West Siberian Resources Limited: Interim report for the quarter and six months ended June 30, 2007

- **The quarterly net result amounted to MUSD 6.6 (MUSD 7.6)* and the six months net result amounted to MUSD 5.7 (MUSD 13.9).**
- **EBITDA amounted to MUSD 26.8 (MUSD 19.2) for the quarter and to MUSD 40.5 (MUSD 34.1) for the six month period.**
- **Oil production increased by 38% to 2,417,700 barrels for the quarter and by 47% to 4,682,358 barrels for the six month period.**
- **Total revenue increased by 48% to MUSD 83.8 (MUSD 56.6) for the quarter and by 44% to MUSD 142.6 (MUSD 99.2) for the six months.**
- **Earnings per share amounted to USD 0.01 (USD 0.01) per share for the quarter and to USD 0.00 (USD 0.01) per share for the six month period.**
- **The 2007 capital expenditures plan was reduced from MUSD 210 to MUSD 198**
- **The 2007 oil production projection revised from 12 to 11 million barrels as 2nd half target of 7 million barrels is not likely to be reached**
- **Successful drilling activities in all regions expected to result in oil reserve increases**
- **The company was listed on the Stockholm Stock Exchange in May 2007**

**Comparisons reflect the quarter and the six months ended June 30, 2006*

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

Results – the Group

Group revenue for the quarter ended June 30, 2007 was MUSD 83.80 (MUSD 56.64) and MUSD 142.61 (MUSD 99.24) for the six month period.

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

	Export	CIS	Domestic	Total
Six months ended June 30, 2007				
Sold volume (barrels)	581 560	1 639 403	2 485 230	4 706 193
Gross price (USD/barrel)	55,87	34,22	31,76	35,60
Net price (USD/barrel)	31,93	32,98	26,81	29,59
Six months ended June 30, 2006				
Sold volume (barrels)	756 351	531 646	1 784 653	3 072 651
Gross price (USD/barrel)	54,75	36,44	34,25	39,76
Net price (USD/barrel)	33,41	36,34	28,92	31,31
Quarter ended June 30, 2007				
	Export	**CIS**	**Domestic**	**Total**
Sold volume (barrels)	257 231	811 289	1 351 452	2 419 972
Gross price (USD/barrel)	64,36	38,48	36,45	40,10
Net price (USD/barrel)	41,04	36,38	30,74	33,73
Quarter ended June 30, 2006				
Sold volume (barrels)	324 030	389 797	910 401	1 624 228
Gross price (USD/barrel)	62,31	37,43	36,26	41,83
Net price (USD/barrel)	37,74	37,31	30,61	33,64

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.

In the second quarter 2007 realised net oil prices improved following price increases in the world oil markets.

Production costs for the quarter were MUSD 42.65 (MUSD 29.01) and for the six months production costs were MUSD 76.22 (MUSD 51.49). Production costs per barrel amounted to USD 4.51 (USD 4.19) for the quarter and USD 4.27 (USD 4.06) for the six month period.

For the quarter, the depletion and depreciation charge was MUSD 16.91 (MUSD 13.49) and MUSD 31.69 (MUSD 24.43) for the six months period. The depletion and depreciation charge increased as a result of higher production volumes. Since 2005, WSR has commissioned DeGolyer and MacNaughton (D&M) for the company's Society of Petroleum Engineers (SPE) classification of recoverable reserves. Based on D&M's 2006 estimates of reserves and future capital expenditures, the average depletion rate per barrel of oil produced decreased to USD 6.98 (USD 7.70) in the second quarter 2007 and to USD 6.76 (USD 7.70) in the six month period. D&M's estimates of total future capital expenditures still significantly exceed WSR's internally planned investments. As WSR continues to expect that additional reserves will be recovered at lower cost than D&M's projections, depletion of the oil and gas properties is recorded at a higher average rate than may be the case in coming years.

Selling and administration expenses amounted to MUSD 13.61 (MUSD 8.65) for the quarter and MUSD 25.34 (MUSD 13.76) for the six months. The selling expenses included in the Selling and administration expenses amounted to MUSD 7.80 (MUSD 5.47) for the quarter and MUSD 15.85 (MUSD 8.89) for the six months period. The charge related to the global share option plan amounted to MUSD 1.46 (MUSD 1.03) for the quarter and MUSD 2.68 (MUSD 1.61) for the six month period. Costs associated with the listing on the Stockholm Stock Exchange were included in the Selling and administration expenses in the second quarter and amounted to MUSD 0.77.

EBITDA amounted to MUSD 26.84 (MUSD 19.15) for the quarter and to MUSD 40.48 (MUSD 34.10) for the six month period.

The operating income for the quarter was MUSD 9.93 (MUSD 5.66) and MUSD 8.79 (MUSD 9.66) for the six month period.

Net finance expenses were MUSD 3.43 (MUSD 3.60) for the quarter and MUSD 7.18 (MUSD 7.75) for the six month period.

Currency exchange rate gains amounted to MUSD 2.56 (MUSD 6.22) for the quarter and to MUSD 6.17 (MUSD 13.94) for the six month period. 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.

Tax charges for the quarter were MUSD 2.49 (MUSD 0.72) and MUSD 2.14 (MUSD 1.96) for the six months.

For the quarter ended June 30, 2007 the Group reports a net result after tax of MUSD 6.57 corresponding to USD 0.01 per share (MUSD 7.56 and USD 0.01 per share, respectively). The net result for the six months ended June 30, 2007 was MUSD 5.65 corresponding to USD 0.00 per share (MUSD 13.89 and USD 0.01 per share, respectively).

Exploration and Production

West Siberian Resources Ltd's oil production increased to 2,417,700 barrels (1,752,733 barrels) for the quarter and to 4,682,358 barrels (3,174,605 barrels) for the six months ended June 30, 2007. Average daily production increased to 26,568 barrels per day (19,261 barrels per day) for the quarter and 25,869 barrels per day (17,539 barrels per day) for the six month period.

During the second quarter, a total of 37 wells in the Tomsk region, 21 wells in the Timano-Pechora region and 28 wells in the Volga Urals region contributed to production.

After the end of the reporting quarter, oil production increased to 934,234 barrels (754,491 barrels), or 30,137 barrels per day (24,338 barrels per day) in July 2007. Successful exploration and production drilling results are yielding production increases and suggest that oil reserves in all regions will be significantly upgraded.

The 2007 capital expenditures plan was reduced from MUSD 210 to MUSD 198. Certain capital projects were postponed until next year due to the 2 month drilling delay experienced in the first quarter caused by weather conditions. Consequently, oil production in the second half 2007 is not likely to reach the target of 7 million barrels and the 2007 oil production projection was revised from 12 to 11million barrels.

The Tomsk Region

Total production in the Tomsk region in the quarter was 844,035 barrels (592,785 barrels) and 1,551,320 barrels (1,077,734 barrels) for the six month period.

Development activities progressed at the Kluchevskoye and Puglalymskoye fields. To date 21 new wells (including 1 injecting well) have been drilled and 15 of them were completed and put into production. 11 hydro fracturing works have been successfully performed with increasing flow rates. Hydro fracturing is planned for another 7 wells. At the Kluchevskoye field, development activities have resulted in a reassessment of the reservoir structure and its size. The area of the deposit is expected to be significantly larger than previous assessments and net oil pay also largely exceeds prior determinations. The construction of the water injection system in the field has been completed.

At the Puglalymskoye field, drilling results have confirmed the reservoir structure and reserve estimates. The oil gathering system and power supply lines in the field have been completed.

At the Khvoinoye oil field, a 3D seismic survey covering 83 km^2 has been processed. Results from the seismic interpretation are expected to be obtained in the third quarter. Preparations for production drilling (including construction of pads, roads, etc.) have started at the Khvoinoye field.

During the quarter 51.8 thousand barrels (55.3 thousand barrels) were refined at the Alexandrov refinery which generated oil products revenue of MUSD 1.47 (MUSD 1.52).

The Timano-Pechora Region

Total production in the Timano-Pechora region amounted to 637,778 barrels (690,799 barrels) for the quarter and 1,279,034 barrels (1,390,710 barrels) for the six month period.

Development of the North Kharyaga and Lek-Kharyaga fields is continuing. A 3D seismic survey covering 320 km^2 has been processed and is under interpretation. As a result the license requirements for seismic have been fully met.

At the North Kharyaga oil field, 7 new producing wells have been drilled and 6 wells have been put into operation to date. The production rates exceed expectations and drilling confirmed an increase in the net oil pay from 22 to 28 meters, which indicates an upward revision of oil reserves in the field.

At the Lek-Kharyaga field, the first oil well was drilled and completed. The field evaluation and preliminary 3D seismic interpretation results show a large increase in the field size and thicker net oil pay (25 meters compared to previously estimated 10 m). A significant reserve upgrade is expected. In addition 3 new oil horizons have been discovered in the upper Devon formation.

The construction of an in-field oil gathering pipeline system alongside with a high-voltage line (10 kW, 26 km long) connecting the Lek-Kharyaga field with the power generating complex at the Middle Kharyaga oil field has been completed. A new campus with a helicopter pad has been completed on the North Kharyaga field.

The unified power supply system for all three Kharyaga fields has been completed. This system utilizes 85% of associated gas produced via in-field gas generators.

The processing of 3D seismic covering the Kolvinskoye oil field has started and the field development plan is being prepared.

The Volga-Urals Region

Total production in the Volga-Urals region amounted to 935,887 barrels (469,149 barrels) for the quarter and 1,852,004 barrels (706,161 barrels) for the six month period.

At the Kochevnenskoye oil field, well no. 115 which was drilled in the first quarter was completed and put into production with an initial flow rate of 870 barrels per day. Drilling of the next well has started.

At the West-Kochevnenskoye oil field, well no. 11 was drilled and put into production with an initial flow rate of 1,000 barrels per day. Drilling of production well no. 10 has been started.

Exploration drilling at the West-Borschevskoye prospect confirmed a new field discovery. 4 meters of oil pay was encountered in the Bashkirskiy formation and an additional 2 meters in the Bobrikovskiy formation.

At the Kovalevskoye oil field, the proven and probable oil reserves are expected to increase significantly following the successful drilling of the second well. 6.85 meters of oil-field formation was encountered in the Bashkirskiy horizon at a depth of 2,600 meters. Previous reserve estimates were based on a formation thickness of 2.7 meters. Production is planned to start in the fourth quarter 2007.

A 20 year exploration and production license for the Solnechnoye oil field, where an oil discovery recently was made, was granted. The Solnechnoye oil field development plan was approved by the Central Reserve Commission of Russian Federation in August 2007.

A 3D seismic survey covering 150 km^2 of the Kochevnenskoye, West-Kochevnenskoye and Solnechnoye fields has been completed.

The Kochevnenskoye field's oil treatment facility has been operating at full capacity which limited and delayed production increases in the second quarter as well. In the quarter, capacity constraints resulted in production reductions of approximately 73,000 barrels of oil. The oil treatment facility is being upgraded: as of now its capacity has been improved from 5.6 to 8.8 thousand barrels per day. By the end of 2007 additional increase of capacity is planned to be up to 10.8 thousand barrels per day.

Investments, Financing and Liquidity

Investments

Net investments in oil and gas assets for the quarter amounted to MUSD 53.70 (MUSD 22.53) and were made in the Tomsk region (MUSD 20.99), Timano-Pechora region (MUSD 20.78) and Volga-Urals region (MUSD 11.93). For the six month period total net investments in oil and gas assets amounted to MUSD 97.54 (MUSD 44.04).

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 77.82). The placement costs amounting to MUSD 2.54 were mainly paid in April 2007.

Liquidity

As at June 30, 2007 the Group liquidity amounted to MUSD 13.00 (MUSD 32.13). Cash flow from operations, before changes in working capital, amounted to MUSD 31.60 (MUSD 20.46) for the six month period.

Parent company

The parent company's revenue amounted to MUSD 1.19 (MUSD 1.19) for the quarter and MUSD 2.38 (MUSD 1.81) for the six months.

The parent company's net result before tax for the quarter amounted to MUSD 1.60 (MUSD 6.92) and MUSD 2.02 (MUSD 6.11) for the six months.

As of June 30, 2007 the liquidity of the parent company amounted to MUSD 0.94 (MUSD 9.39).

In February 2007, the parent company issued 90 million shares 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 Stockholm Stock Exchange 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 June 30, 2007 the total number of options outstanding under the WSR Global Share Option Plan amounted to 68,280,000. 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.

Management discussion

In the second quarter of 2007, our technical team once again proved its capabilities. Development results in all regions were really encouraging. Oil production growth is high and drilling results will lead to significant upward revisions of our oil reserves, especially in the Timano-Pechora region. This region is already our largest in terms of reserves and is rapidly developing into our largest production area.

Financial results improved considerably from the disappointments in the first quarter. For the second quarter, we are reporting much improved revenue, EBITDA and cash flows. Excluding currency gains, the pre-tax result more than tripled in the quarter. Oil production increased by 38% and oil revenues grew by 48% compared to last year's second quarter. Accelerating production growth and higher oil price netbacks provided the basis for solid financial performance.

International oil prices have again moved above USD 70 per barrel after the end of the second quarter. Russian domestic oil prices have followed. Since July 2007, our price netbacks have exceeded USD 35 per barrel which exceeds previously received oil prices in the company's history.

Operating costs were flat at about USD 24 per barrel in the second quarter. More than half of these costs, or USD 12.59 (USD 11.87) per barrel, was production and other taxes that we do not control.

As we are now well into this year's development program, we are reassessing and upgrading our long term expectations for several of our major fields. In the Tomsk region, we have concluded that the Kluchevskoye field is larger and contains greater oil reserves than previously expected. In the Volga-Ural region, we made several new discoveries through the continued success of the exploration program. The processing capacity constraints that have held back production in this region are being mitigated. And in the Timano-Pechora region, the North and Lek-Kharyaga fields are expected to see substantial upward reserve revisions and increasing oil output.

Oil production is growing at a slightly slower rate than planned. In July, average production exceeded 30,000 barrels per day and we expect new wells and other production enhancement activities to further increase production throughout the year. It will however be hard to reach the targeted 42,000 barrels by the end of the year as we are reducing the capital expenditures plan for the year and delaying some investments. This year's capital expenditures plan was reduced from MUSD 210 to MUSD 198. This also means that we are reducing our borrowing needs and financing costs as a response to the turbulence in the financial markets.

We did not fully reach the production target of 5 million barrels for the first half of the year and do not expect to fully reach the second half target of 7 million barrels. Consequently, we now project total production for the year at 11 million barrels or 3 million barrels more than last year.

In summary, we are producing and selling increasing volumes of oil at rising prices. At the same time we continue to add oil reserves organically while keeping tight control of development, operating and financing costs. These factors, our balance sheet and financial flexibility allow us to continue the successful expansion of West Siberian Resources Ltd.

August 22, 2007

Maxim Barski
Managing Director

GROUP INCOME STATEMENT

(Expressed in USD thousands)	Note	Jan 1, 2007 - Jun 30, 2007 6 months	Jan 1, 2006 - Jun 30, 2006 6 months	Apr 1, 2007 - Jun 30, 2007 3 months	Apr 1, 2006 - Jun 30, 2006 3 months
Operating revenue					
Revenue from sales of oil and gas	3	139 274	96 200	81 614	54 636
Revenue from sales of oil products	3	2 156	2 154	1 474	1 518
Other income		1 181	886	709	486
		142 611	**99 240**	**83 797**	**56 640**
Cost of sales					
Production costs		-76 220	-51 485	-42 646	-29 005
Depletion and depreciation	5	-31 687	-24 434	-16 908	-13 493
Gross profit		**34 704**	**23 321**	**24 243**	**14 142**
Selling, general and administration expenses	10	-25 337	-13 764	-13 611	-8 645
Other operating income/(expenses)		-573	105	-702	160
Operating income		**8 794**	**9 662**	**9 930**	**5 657**
Finance income/(expenses), net		-7 176	-7 750	-3 427	-3 599
Currency exchange gains/(losses), net		6 173	13 941	2 562	6 222
Result before tax and minority interests		**7 791**	**15 853**	**9 065**	**8 280**
Tax	8	-2 143	-1 964	-2 494	-720
Result for the period		**5 648**	**13 889**	**6 571**	**7 560**
Attributable to:					
Equity holders of the parent		**5 659**	**13 887**	**6 574**	**7 560**
Minority interests		**-11**	**2**	**-3**	**-**
Earnings per share (USD)	2	0,00	0,01	0,01	0,01
Diluted earnings per share (USD)	2,7,10	0,00	0,01	0,01	0,01

GROUP BALANCE SHEET - Condensed

(Expressed in USD thousands)	Note	Jun 30, 2007	Dec 31, 2006
NON-CURRENT ASSETS			
Oil and gas properties and office equipment		966 393	869 311
Land		12	12
Goodwill and computer software		965	847
Deferred tax asset		4 741	3 587
Financial fixed assets		3 821	1 081
		975 932	**874 837**
CURRENT ASSETS		80 335	95 368
TOTAL ASSETS		**1 056 267**	**970 205**
SHAREHOLDERS' EQUITY	7,10	**596 793**	**502 047**
LONG TERM LIABILITIES			
Interest-bearing long-term liabilities		175	424
Deferred tax liability	8	130 598	128 581
Provision for site restoration costs		6 852	6 620
		137 625	**135 625**
CURRENT LIABILITIES	4	321 849	332 534
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1 056 267**	**970 206**
PLEDGED ASSETS and SHARES	4	270 625	270 625
CONTINGENT LIABILITIES	9	2 124	2 124

GROUP STATEMENT OF CASH FLOW - Condensed

(Expressed in USD thousands)	Note	Jan 1, 2007 - Jun 30, 2007 6 months	Jan 1, 2006 - Jun 30, 2006 6 months
Cash flow from operations			
Operating income		8 794	9 662
Operating cash flow before changes in working capital		**31 599**	**20 457**
Total cash flow from operations		**19 755**	**10 002**
Total cash flow used for investments	6	**-122 732**	**-105 483**
Total cash flow from financing	4,6,7	**84 561**	**117 579**
Effect of exchange rate changes on cash and cash equivalents		-715	-10
Change in cash and bank		**-19 131**	**22 087**
Cash and bank at beginning of period		32 134	1 183
Cash and bank at end of period		**13 003**	**23 270**

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	-	-	14 113	-	14 113	-	14 113
Net result for the period Jan 1, 2006 – Jun 30, 2006	-	-	-	13 887	13 887	2	13 889
Total recognised income and expense for the period	-	-	14 113	13 887	28 000	2	28 002
Private Placement and Issuance of shares to Saneco shareholders	15 325	253 542	-	-	268 867	-	268 867
Share option plan (Note 10)	-	-	-	1 613	1 613	-	1 613
Equity at Jun 30, 2006	**54 951**	**378 385**	**14 090**	**25 064**	**472 490**	**315**	**472 805**
Translation difference for the period	-	-	10 547	-	10 547	-	10 547
Net result for the period Jul 1, 2006 – Dec 31, 2006	-	-	-	16 341	16 341	-5	16 336
Total recognised income and expense for the period	-	-	10 547	16 341	26 888	-5	26 883
Share option plan (Note 10)	-	-	-	2 359	2 359	-	2 359
Equity at Dec 31, 2006	**54 951**	**378 385**	**24 637**	**43 764**	**501 737**	**310**	**502 047**
Translation difference for the period	-	-	8 599	-	8 599	-	8 599
Net result for the period Jan 1, 2007 – Jun 30, 2007	-	-	-	5 659	5 659	-11	5 648
Total recognised income and expense for the period	-	-	8 599	5 659	14 258	-11	14 247
Private Placement (Note 7)	4 500	73 316	-	-	77 816	-	77 816
Share option plan (Note 10)	-	-	-	2 683	2 683	-	2 683
Equity at Jun 30, 2007	**59 451**	**451 701**	**33 236**	**52 106**	**596 494**	**299**	**596 793**

KEY FINANCIAL AND OPERATIONAL RATIOS

	Jan 1, 2007 - Jun 30, 2007 6 months	Jan 1, 2006 - Jun 30, 2006 6 months	Apr 1, 2007 - Jun 30, 2007 3 months	Apr 1, 2006 - Jun 30, 2006 3 months
Financial ratios				
EBITDA [1], TUSD	40 481	34 096	26 838	19 150
Return on shareholders' equity [2], %	1%	3%	1%	2%
Return on capital employed [3], %	2%	5%	1%	2%
Debt/equity ratio [4], %	47%	34%	47%	34%
Equity ratio [5], %	57%	63%	57%	63%
Risk-bearing capital [6], %	69%	75%	69%	75%
Interest-coverage ratio [7]	2,07	3,02	3,59	3,25
Weighted average number of shares for the financial period [8,9,10,11,12,13,14,15]	1 181 676 132	1 021 745 596	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]	1 185 229 328	1 025 773 643	1 194 100 562	1 105 261 750
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	4 682 358	3 174 605	2 417 700	1 752 733
Oil revenue per barrel (sold), USD/barrel	29,59	31,31	33,73	33,64
Export (excl. export duty)	31,93	33,41	41,04	37,74
Export CIS	32,98	36,34	36,38	37,31
Domestic	26,81	28,92	30,74	30,61
Operating costs per barrel produced, USD/barrel	22,41	23,38	24,09	23,76
Production costs (excl. refining costs, production and other taxes)	4,27	4,06	4,51	4,19
Production and other taxes	11,38	11,62	12,59	11,87
Depletion and depreciation	6,76	7,70	6,98	7,70

Key ratio definitions

1. Earnings before interest, tax, depreciation and amortisation is defined as the Group's operating result plus depletion and depreciation.
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 June 30, 2007 71,230,000 options were outstanding with the right to subscribe for 1 share of common stock at SEK 6.13, SEK 6.20, SEK 7.00 and SEK 5.55 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 June 30, 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 June 30, 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 June 30, 2007					
Segment revenue	10 556	29 515	41 543	1 474	83 088
Segment result	3 766	4 497	6 771	698	15 732
Quarter ended June 30, 2006					
Segment revenue	12 227	14 542	27 867	1 518	56 154
Segment result	1 584	1 714	5 030	434	8 762

Note 4 Bank loans and related pledged assets

WSR Group 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
Short-term loans								
West Siberian Resources Ltd	BNP Paribas	USD	250 000	16.09.2007	3.5%+LIBOR	270 625	100% of shares of Vostok Oil (Cyprus) Ltd, VTK, Khvoinoye, Nikol, Pechoraneft, Saneco and Northoil, Nikol Share Purchase Agreement Assignment, Pechoraneft, VTK and Saneco Guarantee, financial ratio covenants	Moscow Depository "R.O.S.T."; Registrar of companies in Bermuda
Pechoraneft	International Moscow Bank	USD	18 536	20.09.2007	3.5%+LIBOR	-	WSR Guarantee	-
TOTAL			**268 536**			**270 625**		

Note 5 Depletion and depreciation

For the six months ended June 30, 2007 and 2006 the depletion and depreciation charge amounted to TUSD 31,687 and TUSD 24,434, respectively. For the quarters ended June 30, 2007 and 2006 the depletion and depreciation charge amounted to TUSD 16,908 and TUSD 13,493. The reason for the increase was higher production volumes.

Since 2005, WSR has commissioned DeGolyer and MacNaughton (D&M) for the company’s Society of Petroleum Engineers (SPE) classification of recoverable reserves. Based on D&M’s 2006 estimates of reserves and future capital expenditures, the average depletion rate per barrel of oil produced decreased to USD 6.98 for the quarter ended June 30, 2007 comparing to USD 7.70 for the quarter ended June 30, 2006. The average depletion rate per barrel for the six months ended June 30, 2007 decreased to USD 6.76 comparing to USD USD 7.70 for the six months ended June 30, 2006. D&M’s estimates of total future capital expenditures still significantly exceed WSR’s internally planned investments. As WSR continues to expect that additional reserves will be recovered at lower cost than D&M’s projections, the depletion of the oil and gas properties is recorded at a higher rate than may be the case in coming years.

Note 6 Acquisitions

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.

Note 7 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 77.82. The placement costs amounted to MUSD 2.54.

Note 8 Tax

For the six months ended June 30, 2007 the deferred tax liability increased from TUSD 128,581 to TUSD 130,598. The current tax expense for the six months ended June 30, 2007 amounted to TUSD 3,540 and deferred tax income amounted to TUSD 1,397. For the quarter ended June 30, 2007 the current tax expense amounted to TUSD 1,870 and deferred tax expense amounted to TUSD 624.

Note 9 Contingent liability

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 licence 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 tonne of oil 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 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. On April 28, 2007 the first instance reconsidered the case and the case was won by Pechoraneft. On July 23, 2007 the second instance reconsidered the case and the case was failed by Pechoraneft. In early August Pechoraneft appealed to the court of third instance to uphold the first instance's decision and abolish the second instance's decision.

In early 2007 in order to solve the dispute Nenetsk proposed Pechoraneft should conclude a settlement agreement in the amount of MUSD 4.20. At the present time, such a settlement agreement, the settlement amount and terms of settlement are being negotiated between Nenetsk and Pechoraneft. The probability of the conclusion of the proposed settlement agreement with Nenetsk is currently difficult to assess, since judicial practice in the region and position of supervising state authorities can negatively affect initiatives of Nenetsk. If the above mentioned settlement agreement is not signed the court examinations would continue and could continue up to one year.

As of December 31, 2006 the total amount of contingent liabilities was increased up to USD 2,123,522 due to the additional fines accrued. Due to uncertainty related to the matter no provision was recorded in the financial statements as of December 31, 2006 and June 30, 2007.

Note 10 Share option plan

In 2006 and the six months ended June 30, 2007 the Company granted options under the WSR Global Share Option Plan. As of June 30, 2007 the number of outstanding options amounted to 68,280,000 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 six months ended June 30, 2007 and for the period January 31, 2006 – June 30, 2006 the charge amounted to TUSD 2,683 and TUSD 1,613 increased the income statement line "Selling, general and administration expenses" and correspondingly the retained earnings. For the quarters ended June 30, 2007 and 2006 the charges amounted to TUSD 1,459 and TUSD 1,031.

Next report due

The next financial report for the nine months from January 1, 2007 to September 30, 2007 will be published on November 21, 2007.

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.

The board of directors and the managing director confirm that the interim report provides an accurate overview of the company's and the group's operations, position, result and that it describes significant risk and uncertainties that the company and group companies are exposed to.

August 22, 2007

West Siberian Resources Limited

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

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

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