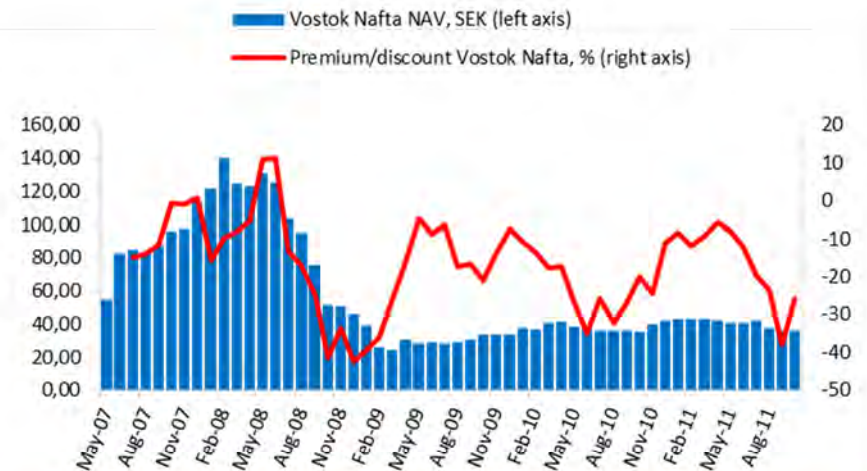


Vostok  
Nafta  
Investment  
Ltd



**Vostok Nafta Investment Ltd**  
**9 Months report 2011**  
**November 16, 2011**

- **Founded by Adolf Lundin in 1996**
  - 40 years background in Oil & Gas and mining
- **Focus on Russia and its neighboring countries**
- **Looking for micro risks within strong macro themes**
  - Conscious to hold investments our shareholders cannot own themselves
  - Use in-house expertise, experience plus network to drum up deal flow
- **“Three-bagger in two years”**
  - Higher hurdle if in non-core sector



Owner	Holding, SDRs	Holding, %
The Lundin Family*	28 000 000	27,73%
Alecta Pension Insurance	8 071 000	7,99%
AFA Insurance	4 646 233	4,60%
Länsförsäkringar Funds	4 081 185	4,04%
4th Swedish National Pension Fund	3 822 915	3,79%
Nordea Funds	2 729 015	2,70%
SEB Funds	2 539 300	2,51%
Carnegie Funds (f. HQ Funds)	2 000 000	1,98%
Avanza Pension Insurance	1 806 731	1,79%
Danske Invest Funds	1 622 000	1,61%
<b>10 Largest owners</b>	<b>59 318 379</b>	<b>58,74%</b>
Other foreign owners & nominees	22 506 645	22,29%
Other, approx 16,800 shareholders	19 165 951	18,98%
<b>Total</b>	<b>100 990 975</b>	<b>100,00%</b>



**3<sup>rd</sup> Quarter Report 2011**  
**Income Statement - Group**

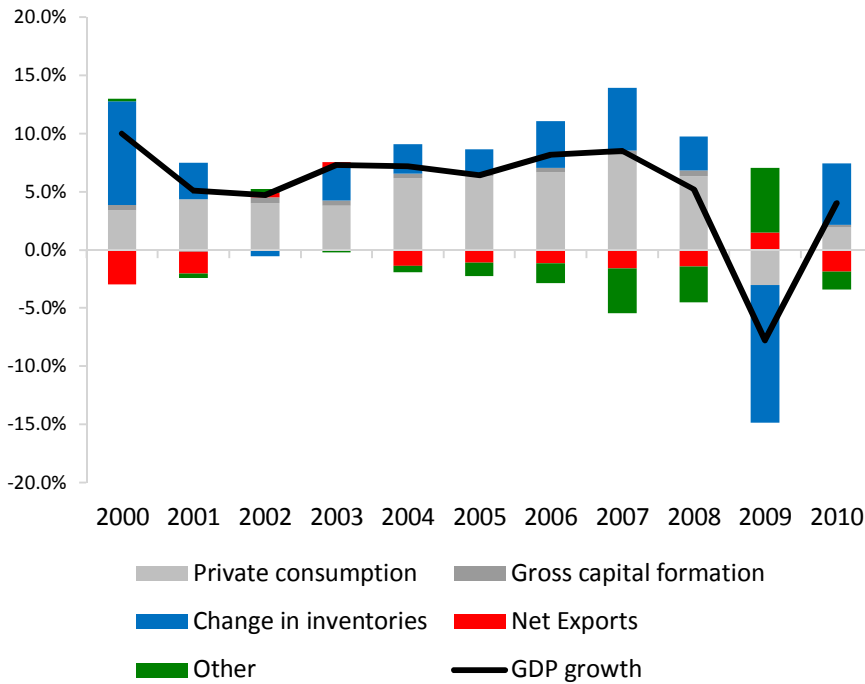
(USD thousands)	Jan 1, 2011 – Sep 30, 2011	Jan 1, 2010 – Sep 30, 2010	Jul 1, 2011 – Sep 30, 2011	Jul 1, 2010 – Sep 30, 2010
Operating income	-88,278	51,728	-127,074	47,122
Operating expenses	-3,700	-4,206	-1,129	-1,770
Dividend withholding tax expenses	-3,240	-1,292	-1,038	-170
<b>Operating result</b>	<b>-95,218</b>	<b>46,230</b>	<b>-129,241</b>	<b>45,181</b>
Net financial items	-867	263	-1,181	260
<b>Result before tax</b>	<b>-96,085</b>	<b>46,493</b>	<b>-130,422</b>	<b>45,442</b>
Taxation	-2	-51	-	3
<b>Net result</b>	<b>-96,087</b>	<b>46,442</b>	<b>-130,422</b>	<b>45,445</b>



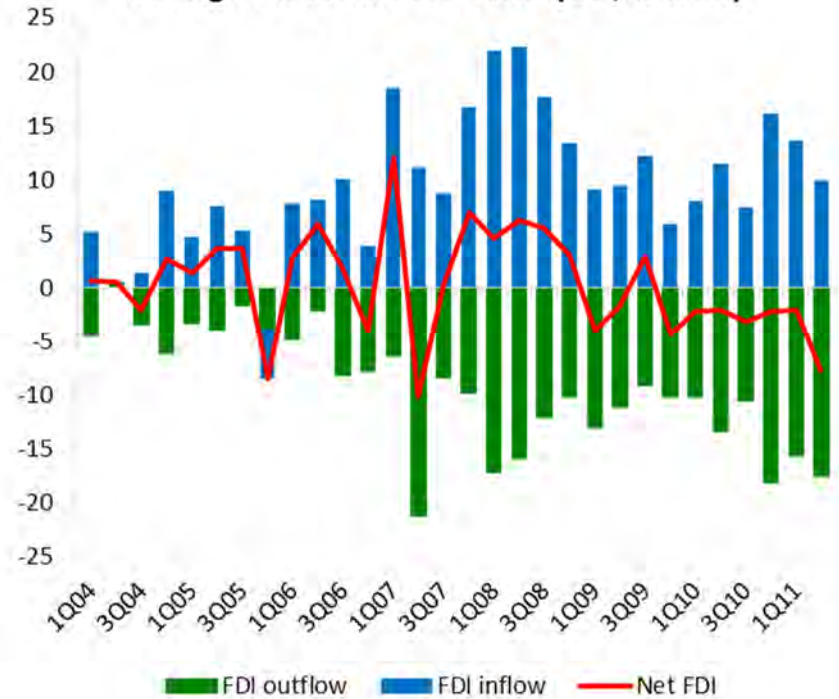
**3<sup>rd</sup> Quarter Report 2011**  
**Balance Sheet - Group**

(USD thousands)	Sep 30, 2011	Dec 31, 2010
Tangible non current assets	592	675
Financial non current assets	497,872	605,783
Current assets	31,653	20,706
<b>Total assets</b>	<b>530,117</b>	<b>627,164</b>
Shareholders' equity	529,264	625,430
Liabilities to related parties	-	200
Tax payables	504	504
Unsettled trades	-	406
Other current liabilities	150	110
Accrued expenses	199	513
<b>Total shareholders' equity and liabilities</b>	<b>530,117</b>	<b>627,164</b>

GDP growth and components (%)



Foreign Direct Investments (US\$ billion)

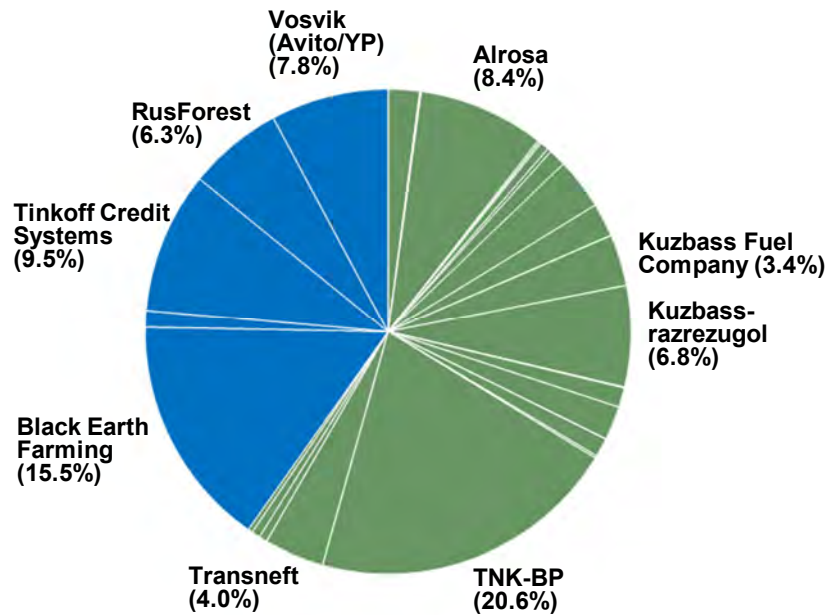




## The Vostok Nafta Portfolio

### Growth Capital and Private Equity

- Represents 40.2% of the portfolio
- Strategic growth capital, early stage entry
- Vostok Nafta as a large shareholder
- Active ownership and Board representation

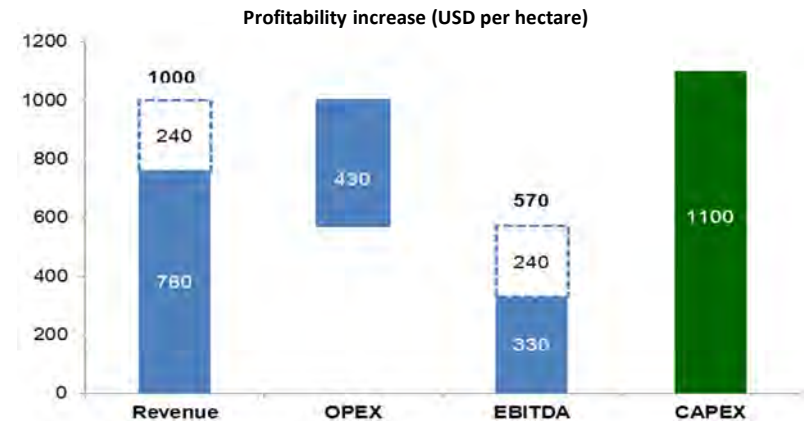
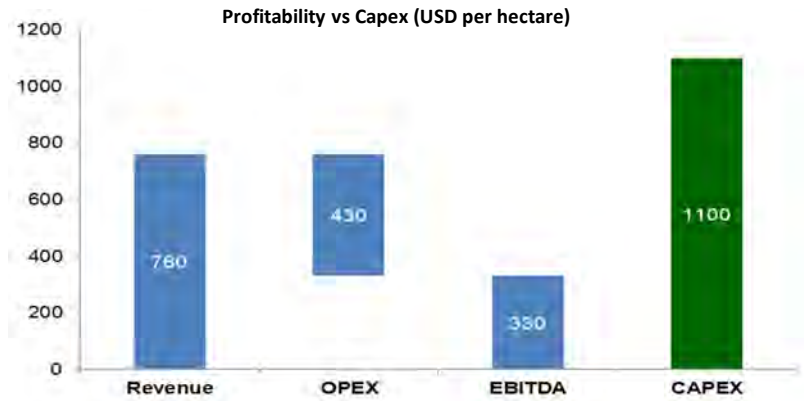


### Financial Portfolio Investments

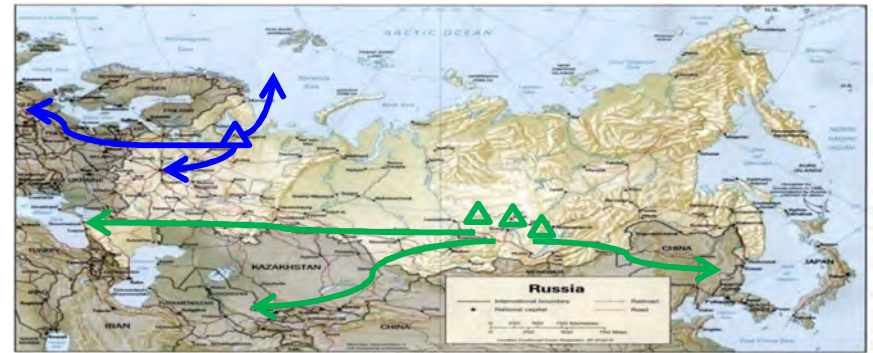
- Represents 59.8% of the portfolio
- Strategic financial portfolio investments
- Minority shareholding, 0.25-15% of total shares outstanding



- **Leading farming company operating in Russia**
  - Acquires and cultivates agricultural land assets in the fertile Black Earth region in Southwest Russia
  - The Company’s main crops are wheat, barley, sunflower and rape seeds constituting over 90% of total production volumes.
- **326,000 hectares under control**
  - of which 256,000 hectares in full free hold ownership
- **Strong Management Team**
  - Richard Warburton, who has been interim COO, will take on the position of CEO
- **Anchor investors & active owners**
  - Vostok Nafta Investment Ltd 24.8%
  - Investment AB Kinnevik 24.9%
- **The focus of the company centres around three main points:**
  - Crop yield improvement
  - Price risk management
  - Cost reductions



- **RusForest is the only listed Russian forestry company**
  - RusForest’s shares are listed on NASDAQ OMX First North but the Company has the intention to apply for listing of the shares on the main list
- **Forestry assets**
  - Since its establishment in 2006, RusForest has increased its forest land and sawmilling capacity both by strategic acquisitions and own development projects.
  - Through long term lease agreements the Company controls approximately 3 million hectares of forest land with an AAC of around 3.6 million m3.
  - Recent increases in controlled forest land come from the acquisition of NTG in Arkhangelsk as well as harvesting companies in Boguchany during 2011.
- **Board changes**
  - Franz Bergstrand, Per Brilioth and Jerker Karlsson were re-elected as board members and Kenneth Eriksson (Chairman) and Camilla Öberg elected as new board members
  - Kenneth Eriksson, former COO of SCA, is a mechanical engineer and has 40 years experience in the forestry industry
  - Camilla Öberg has been employed at the IT company Logica since 2006 and has been CFO at Logica Sweden AB since 2007



<b>Boguchany</b>	<ul style="list-style-type: none"> <li>▪ Sawmill in Eastern Siberia with planned production capacity 150,000-200,000 m3</li> <li>▪ AAC of 748,400 m3</li> </ul>
<b>Ust Ilimsk</b>	<ul style="list-style-type: none"> <li>▪ Sawmill in Eastern Siberia with planned production capacity of 150,000 m3 (currently 100,000 m3)</li> <li>▪ AAC of 969,700 m3</li> </ul>
<b>Magistralny</b>	<ul style="list-style-type: none"> <li>▪ Sawmill in Eastern Siberia with planned production capacity of 120,000- 150,000 m3</li> <li>▪ AAC of 958,700 m3</li> </ul>
<b>Arkhangelsk</b>	<ul style="list-style-type: none"> <li>▪ LDK-3 sawmill and NTG Shenkursk sawmill with planned increased production, at LDK3 currently 120,000 m3 and 80,000 m3 respectively</li> <li>▪ LDK-3 and NTG jointly have an AAC of 984,800m3</li> <li>▪ LDK3 is the base for a new pellet business introduced</li> </ul>
<b>Russian Gravel Co</b>	<ul style="list-style-type: none"> <li>▪ Gravel operations in Karelia</li> <li>▪ Production capacity above 1 million tonnes</li> <li>▪ Non-core asset to be divested in 2011/2012</li> </ul>

### Production in Sweden

Timber cost: 80 EUR/m<sup>3</sup>  
 Recovery: 50% → Total raw material cost: 160 EUR/m<sup>3</sup>  
 Wood chips: 0.6 m<sup>3</sup> at 40 EUR/m<sup>3</sup> → 24 EUR in additional income  
 Net raw material cost: 136 EUR/m<sup>3</sup>

### RusForest 2010

Timber cost 40 EUR/m<sup>3</sup>  
 Recovery: 45% → Total raw material cost: 89 EUR/m<sup>3</sup>  
 Wood chips: 0.6 m<sup>3</sup> at 12 EUR m<sup>3</sup> → 7.2 EUR in additional income  
 Net raw material cost: 82 EUR/m<sup>3</sup>

#### Freight costs from Siberia:

Rail: 40 EUR/m<sup>3</sup>, Harbour: 10 EUR/m<sup>3</sup>, Boat: 18 EUR/m<sup>3</sup>  
 → Total freight costs 68 EUR/m<sup>3</sup>

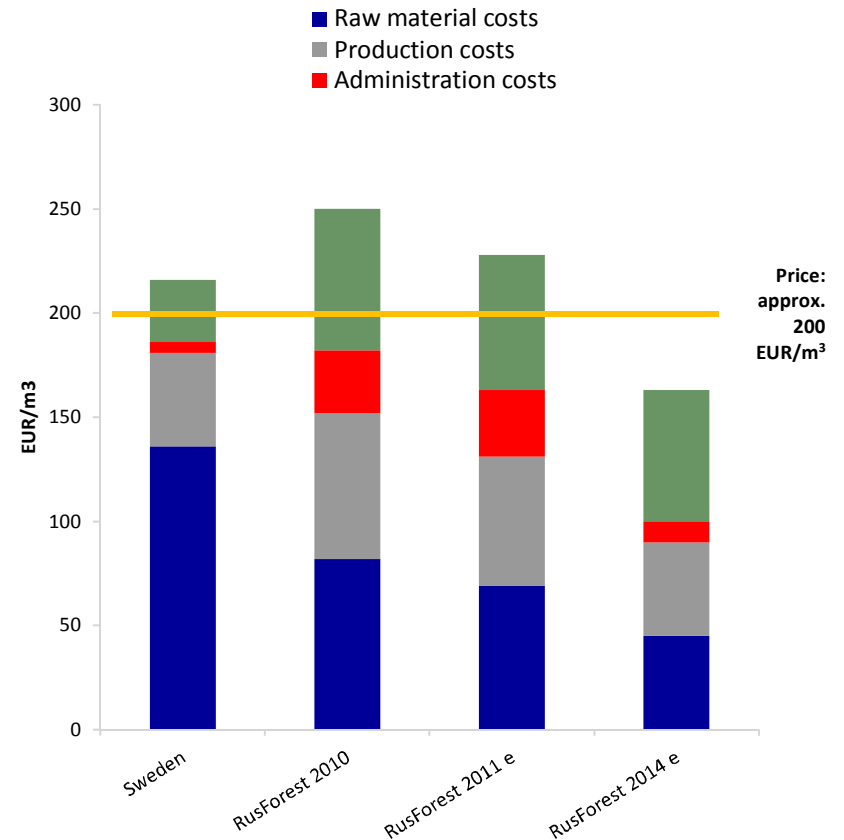
#### Freight costs from Arkhangelsk:

Harbour: 5 EUR/m<sup>3</sup>, Boat: 35 EUR/m<sup>3</sup>  
 → Total freight costs 40 EUR/m<sup>3</sup>

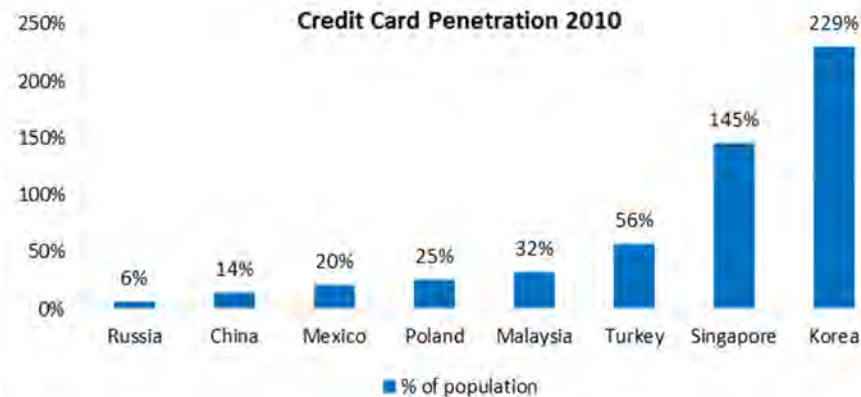
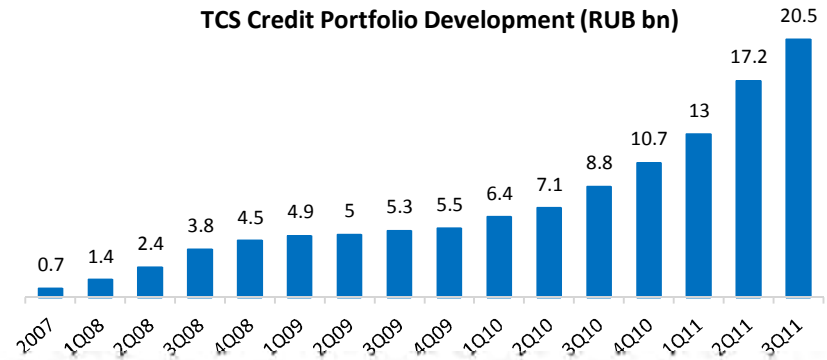
### RusForest estimated 2014

Timber cost 25 EUR/m<sup>3</sup>  
 Recovery: 50% → Total raw material cost: 50 EUR/m<sup>3</sup>  
 Wood chips: 0.6 m<sup>3</sup> at 20 EUR m<sup>3</sup> → 12 EUR in additional income  
 Net raw material cost: 38-45 EUR/m<sup>3</sup>

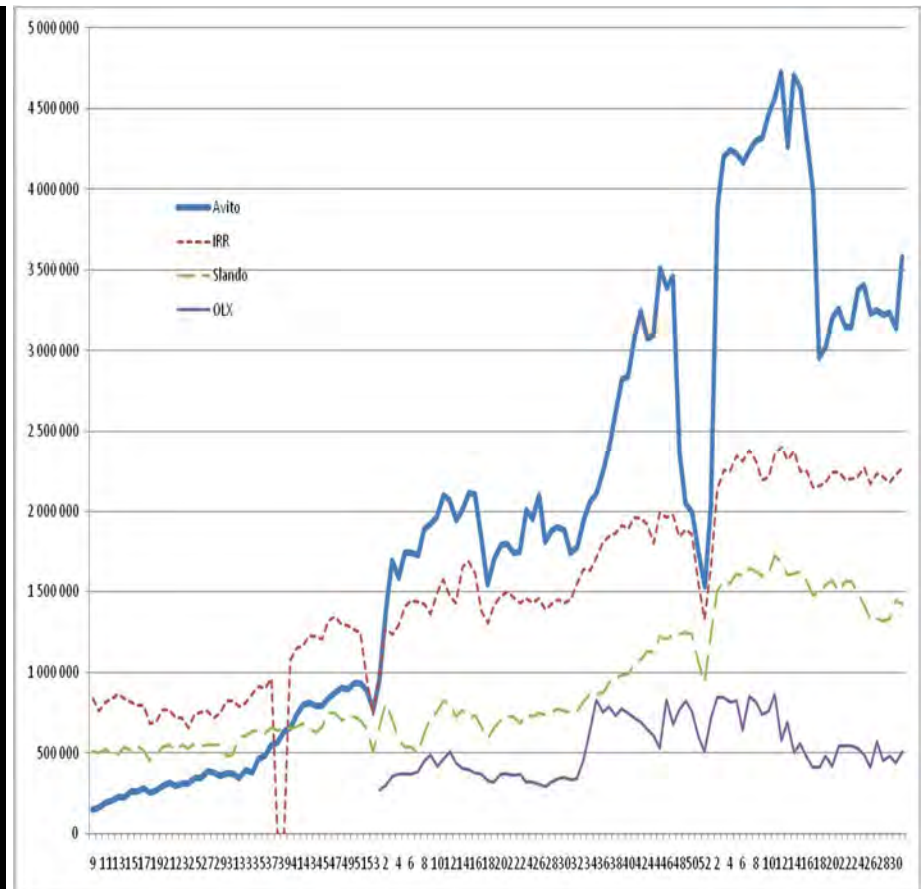
### Profitability analysis



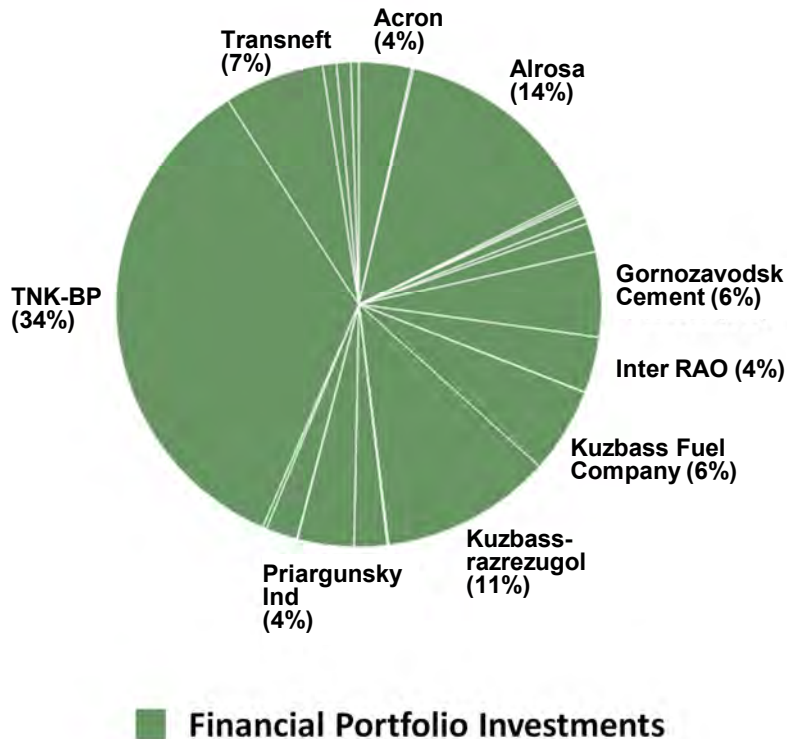
- **Tinkoff Credit Systems is the first purpose-built credit card lender in Russia**
  - Highly profitable since 2009 with stable utility-like interest and recurring fees revenue stream
  - Run by a management team with proven track record in Russia's consumer lending market via previous experience at Visa, Russian Standard, McKinsey and Reader's Digest
- **Unique growth potential**
  - Since June 2007, issued more than 1.5 million credit cards to consumers in every region of Russia
  - On the way to reach a USD 1bn portfolio by spring 2012
- **Debt structure optimization steps taken in 2010**
  - Recent funding optimization steps extended TCS's maturity profile and diversified its sources of funding
- **Upgraded credit ratings**
  - Fitch assigned TCS a "B" with a stable outlook in March 2011, while Moody's assigned TCS a "B2" with a stable outlook in April 2011



- **Avito is the largest and the fastest growing online classified in Russia**
  - Enables individuals and businesses to buy and sell goods through classified ads over the internet, similar to Blocket in Sweden or Craigslist in the US
  - 10.2m unique visitors / 1.9m listings in July
- **Russia has one of Europe’s largest internet audiences (59.7 mill) and yet the internet penetration remains very low (42.8%)**
- **Huge revenue potential – First monopoly then listing fees**
  - Highest Top of Mind in Moscow, St Petersburg and in many regions
  - According to research made in Nov 2010 – 48% of the population in Moscow and St Petersburg answered AVITO on the question “Where would you sell something online”



## Financial Portfolio Investments



- Represents 59.8% of the portfolio
- Strategic financial portfolio investments
- Minority shareholding, 0.25-15% of total shares outstanding
- Invest alongside insiders
  - Alrosa
  - Inter Rao
  - Transneft
  - Priargunsky
- Real companies
  - TNK-BP Holding
  - Acron
  - Kuzbass Fuel Company
  - Cement Holdings

- **Leading Russian oil company**

- Among the top ten privately-owned oil companies in the world in terms of crude oil production

- **Strong performance in the first 9M of 2011**

- Oil and gas production (excluding JVs) continued to grow and reached 1,770 mboe/d, up 2.1% on 9M10
- Revenues for 9M11 increased by 38% compared to 9M10. Net income amounted to USD 6.8 bn which is 75% up on the same period of 2010.
- Dividend payment for the 6 months of 2011 of RUR 3.41 per one ordinary and one preferred share has been approved.

- **Superior production outlook**

- Quality investments
- High cash flows
- New generation of greenfield projects

- **Corporate restructuring pending**

- Increase market's interest for TNK-BP



	Mcap (USDmn)	EV/Prod USD/boe,	EV/Proved Reserves USD/boe, 2010	P/E			EV/EBITDA		
				2011E	2012E	2013E	2011E	2012E	2013E
Rosneft	74,7	109	4.3	7.3	8.6	8.7	4.8	5.3	5.2
Lukoil	48,9	76	3.6	5.2	5.3	5.8	3.4	3.5	3.9
<b>TNK-BP Holding</b>	<b>40,49</b>	<b>78</b>	<b>5.3</b>	<b>4.1</b>	<b>4.7</b>	<b>4.5</b>	<b>3.1</b>	<b>3.5</b>	<b>3.3</b>
Surgutneftegaz	28,5	25	2.0	7.1	8.0	8.5	2.8	3.1	3.4
Gazprom Neft	20,8	103	3.5	5.0	5.4	5.5	3.5	3.7	3.7

- **25% of global diamond production**

- World's largest diamond producer
- The only pure equity exposure to the diamond market, other producers not listed
- Holds 1/3 of global diamond reserves
- Production sold on open market

- **Planned IPO in 2012/2013**

- Current nominal free float of 10%

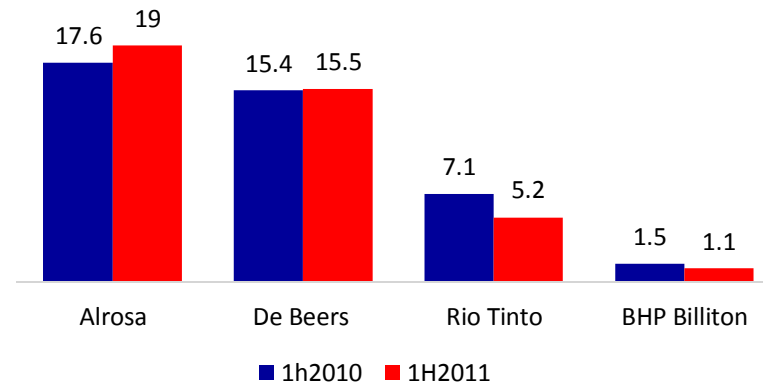
- **Finally Open Joint Company**

- Shares of Alrosa (RTS: ALRS) started trading in RTS Board
- Completed share split (1:27,005), increased liquidity

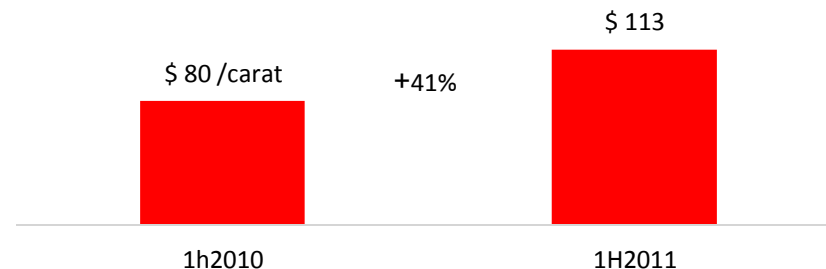
- **Improved debt maturity profile**

- Replaced by longer term Rublebond and Eurobond
- Net debt reduced to USD 3.2bn

With 19 mln carats mined in 1H11, up by +8% YoY, Alrosa remained the #1 world diamond producer. All this production has been sold over the period



During 1H2011 diamond prices grew by an impressive +41% YoY at 113\$/ct. Management is expecting that the company can reach EBITDA of \$1.5bn for FY2011 (vs. \$1.15bn in 2010)



- **Improving price dynamics**

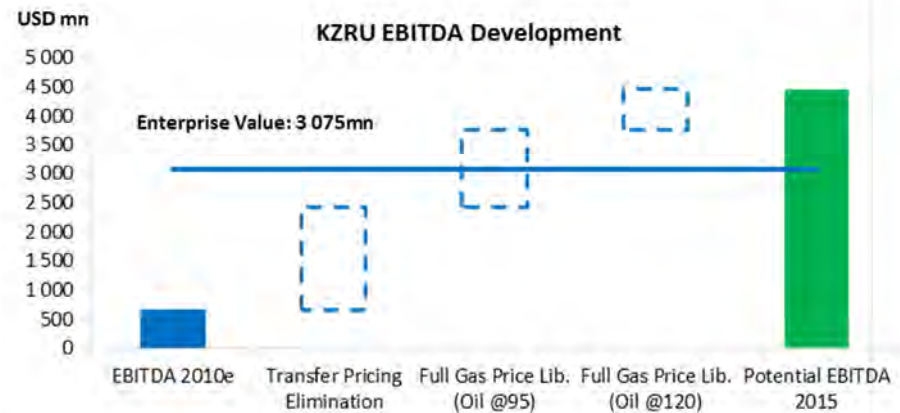
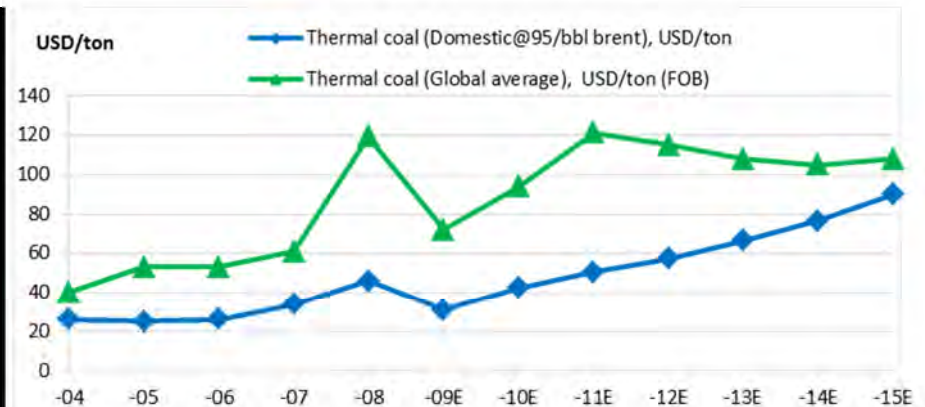
- Domestic: SS accident increases demand for coal fired electricity, gas lib. progressing
- International: China net importer 2009, major swing factor for international prices

- **Kuzbassrazrezugol (KZRU)**

- Russia's 2nd largest steam coal producer
- Evidence of diminishing transfer pricing
- KZRU has produced about 45.5 million tonnes of coal in 2010, up 7.8% y-o-y
- Plans to construct 13 new concentration units, with overall annual capacity of up to 30 million tonnes

- **Kuzbass Fuel Company (KTK)**

- Russia's 7-th largest steam coal producer
- Production in 2015 estimated at 11 mn tonnes
- Expand sales to export markets and improve margins



- **Fast-growing producer of mineral fertilizers**

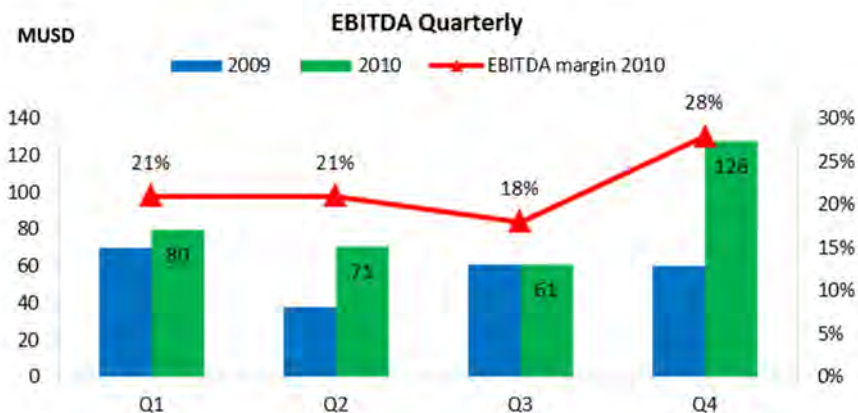
- A vertically integrated business, encompassing four major business segments – production, mining, logistics and distribution
- One of Russia’s major producers of ammonia, nitrogen and complex fertilizers and the world’s second largest NPK producer
- Strong export market to help top line and cost efficiency to improve margins

- **Strong 1H11 financial results**

- Revenue totaled RUB 29.88 billion (USD 1,046 million), up 37% year-on-year
- EBITDA doubled year-on-year to RUB 9.1 billion (USD 319 million)
- EBITDA margin was 30%, up from 21% in H1 2010.

- **Strategy towards financial investments and potential M&A activities**

- Potential acquisition of other fertilizers producers and gas assets as a hedge against gas price increases



Asset	Value, \$m	
2.8% stake in Uralkali	\$800	Current market value
10% stake in Apatit	\$200	Current market value
Phosphate project	\$200	Invested capex, 1 <sup>st</sup> production in 1H2012
Potash license	\$100	1/7 of acquisition cost of USD700m
Exploration rights in Canada	\$200	External bid from local producer
T-shares, 8.5%	\$196	Current market value
Net debt	(\$905)	As of 1Q 2011
<b>Current Mcap, \$m</b>	<b>\$2,300</b>	
Implied EV, \$m	\$1,510	
2011 EBITDA	\$600	Management guidance (UBSe \$475m)
<b>Implied EV/EBITDA</b>	<b>2.5</b>	<b>Vs. YARA at 6.8x 2011e</b>

- **Inter RAO - New addition to the Vostok Nafta portfolio**

- Holding company for electricity generation assets
- Manages diversified asset portfolio in various segments of value chain evenly distributed across Russian and international markets

- **Sector underperformed**

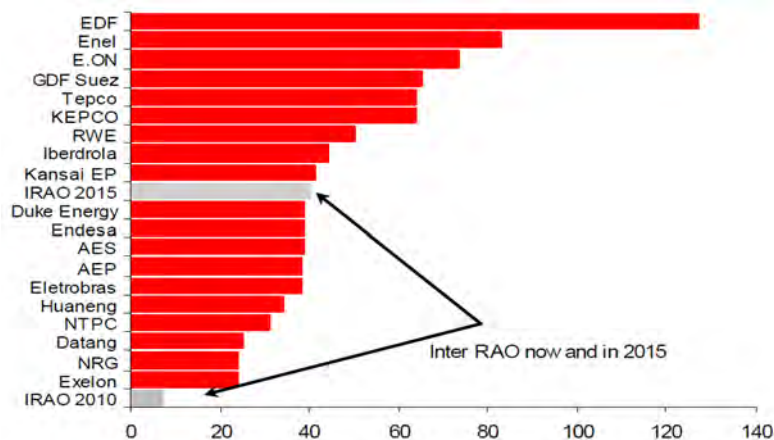
- The company has completed its equity placement and extensive M&A program
- Current price level is very compelling relative to the value of the assets held by the company

- **Inter RAO turning from electricity trader into diversified power holding focusing on power generation**

- **High liquidity vs. peers**

	EV/kW USD/kW	2012E EBITDA/kW USD/kW
<b>Inter RAO</b>	<b>\$302</b>	<b>\$55</b>
Average emerging market peer group	\$1,074	\$141
<i>IRAO discount to EM peer group</i>	<i>72%</i>	<i>61%</i>
Average developed markets	\$354	210
<i>IRAO discount to DM peer group</i>	<i>15%</i>	<i>74%</i>

**Inter RAO vs. Global Peers**



- **The world's largest crude oil and petroleum products pipeline network operator**

- 9M11 RAS net income jumped 3.5x to USD 384m, driven by an FX gain on the excess US denominated assets over liabilities at the parent company level.

- **Government considering privatization**

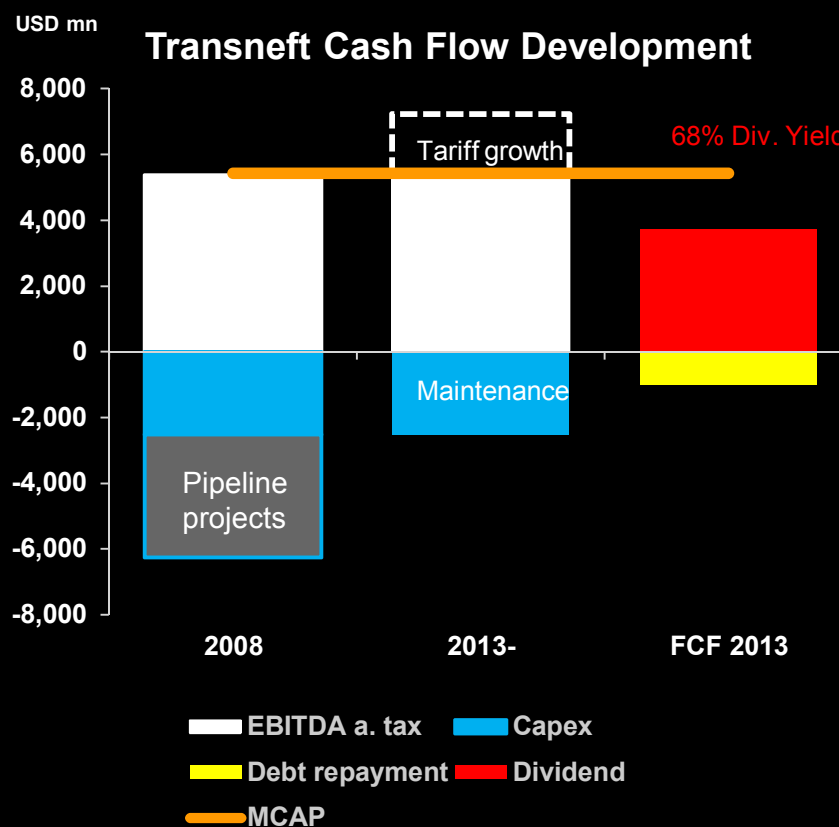
- More market-friendly funding principles
- Major step towards reducing the share of the state in the economy

- **Self-regulating monopoly**

- 51,294km of pipeline transporting 9.3mn bpd (93% of Russia's crude oil)
- Linefill exceeding USD 10bn in value

- **Cash cow to start payout 2013**

- Completion of pipeline projects (ESPO & BPS-2) 2009-12 : USD ~6bn in capex annually
- 2013 and onwards: Maintenance capex of US 2.5bn



- **Russian cement – Recovery accelerating**

- Russian residential market continued to recover in 2010 and first half of 2011
- Russian cement production increased by 14% y-o-y in 2010, the highest rate since 2011

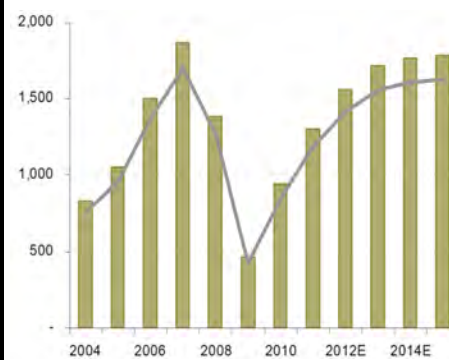
- **Steppe Cement**

- Represents a rare chance to take advantage of Kazakhstan’s long-term fundamental construction growth
- Company market share in Kazakhstan at 21%
- The company increased its capacity utilization to 75% during 2010
- Capacity expansion, 2012 EV/Capacity estimated at 96

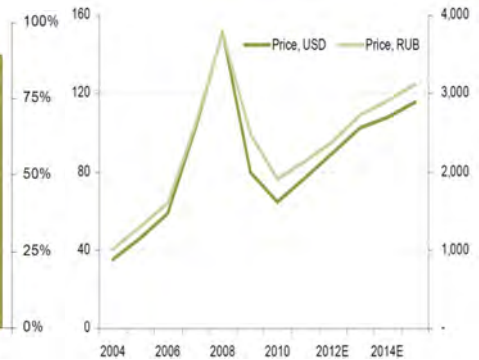
- **Gornozavodskcement**

- During 2010, production increased by 102% y-o-y in 2010 while capacity utilization rose to 43% from 21% in 2009
- Plans to increase cement production by 39% y-o-y in 2011 (would improve capacity utilization to 59%)

Gornozavodsk cement production and capacity utilization

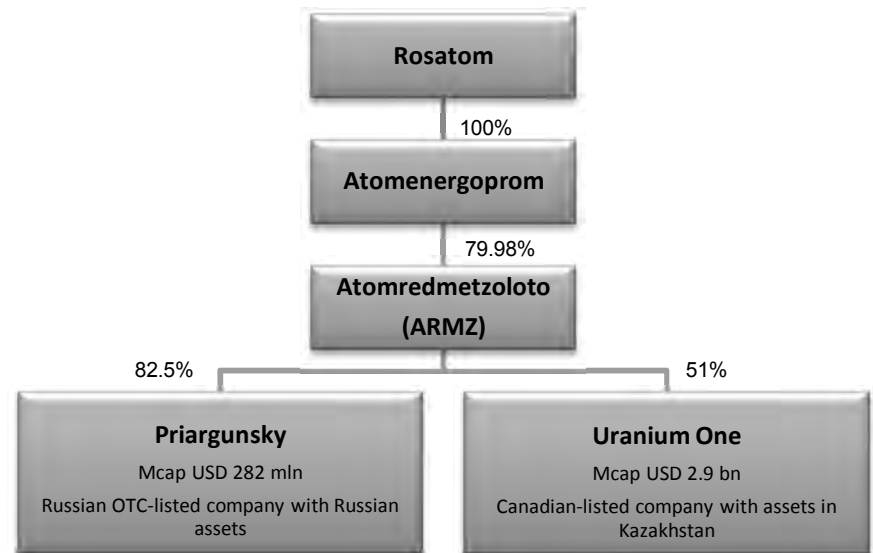


Cement price



Company	EV/Capacity 2010	EV/Production 2010	EV/EBITDA 2011e	Cost/tonne 2010
Steppe Cement	135	183	7.2	69.9
Gornozavodsk	98	228	8.1	72.8
SibCement	166	276	5.3	83.7
International peer average	243	326		

- **Largest uranium miner in Russia, no. 6 in the world**
  - Key Russian asset of ARMZ
  - 90% of national output, over 3,000 tons per year
  - Uranium reserves estimated at approximately 120,000 tons
- **Transfer pricing reduces profitability**
  - 2010 Revenue increased by 15% y-o-y to RUB 10.1 bln
  - Liberalized electricity market enables NPPs to pay higher price for uranium fuel
- **Asset consolidation of ARMZ**
  - Increased interaction with capital markets



	EV/Reserves (USD/lb of U <sub>3</sub> O <sub>8</sub> )	EV/Production (USD/lb of U <sub>3</sub> O <sub>8</sub> )	EV/EBITDA 2011e
Areva	33.8	802	9.3
Cameco	17.5	403	12.1
ERA	2.2	46	4.6
Paladin Resources	n/a	445.5	12.3
Uranium One	64.8	219	13.2
Priargunsky	1.85	81	7.9



[www.vostoknafta.com](http://www.vostoknafta.com)