oil and oil products. As a consequence, there are two business segments. Management review and evaluate the business on a geographical basis as a result three secondary segments are identified. Sale of crude oil and oil products to Russia are categorised as domestic; sale of crude oil to countries outside Russia is categorised as export. During the quarters ended December 31, 2007 and 2006 there were no sale of oil products to countries outside Russia.

	Crude oil			Oil products	Group
	Export	**Export CIS**	**Russia**	**Russia**	
Quarter ended December 31, 2007					
Segment revenue	30 608	44 174	57 094	1 673	133 549
Segment result	8 652	8 205	10 333	1 172	28 362
Quarter ended December 31, 2006					
Segment revenue	1 028	24 337	34 438	1 591	61 394
Segment result	63	2 546	-1 148	1 254	2 715

	Crude oil			Oil products	Group
	Export	**Export CIS**	**Russia**	**Russia**	
12 months ended December 31, 2007					
Segment revenue	64 614	132 596	174 486	5 410	377 106
Segment result	15 000	19 207	26 805	2 451	63 463
12 months ended December 31, 2006					
Segment revenue	36 451	68 960	132 569	5 369	243 349
Segment result	5 552	11 057	15 126	3 557	35 292

Note 4 Bank loans and related pledged assets

WSR Group long- and short-term loans and related pledged assets are presented in the table below.

Borrower	Creditor	Denominated in	Outstanding amount, TUSD	Maturity	Interest rate	Pledged assets		
						Amount of pledge	Description of pledged assets/ covenants	Location of pledged assets
Long-term loans								
West Siberian Resources Ltd	Syndicate of banks	USD	200 000	18.12.2013	3.25% +LIBOR	500 000	100% of shares of Vostok Oil (Cyprus) Ltd, VTK, Khvoinoye, Nikol, Pechoraneft, Saneco, Pechoraneft, VTK and Saneco Guarantee, financial ratio covenants	Moscow Depository "R.O.S.T."; Registrar of companies in Bermuda and Cyprus
			40 000	18.12.2013	3.75% +LIBOR			
TOTAL Long-term loans			**240 000**			**500 000**		
Short-term loans								
Pechoraneft	Unicredit Bank (previously International Moscow Bank)	USD	6 082	10.01.2008	3.5%+LIBOR	-	-	-
Saneco	Unicredit Bank (previously International Moscow Bank)	USD	10 000	20.05.2008	3.5%+LIBOR	-	-	-
			4 030	11.06.2008				
			5 970	23.05.2008				
	Raiffeisen Bank Austria	USD	4 070	14.04.2008	3.5%+LIBOR	-	-	-
VTK	Unicredit Bank (previously International Moscow Bank)	USD	10 000	13.02.2008	3.5%+LIBOR	-	-	-
TOTAL Short-term loans			**40 152**			-	-	-

The balance sheet line ‘Interest-bearing long-term liabilities’ contains the amount of 6 year loan facility payable to a syndicate of banks amounted to TUSD 240,000 reduced for the amount of arrangement, underwriting, coordination and other fees of TUSD 4,125 paid to the syndicate of banks in January 2008. The interest expense payable to the syndicate of banks as of December 31, 2007 amounted to TUSD 546 included in the balance sheet line ‘Current liabilities’.

Note 5 Depletion and depreciation

For the twelve months ended December 31, 2007 and 2006 the depletion and depreciation charge amounted to TUSD 77,704 and TUSD 59,846, respectively. For the quarters ended December 31, 2007 and 2006 the depletion and depreciation charge amounted to TUSD 27,178 and TUSD 17,664. Depletion and depreciation charges increased as a result of higher production volumes, reclassification of exploration assets to production assets, increasing reserves and higher estimates of future capital expenditures.

Depletion charges are calculated based on DeGolyer and MacNaughton's (D&M) Society of Petroleum Engineers (SPE) classification of the company's recoverable reserves and estimates of future capital expenditures. In 2007, D&M estimates of future capital expenditures increased significantly to reflect the devaluation of the US dollar, inflation and higher expected future drilling costs.

Note 6 Impairment of oil and gas properties

In December 2007 the exploration license for the Liginski block in the Timano-Pechora region expired and WSR did not seek to extend it. Therefore the value of the exploration license and related exploration assets was written off with an amount of TUSD 10,480 and was recorded in the income statement for the quarter ended December 31, 2007.

Note 7 Acquisitions and disposals

On November 2, 2006 the share purchase agreement was signed for the acquisition of Northoil holding the license to produce hydrocarbons from the Kolvinskoye field in the Timano-Pechora region. In accordance with the share purchase agreement the total purchase price of MUSD 115.00 should be paid in cash out of which MUSD 90.00 was paid at completion and MUSD 25.00 was paid in January 2007. The acquisition costs amounted to TUSD 1,095 out of which TUSD 1,050 represented an acquisition related bonus to the WSR business development team.

At the end of August 2006 a share sale agreement was signed for the sale of 100% of CJSC "Reimpex-Samara-Neftepromysel" ("Reimpex"). In accordance with the share sale agreement the total sales price was paid by TUSD 8,515 in cash and TUSD 476 by assumption of debt. The selling costs amounted to TUSD 2,200 were incurred. As of September 20, 2006 the deal was closed and the Company received TUSD 8,991 included in the Cash Flow Statement line "Total cash flow used for investments". Since the net assets of Reimpex as of the disposal date amounted to TUSD 948 the Company recognized a gain on disposal of TUSD 5,843 included in the income statement line "Gain on disposal of shares in subsidiaries".

Note 8 Private placement proceeds

In January 2007 a private placement of common shares raising SEK 562,500,000 (MUSD 80.36 before placement costs) was completed. Institutional investors subscribed for 90,000,000 new shares/depositary receipts with a subscription price of SEK 6.25. The net proceeds after placement costs amounted to MUSD 77.79. The placement costs amounted to MUSD 2.57.

Note 9 Tax

For the twelve months ended December 31, 2007 the deferred tax liability increased from TUSD 128,581 to TUSD 130,128. The current tax expense for the twelve months ended December 31, 2007 amounted to TUSD 15,527 and deferred tax income amounted to TUSD 3,707. For the quarter ended December 31, 2007 the current tax expense amounted to TUSD 7,639 and deferred tax income amounted to TUSD 1,017.

Note 10 Contingent liability and license charges

On December 26, 2005 Administration of the Nenetsk Autonomous Area ("Nenetsk") brought a claim to the Arbitrazh court of the Arkhangeslk Region requiring Pechoraneft to repay an amount of USD 1,878,200. Nenetsk alleges Pechoraneft owes this amount under the Agreement on Social-Economic Cooperation dated October 26, 2001 between Nenetsk and Pechoraneft pursuant to the conditions of the licensing agreement related to the license granted to Pechoraneft. According to these arrangements, Pechoraneft was obliged to pay USD 1,000,000 to the special-purpose budget fund of the Nenetsk Autonomous Area and pay USD 3.5 from each ton of oil produced (about USD 0.47 per barrel produced) starting from the first quarter of 2002. However, when the relevant licence was re-issued to Pechoraneft, the licensing agreement did not provide for such obligation. WSR initially took the position that the obligations under the previous arrangement were no longer valid.

During 2006 several court sittings were held on the above matter and two of them were won by Pechoraneft. The third instance expedited the cause for reconsideration. In April 2007 the first instance reconsidered the case and the case was won by Pechoraneft. In July 2007 the second instance reconsidered the case and the case was failed by Pechoraneft.

Following the significant oil production increase in the Timano-Pechora region where Pechoraneft operates the Middle Kharyaga oil field and two new fields, the North Kharyaga and Lek-Kharyaga, Pechoraneft is becoming an influential company in the region bearing social responsibility. WSR decided to maintain peaceful relationships with the regional authorities including the Administration of the Nenetsk Autonomous Area and not to further proceed with the court consideration and therefore settle the amount the Nenetsk claimed to the court. By that WSR agreed to pay USD 3.5 from each ton produced (USD 0.47 per barrel produced) from the Middle Kharyaga oil field for the subsequent periods. The amount of TUSD 2,124 claimed by the Nenetsk was settled by Pechoraneft in September 2007. In January 2008 the 2007 charge of TUSD 1,004 was settled in full. The remaining liability of TUSD 1,620 will be settled by March 1, 2008 as agreed between WSR and the Nenetsk.

As of December 31, 2006 the total amount of contingent liabilities was increased up to TUSD 2,124 due to the additional fines claimed by the Nenetsk. In accordance with the WSR decision described above in the income statement for the financial year ended December 31, 2007 the license agreement charges were accrued in the amount of TUSD 4,748 and included in the Production costs line. Out of total amount of TUSD 4,748, TUSD 2,124 represented the claimed amount recorded as contingent liability as of December 31, 2006 and the remaining represented the license agreement charges for the period from October 1, 2005 till December 31, 2007.

Note 11 Share option plan

In 2006 and 2007 the Company granted options under the WSR Global Share Option Plan. As of December 31, 2007 the number of outstanding options amounted to 66,455,000 of which 25,006,000 were granted in February 2007 and 2,000,000 in May 2007. Each option gives the right to subscribe for 1 share of common stock at exercise prices ranging from SEK 5.55 to SEK 7.00. All options are exercisable after 3 years subject to certain non-market conditions such as the Company's and individual performance and expire in 5 years from issuance. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed over the vesting period of 3 years is determined by reference to the fair value of the options granted excluding the impact of any non-market vesting conditions.

For the twelve months ended December 31, 2007 and for the period January 31, 2006 – December 31, 2006 the charge amounted to TUSD 4,955 and TUSD 3,972 increased the income statement line "Administration expenses" and correspondingly the retained earnings. For the quarters ended December 31, 2007 and 2006 the charges amounted to TUSD 1,312 and TUSD 1,344.

Note 12 Subsequent events

On 17 February 2008, West Siberian and Alliance Group announced that they had signed an agreement to create a leading independent, fully integrated oil company operating in Russia and Kazakhstan, listed on the OMX Nordic Exchange Stockholm. The combined group will have proved and probable oil reserves of 484 million barrels, production of close to 51,000 barrels per day, refining capacity of 70,000 barrels per day, a network of 255 gas stations and 24 wholesale oil terminals. The transaction will have a substantial positive impact on WSR´s revenue, EBITDA and earnings.

Under the Contribution Agreement, Alliance Oil Shareholders will contribute the entire share capital of Alliance Oil to WSR in exchange for WSR issuing to Alliance Oil shareholders 1,783,540,968 ordinary shares. Warrants to subscribe for 99,682,500 ordinary shares at an exercise price of SEK 6.21 per share shall also be issued as part of the merger. Accordingly, members of the Bazhaev family, who currently control Alliance Oil, will become the largest shareholders in the combined group ultimately holding 60 per cent of the fully diluted share capital post completion of the merger.

The merger is subject to the approval of WSR's current shareholders in a Special General Meeting of WSR on 3 March 2008. The parties have received relevant anti-monopoly approvals. Completion of the Merger is expected to occur in March 2008.

After the successful completion of the merger the financial statements will be prepared using the accounting model prescribed by IFRS 3 Business combination for "reversed acquisitions" since the shareholders of Alliance will own 60% of WSR following the transaction.

Next report due

The next financial report for the first quarter from January 1, 2008 to March 31, 2008 will be published on May 29, 2008.

Annual General Meeting

The Annual General Meeting will be held in Stockholm, Sweden, on May 21, 2008. The annual report for the financial year 2007 will be available on WSR's corporate web site in the middle of April 2008.

Special General Meeting

A Special General Meeting of WSR will be held on March 3, 2008 at 3pm at Grand Hotel, in Stockholm, Sweden.

Conference call

WSR has scheduled a conference call at 13.00 UK time (14.00 Swedish time) on Tuesday February 26. Information on how to participate is available at www.westsiberian.com.

Risk and uncertainties associated with this interim report

The group's risk exposure is presented on page 17 of the 2006 annual report. There are no general changes to this presentation of risk exposure.

February 26, 2008

Eric Forss Chairman	Maxim Barski Director and Managing Director
Claes Levin Director	Fred Boling Director
Oleg Fomenko Director	Nemesio Fernandez-Cuesta Director

This report has not been subject to review by the company's auditors.

For further information:

Maxim Barski, Managing Director, telephone +7 495 956 4882
Eric Forss, Chairman of the Board, telephone +46 8 613 00 85.

West Siberian Resources Ltd
Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11, Bermuda
Registration Number: EC 25413
Internet: www.westsiberian.com