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Press release

February 17, 2008

West Siberian Resources and Alliance Group sign binding agreement and receive Anti Monopoly Commission approval

West Siberian and Alliance Group today 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 484¹⁾ 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.

A Special General Meeting will be held on March 3, 2008 to approve the transaction.

West Siberian Resources Ltd (OMX:WSIB-SDB) ("WSR") and the shareholders of OJSC Oil Company Alliance ("Alliance Oil") (the "Alliance Oil Shareholders" ²⁾) have signed a binding Contribution Agreement as was envisaged by the Memorandum of Understanding (MOU), which was announced on January 15, 2008. 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 (the "Merger"). 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.

As a result of the Merger, Alliance Oil becomes a wholly owned subsidiary of WSR. After the completion of the Merger, 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.

The Merger is subject to the approval of WSR's current shareholders in a Special General Meeting of WSR on March 3 2008 (see separate notice) and certain other conditions. The parties have received relevant anti-monopoly approvals necessary to undertake the Merger. Completion of the Merger is expected to occur in March 2008.

1) Proved and Probable reserves include WSR's reserves based on DeGolyer & MacNaughton reserve report as of August 31, 2007, adjusted for the cumulative oil production till the end of December 2007.

2) The shareholders of OJSC Oil Company Alliance ("Alliance Oil") are OJSC Alliance Group, CJSC Investment Company Alliance Capital, and Daumier Investments Limited.

The Merger creates a vertically integrated oil company operating in Russia and Kazakhstan with a stable supply of crude oil, substantial refining capacity and significant assets in distribution and marketing of petroleum products. Pro forma for the Merger, the combined group will have proved and probable oil reserves of 484¹⁾ million barrels, production capacity of close to 51,000 barrels per day (based on year end production rate), refining capacity of 70,000 barrels per day, a network of 255 gas stations and 24 wholesale oil terminals that will provide the basis for stable future earnings and improved margins.

Following the Merger, WSR will become the only fully integrated oil company listed on the OMX Nordic Exchange Stockholm. As the combined market capitalisation of the joint company pro-forma for the merger currently amounts to approximately USD 2.25 billion (based on WSR's closing price of SEK 4,79 per share/Swedish depository receipts as at February 15, 2008), the combined group's shares are expected to be traded on the large cap list of the OMX Nordic Exchange Stockholm. WSR's current market capitalisation amounts to USD 0.9 billion.

The combined pro forma revenues for WSR and Alliance Oil the first nine months 2007 amounted to USD 1,398 million and the combined EBITDA amounted to USD 228 million as compared to WSR's revenues of USD 246 million and EBITDA of USD 73 million for the same period. The net profit for the same period increases from USD 25 million to pro forma USD 80 million, or approximately by 219 per cent.

Rationale for the Merger:

- The joint company will enjoy the operational and financial benefits of vertical integration through the oil industry value chain
- The Russian downstream oil industry is currently enjoying high refining margins and strong profitability driven by increasing domestic demand for petroleum products and favourable taxation on exports of oil products compared with that of crude oil exports
- The Merger is expected to create meaningful synergies in and improvement of the trading and marketing operations as well as crude oil supply
- The Merger will enable WSR to benefit from higher margins of the downstream segment and offers security of supply for refining and marketing operations
- The Merger combines two of the most experienced upstream and downstream management teams in Russia
- The Merger also allows WSR to significantly increase the size of its business, balance sheet and market capitalization, leading to better financing opportunities, lower cost of capital and increased investor awareness.
- The Merger is accretive for WSR's shareholders on an earnings per share basis

Maxim Barski, Managing Director of WSR said: "We are delighted to share visions, goals and values with the Alliance Oil shareholders and management team. This has allowed us to successfully sign the Contribution Agreement without delay. It also enables us to look forward to carry over the integration process with maximum efficiency to extract significant synergies from the Merger within the next six to nine months. We are also excited by and are evaluating some new business development prospects that are opening to the enlarged WSR in Russia and the CIS in both upstream and downstream sectors."

Relationship Deed

WSR and the Alliance Oil Shareholders shall execute a relationship deed on the same day completion of the Merger occurs the purpose of which is to demonstrate the independence of WSR from the Alliance Shareholders under the Swedish Corporate Governance Code and the listing agreement executed between West Siberian and the OMX Nordic Exchange Stockholm. The Alliance Oil

shareholders will undertake that they shall not increase their ownership to 75 per cent or more of the voting rights of WSR.

Non-Compete Deed

WSR and the Alliance Oil Shareholders shall execute a non-compete deed on the same day completion of the Merger occurs in which the Alliance Oil Shareholders agrees not to compete with WSR.

Timetable

WSR's fourth quarter 2007 earnings report	26 February, 2008
Special General Meeting	3 March, 2008
Closing of the Merger	March 2008

Advisors

Carnegie acts as a financial advisor to WSR. Morgan Stanley and Troika Dialog act as joint financial advisors to Alliance Oil in this Merger.

Enquiries

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