

Restructuring of Vostok Nafta

Information to the shareholders of Vostok Nafta Investment Ltd in connection with extra shareholders' meeting May 24, 2007, concerning the board of directors' proposal of distribution of warrants in New Vostok Nafta through a share split combined with a compulsory redemption procedure.

This document has been prepared with the sole purpose to provide information to the shareholders of Vostok Nafta Investment Ltd in connection with the forthcoming extra shareholders' meeting which is to be held on May 24, 2007. This document does not constitute a prospectus.

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Introduction

Vostok Nafta Investment Ltd (“Vostok Nafta” or “the Company”) was founded in 1996 by Adolf H. Lundin with the business concept to execute portfolio and direct investments in the former USSR. The Company is at present a leading investment company with portfolio investments primarily within the Russian oil and gas industry. The largest investment is Gazprom, which constitutes approximately 90 per cent of the total portfolio value. The majority of the remainder of the portfolio consists of companies within the Russian oil and raw material industry.

Gazprom is the world’s largest gas company with approximately 16 per cent of the world’s proven gas reserves. Gazprom’s risk profile was reduced in 2005 due to the removal of the ring fence on the local Gazprom shares, resulting in, among other things, improved liquidity. The implication for Vostok Nafta was that the risk profile for the non-Gazprom holdings became higher compared to the Gazprom holding.

To make the value of the non-Gazprom perceptible and to offer a more direct and transparent exposure towards Vostok Nafta’s portfolio as well as to satisfy different investors risk preferences, Vostok Nafta shareholders’ are proposed, at an extra shareholders’ meeting on May 24, 2007, to approve the board of directors’ proposal to restructure the Company.

The restructuring comprise a spin-off of the non-Gazprom part of Vostok Nafta’s portfolio into a new company with the same name, Vostok Nafta Investment Ltd (“New Vostok Nafta”). As a consequence of the restructuring of the Company the board of directors propose a name change of the Company to Vostok Gas Ltd, (“Vostok Gas”) as from May 24, 2007. It is the board of directors’ opinion that the Gazprom holding will benefit from a single and clear focus to increase the return from this particular holding and concurrently the investors will, through New Vostok Nafta, be offered a more direct and transparent exposure to Vostok Nafta’s other portfolio investments.

Vostok Nafta’s management will continue to manage Vostok Gas and New Vostok Nafta. In Vostok Gas there will be minor changes in the composition of the Board, which is described on page 8 in this document. The management as well as the board of directors holds valuable experience gained through an active commitment in the portfolio companies which is a competence of great importance in creating maximum value also in New Vostok Nafta.

Implementation

In order to implement the restructuring, the board of directors has proposed a share split of the Vostok Nafta share in combination with a compulsory share redemption procedure. The share split will be on a two for one basis, implying that each share is divided in two. One of these shares will be a redemption share and the other an ordinary share. For shares which are represented by depository receipts listed on the Stockholm Stock Exchange, the redemption share will be represented by a redemption depository receipt, which automatically will be registered in each respective VP-account. The redemption depository receipts will be traded on the Stockholm Stock Exchange. Each redemption depository receipt in Vostok Nafta will thereafter automatically be redeemed in exchange for one warrant in New Vostok Nafta.

The holding of one (1) redemption depository receipt in Vostok Nafta (Vostok Gas) on June 13, 2007 entitles the holder to one (1) warrant. One (1) warrant entitles the holder to subscribe for one (1) depository receipt in New Vostok Nafta at a subscription price of SEK 22.

Preliminary timeline

Extra shareholders’ meeting	May 24, 2007
Record day for share split and right to redemption depository receipt	May 29, 2007
Trading in redemption depository receipts	May 30–June 8, 2007
Reception of warrants	June 13, 2007
Trading in warrants	June 14–June 27, 2007
Subscription through warrants	June 14–July 2, 2007
Estimated first day of trading in New Vostok Nafta’s depository receipts	around July 4, 2007

Restructuring of Vostok Nafta

Vostok Nafta becomes Vostok Gas

An integrated part of the board of directors' proposal on the restructuring of Vostok Nafta is a name change to Vostok Gas. Vostok Gas will be a holding company with a net asset value of approximately USD 2.8 billion and will have the share holding in Gazprom as its sole focus. The Company assesses Gazprom to be an attractive investment that will exhibit growth both in the long, medium and short term. Gazprom controls a large asset base giving the company ample opportunity to conduct large scale operations during many years to come, while at the same time allowing the company possibilities of continued growth and development. The deregulation of gas prices that has occurred in Russia represents a promise of economic growth for Gazprom, without leading to a situation where Gazprom has to expand its operations in absolute volume terms. Furthermore, the deregulation of Gazprom's local shares that previously affected the liquidity, and availability of the shares, has contributed to an increased interest in the company in the short term.

It is the board of directors' opinion that the proposed restructuring will bring benefits to the development of the Gazprom holding and contribute to increased returns for the shareholders through an extended focus on the holding, among other things based on the following:

- Vostok Gas will be the fourth largest shareholder in Gazprom.
- Vostok Gas' management has ten years experience from owning shares in Gazprom.
- Financial gearing of the portfolio at attractive levels.
- Possibilities to implement strategies to increase returns.
- Vostok Gas will have a cost efficient organization.

The current leverage in Vostok Nafta's portfolio, financed by credits from banks, will remain in Vostok Gas.

New Vostok Nafta

New Vostok Nafta will continue to invest in line with previous out-lined strategies, with a clear and enduring focus on Russia and its neighbouring countries. The mandate will however be broadened with regard to geographic areas and industrial sectors. Furthermore, the forming of New Vostok Nafta and the capital to be raised through the subscription of new depository receipts, will create improved possibilities for exploiting the investment opportunities available in Russia and the other CIS countries.

It is the board of directors' opinion that the spin-off will expose the advantages of the non-Gazprom investments, as well as enable a greater flexibility regarding the future management of these investments. The advantages of the New Vostok Nafta include, among other things:

- A proven track record in the region and in a range of industrial sectors.
- Possibilities of increased focus on the portfolio.
- Strong deal flow as a result of the management and the brand name of Vostok Nafta.
- A more homogeneous risk/return profile.

Financial effects

Implementation in brief

In connection with the restructuring, New Vostok Nafta will acquire assets from Vostok Nafta for a total amount of USD 377.5 million (as at March 31, 2007), corresponding to approximately SEK 2.6 billion at an exchange rate of 6.9825 SEK per USD. Acquired assets are

- non-Gazprom holdings of USD 370.7 million
- unsettled trades of USD 1.8 million, and
- cash of USD 5.0 million.

Payment for the acquired assets will be made by way of a promissory note to Vostok Nafta, amounting to USD 377.5 million. New Vostok Nafta will thereafter sell 46,020,900 warrants to Vostok Nafta for the corresponding amount. Payment for the acquired warrants will be made by way of a promissory note to New Vostok Nafta, by which New Vostok Nafta thus will have receivables from Old Vostok Nafta in the amount of USD 377.5 million. These receivables will be used for the subsequent settlement of the liability to Vostok Nafta. After share split half of the number of shares issued will be redeemed, whereby the consideration for the redemption will be warrants entitling the holder to subscribe for new depository receipts in New Vostok Nafta. Thus the restructuring will not have any cash flow impact.

Vostok Nafta (Vostok Gas)

Vostok Nafta's (Vostok Gas⁰¹) net asset value will, following the restructuring, be reduced from USD 3.2 billion to USD 2.8 billion, or approximately SEK 19.6 billion, as at March 31, 2007. The number of shares will remain 46,020,900, implying a net asset value per share of USD 60.84 or SEK 425.89.

New Vostok Nafta

New Vostok Nafta's net asset value, following the restructuring, will amount to USD 377.9 million⁰² or approximately SEK 2.6 billion, as at March 31, 2007. The number of new shares in New Vostok Nafta, provided that all warrants are subscribed for, will increase from 1 to 46,020,901. Provided that all warrants are subscribed for, the net asset value per share, following the restructuring, will amount to USD 11.36 or SEK 79.27. Through the restructuring, New Vostok Nafta will be provided funds equal to approximately SEK 1 billion. The raised capital will be invested in add-on investments in the existing portfolio as well as in new investments.

01. Net asset value is defined as shareholders' equity.

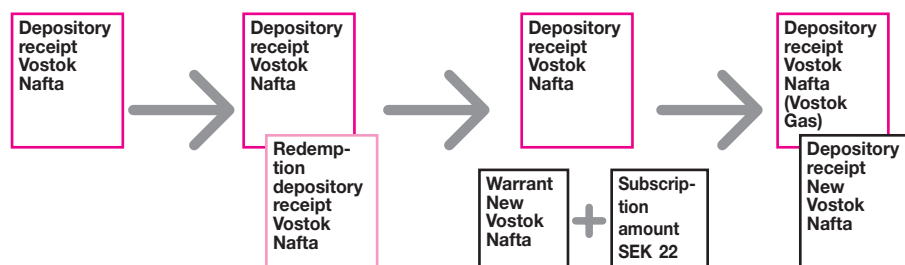
02. Including existing assets of USD 0.4 million in New Vostok Nafta.

Terms and conditions

A summary of the terms and conditions for the subscription of depository receipts in New Vostok Nafta is presented below. Please note that no action is required by the holders of depository receipts in Vostok Nafta in order to maintain the holding in the Company (Vostok Gas) in the restructuring.

For further information about the terms and conditions concerning the restructuring of Vostok Nafta, reference is given to the prospectus which will be made public around May 25, 2007.

Subscription of depository receipts in New Vostok Nafta – example



On the record day for the share split, May 29, 2007, each existing depository receipt in Vostok Nafta (Vostok Gas) will be split into two depository receipts, of which one will be a redemption depository receipt.

Each redeemed depository receipt will entitle to one warrant. Each warrant will, during the subscription period, give the right to subscribe for one new depository receipt in New Vostok Nafta through cash payment of SEK 22.

Share split and redemption depository receipts

In connection with the restructuring, Vostok Nafta will perform a share split, through which one existing share in Vostok Nafta will be split into two shares. One of these shares will be a so-called redemption share. For shares represented by depository receipts listed on the Stockholm Stock Exchange, the depository receipts will be represented by so-called redemption depository receipts, which will automatically be registered on each respective VP-account. Record day for the share split will be May 29, 2007.

Receipt of warrants in exchange for redemption depository receipts

Each redemption depository receipt in Vostok Nafta (Vostok Gas) that is held on the record day, June 13, 2007, will entitle to one (1) warrant. One (1) warrant will entitle the holder to the subscription of one (1) newly issued depository receipt in New Vostok Nafta.

Trading in redemption depository receipts and warrants

Trading in redemption depository receipts will take place on the Stockholm Stock Exchange during the period May 30, 2007 up to and including June 8, 2007.

Trading in warrants will take place on the Stockholm Stock Exchange during the period June 14, 2007 up to and including June 27, 2007. E. Öhman J:or Fondkommission AB ("Öhman") and other brokers companies with requisite permits will assist in acting as intermediaries in trading of such warrants. Whoever wishes to buy or sell warrants should contact his or her bank or broker.

Subscription period

Subscription of depository receipts in New Vostok Nafta shall occur by cash payment during the period June 14, 2007 up to and including July 2, 2007. Following the expiration of the subscription period, unexercised warrants will be void and thereby without value. They will thereafter be removed from the VP-account without notification.

In order not to lose the value of the warrants, the warrants must either be:

- sold on the Stockholm Stock Exchange no later than June 27, 2007,
- or
- exercised to subscribe for depository receipts in New Vostok Nafta no later than July 2, 2007.

The board of directors of Vostok Nafta reserves the right to extend the subscription and payment period.

Subscription and payment

Subscription occurs through cash payment within the subscription period.

Subscription price

SEK 22 per depository receipt. No commission is charged.

Trading

Trading in depository receipts on the Stockholm Stock Exchange in New Vostok Nafta is intended to commence around July 4, 2007.

Advisor in the restructuring

E. Öhman J:or Fondkommission AB is the financial advisor in the restructuring of Vostok Nafta. For further information regarding the restructuring of Vostok Nafta, reference is given to the prospectus which will be made public around May 25, 2007.

Comments by the CEO

The background and rationale to restructure Vostok Nafta is to offer a greater exposure towards the non-Gazprom part of the portfolio. As a consequence of the Gazprom holding constituting 90 percent of the value of Vostok Nafta's portfolio, the remainder of the portfolio development has had limited impact on Vostok Nafta share price development. This is not an ideal situation since we are of the opinion that there is a great potential in these investments.

We made a decision in 2001 to try to reach one percent of the outstanding shares in Gazprom and consequently to become one of the ten largest shareholders in the company. We terminated our purchasing in July 2005 when the Gazprom share price increased significantly due to a combination of increasing expectations in the abolishment of the ring-fence and the market's increased fundamental understanding of Gazprom's value due to the IPO of their smaller competitor Novatek. Vostok Nafta's ownership then constituted 1.335 percent of the shares and approximately 90 percent Vostok Nafta's portfolio. Although 1.335 percent does not provide an important influence, it does provide a close relationship with the management and other staff of Gazprom, which has been decisive for the thorough understanding of the Gazprom investment. The market has in general been negligent in its fundamental analysis of Gazprom. There are many signs which indicate that the changes in value of the Gazprom share was driven by speculations about a possible removal of the ring-fence restriction of the Gazprom share rather than fundamental facts. Our ability to make a correct analysis of the investment in Gazprom has contributed to a long-term commitment which has proven to be correct.

In addition to the possibility of performing a more rigid analysis of the investment; we are of the opinion that this large block of shares commands a higher price per share than the corresponding market price. This opinion is based on our experience from previous investments made in the Russian power sector, however hard to quantify. Several of the occurrences that we anticipated would influence the value of Gazprom have been realized during the last few years and as a consequence the Gazprom share has increased with 279 percent from January 1, 2005 to March 31, 2007. This would normally cause a divestment of the shares, but as we have communicated in the past we have not been able to find investments that satisfy our required rate of return to the extent it would be worthwhile to retain the proceeds from such divestment in Vostok Nafta. Consequently a divestment of the Gazprom holding would convey a large dividend and the remainder of the portfolio would constitute the non-Gazprom holding. If we were of the opinion that a divestment of the Gazprom holding had been in the best interest of our shareholders we would not have proposed this restructuring. We are however convinced that it is not in the best short-term interest of our shareholders to divest the shareholding in Gazprom, but rather the opposite.

The events occurred during the autumn of 2006 would normally, in our opinion, convey a revaluation of Gazprom. However, due to the lack of fundamental analysis of Gazprom this has not occurred. Further, we are in the opinion that the revaluation of Gazprom will commence during the forthcoming 12 to 24

months period. This lapse of time is long enough to make it reasonable to perform the spin-off of the non-Gazprom holdings before a divestment of the Gazprom holding. The risk and return profile of the non-Gazprom part is different from the risk and return profile of the non-Gazprom holding which in many cases must be evaluated in a longer perspective and might also have a greater potential. However, the size of the Gazprom holding currently makes it very hard to realise this potential.

In conclusion, it is the great potential in both the Gazprom holding and the non-Gazprom holdings, but also the holdings' different profiles, which constitutes the rationale for the restructuring of Vostok Nafta, in which the non-Gazprom holding is spun-off to New Vostok Nafta and the Gazprom holding remains in Vostok Nafta (Vostok Gas).

The business model of New Vostok Nafta will remain unchanged; to make investments in Russia and its neighbouring countries with a required absolute rate of return. The geographic mandate, as well as the sector mandate, will remain open but with a continued focus on natural resources and Russia and its neighbouring countries. We will carry out investments where we can benefit from our experience and capacity to handle risk in accordance to create value for our shareholders.

We believe that Vostok Nafta currently holds one of the world's most exciting portfolios. It is our conviction that the potential of both Vostok Gas and New Vostok Nafta will crystallize in a fascinating way. The journey ahead of us will, as before, be volatile and risky, but the great potential will more than compensate.

Per Brilioth
CEO
Vostok Nafta

Vostok Gas in brief

Vostok Nafta's (Vostok Gas) principal holding, following the restructuring and the establishment of New Vostok Nafta, comprise shares in Gazprom. Vostok Gas' business concept, strategy, management and board of directors are presented below as well as an overview of Gazprom.

Business concept

Vostok Gas' business concept is to own and manage the Gazprom shares, the world's largest gas company. Further, Vostok Gas shall continuously manage the holding in order to increase the return.

Strategy

The management of Vostok Gas has ten years of experience of owning shares in Gazprom and the company will be the fourth largest shareholder in Gazprom. Vostok Gas' forthcoming strategy contains the following main features:

- Increase the leverage of the portfolio to a competitive level.
- A possibility to carry out return increasing strategies.
- A cost efficient organisation.

Management and board of directors

The management of Vostok Gas will constitute three executives and the management will not change as a consequence of the restructuring.

Name	Employed since	Born	Position
Per Brilioth	2001	1969	Chief Executive Officer
Anders Sjöberg	2004	1970	Chief Financial Officer
Sergei Glaser	2003	1958	Analyst

Minor changes in the board of directors are proposed. Vostok Nafta assesses that the amount of board work will decrease and consequently it is proposed that the number of directors will be reduced from eight to six, with no deputy directors.

Name	Board member in Vostok Nafta since	Born	Citizenship	Position
Lukas H. Lundin	1997	1958	Swedish	Chairman
Per Brilioth	2001	1969	Swedish	Director and CEO
Pär Mellström	^{01,02}	1962	Swedish	Director
Torun Litzén	1997	1967	Swedish	Director
Ashley Heppenstall	⁰¹	1962	British	Director
William A. Rand	2003	1942	Canadian	Director

01. Proposed for election at extra shareholders' meeting on May 24, 2007.

02. Served as director of Vostok nafta 2001–2006.

Vostok Gas' portfolio

Gazprom

Gazprom was established in 1989 as a part of the economic reforms that Michail Gorbatsjov initiated during his presidency. In Gazprom, all USSR related gas assets were merged together including production, distribution and sales.

Gazprom is the world largest gas company with a total of more than 16 percent of the global gas reserves and a production equal to 20 percent of the world production. Further, Gazprom's gas export to Europe amounted to 40 percent of Europe's gas import and equalled 28 percent of Europe's consumption.⁰¹ Gazprom is by far the largest gas company in the Russian market with a market share of 86 percent of the total production. Gazprom's total proven gas reserve is estimated to 29,100 bcm (billion cubic metres) and 95 percent of the reserves has been audited according to international standards.⁰²

Production

Gazprom is obligated to provide the Russian market with sufficient volumes of gas before Gazprom is allowed to export any gas to Europe. Assuming that the national demand for gas is saturated, it is very profitable for Gazprom to increase its gas production due to gas prices in Russia being regulated by the Russian government and is consequently substantially lower than the European gas prices. Europe is Gazprom's most important market. Gazprom exported approximately 30 percent of its gas production to Europe, which equalled 60 percent of the revenues in 2005. In addition, Gazprom exported 14 percent of its production to the CIS countries, excluding Russia, and the Baltic states.

Operational highlights (According to the Russian standards of classification)

	2001	2002	2003	2004	2005
Proven and probable gas reserves (bcm)*	17,700	18,700	18,500	20,900	20,700
Natural gas production (bcm)	512.0	522.0	540.1	545.1	547.9
Revenue – Russia (bcm)	300.8	298.0	309.1	305.7	307.0
Revenue – Europe (bcm)	127.0	128.6	140.6	153.2	156.1
Revenue – CIS, excluding Russia, and the Baltic states (bcm)	39.6	42.6	44.1	65.7	76.6

* excluding Sibneft

Source: Gazprom

Gazprom increased its production of gas from 512 bcm in 2001 to about 548 bcm in 2005, which corresponds to an increase of 7 percent. Gazprom aims to increase the production further and reach between 610 and 630 bcm/year in 2030. The initial target is to reach a production of between 550 and 560 bcm/year in 2010 followed by a further increase and a corresponding target of 580 to 590 bcm/year in 2020.

To be able to fulfil the above stated targets, Gazprom intends to develop new gas fields primarily in the regions Nadym-Pur-Taz, Tuzhnoo, Russkoye and Pest-zovoye. For the period after 2010, the singular most important field will be the Yamal, with proven reserves of 10,400 bcm⁰³.

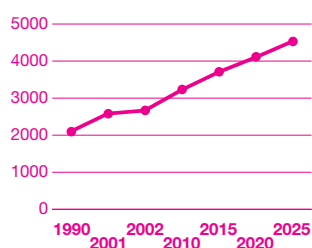
01. Vostok Nafta, Annual Report 2006

02. Gazprom, Annual Report 2005

03. Gazprom

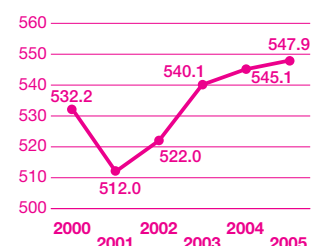
Expected total demand for gas, 1990–2025e, bcm

Source: International Energy Outlook



Gazprom's production of gas for the period 2000–2005, bcm

Source: Gazprom



The profitability of Gazprom is largely dependent on how large quantities of gas Gazprom can sell in Europe, since the Russian gas price is regulated. However, during 2007 the regulated prices will commence to be reformed and Russian authorities indicate that the gas price is set to increase and reach the net-back price level (export price subtracted by export tariff and increased costs due to transport) in 2011. If this scenario occurs the gas price level on the Russian market will increase from USD 66/mcm⁰¹ to USD 163/mcm or an increase of 147 percent compared to current price levels.

In a longer perspective an increase in the domestic gas price level is necessary for the development of the Russian gas industry, since at current regulated price levels there are no economic incentives for Russian gas companies, excluding Gazprom, to explore new fields. This is because the cost associated with exploration makes it unprofitable at current regulated price levels to develop new fields. This is however not true for Gazprom since Gazprom has a gas export monopoly and can compensate low profit margins on the Russian market with high profit margins on the export market.

Further, the regulated Russian gas price conveys competitive disadvantages for the remainder of the Russian energy market, primarily Russian coal and oil companies.

Gazprom's stock is listed on the Moscow stock exchange and the Gazprom depository receipts, corresponding to 4 shares, are traded on the London stock exchange and the New York stock exchange.

Financial overview, 2004–9mths 2006

	2004	2005	9mths 2006
Income statement (MUSD)			
Revenue	35,183	49,835	60,058
EBIT	9,459	16,352	21,588
Net income	7,627	11,380	17,481
Balance sheet (MUSD)			
Total assets	115,471	156,521	185,134
Equity capital	77,011	98,041	119,507
Data per share (USD)			
Share price at the end of period	2.76	6.75	11.47
Net income per share	0.24	0.30	0.74
Employees			
Number of employees	332,800	397,000	N/A

Source: Gazprom

Competitors

Gazprom's main competitors on the European market are state owned Algerian Sonatrach and the Norwegian oil and gas company Statoil, with a market share of 10 percent each.⁰²

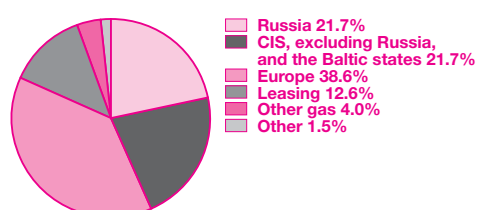
For further information about the gas market, see page 14.

01. mcm: Million cubic metres
02. Russian natural gas exports to Europe, Lund and Tsygankova, February 2006

Gazprom's share price for the period March 30, 2004–March 30, 2007, USD/share
Source: Datastream



Revenue per sector, 9mths 2006
Source: Gazprom



New Vostok Nafta in brief

New Vostok Nafta's business concept, strategy, management and board of directors are presented below. Further, New Vostok Nafta's portfolio is presented as well as three sub sectors in which 70 percent of New Vostok Nafta's portfolio is invested as per March 31, 2007. For additional information about the New Vostok Nafta portfolio, reference is given to the prospectus which will be made public around May 25, 2007.

Business concept

New Vostok Nafta business concept is to use its experience, knowledge and network in order to identify and invest in assets with great value appreciation potential, focusing on Russia and the other CIS states.

Strategy

New Vostok shall create value through professionally managed investment activities, which are based on a well structured process for continuous analysis of the current portfolio as well as potential investments. The company shall, to the largest possible extent, be an active owner and consequently add value through its experience, knowledge, network and strong brand name.

Investment strategy

New Vostok Nafta shall have a long-term oriented investment perspective where the majority of the holdings shall consist of companies which are listed and traded on a stock exchange. However, this does not exclude the opportunity for New Vostok Nafta to invest in unlisted companies. The composition of the portfolio shall not be linked to any index nor shall any detailed sector diversification or diversification of individual holdings be established. The portfolio shall however normally provide risk diversification.

Geographical market

New Vostok Nafta will primarily, but not exclusively, evaluate and perform investments in countries from the former USSR, with a focus on Russia, since New Vostok Nafta assesses that the Russian market is the most interesting market among the former USSR states. The Russian economy has during Vladimir Putin's presidency grown from USD 200 billion to USD 1,000 billion and simultaneously the Russian stock market has increased with approximately USD 1,000 billion. The natural resources in Russia, especially the oil and gas reserves, have constituted the basis for the development of the Russian economy.

The Russian economy is undergoing extensive reforms, especially within the financial industry. The growth in the Russian economy is set to continue due to the ongoing expansion of the Russian credit market, which are becoming available to the Russian public in general as well as to small and mid-sized Russian companies who often still have to pay an interest rate between 15 and 50 percent. The Company's opinion is that a combination of the expansion of the credit market and the increased consumption and investments in fixed assets will form basis for a strong Russian economy during many years to come.

Management and board of directors

The management of New Vostok Nafta will constitute three executives and the management remains unchanged as a consequence of the restructuring.

Name	Employed since	Born	Position
Per Brilioth	2007	1969	Chief Executive Officer
Anders Sjöberg	2007	1970	Chief Financial Officer
Sergei Glaser	2007	1958	Analyst

The board of directors in New Vostok Nafta is proposed to remain unchanged and will constitute of eight directors.

Name	Board member since	Born	Citizenship	Position
Lukas H. Lundin	2007	1958	Swedish	Chairman
Per Brilioth	2007	1969	Swedish	Director and CEO
Al Breach	2007	1970	British	Director
Paul Leander-Engström	2007	1966	Swedish	Director
Torun Litzén	2007	1967	Swedish	Director
Ian H. Lundin	2007	1960	Swedish	Director
William A. Rand	2007	1942	Canadian	Director
Robert J. Sali	2007	1962	Canadian	Director

New Vostok Nafta's portfolio per end of March 2007

	Number of shares	Price, USD	Market value, USD	Share
Oil				
EMPS Corp	233,250	3.60	839,700	0.2%
Kherson Oil Refinery	5,156,903	0.20	1,021,067	0.3%
Orsk Refinery	2,025	30.00	60,750	0.0%
Orsk Refinery Pref	538	24.00	12,912	0.0%
TNK-BP Holding Ord	326,448	2.21	721,450	0.2%
TNK-BP Holding Pref	38,712,416	2.19	84,780,191	22.9%
Transneft Pref	11,378	2,050.00	23,324,900	6.3%
Total oil			110,760,970	29.9%
Gas				
Yakutskgazprom	100,000	0.26	26,000	0.01%
Total gas			26,000	0.01%
Energy				
Kyrgyzenergo	2,618,241	0.06	168,688	0.05%
Total energy			168,688	0.05%
Coal				
Belon	929,700	35.75	33,236,775	9.0%
Kuzbassrazrezugol	71,005,000	0.43	30,354,638	8.2%
Mechel ADR	61,800	32.27	1,994,286	0.5%
Raspadskaya	8,710,000	2.23	19,423,300	5.2%
Yushny Kuzbass	271,312	24.60	6,674,275	1.8%
Total coal			91,683,274	24.7%
Metal and mining				
Gaisky	31,274	485.00	15,167,890	4.1%
Poltavksy GOK GDR	1,516,055	10.43	15,812,454	4.3%
UGOK	849,724	12.70	10,791,495	2.9%
Total metal and mining			41,771,838	11.3%
Cement				
Gornozavodsk Cement	39,000	350.00	13,650,000	3.7%
Sibcement	152,000	52.70	8,010,400	2.2%
Total cement			21,660,400	5.8%
Other				
Black Earth Farming	23,460,000	2.94	68,876,477	18.6%
Kamkabel	800,000	2.30	1,840,000	0.5%
Kontakt East	2,940,000	4.96	14,572,632	3.9%
Luganskteplovoy	10,578,336	0.48	5,077,601	1.4%
Rusforest			10,923,813	2.9%
Systemseparation	5,926,991	0.57	3,352,899	0.9%
Total other			104,643,421	28.2%
Total portfolio			370,714,591	100.0%

New Vostok Nafta's principal sub sectors

The Russian oil and gas market

Parts of the Russian oil and gas industry has since the collapse of USSR been privatised. The Russian oil and gas industry has been the primary source for growth in the Russian economy for the last six years. In 2005, the oil export amounted to 55 percent of the Russian export and it is expected to increase further and is estimated to be 58 percent of the Russian export in 2006. The Russian oil and gas industry is the sole most important revenue source for the Russian economy with a share of about 11.1 percent of GDP.⁰¹ Russia has 28 percent of the world's gas reserves and approximately 6.2 percent of the world's oil reserves.

Russia was in the end of 2005 the world's largest producer of gas with a market share of 21.6 percent and the second largest producer of oil with a market share equal to 12.1 percent. The extensive growth in the Russian economy has conveyed the Russian oil production to increase with 46.1 percent and the Russian gas production to increase with 9.7 percent during the period ranging from 2000 to 2005.

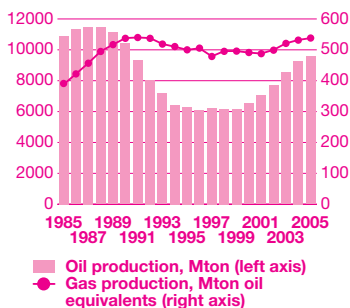
The Russian coal market

Russia is the sixth largest producer of coal in the world. In 2005 the production amounted to 298 billion tonnes, corresponding to 4.7 percent of the world production. The Russian coal reserve is the world's second largest and amounted to 17.3 percent of the world's proven coal reserve. Coal constitutes an important energy source in Russia and the Russian demand contributed to 3.8 percent of the world's total coal consumption in 2005.

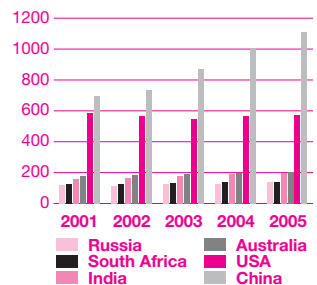
The demand for coal is expected to increase significantly over the next few years, due to increased demand in economic growth regions in Asia. The Russian government has declared that the domestic gas prices are to be raised, which is anticipated to increase the domestic demand for coal. The Russian company's annual production is competitive in an international comparison, regarding both thermal and coking coal.

01. Central Bank of Russia,
CIA – World Factbook

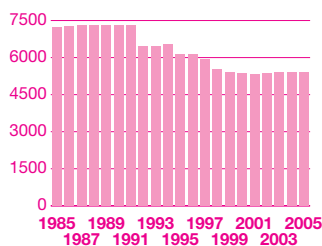
Russian oil and gas production, 1995–2005
Source: BP Statistical Review 2006



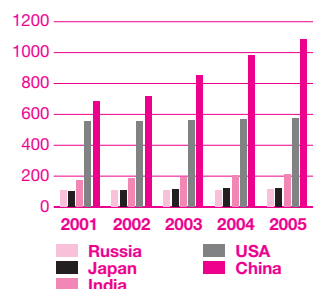
Russian coal production, 1995–2005 (Mt oil equivalents)
Source: BP Statistical Review 2006



Russian oil refinery capacity, '000 ton per day, 1995–2005
Source: BP Statistical Review 2006



Russian coal consumption, 1995–2005 (Mt oil equivalents)
Source: BP Statistical Review 2006



The Russian agriculture market

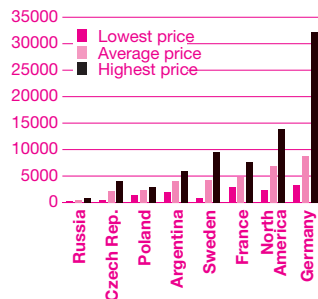
In 1996 the Russian government seized to act as price and market maker for farm land, but it is during the last few years that the Russian government has carried out de-regulations in the Land Code, which has made it possible to purchase Russian farm land. The current Land Code still holds restrictions for foreign investors when purchasing farm land, but demonstrates a large distinction compared to the legislation during the USSR regime.

Russia has from a global perspective the worlds fifth largest cultivable land area, enriched with the so called “black earth” which is characterized by its mineral and nutritional soil and constitute 49 million hectares. As a consequence of the lack of privatized farming businesses, the prices for cultivable land are traded with significant discount compared to other farming countries. Dependent on the buyer, the price range is between USD 350–850 per hectare. These prices, compared to similar soil in other farming countries, are substantially lower for instance in the US the price range is USD 2,200–14,000 per hectare, in Argentina USD 2,000–6,000 per hectare and in Germany where prices can exceed USD 30,000 per hectare.⁰¹

01. Black Earth Farming estimate

Price range (cultivable land),
USD/hectare

Source: Black Earth Farming



Tax considerations in Sweden

Below follows a summary of certain Swedish tax regulations that apply to holders of depository receipts representing shares in Vostok Nafta as a result of the redemption procedure and the distribution of warrants in New Vostok Nafta. Unless otherwise stated, the summary is based on regulations and practice currently in force and is intended only as general information for security holders with an unlimited tax liability in Sweden. The summary does not cover situations in which securities are held as current assets in business operations or are held by partnerships. Neither does it deal with the special tax regulations applying to certain corporate categories nor the special rules that in certain cases may apply to holdings considered to be held for business purposes or that may fall under the special rules (the “CFC-rules”) for owners of certain legal entities with income that is subject to low taxation. Nor does the summary cover the special rules that may apply to securities in companies that previously have been closely held or securities that have been acquired by means of “qualified shares” in closely held companies. For security holders who are not tax resident in Sweden, the tax consequences may be affected by provisions of the holder’s home state and by tax treaties concluded between Sweden and other states. The tax implications for each security holder depend on the holder’s specific circumstances. Each holder should consult a tax advisor for information on the specific tax consequences that may arise for their part.

Receipt of redemption depository receipts

The receipt of redemption depository receipts pursuant to the share split does not give rise to any taxation. Instead, the acquisition cost of the original depository receipts in Vostok Nafta (Vostok Gas) immediately before the share split is to be allocated between the redemption depository receipts and the ordinary depository receipts in Vostok Nafta (Vostok Gas).⁰¹ The allocation will be based on the market values of the different depository receipts in connection with the share split and the receipt of redemption depository receipts. Vostok Nafta (Vostok Gas) intends to seek general advice from the Swedish Tax Agency regarding how this allocation should be made.⁰²

01. The Sweden Tax Agency has confirmed such tax treatment in a written letter dated 29 March 2007.

02. Information on the Swedish Tax Agency’s general advice will be published on Vostok Nafta’s website (www.vostoknafta.com) and the Swedish Tax Agency’s website (www.skatteverket.se).

03. Vostok Nafta also intends to seek general advice from the Swedish Tax Agency on the value of the distributed warrants in New Vostok Nafta to be used when calculating capital gains etc. The information will be published on the websites of Vostok Gas, New Vostok Nafta and the Swedish Tax Agency.

Example of allocation of acquisition cost

Assume in this example, that a holder of depository receipts has one depository receipt in Vostok Nafta (Vostok Gas) with an average acquisition cost of SEK 375 immediately before the share split, that the trading price for the original depository receipt at the time of the share split is SEK 445 and that the price of the redemption depository receipt is SEK 55. Furthermore, assume in this example, that the Swedish Tax Agency in its forthcoming general advice determines that 87.6 percent (note that this is solely an assumption) of the acquisition cost for one original depository receipt will be allocated to the ordinary depository receipt and that 12.4 percent will be allocated to the redemption depository receipt. The acquisition cost of the redemption depository receipt will consequently be SEK 46.50 (12.4 percent of SEK 375). The acquisition cost of the ordinary depository receipt will then be SEK 328.50 (87.6 percent of SEK 375). Thus, if the redemption depository receipt is sold, a capital gain of (SEK 55 – SEK 46.5 =) SEK 8.50 will arise on each redemption depository receipt. The same consequence will arise at redemption if the Swedish Tax Agency, for example, would determine⁰³ SEK 55 to be the value of the distributed warrants in New Vostok Nafta.

Redemption and sale of redemption depository receipts

Redemption or sale of redemption depository receipts, for example, by sale in the market, give rise to capital gains taxation. A capital gain or capital loss is computed as the difference between the received payment, after deduction of sales costs, if any, and the acquisition cost. In this case, the received payment for redemption depository receipts redeemed is the market value of the distributed warrants in New Vostok Nafta.⁰⁴ The received payment for redemption depository receipts sold in the market is the sales price.

The acquisition cost for redemption depository receipts received at the share split is to be calculated by allocating the acquisition cost as described above under the heading “Receipt of redemption depository receipts”. The acquisition cost of redemption depository receipts acquired in the market is the actual acquisition cost for the redemption depository receipts. The acquisition cost of all redemption depository receipts of the same series and type is to be computed collectively in accordance with the average method. It should be noted that the redemption depository receipts are no longer considered to be of the same series and type as the ordinary depository receipts in Vostok Nafta (Vostok Gas). For redemption depository receipts that are quoted on a market, the acquisition cost may alternatively be determined in accordance with the standard method to 20 percent of the sales price after deduction of sales costs.

For **individuals**, the capital gain is taxed in the capital income category. The tax rate is 30 percent. A capital loss on quoted securities that are taxed as shares, for example depository receipts representing shares, is fully deductible against taxable capital gains in the same year on shares and other quoted securities that are taxed as shares except for units in Swedish investment funds that only contain Swedish receivables (Sw: räntefonder). Any excess losses are 70 percent deductible against other income from capital. If an overall capital deficit arises, a reduction from tax on income from employment and business operations as well as real estate tax is granted. A tax reduction of 30 percent is provided for deficits that do not exceed SEK 100,000 and 21 percent of any remaining deficit. Deficits cannot be carried forward to later fiscal years.

In the case of **limited liability companies**, capital gains on depository receipts representing shares that are not deemed held for business purposes are taxed as income from business operations at a tax rate of 28 percent. Deductible capital losses on securities that are taxed as shares, for example depository receipts representing shares, may only be offset against taxable capital gains on shares and other securities that are taxed as shares. In certain cases, capital losses may be offset against capital gains within a certain corporate group if group contributions are permitted among the companies. Capital losses that cannot be utilized during a certain year may be carried forward and be utilized against eligible capital gains in subsequent fiscal years.

Taxation of distributed warrants in New Vostok Nafta

Exercise of warrants

The exercise of distributed warrants for subscription of depository receipts in New Vostok Nafta does not give rise to any taxation. In this case, the acquisition cost of depository receipts received as a result of exercise of warrants is

04. See footnote 03.

the aggregate of the value to be determined by the Swedish Tax Agency in its general advice⁰⁵ and the subscription price of the depository receipts.

Sale of warrants

The sale of distributed warrants in New Vostok Nafta will give rise to capital gains taxation. The capital gain or capital loss is computed as the difference between the sales price and the acquisition cost. The acquisition cost of all warrants received pursuant to the distribution is determined by guidance from the general advice the Swedish Tax Agency will publish.⁰⁶ The acquisition cost of warrants is computed collectively in accordance with the average method. The standard method may not be applied to warrants.

Acquired warrants

The acquisition cost of warrants in New Vostok Nafta purchased, or otherwise acquired in the market, is the purchase price. The exercise of warrants for subscription of depository receipts in New Vostok Nafta does not give rise to any taxation. The acquisition cost of the warrants is to be included when computing the acquisition cost of subscribed depository receipts in New Vostok Nafta. Capital gains taxation will arise if the warrants are sold. The acquisition cost of all warrants is computed collectively in accordance with the average method. The standard method may not be applied.

Warrants expire

If warrants lapse, as a result of the subscription period expiring, each warrant is considered to be sold for SEK 0 which results in a capital loss with an amount equal to the acquisition cost of the warrant.

Taxation of received depository receipts in New Vostok Nafta

Dividend

Dividend payments on depository receipts in New Vostok Nafta are taxed in the capital income category at a rate of 30 percent for **individuals** and as income from business operations at a rate of 28 percent for **limited liability companies**. For individuals resident in Sweden a preliminary tax of 30 percent is withheld if a central securities depository or similar institution pays out the dividend. The preliminary tax is generally withheld by VPC or, for nominee-registered depository receipts, by the nominee. No withholding tax on dividends is levied in Bermuda.

Sale of depository receipts

Sale of depository receipts in New Vostok Nafta will generally give rise to capital gains taxation. The capital gain or capital loss is computed as the difference between the received payment and the acquisition cost. The acquisition cost of depository receipts received pursuant to the exercise of warrants is the aggregate of the acquisition cost of the warrants and the subscription price. The acquisition cost of warrants is determined as described above under the heading "Sale of warrants". The acquisition cost of all depository receipts of the same series and type is to be computed collectively in accordance with the average method.

05. See footnote 03.

06. See footnote 03.

For depository receipts quoted on a market, the acquisition cost may alternatively be determined in accordance with the standard method to 20 percent of the sales price after deduction of sales costs. For a more detailed description of the taxation of capital gains and capital losses, see under the heading “Redemption and sale of redemption depository receipts” above.

Net wealth taxation

Under current rules depository receipts representing foreign shares are exempt from net wealth taxation provided that the company’s shares are quoted on a market in the country where the company is domiciled without being officially listed (Sw: inregistrerade) on a stock exchange. Neither the shares, nor the depository receipts in New Vostok Nafta will be quoted on a market in Bermuda and, thus, 80 percent of the last quoted value at the end of each income year is subject to net wealth taxation. The Swedish Government has advised that the net wealth taxation act should be abolished as from this year, see bill 2006/07:100.

Shareholders with a limited tax liability in Sweden

Vostok Nafta (Vostok Gas) and New Vostok Nafta are not Swedish limited liability companies and, thus, no Swedish withholding tax is levied on dividend payments to shareholders and holders of depository receipts in New Vostok Nafta who are not tax resident in Sweden. Shareholders and holders of depository receipts with a limited tax liability in Sweden are generally not subject to Swedish capital gains tax at sale of shares, depository receipts and warrants.

The Board of Directors' proposal for restructuring Vostok Nafta

Restructuring of Vostok Nafta

In order to carry out the planned restructuring and spin-off, the Board of Directors proposes that the General Meeting passes the following resolutions as stated below. It is proposed that all resolutions shall be subject to one another.

Resolving to carry out a share split

The board of directors proposes that the General Meeting resolves to carry out a share split, where one existing share of Vostok Nafta Investment Ltd (regardless of share class) is divided into two shares. One of these shares will be a so called redemption share. In connection to the proposed share split, the Board of Directors proposes an amendment to the Company's Bye-laws including the introduction of a new class of shares, so called redemption shares, which upon request by the company can be redeemed, at a price that may be made up wholly or partly of cash or non-cash consideration, including, without limitation, consideration consisting of shares, warrants, options or other securities, or depository receipts representing such securities.

Shares that are represented by a depository receipt listed on the Stockholm Stock Exchange will be represented by a so called redemption depository receipt, which will automatically be booked into each holder's respective securities deposit account. The board proposes May 29, 2007 to be the record day for the share split. Trading in the redemption depository receipts will take place on the Stockholm Stock Exchange during the period of May 30–June 8, 2007.

Resolution on the reduction of share capital through redemption of shares

In order to execute a redemption of shares for all shareholders and owners of depository receipts, the board of directors proposes that the General Meeting resolves to reduce the Share Capital of the Company with USD 23,010,450 through redemption of 46,020,900 shares in total to the consideration of warrants in New Vostok Nafta. Every share or depository receipt transferred through the redemption entitles the holder to receive one warrant in New Vostok Nafta. The board further proposes June 13, 2007 to be the record day for redemption of the redemption shares.

One warrant entitles the holder to subscribe for one new share, represented by a depository receipt, of New Vostok Nafta to the subscription price of SEK 22. The warrants of New Vostok Nafta are scheduled to be delivered by VPC [former Swedish Central Securities Depository & Clearing Organization] on June 14, 2007. Subscription of depository receipts may be done during the period of June 14–July 2, 2007. The board of New Vostok Nafta intends to apply for the warrants to be listed on the Stockholm Stock Exchange. The intention is that trading in the warrants shall take place during the period of June 14–June 27, 2007 whereupon trading in the depository receipts of New Vostok Nafta is scheduled to commence with the first day of listing around the July 4, 2007.

Resolution on change of company name

The board of directors proposes that the General Meeting resolves to change the Company name to Vostok Gas Ltd.

Resolution on appointment of directors of the board

Shareholder Lorito Holdings Ltd proposes that the board of directors of the Company shall have six (6) Directors with no deputies and that Per Brilioth, Lukas H Lundin, Pär Mellström, Ashley Heppenstall, William A. Rand and Torun Litzén shall be appointed to directors of the board and to appoint Lukas H Lundin to be chairman of the board.

Further information

A complete notice to extra shareholders' meeting and additional information about the proposed board of directors are held available in the Company's office on Hovslagargatan 5 in Stockholm and on the company's homepage www.vostoknafta.com from May 10, 2007.

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Investment
Ltd**



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