

# Non-Deal Roadshow



**РОСНЕФТЬ**



London  
5 October 2012

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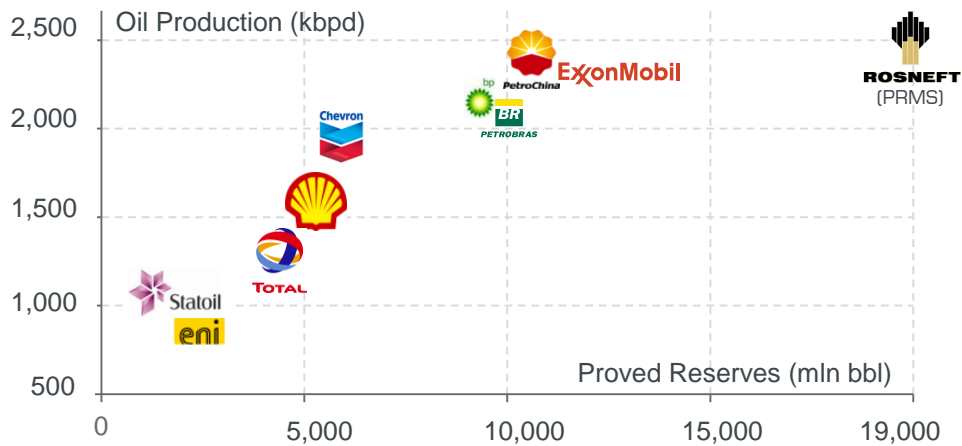
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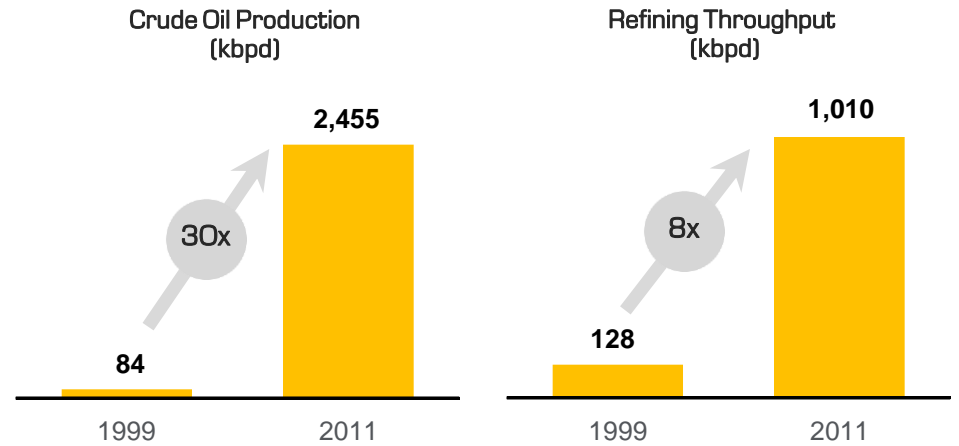
# Rosneft and Its Global Peers



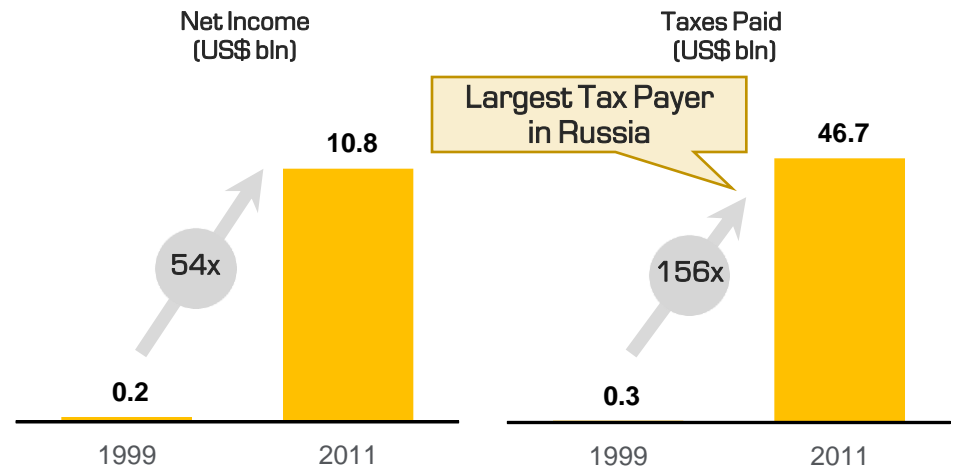
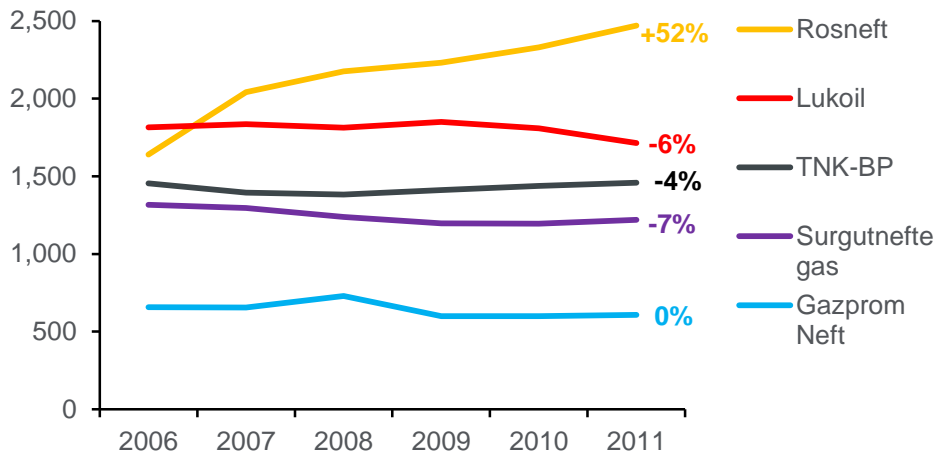
## Oil Reserves and Production (Dec 2011)



## Key Operational and Financial Indicators



## Oil Production 2006–2011 (kbpd)



Note: Financial indicators are based on IFRS report; 1999 does not include Purneftegaz. Refining throughput excludes volumes from Ruhl Oel GMBH and mini-refineries

# Rosneft's Strategic Objectives



**1** **Global leadership in oil production**  
Maintaining production levels at the existing fields, developing greenfield, offshore and hard-to-recover reserves, exploring new resources, and expanding into international projects

**2** **Completion of refinery modernization program**  
Upgrading product slate and output to meet the growing domestic demand for high-quality fuels and fully comply with latest Russian Government Technical Regulations

**3** **Gas business development**  
Effective monetization of associated and natural gas reserves

**4** **Efficient domestic and export marketing of crude oil and products**  
Optimising the retail network, logistics and distribution channels

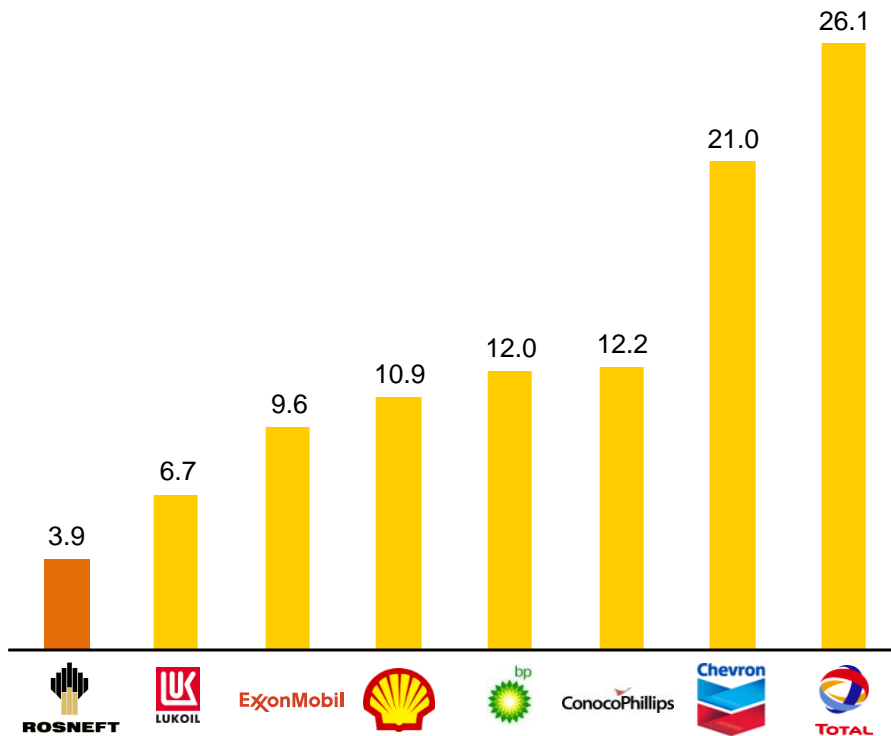
**5** **Technological leadership**  
Gaining a technological edge through in-house research and collaboration with strategic partners. Implementation of best practices in environmental and safety procedures

# Rosneft – Leader in Efficient Oil Production



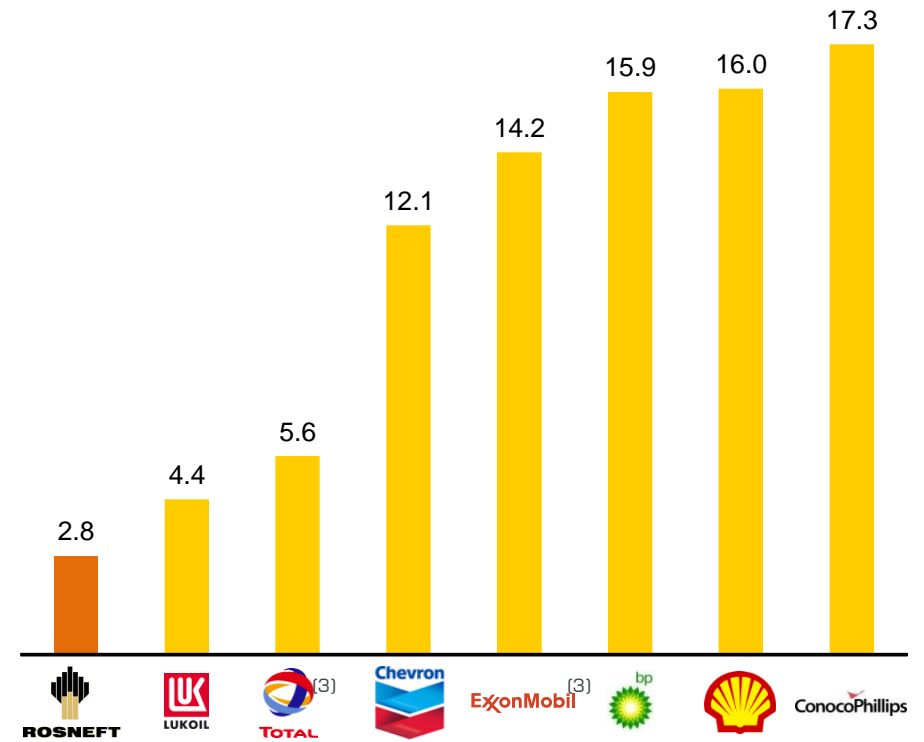
## Finding and Development Costs<sup>(1)</sup>

(US\$/bbl, 2009–2011 average)



## Lifting Costs<sup>(2)</sup>

(US\$/bbl, 2009–2011 average)



Source: company data

Note: (1) Finding and development costs include capital expenditure for exploration and development, including acquisition of assets without proven reserves, divided by reserve growth (including revaluation of existing reserves); (2) Upstream operating expenses divided by production volume; (3) 2009–2010 average

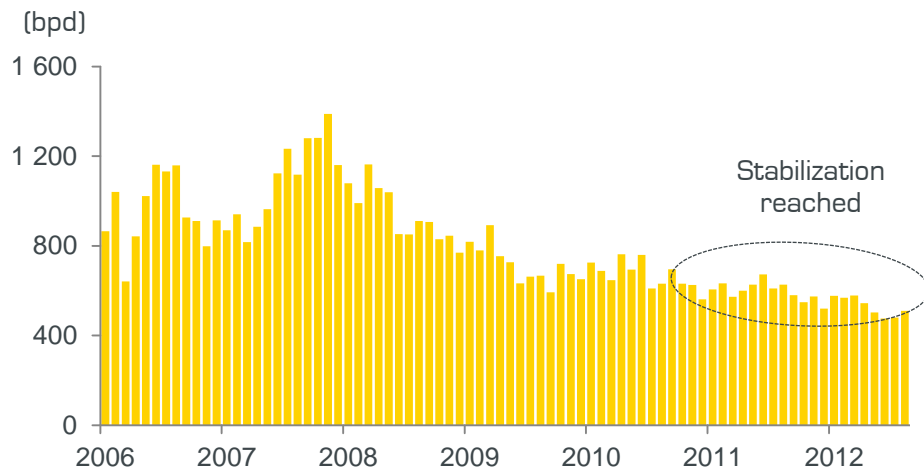
# Production in Our Core Operating Areas



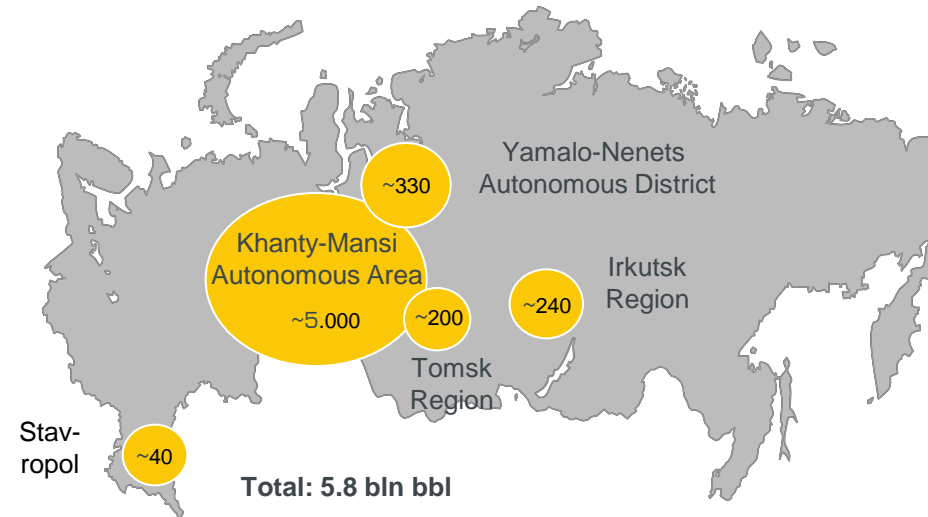
## Conventional Reserves

- Key operating subsidiaries are Yuganskneftegaz, Samaraneftgaz and Purneftgaz
- Yuganskneftegaz accounts for ~50% of Company's total production (about 1.3 mln bpd)
- Priobskoye field is the main producing asset of Yuganskneftegaz. It is a young field with estimated depletion of 24% and low water cut by regional standards

Yuganskneftegaz: initial flow rate of new wells



## Hard-to-Recover Reserves



- The size of Rosneft's tight oil reserves is estimated at 6 bln bbl. Production potential exceeds 300 kbpd
- Partnerships with ExxonMobil and Statoil for developing such resources
- Tax incentives are expected for unconventional reserves and are already in place for depleted fields

# Effective Exploration Program

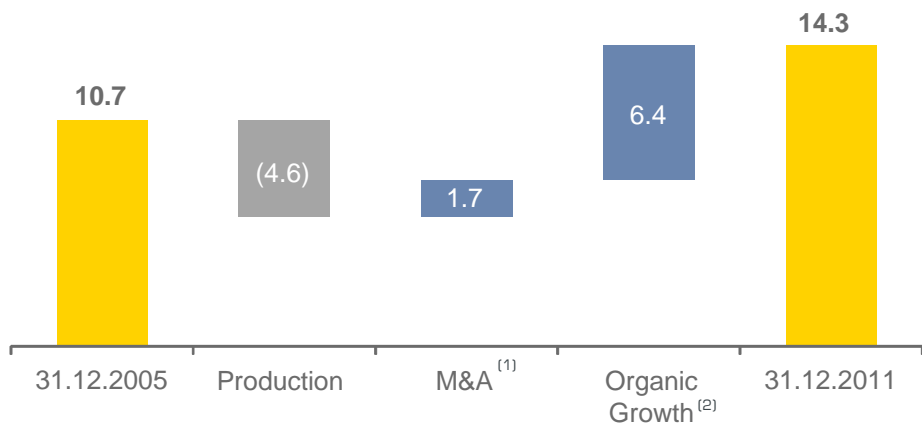


## Results of Exploration Program in 2011

- 3,482 km 2D and 5,134 km<sup>2</sup> 3D seismic survey
- 42 prospecting and exploration wells, 32 of which gave commercial inflows of hydrocarbons
- 3 new fields discovered and 39 discoveries of new deposits at existing fields

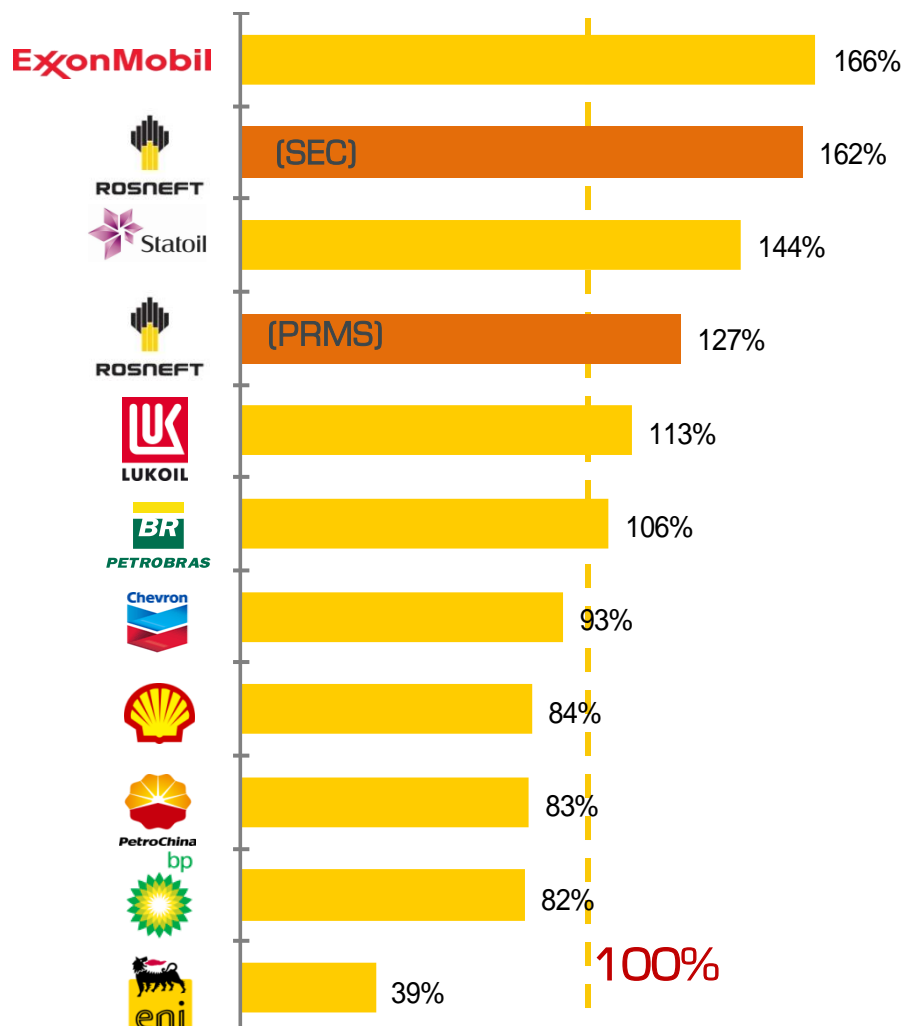
Proved Reserves Evolution (SEC)

(bln bbl)



Note: (1) Acquisitions – Tomskneft, Samaraneftgaz, Udmurtneft, VSNK, Inzerneft, Tomsk-Petroleum-und-Gaz; (2) Includes the results of geological exploration work and revaluation

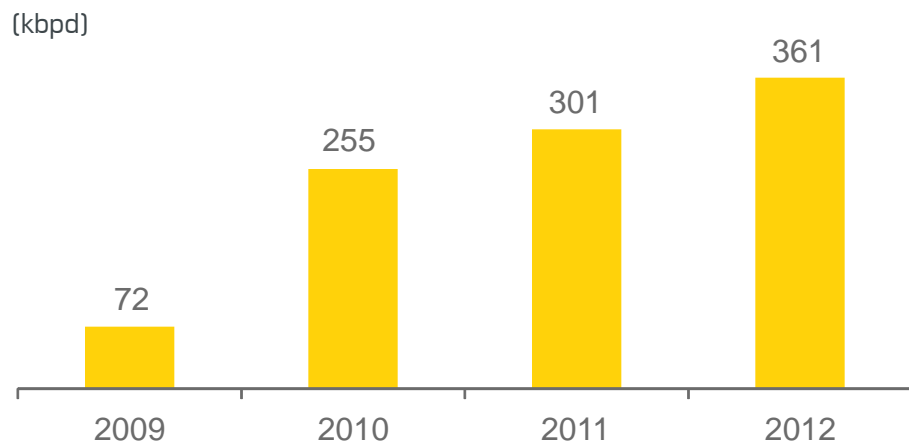
## Proved Oil Reserve Replacement Ratio in 2011



# Unique Potential of New Fields



Vankor Field Oil Production



## Vankor field:

- 2P reserves: 3.3 bln boe
- High flow rates: up to 3.5 kbpd
- Commercial oil production started six years after licensing, despite the harsh climate
- Potential increase of production through development of adjacent license blocks

## Yurubcheno–Tokhomskoye field:

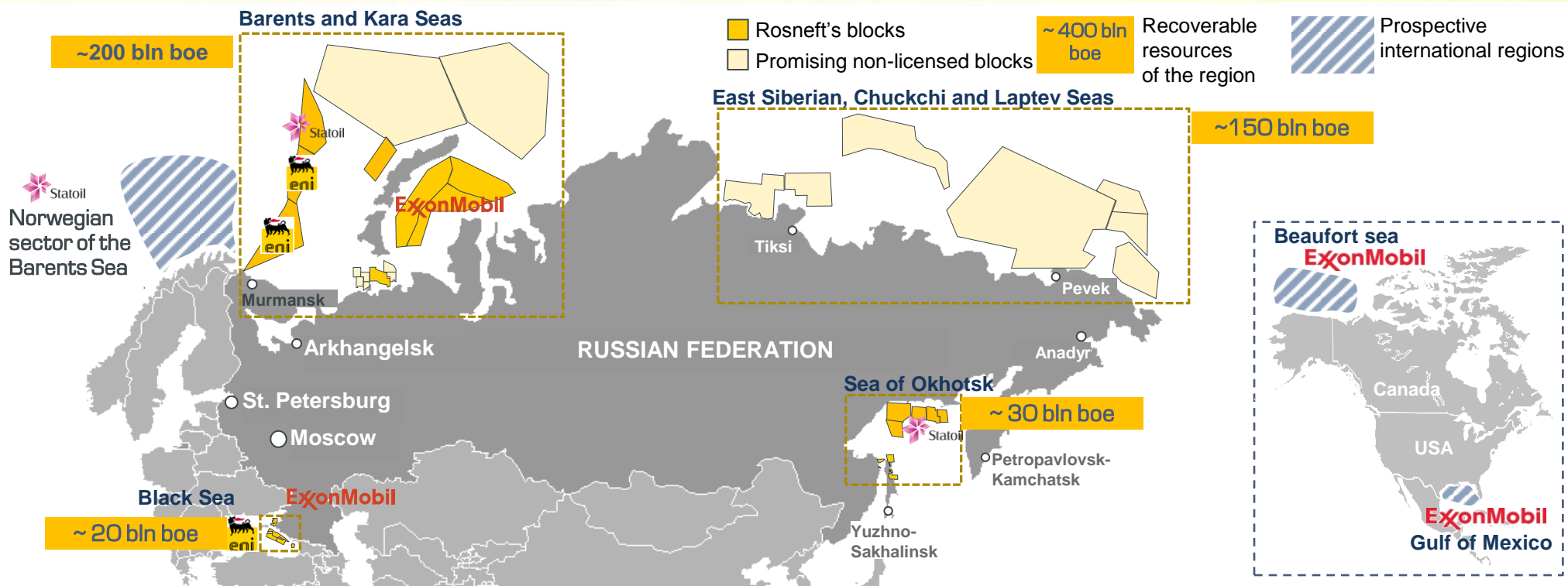
- 2P reserves: 991 mln boe
- Field will be connected to ESPO pipeline
- Production to start in 2016
- Plateau production of 100 kbpd

## North Chaivo (offshore):

- Recoverable reserves: 110 mln bbl of oil and 4 bcm of gas
- Production to start in 2014
- Plateau production of 32 kbpd



# Largest License Portfolio on Russian Shelf



## Rosneft is the largest player of Russian offshore:

- 29 blocks and 14 active applications
- Estimated recoverable resources at current blocks: 190 bln boe
- Fiscal incentives expected
- In 2012 alone, Rosneft invested about US \$0.5 bln
  - 10,000 km of 2D seismic surveying and 8,500 km<sup>2</sup> of 3D seismic surveying
  - 2 exploratory wells
  - Interpretations expected in 2013, preliminary results confirm resource base expansion

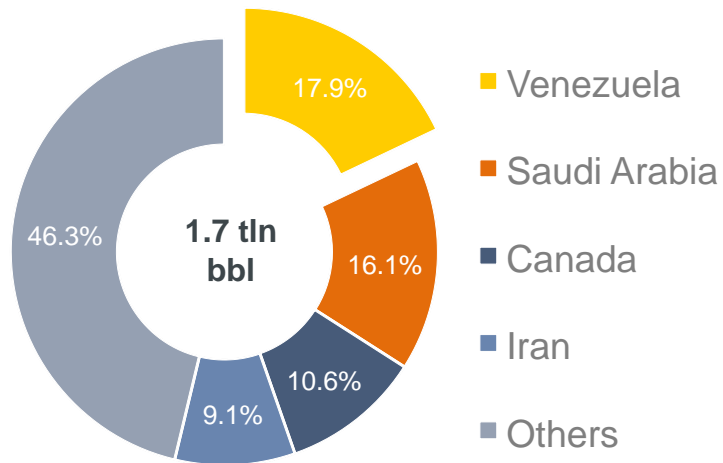
## Strategic partnership with ExxonMobil, Eni, and Statoil:

- Exploration financed by the partners (carry: c. US \$5 bln)
- Participation partners in international projects, exchange of technologies, staff, and best practices
- Commenced exploration drilling platform procurement with partners

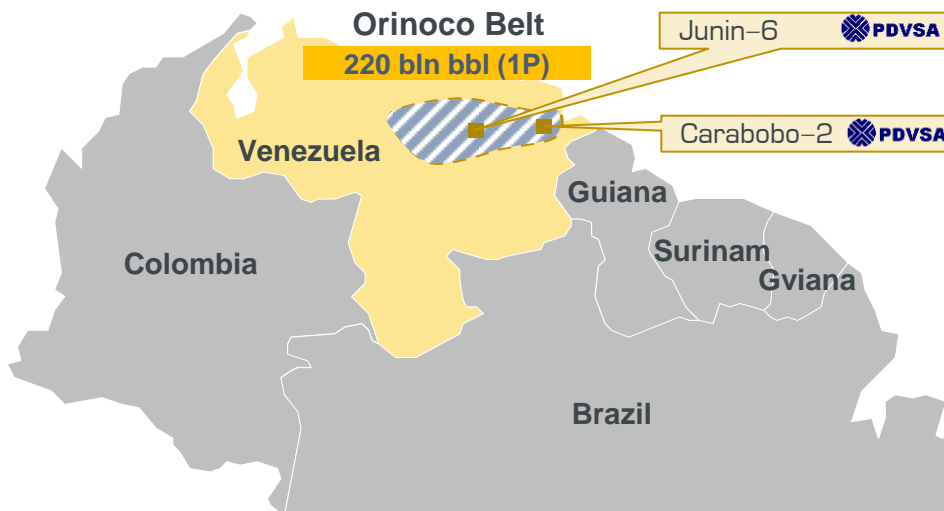
# High Potential of Projects in Venezuela



## Global Leader in Proved Oil Reserves



## Rosneft's Assets on the Orinoco Belt



## Venezuela – Major Global Oil Province

- 300 years reserve life
- Russian companies enjoy government support
- Orinoco Belt (75% of national reserves) is considered one of the most attractive oil regions with growing production

### Carabobo-2:

- Contract signed 28.09.2012
- Recoverable reserves – 15 bln bbl
- Plateau production – 400 kbpd
- Ownership: 60%/40% (PDVSA/Rosneft) pending approval by National Assembly
- Contract Duration – 25 years with 15 year extension right
- Entry bonus – US\$1.1 bln, carry financing to PDVSA for US\$1.5 bln

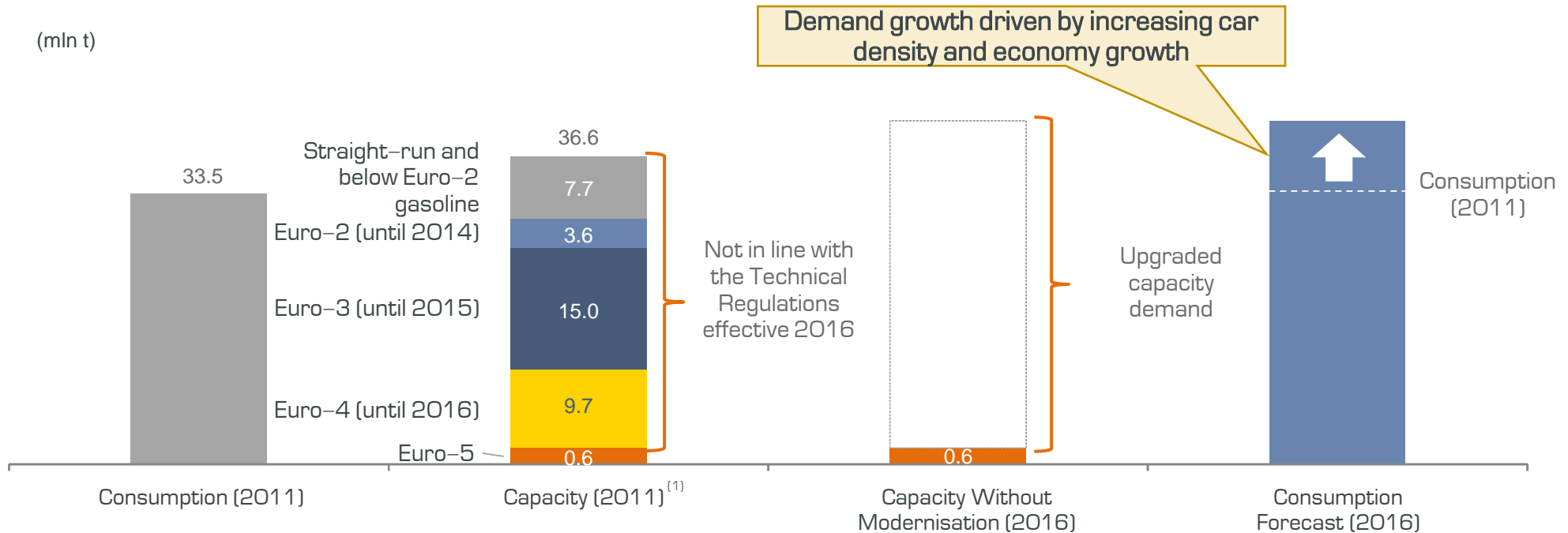
### Junin-6:

- Recoverable reserves – 11 bln bbl
- Plateau production – 450 kbpd
- Ownership: 60%/40% (PDVSA/NNK)
- First oil produced
- Rosneft's stake in NNK – 20%

# Refinery Investment Rationale



## Demand and Supply Balance of the Russian Gasoline Market in the Light of the New Technical Regulation Requirements

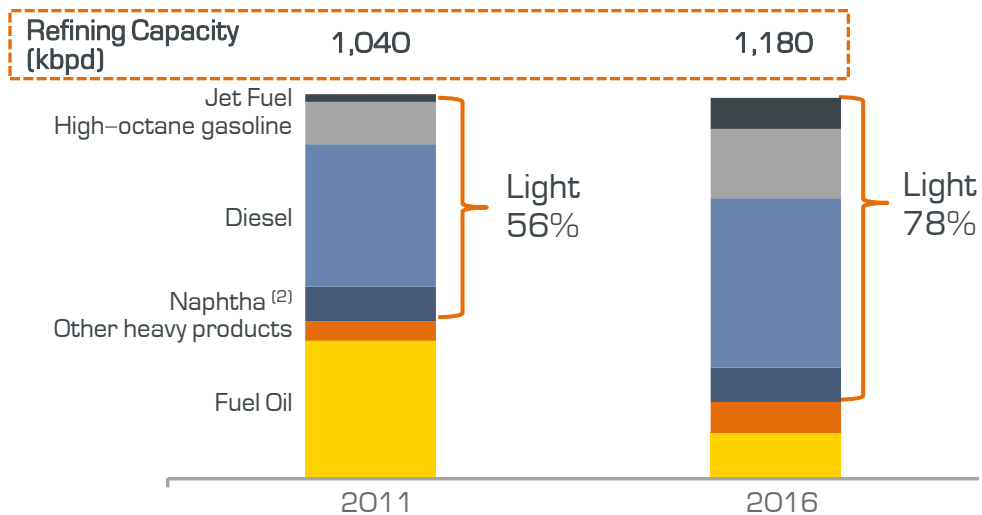


- Gasoline market is currently balanced, but most of the capacity not compliant with Euro-5 specifications
- Enforcement of the new Technical Regulation and growing domestic demand require construction or upgrading of gasoline production units
- In 2011 the major Russian oil companies, the FAS, RosTechNadzor and RosStandart signed agreement, establishing commitment for new capacity and fuel supplies

# Rosneft's Refinery Modernization Program in Russia



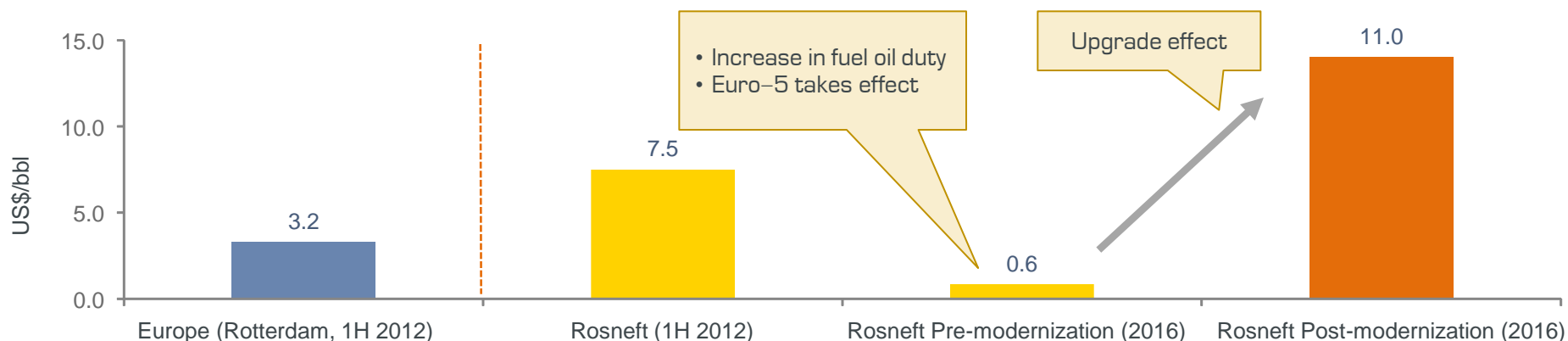
Effect of Increasing Refining Depth and Light Product Yield<sup>(1)</sup>



Refinery modernization Capex<sup>(3)</sup>:

- Total: US\$25 bln
- Invested as of today: US\$7 bln
- Planned investments until 2016: US\$18 bln

Average Refining Margin Growth<sup>(4)</sup>

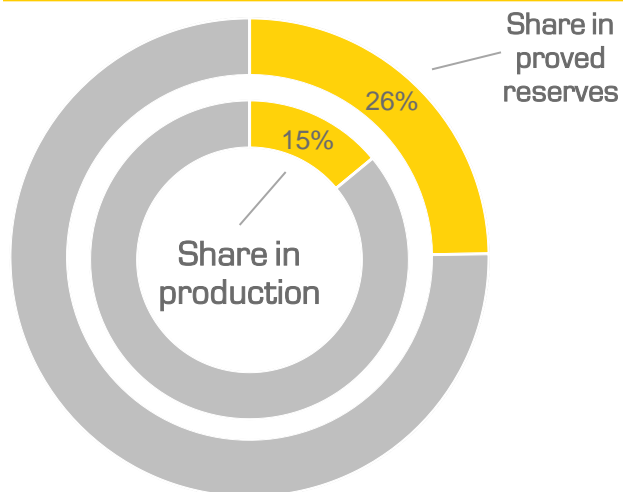


Note: (1) Capacity breakdown and investment data not including Ruhr Oel; (2) Including low-octane gasoline; (3) Net of VAT; (4) Gross refining margin is calculated in real prices and does not account for operational expenses of refineries

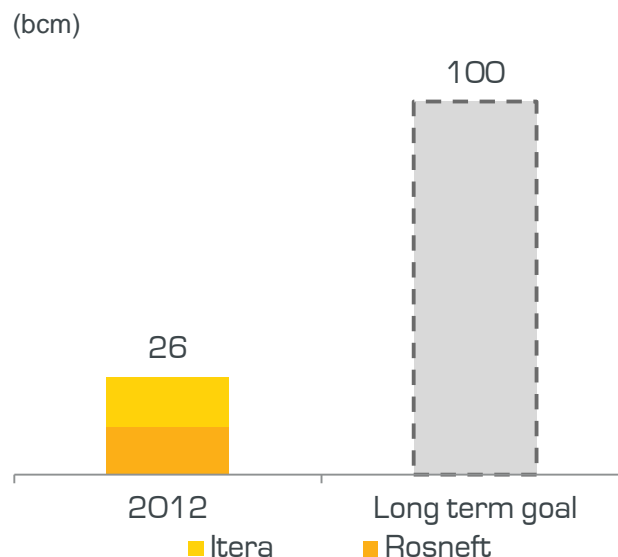
# Gas Business Development



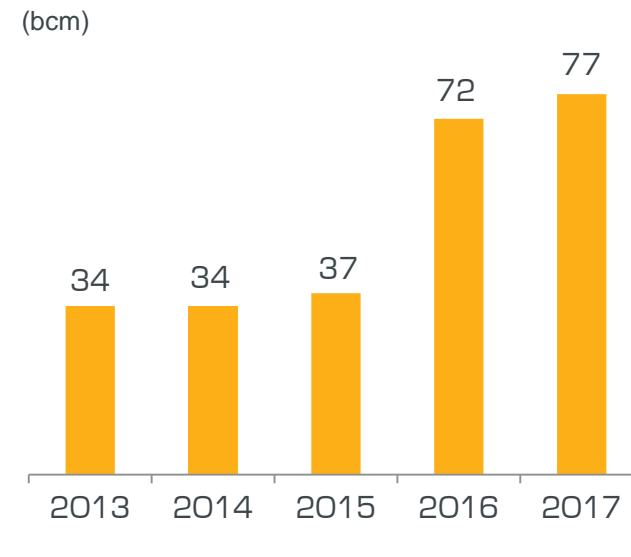
Share of Gas in Reserves and Production<sup>(1)</sup>






Gas Output



Gas Supply Contracts



Gas reserves life (R/P) – 68 years

- Very significant gas reserves base
- Considerable increase in gas production in the next few years through development of Rosneft's sizeable, existing gas deposits
- Development of gas marketing through major long-term contracts (already signed with , ,  ) and a JV with Itera (access to regional distribution network)
- Considerable increase in associated gas utilization at Vankor to reduce impact on environment and increase production margins

Note: (1) Includes production and reserves of Itera

# Increasing Effectiveness in Distribution



## Oil Marketing Strategy

- Priority to supply own refineries
- Long-term contracts for crude export to Germany and China
- Crude oil sales via tenders result in premium pricing vs. benchmarks

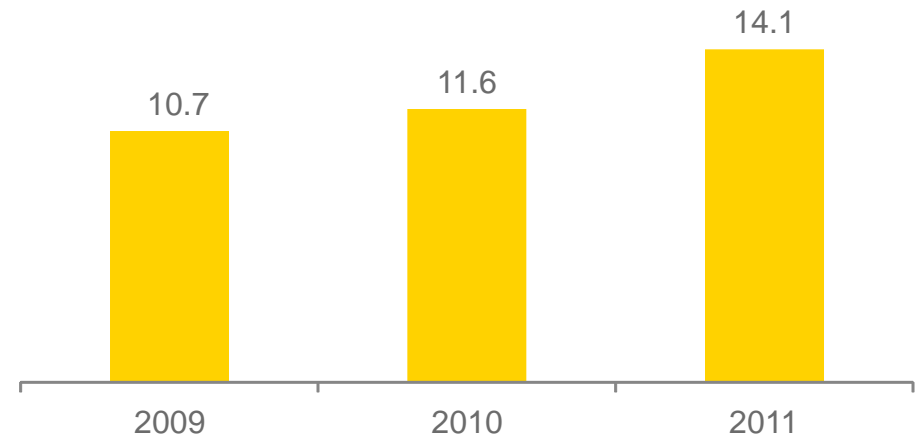
## Petroleum Products Marketing Strategy

- Expanding marketing network on areas of our refineries
- Boost bitumen, jet fuel, lubes, and bunker fuel sales
- Increase petroleum products quality
- Decreasing dependency on transportation tariffs – building a petroleum products pipeline Samara – Tuapse
- Optimization of marketing network, increasing share of highly efficient stations



## Daily Sales of Petroleum Products Per Station

(k liters)

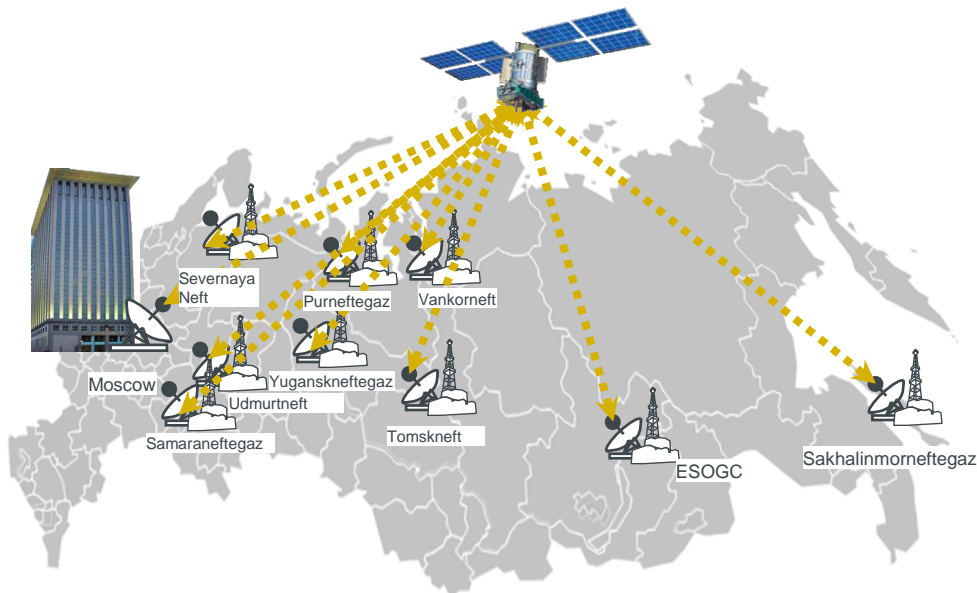


# Technological Leadership



## Geological Drilling Support Center

- First drilling support center among Russian oil and gas companies
- Real-time data collection from all operating divisions of the Company
- Comprehensive review of well construction data
- Horizontal well drilling efficiency increases by over 20%

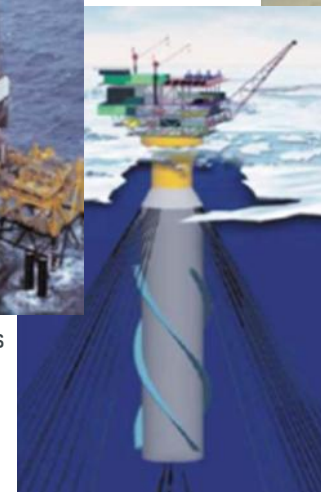


## Arctic Research and Design Center for Offshore Developments

- Established by Rosneft and supported by ExxonMobil as part of the strategic partnership program
- Research and development of offshore production technologies
- The center to perform full-cycle of offshore-related design works



Drilling platforms



Ice-class drilling platforms



Oil treatment and transportation facilities

# Health, Safety, and Environment

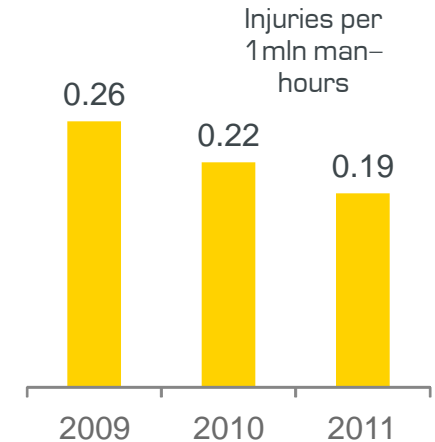


## Key Priorities

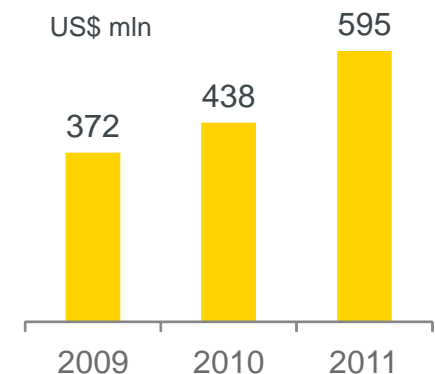
- Comply with current industrial standards (OHSAS 18001 and ISO 14001) and best practices for environmental protection
- Economic incentives for improvement of HSE performance
- Preventing pipeline accidents and eliminating oil spills risks
- Reduce emissions rates
- Ensure safe disposal of waste and soil remediation
- Increase associated gas utilization rate to 95%
- Enhance environmental safety of petroleum products by switching to Euro-5 standards



## Reducing Injuries



## Direct Environmental Protection Expenditures

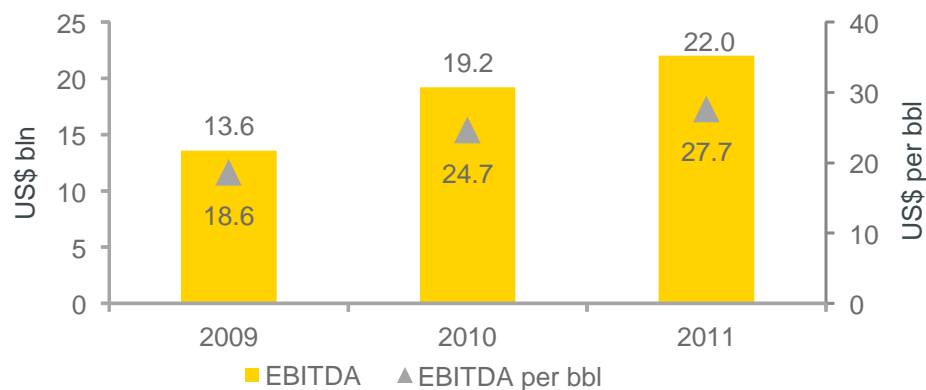




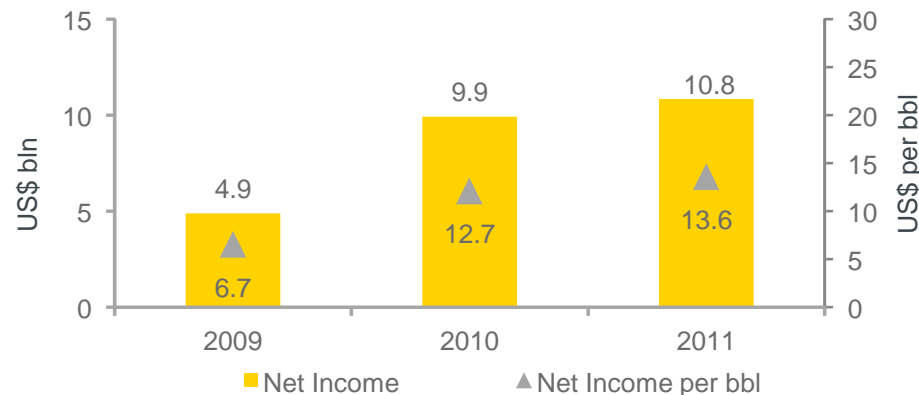
# Key Financial Indicators



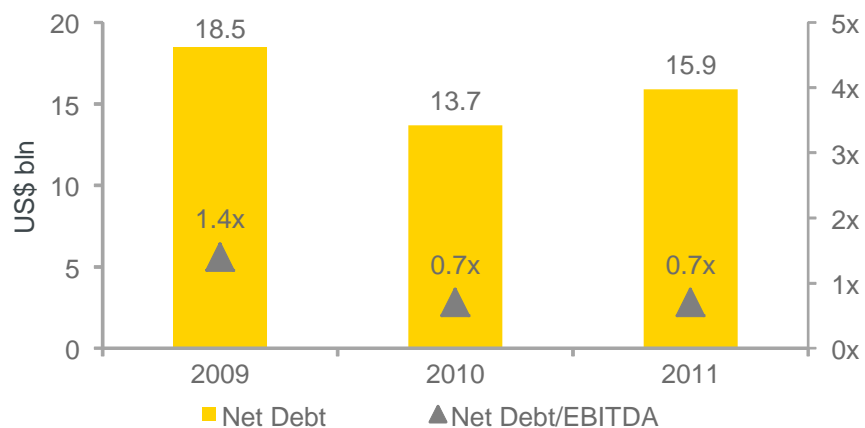
## EBITDA



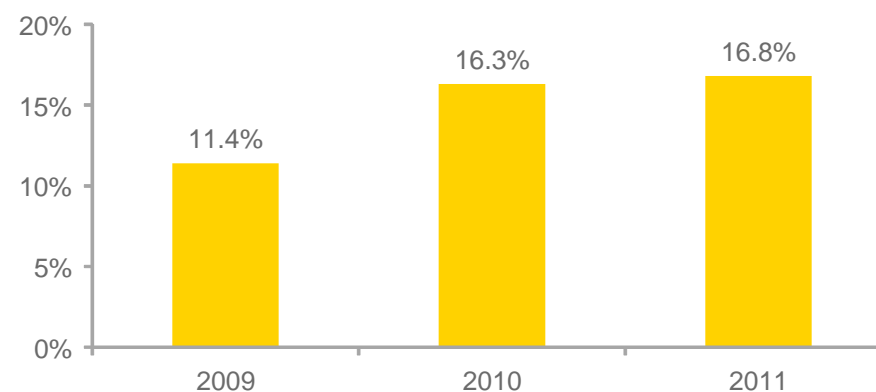
## Net Income



## Net Debt and Net Debt/EBITDA



## ROACE

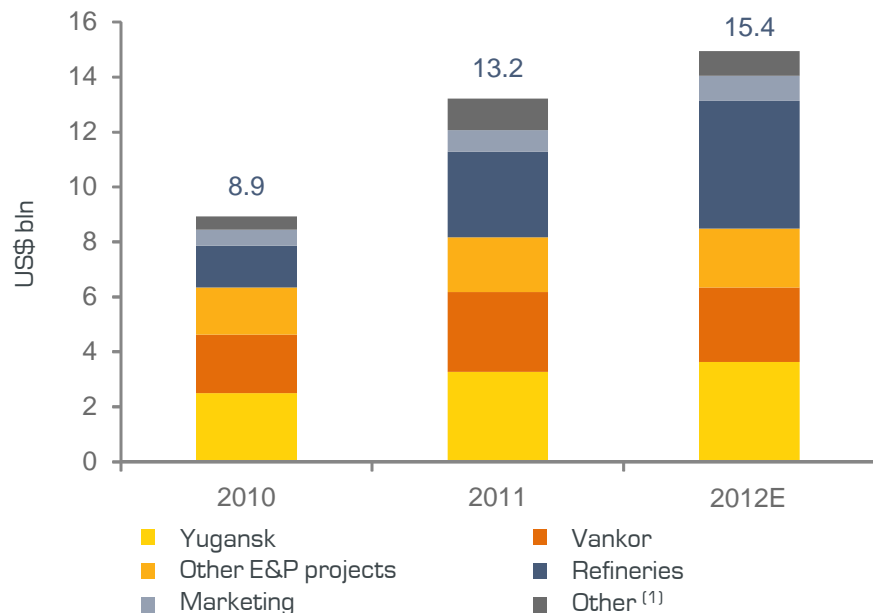


Note: EBITDA, Net Debt, and ROACE indicators are based on GAAP, Net Income is based on IFRS

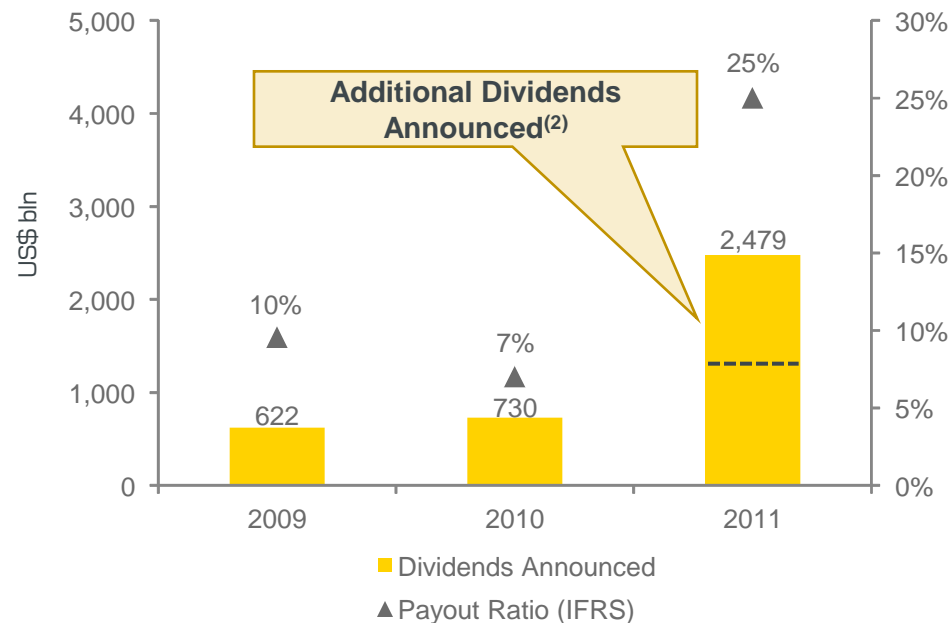
# Capex Program



## Capex



## Dividends Announced



- Rosneft employs best industry standards for investment governance: investment committee, high IRR hurdle for new projects, stage-gated decision-making procedures and investment memorandums
- Savings on CAPEX in the first half of 2012 exceeded 4% of the budget due to improvements in procurement procedures

Note: (1) Other expenses include the net effect of change in prices for construction materials, capex of service companies, etc.; (2) Including the increased dividend payments approved by the Board of Directors on 17.09.2012