



Rosneft Oil Company
Report on payments to governments
for the year ended December 31, 2015

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1. Introduction

Section 4.3A of the UK Disclosure Rules and Transparency Rules (DTR 4.3A) requires the extractive sector companies whose transferable securities are admitted to trading on a regulated market to publicly disclose payments made to the governments of those countries where they carry out extractive operations.

DTR 4.3A apply without limitation to companies incorporated outside the UK but that have transferable securities admitted to trading on the London Stock Exchange (LSE).

Rosneft Global depositary receipts (GDR) which certify rights in respect of ordinary shares are admitted to trading on the LSE. The securities are listed on its Main market through its International Order Book. One GDR is equivalent to one common share of Rosneft Oil Company.

Rosneft's consolidated Report on payments to governments (the Report) is presented below pursuant to DTR 4.3A. It includes Payments made by the Rosneft Group's Extractive Companies as defined below, for the benefit of each government in the countries in which these companies carry out their activities. The Report also provides details on the total amount of such payments by type, specific project and government paid.

Where the amount of payment made during the period for a specific project or country are less than £86,000 or the equivalent amount in another currency such payment is not disclosed in the Report.

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2. Reporting principles

Definitions

(Rosneft Group's) Extractive Companies: Rosneft Oil Company (Rosneft) and its subsidiaries whose activities consist, in whole or in part, of the exploration, prospection, discovery, development and extraction of minerals, crude oil and natural gas, amongst others, fully consolidated by Rosneft in accordance with International Financial Reporting Standards (IFRS).

Payment: a single payment or multiple interconnected payments, whether in money or in kind, for extractives activities.

The payment types included in this Report:

Production entitlement: host Government's share of production. This payment is generally made in kind.

Taxes: taxes and levies paid on income, production or profits, excluding taxes levied on consumption such as value added tax, personal income taxes and sales taxes.

Regarding taxes paid in the Russian Federation the Report includes Income Tax and Mineral extraction tax.

Royalties: percentage of production payable to the owner of mineral rights.

In addition, for the purposes of this Report Export customs duty on oil sales paid in the Russian Federation is included in Royalties.

Dividends: dividends, other than dividends paid to a government as an ordinary shareholder unless they are paid in lieu of a production entitlement or royalty. For the year ended December 31, 2015, there were no reportable Dividend payments to Governments.

Signature, Discovery and Production Bonuses: bonuses paid for and in consideration of signature, discovery, production, awards, grants and transfers of extraction rights; bonuses related to achievement or failure to achieve certain production levels or targets, and the discovery of additional mineral reserves or deposits. For the year ended December 31, 2015, there were no reportable Bonuses payments to Governments.

Licence and other fees: licence fees, rental fees, entry fees and other considerations for licences and/or concessions that are paid for access to the area where the extractive activities will be conducted.

Infrastructure improvements: payments for local infrastructure development, including the improvement of infrastructure, except where the infrastructure is exclusively used for operational purposes.

Government: any national, regional or local authority of a country or territory, or any department, agency or undertaking controlled by that authority.

Project: operational activities governed by a single contract, licence, lease, concession or similar legal agreement that form the basis for payment liabilities with a Government. If multiple such agreements are substantially interconnected, they are considered as a single Project.

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Reporting currency

All amounts presented in the Report are stated in Russian rubles. Payments made to Governments in foreign currencies (currencies other than the Russian ruble) were translated into the equivalent ruble amount using a weighted average of the relevant exchange rates during the reporting period.

In-kind payments

Production entitlement and Royalties paid in kind owed to Governments pursuant to legal or contractual provisions (not booked in the Extractive Companies' accounts pursuant to the accounting standards) are reported in proportion to the interest held in the Project. Payments in kind are estimated at fair value which corresponds to the contractual price of oil and gas, market price (if available) or an appropriate benchmark price. These prices may be calculated on an averaged basis over a given period.

Operatorship

Payments made by the Extractive Companies directly to a Government arising from a project are reported in the full amount, regardless of whether the Extractive Companies are the operators. Such payments are reported in the full amount even where the Extractive Companies acting as operators are proportionally reimbursed by their non-operating venture partners.

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3. Summary Report

(in millions of Russian rubles)

Country	Total amount of payments	Production Entitlement	Taxes	Royalties	Licence and other fees	Infrastructure Improvements
Russian Federation	1 772 952	-	1 116 169	648 636	8 147	-
Vietnam	13 209	13 047*	-	-	37	125
Brazil	32	-	-	-	32	-
Norway	(910)	-	(915)**	-	5	-
Total	1 785 283	13 047	1 115 254	648 636	8 221	125

* - monetary amount. The in-kind payment amounts to 0.04602 million tonnes of gas condensate and 1.972 bcm of gas.

** - represents the refund received under the Norwegian tax rules in 2015 for the portion of exploration costs incurred in 2014 as the result of the tax loss for 2014.

Besides the payments listed above the Extractive Companies made payments for the Carduim project in Canada that were less than £86,000 for the year ended December 31, 2015.

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4. Reporting by Project and by type of Payment, and by Government and by type of Payment

Amounts paid in the Russian Federation by Project and by type of Payment
(in millions of Russian rubles)

Payments per project	Total amount of payments	Production Entitlement	Taxes	Royalties	Licence and other fees	Infrastructure Improvements
Russian Federation:	1 772 952	-	1 116 169	648 636	8 147	-
Rosneft	619 239	-	(29 983)*	648 636	586	-
Yuganskneftegaz	380 531	-	379 742	-	789	-
Samotlorneftegaz	144 895	-	144 556	-	339	-
Vankorneft	137 384	-	137 003	-	381	-
Orenburgneft	102 422	-	102 230	-	192	-
Uvatneftegaz	74 368	-	73 741	-	627	-
Samaraneftegaz	70 139	-	69 064	-	1 075	-
Verkhnechonskneftegaz	63 812	-	63 653	-	159	-
Nyaganneftegaz	42 431	-	42 312	-	119	-
Varyeganneftegaz	41 621	-	41 531	-	90	-
Purneftegaz	36 288	-	35 542	-	746	-
Severnaya Neft (Timan Pechora)	17 996	-	16 943	-	1 053	-
Sakhalin-1**	8 969	-	8 969	-	-	-
Sibneftegaz (Yamalo-Nenetsky Autonomous District)	7 712	-	7 552	-	160	-
Krasnodarneftegaz	5 825	-	5 518	-	307	-
Stavropolneftegaz	4 810	-	4 675	-	135	-
Rospan (Yamalo-Nenetsky Autonomous District)	4 372	-	3 883	-	489	-
Oil and Gas operations in Sakhalin	2 917	-	2 882	-	35	-
Oil and Gas operations in the North Caucasus	3 714	-	3 712	-	2	-
Taas-Yuryakh (Sakha Yakutia)	1 700	-	1 670	-	30	-

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Amounts paid in the Russian Federation by Project and by type of Payment (continued)
(in millions of Russian rubles)

Payments per project	Total amount of payments	Production Entitlement	Taxes	Royalties	Licence and other fees	Infrastructure Improvements
Tyumeneftegaz (Yamalo-Nenetsky Autonomous District)	519	-	335	-	184	-
RN-Exploration (Black Sea)	456	-	456	-	-	-
Shelf Dalniy Vostok	314	-	19	-	295	-
Kynsko-Chaselskoe neftegaz (Yamalo-Nenetsky Autonomous District)	270	-	31	-	239	-
Vostsibneftegaz (Krasnoyarsky Region)	209	-	133	-	76	-
Joint offshore Kara Sea project (with ExxonMobil)	17	-	-	-	17	-
Joint offshore Laptev Sea project (with ExxonMobil)	13	-	-	-	13	-
Joint offshore Chukchi Sea project (with ExxonMobil)	9	-	-	-	9	-

* - *Income Tax refund for a consolidated group of taxpayers. Russian tax legislation allows income taxes to be calculated on a consolidated basis. Rosneft's main subsidiaries were therefore combined into a consolidated group of taxpayers which consists of more than 50 entities. Some of them do not engage in activities related to the exploration, prospection, discovery, development and extraction of minerals or crude oil and natural gas.*

** - *The Sakhalin-1 project is operated by ExxonMobil. Besides the payments listed above for the Sakhalin-1 project, there have been payments made by ExxonMobil on behalf of the consortium and which are not included in this report.*

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Amounts paid in foreign jurisdictions by Project and by type of Payment
(in millions of Russian rubles)

Payments per project	Total amount of payments	Production Entitlement	Taxes	Royalties	Licence and other fees	Infrastructure Improvements
Vietnam: Block 06.1	13 177	13 047*	-	-	5	125
Vietnam: Block 05-3/11	32	-	-	-	32	-
Brazil: Solimoes	32	-	-	-	32	-
Norway: RN Nordic Oil	(910)	-	(915)**	-	5	-

* - monetary amount. The in-kind payment amounts to 0.04602 million tonnes of gas condensate and 1.972 bcm of gas.

** - represents the refund received under the Norwegian tax rules in 2015 for the portion of exploration costs incurred in 2014 as the result of the tax loss for 2014.

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Amounts paid by Government and by type of Payment
(in millions of Russian rubles)

Payments per government	Total amount of payments	Production Entitlement	Taxes	Royalties	Licence and other fees	Infrastructure Improvements
Russian Federation:	1 772 952	-	1 116 169	648 636	8 147	-
Treasury of the Russian Federation	1 772 952	-	1 116 169	648 636	8 147	-
Vietnam:	13 209	13 047*	-	-	37	125
PetroVietnam	13 209	13 047*	-	-	37	125
Brazil:	32	-	-	-	32	-
National Agency of Petroleum, Natural Gas and Biofuels	31	-	-	-	31	-
Secretary of State Land Policy – state Amazonas	1	-	-	-	1	-
Norway:	(910)	-	(915)**	-	5	-
Norwegian Tax Administration	(915)	-	(915)**	-	-	-
Oil directorate	5	-	-	-	5	-

* - monetary amount. The in-kind payment amounts to 0.04602 million tonnes of gas condensate and 1.972 bcm of gas.

** - represents the refund received under the Norwegian tax rules in 2015 for the portion of exploration costs incurred in 2014 as the result of the tax loss for 2014.

Contact information

Rosneft Oil Company

Legal address:

Russia, 115035, Moscow, Sofiyskaya Embankment, 26/1

Mailing address:

Russia, 117997, Moscow, Sofiyskaya Embankment, 26/1

Phone:

+7 (499) 517-88-99

Fax:

+7 (499) 517-72-35

E-mail:

postman@rosneft.ru

Corporate website:

www.rosneft.ru (Russian)
www.rosneft.com (English)