



ALLIANCE
O I L C O M P A N Y

INVESTOR PRESENTATION

2015 LPNs: Consent Solicitation

February 2015





Disclaimer

IMPORTANT: The information contained herein includes forward-looking statements. All statements regarding the financial condition of Alliance Oil Company (“Issuer”), plans to increase revenues, repay debt and any statements regarding other future events or prospects are forward-looking statements and projections based on the Issuer’s various assumptions that have not been independently verified or confirmed.

The Issuer has based these forward-looking statements on management’s current view with respect to future events, production, sales and/or financial performance. These views reflect the best judgment of the Issuer's executives but involve a number of risks and uncertainties. Although the Issuer believes that the estimates and the projections reflected in the forward-looking statements are reasonable, such estimates and projections may prove to be incorrect, and the Issuer's actual results may differ from those described in the forward-looking statements and from past results, performance or achievements as a result of these risks, uncertainties and assumptions.

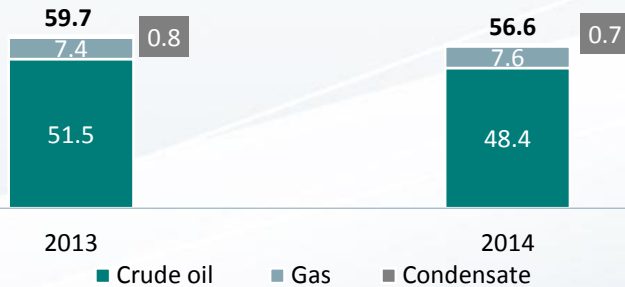
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Key Operational Highlights

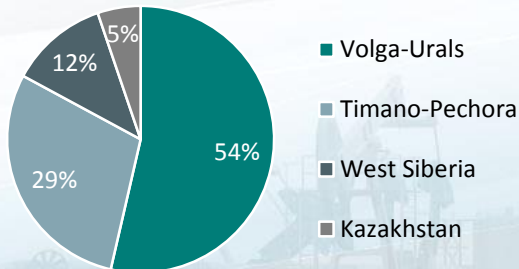
Upstream Production (kboepd)



Crude Oil Throughput (kboepd)

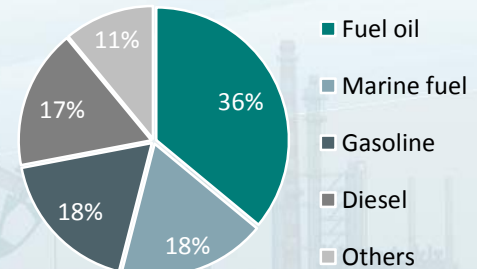


Upstream Production Breakdown (2014)



- Stable annual production of c. 57 kboepd backed by solid reserve base with 2P reserves exceeding 650 mmboe
- Liquid hydrocarbons account for c.90% of total production
- 1P Reserve replacement ratio in 2014 of 167%

Oil Products Breakdown (2014)



- Growing oil products output with increasing light products yield backed by significant investments
- Depth of refining is expected to increase up to 72% upon completion of modernization of Khabarovsk refinery

Key Financial Highlights

US\$m	9M'13	9M'14 ⁽¹⁾	Change	4Q'13	4Q'14 ⁽¹⁾	Change	2013	2014 ⁽¹⁾	Change
Revenue	2,795	2,808	1%	950	697	(27%)	3,746	3,505	(6%)
<i>Crude oil, gas and gas liquids</i>	449	370	(18%)	131	67	(49%)	580	437	(25%)
<i>Oil products</i>	2,306	2,392	4%	805	619	(23%)	3,111	3,011	(3%)
<i>Other revenue</i>	40	46	15%	14	11	(21%)	55	57	4%
EBITDA	499	538	8%	197	128	(35%)	696	665	(4%)
Net debt	1,902	1,919	1%	1,976	1,914	(3%)	1,976	1,914	(3%)

- Weak financial results in FY2014 were largely attributable to underperformance in the fourth quarter

EBITDA Margin



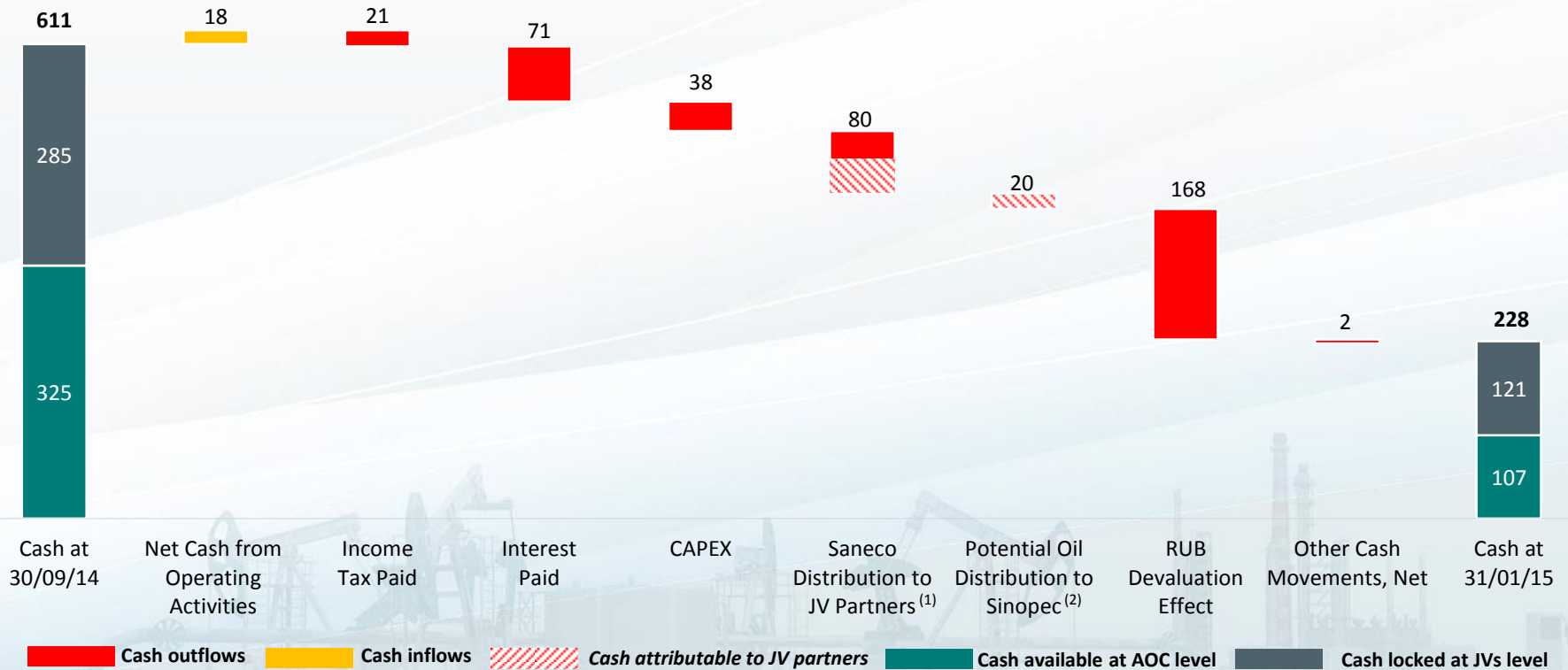
Net Debt / EBITDA



(1) 2014 results prepared on the basis of provisional management accounts

Cash Flow Movements

Cash Flow Movements (September 2014-January 2015), US\$m



- Lower prevailing oil price environment and ruble devaluation contributed to a material reduction in the Company's consolidated cash position

(1) The Company holds 51% stake in JV with the remaining 49% stake held by Repsol

(2) Company's JV partner in Potential Oil (the Company holds 80% stake in JV with the remaining 20% stake held by Sinopec)

Debt Repayment Schedule, US\$m

US\$350m Scheduled Eurobond 2015 Repayment



- Debt portfolio includes US\$ and RUB bonds, as well as US\$ and RUB loans from Russian banks
- The Company has commenced discussions with the banks to extend the maturity of US\$245m of short term loans and expects to receive their consents in the near term
- RUB10bn Russian bonds due in 2016 are to be refinanced on local market
- More than 60% of the total outstanding debt is denominated in US\$, hence the cost of debt service has increased by more than 24% due to recent RUB depreciation
- Company's Revenue is 63% denominated in RUB

(1) As of 31 Dec 2014

Debt Portfolio Breakdown

Borrower Name	Lender	Instrument	Currency	Amount	Amount (US\$m)	Amount Outstanding ⁽¹⁾ (US\$m)	Maturity Date	Amortization	Interest rate	Sureties	Other collateral
Alliance Oil Company Ltd	Bondholders	Eurobond	US\$	350,000,000	350,000,000	350,000,000	Mar-15	Bullet	9.88%	Major Operating Companies of AOCL Group	-
ZAO NNK	Russian bank	Term loan	RUB	14,000,000,000	204,408,105	204,408,105	Mar-15	Bullet	12%	Alliance Oil Company Ltd. + 9 operating companies of AOCL Group	-
ZAO NNK	Russian bank	Term loan	RUB	2,000,000,000	35,549,236	35,549,236	May-15	Not Disclosed	Not disclosed	Not disclosed	Not disclosed
NNK Active	Bondholders	RUB bonds	RUB	5,000,000,000	88,873,089	88,873,089	Jun-16	Bullet	8.85%	Alliance Oil Company Ltd.	-
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ZAO NNK	Russian bank	Term loan	RUB	5,000,000,000	88,873,089	88,873,089	Jul-18	Bullet	19%	none	-
Alliance Oil Company Ltd	Bondholders	Eurobond	US\$	500,000,000	500,000,000	500,000,000	Mar-20	Bullet	7%	Major Operating Companies of AOCL Group	-
NNK Active	Bondholders	RUB bonds	RUB	1,325,000	23,551	23,551	Jul-20	Bullet	0.01%	Alliance Oil Company Ltd.	-
SN-Gazproduction	Russian bank	Term loan	RUB	4,800,000,000	85,318,166	85,318,166	Aug-22	Not disclosed	Not disclosed	Not disclosed	Shares pledge, fixed assets, mortgage
Khabarovsk refinery	Russian bank	Term loan	US\$	700,000,000	700,000,000	700,000,000	Nov-23	Quarterly ⁽²⁾	5.30%	Alliance Oil Company Ltd., NNK Active, ZAO NNK	-
Khabarovsk refinery	Russian bank	Term loan	RUB	5,000,000,000	88,873,089	88,873,089	Jan-24	Quarterly ⁽³⁾	11.97%	Alliance Oil Company Ltd., NNK Active, ZAO NNK	-
Total (US\$m)						2,230,791,415					

US\$/RUB exchange rate as of 31.12.2014: 56.26

(1) As of 31 Dec 2014

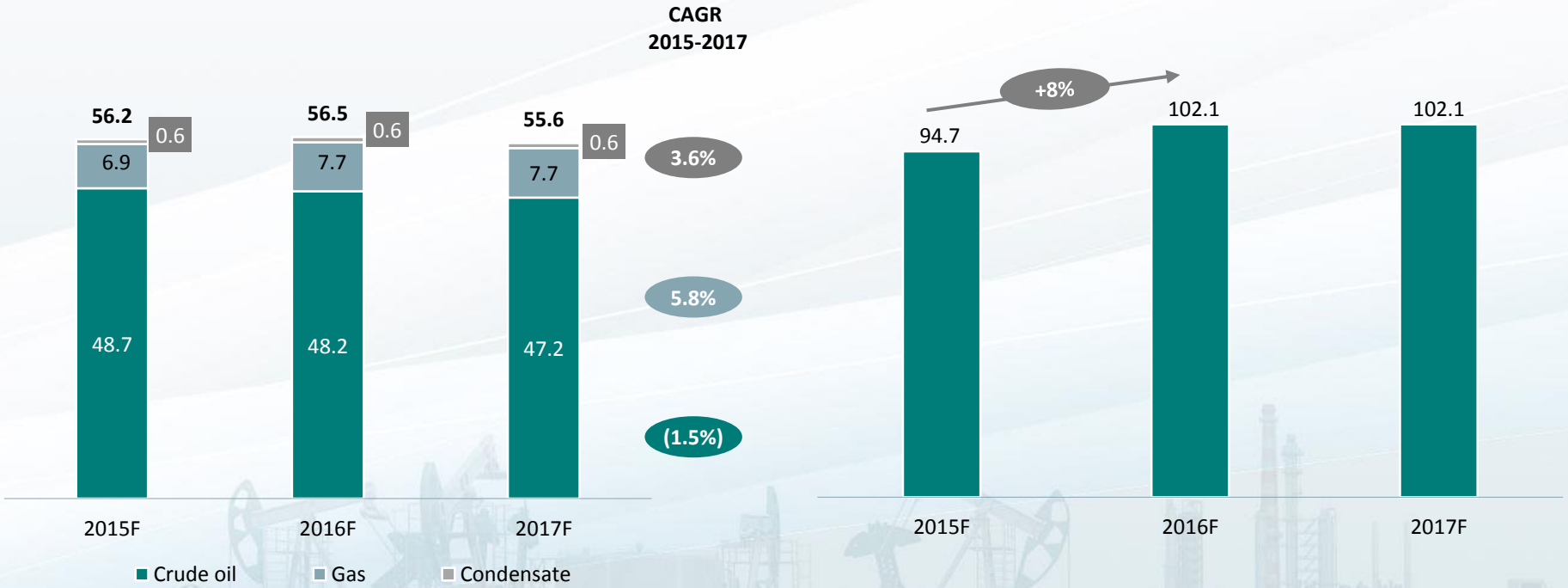
(2) Since Feb 16

(3) Since Apr 16

Production Forecast

Upstream Production (kboepd)

Crude Oil Throughput (kboepd)

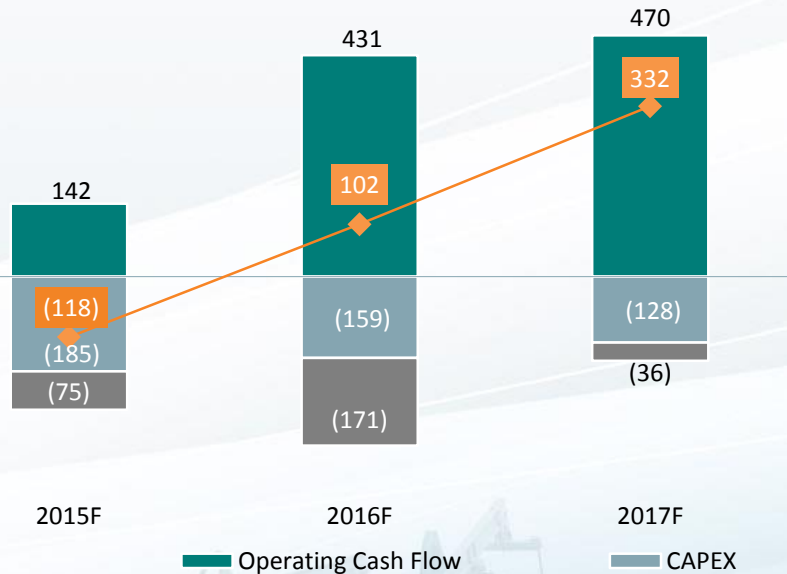


- Maintaining flat production from mature oil fields
- Synergies with other upstream assets of IPC Group

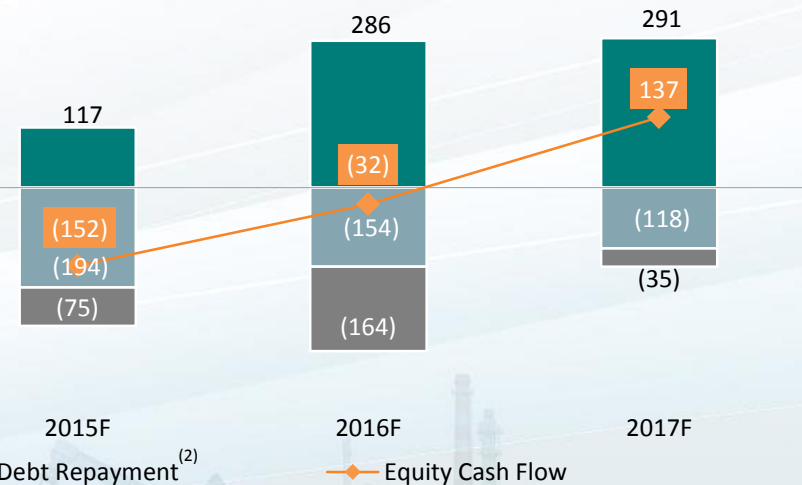
- Expected output increase in 2016 is associated with completion of modernization of Khabarovsk refinery in 2015 and increase of total capacity up to 5 mt

Cash Flow Projections

Bloomberg Consensus Case⁽¹⁾ (US\$m)



Flat Oil Price Case (US\$m)



Key Assumptions	2015F	2016F	2017F
Brent price (US\$ per bbl)	61	75	80
US\$ / RUB (avg)	67	61	58
Key Financials (US\$m)	2015F	2016F	2017F
Revenue	2,667	3,376	3,755
EBITDA	516	742	778
EBITDA margin	19.4%	22.0%	20.7%
Interest payments ⁽³⁾	162	171	158

Key Assumptions	2015F	2016F	2017F
Brent price (US\$ per bbl)	61	62	62
US\$ / RUB (avg)	63	63	63
Key Financials (US\$m)	2015F	2016F	2017F
Revenue	2,677	2,790	2,889
EBITDA	492	549	536
EBITDA margin	18.4%	19.7%	18.5%
Interest payments ⁽³⁾	167	168	153

(1) Brent price assumptions are based on current Bloomberg consensus (median)

(2) Assumes extension of bank loans and suggested Eurobond amortization in 2017; 2015 repayments include US\$70m suggested Eurobond upfront repayment and amortization of Russian bank loan; 2016 debt repayments include local bonds repayment and amortization of Russian bank loan; 2017 repayments include amortization of Russian bank loan and US\$28m Eurobond amortization

(3) Included in OCF calculations