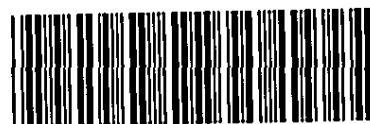


Registration number: 5525360

Zauralneftegaz Limited
Financial Statements
For the year ended 31 December 2008

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Company information

Directors

Simon Escott

Victor Repin

David Zaikin

Roman Niewiadomski (appointed 10 April 2008 and resigned 22 July 2009)

Robert Wilde (resigned 10 April 2008)

Secretary

Richard Hiersche (appointed 22 July 2009)

Roman Niewiadomski (appointed 10 April 2008 and resigned 22 July 2009)

Robert Wilde (resigned 10 April 2008)

Auditors

Grant Thornton

Grant Thornton House

Melton Street

Euston Square

London

NW1 2EP

Bankers

Coutts & Co

440 Strand

London

WC2R 0QS

Solicitors

Covington & Burling

265 Strand

London

WC2R 1BH

Registered Office

83 Baker Street

London

W1U 6AG

Zauralneftegaz Limited

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Zauralneftegaz Limited

Directors' report

The directors present their report and the financial statements for the year ended 31 December 2008.

Statement of Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the directors is aware at the time the report is approved:

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Principal activities and review of business

The company's principal activity during the year was that of oil and gas exploration carried out through its subsidiary company, incorporated in Russia, OOO Zauralneftegaz. The Company completed its oil and gas exploration activities during the year and expects the Company's main activity to be that of an investment holding company in the future.

Results and dividends

The loss for the year, after taxation, amounted to \$925,883 (2007: \$6,394,792).

The directors do not recommend the payment of a dividend for the year.

Zauralneftegaz Limited

Directors

Robert Wilde resigned as a director and Company Secretary of the Company on 10 April 2008. Roman Niewiadomski was appointed as a director and Company Secretary of the Company on 10 April 2008 and resigned on 22 July 2009. Richard Hiersche was appointed Company Secretary on 22 July 2009.

The directors did not have any interest in the share capital of the Company during the year.

Risks and key performance indicators

A discussion of the significant risks and key performance indicators has been provided in the Baltic Oil Terminals plc group accounts for the year ended 31 December 2008.

Auditors

Grant Thornton UK LLP were appointed auditors on 26 March 2009 to fill a casual vacancy in accordance with section 489(3)(c) of the Companies Act 2006.

This report was approved by the board on 30 October 2009 and signed on its behalf.



Simon Escott
Director

Zauralneftegaz Limited

Independent auditors' report to the members of Zauralneftegaz Limited

We have audited the financial statements of Zauralneftegaz Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet, the cash flow statement and notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Company financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Company financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Company financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the Company financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Company financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Company financial statements.

Zauralneftegaz Limited

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS
London
30 October 2009

Zauralneftegaz Limited

Profit and loss account

For the year ended 31 December 2008

	notes	2008 \$	2007 \$
Administrative expenses	2	(156,838)	(5,674,071)
Operating loss		(156,838)	(5,674,071)
Interest payable	4	(769,045)	(720,721)
Loss on ordinary activities before taxation		(925,883)	(6,394,792)
Tax on loss on ordinary activities	5	-	-
Loss on ordinary activities after taxation	12	(925,883)	(6,394,792)

All amounts relate to continuing operations.

There were no recognised gains and losses other than those included in the profit and loss account.

Zauralneftegaz Limited

Balance sheet As at 31 December 2008

	notes	2008 \$	2007 \$
Fixed assets			
Intangible fixed assets	6	-	-
Fixed asset investments	7	-	-
		-	-
Current assets			
Debtors	8	-	12,184
Cash at bank and in hand		244	14,610
		244	26,794
Creditors amounts falling due within one year	9	(5,366,053)	(5,235,765)
Net current liabilities		(5,365,809)	(5,208,971)
Total assets less current liabilities		(5,365,809)	(5,208,971)
Creditors amounts falling due after more than one year	10	(7,253,361)	(6,484,316)
Net liabilities		(12,619,170)	(11,693,287)
Capital and reserves			
Called up share capital	11	177	177
Share premium account	12	74,913	74,913
Profit and loss account	12	(12,694,260)	(11,768,377)
		(12,619,170)	(11,693,287)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 October 2009.


Simon Escott
Director

Zauralneftegaz Limited

Cash Flow Statement

For the year ended 31 December 2008

		2008	2007
		\$	\$
Net cash flow from operating activities	13	(229,661)	(3,641,154)
Returns on investments and servicing of finance	14	-	(720,721)
Capital expenditure and financial investment	14	-	(2,313,071)
Cash outflow before financing		(229,661)	(6,674,946)
Financing	14	215,295	6,669,580
Decrease in cash in the period		(14,366)	(5,366)

Reconciliation of net cash flow to movement in net debt

	2008	2007
	\$	\$
Decrease in cash in the period	(14,366)	(5,366)
Non cash inflow from increase in debt	(769,045)	-
Cash inflow from increase in debt	(215,295)	(6,669,580)
Movement in net debt in the period	(998,706)	(6,674,946)
Net debt at 31 December	(12,619,170)	(11,620,464)

Zauralneftegaz Limited

Notes to the financial statements

1. Accounting policies

Basis of preparation of financial statements

The accounts have been prepared on a going concern basis as the parent company has agreed to provide funds to enable the Company to meet its liabilities as they fall due.

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

The financial statements have been presented in US\$, the functional currency of the company.

Intangible assets - Exploration and evaluation

Geological and geophysical exploration costs are charged against income as incurred. The direct costs associated with exploration wells, exploratory drilling and directly related overheads, are capitalised as intangible assets pending determination of proven reserves. These costs are excluded from depletion until commerciality is determined or impairment occurs. The cost of unsuccessful exploratory wells is expensed upon determination that the well does not justify commercial development.

Exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, an entity shall measure, present and disclose any resulting impairment loss in accordance with FRS 11 "Impairment of fixed assets".

Investments

Investments in subsidiaries are valued at cost less provision for impairment.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into US dollars at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into US dollars at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

Zauralneftegaz Limited

2. Operating loss

Operating loss is stated after charging:

	2008	2007
	\$	\$
Auditors' remuneration - audit of the financial statements	-	-
Exploration and evaluation expenditure written off	-	465,330
Impairment loss (see note 6)	-	2,313,071
Impairment loss (see note 7)	-	75,090

The auditors' remuneration has been borne by Baltic Oil Terminals plc, the ultimate parent company of the group, in the years ended 31 December 2008 and 2007.

3. Staff costs

The Company has no employees other than the directors, who did not receive any remuneration during the year.

4. Interest payable

	2008	2007
	\$	\$
Interest payable to group undertakings	769,045	720,721

5. Taxation

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2008	2007
	\$	\$
Loss on ordinary activities before tax	(925,883)	(6,394,792)
Loss on ordinary activities before tax multiplied by the standard rate of corporation tax of 28.5% (2007: 30%)	(263,877)	(1,918,438)
Effects of:		
Expenses not deductible for tax purposes	-	716,448
UK tax losses carried forward	263,877	1,201,990
Current tax charge for the period	-	-

The standard rate of Corporation Tax in the UK changed from 30% to 28% with effect from 1 April 2008. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 28.5% and will be taxed at 28% in the future.

The Company has tax losses of \$10,606,485 (2007: \$9,380,216) that are available indefinitely for offset against future taxable profits. Deferred tax assets have not been recognised in respect of these losses due to uncertainty as to whether such amounts will be realised.

Zauralneftegaz Limited

6. Intangible fixed assets

	Exploration costs \$
Cost	
As at 1 January 2008	2,313,071
Additions	-
As at 31 December 2008	2,313,071
Accumulated depreciation and impairment	
As at 1 January 2008	2,313,071
Impairment charge	-
As at 31 December 2008	2,313,071
Net book value as at 31 December 2008	-
Net book value as at 31 December 2007	-

7. Fixed asset investments

	Investments in subsidiaries \$
Cost	
At 1 January 2008 and 31 December 2008	75,090
Impairment provisions	
At 1 January 2008 and 31 December 2008	(75,090)
Net book value	-
At 31 December 2008	-
At 31 December 2007	-

The following is a subsidiary undertaking of the Company:

Principal subsidiaries	Country of incorporation	Principal activity	% of ordinary shares held & voting rights
OOO Zauralneftegaz	Russia	Oil and gas exploration	100

8. Debtors

	2008 \$	2007 \$
Prepayments and accrued income	-	12,184

Zauralneftegaz Limited

9. Creditors – amounts falling due within one year

	2008	2007
	\$	\$
Amounts owed to group undertakings	5,366,053	5,150,758
Accruals and deferred income	-	85,007
	5,366,053	5,235,765

10. Creditors – amounts falling due after more than one year

	2008	2007
	\$	\$
Amounts due to group undertakings (including accrued interest)	7,253,361	6,484,316

11. Share capital

	2008	2007
	\$	\$
Authorised, allotted, called up and fully paid		
50 Ordinary class A shares of £1 each	88.50	88.50
50 Ordinary class B shares of £1 each	88.50	88.50
	177	177

The A and B ordinary shares of £1 rank pari passu other than the A ordinary shares have an additional vote at general meeting thereby giving the A ordinary shareholder control of the company.

12. Reconciliation of movements in shareholders' funds

	Share capital	Share premium	Profit and loss account	Total 2008	Total 2007
	\$	\$	\$	\$	\$
At 1 January	177	74,913	(11,768,377)	(11,693,287)	(5,298,495)
Loss for the year	-	-	(925,883)	(925,883)	(6,394,792)
At 31 December	177	74,913	(12,694,260)	(12,619,170)	(11,693,287)

13. Net cash flow from operating activities

	2008	2007
	\$	\$
Operating loss	(156,838)	(5,674,071)
Impairment of exploration costs	-	2,313,071
Impairment of investments	-	75,090
Decrease/(Increase) in debtors	12,184	(7,184)
Decrease in amounts owed by group undertakings	-	4
Decrease in creditors	(85,007)	(348,064)
	(229,661)	(3,641,154)

Zauralneftegaz Limited

14. Analysis of cash flows for headings netted in cash flow statement

	2008	2007
	\$	\$
Interest paid	-	720,721
	2008	2007
	\$	\$
Purchase of intangible fixed assets	-	2,313,071
	2008	2007
	\$	\$
Long term loans due to group undertakings	215,295	6,669,580

15. Analysis of changes in net debt

	As at 1 January 2008	Cash flow	Other non cash changes	As at 31 December 2008
	\$	\$	\$	\$
Cash at bank and in hand	14,610	(14,366)	-	244
Debt:				
Debts falling due after more than one year	(6,484,316)	-	(769,045)	(7,253,361)
Debts falling due within one year	(5,150,758)	(215,295)	-	(5,366,053)
Net debt	(11,620,464)	(229,661)	(769,045)	(12,619,170)

16. Related party transactions

The following transactions occurred between the company and related parties to the company during the year ended 31 December 2008.

	Amount \$	Nature of transaction
Caspian Finance Ltd	769,045	Interest payable

The following transactions occurred between the company and related parties to the company during the year ended 31 December 2007.

	Amount \$	Nature of transaction
Caspian Finance Ltd	771,309	Interest payable
Baltic Oil Terminals plc	769,974	Management fees
Siberian Energy Group	870,000	Management fees

The following balances were outstanding as at 31 December 2008.

	Amount \$	Nature of transaction
Caspian Finance Ltd	(5,493,179)	Loans payable
Caspian Finance Ltd	(1,760,182)	Accrued interest payable
Baltic Terminals Ltd	49,828	General trading balances
Baltic Oil Terminals Ltd	5,415,881	Loans payable

Zauralneftegaz Limited

16. Related party transactions (continued)

The following balances were outstanding as at 31 December 2007.

	Amount \$	Nature of transaction
Siberian Energy Group	85,000	Management fees
Caspian Finance Ltd	5,493,178	Loans payable
Caspian Finance Ltd	1,041,727	Accrued interest payable
Baltic Terminals Ltd	12,106	General trading balances
Baltic Oil Terminals Ltd	5,054,761	Loans payable

Baltic Oil Terminals plc is the ultimate parent of the group which holds a 50% interest in Zauralneftegaz Ltd. Caspian Finance Ltd and Baltic Terminals Ltd are subsidiaries of Baltic Oil Terminals plc. Siberian Energy Group is a 50% shareholder of Zauralneftegaz Ltd.

17. Ultimate parent undertaking

The immediate parent undertaking is Baltic Petroleum Limited.

The ultimate parent undertaking and controlling party is Baltic Oil Terminals plc, a public company incorporated in the UK. Copies of Baltic Oil Terminals plc consolidated financial statements can be obtained from the Company's website www.balticoilterminals.com.