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## **Baltic Oil Terminals PLC**



**Interims results  
6 months ended**

**30 June 2006**

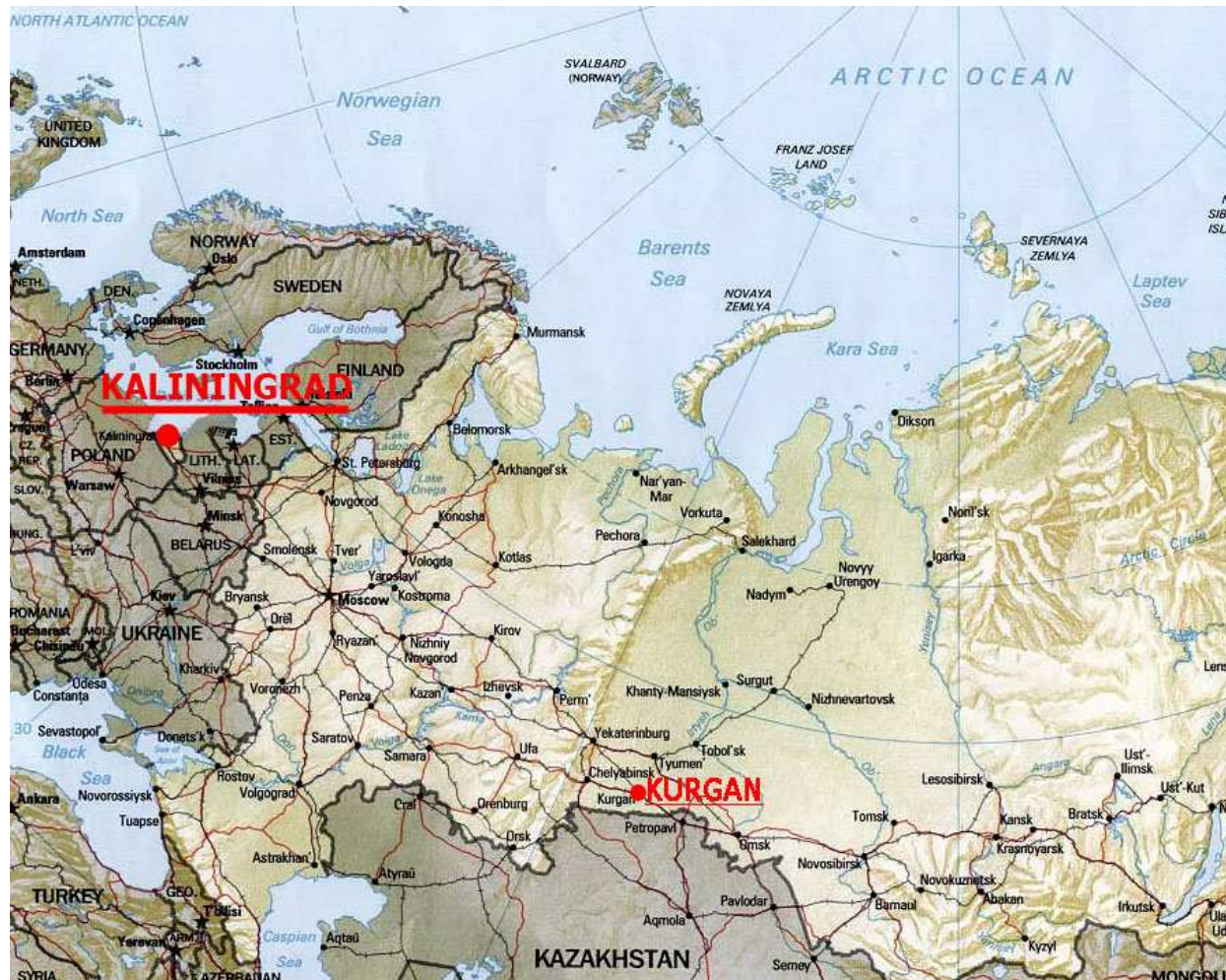
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# Baltic Oil Terminals: Introduction

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- ◆ Established in 2004 to invest in oil related infrastructure projects & upstream activities in Russia & the FSU
- ◆ To generate a diversified & recurring revenue stream with reduced exposure to fluctuations in oil & gas prices
- ◆ Principal operations:
  - Tetoil
  - Zauralneftgaz

# Baltic Oil Terminals: Location of operations



## Highlights of the period

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- ◆ Private placing on 9 March 2006, raising £2.3m to close Tetoil and Porex
  - ◆ Completed AIM IPO, listing on 27 April 2006, raising £23.0m
  - ◆ Acquired Baltic Top on 3 August 2006 for £1.8m
  - ◆ Two further non executive directors appointed on 7 August 2006
  - ◆ Tetoil construction on time and on budget.
  - ◆ ZNG exploration play exceeding expectations
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# Baltic Oil Terminals Investment case

## Tetoil & ZNG

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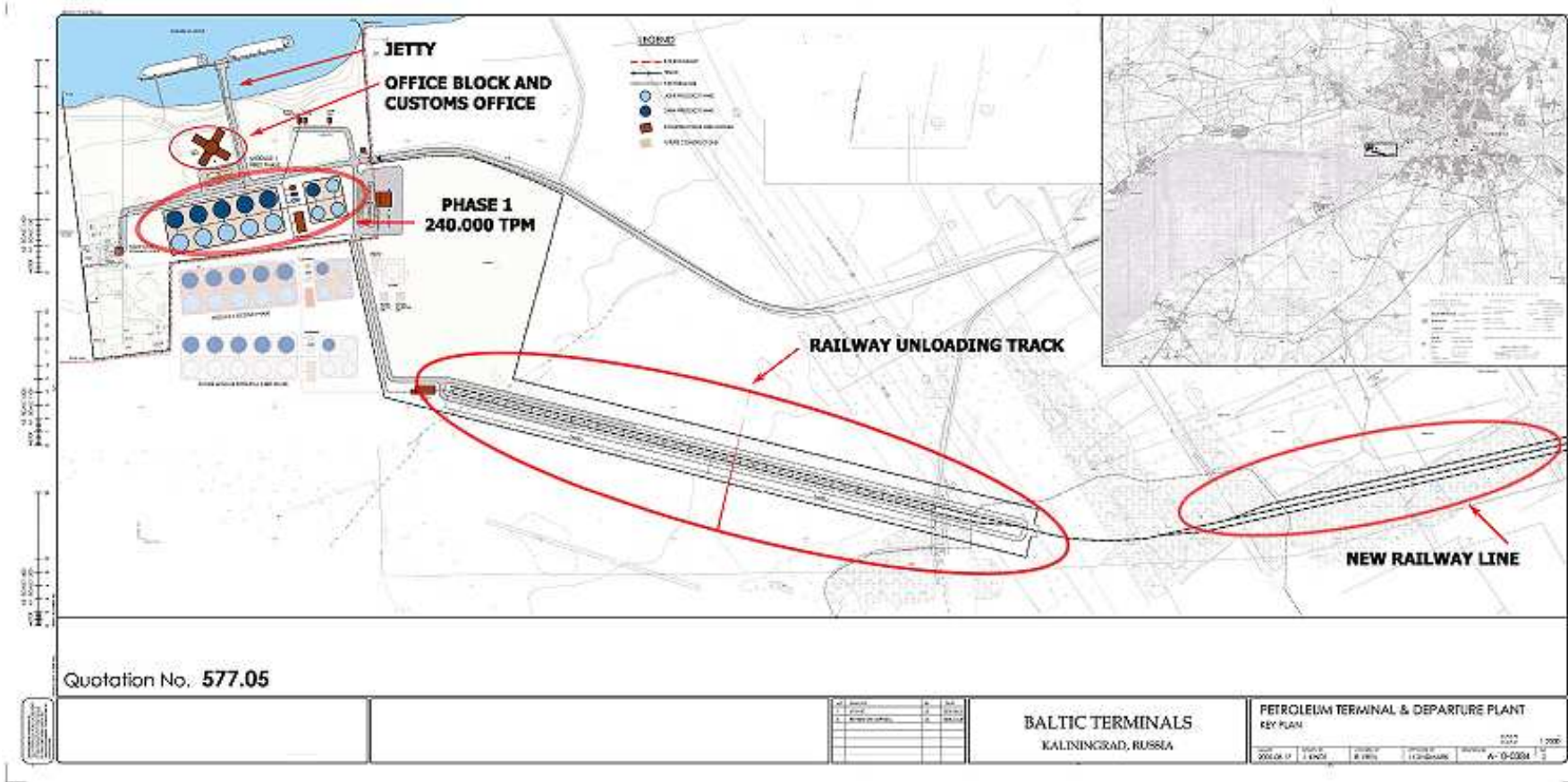
- ◆ Targeting the demand for new export transshipment facilities in strong Russian crude and refined products production & export markets
  - ◆ At the cost-effective & logistically well-located Kaliningrad – Russia's only ice-free port on the Baltic Sea
  - ◆ Expressions of interest in place for 800,000 tpm from potential transshipment customers; over 3 times phase 1 capacity
  - ◆ Highly cash generative business plan
  - ◆ Potential substantial upside from Zauralneftegaz exploration assets. Recent encouraging results give cause for cautious optimism
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# Tetoil update

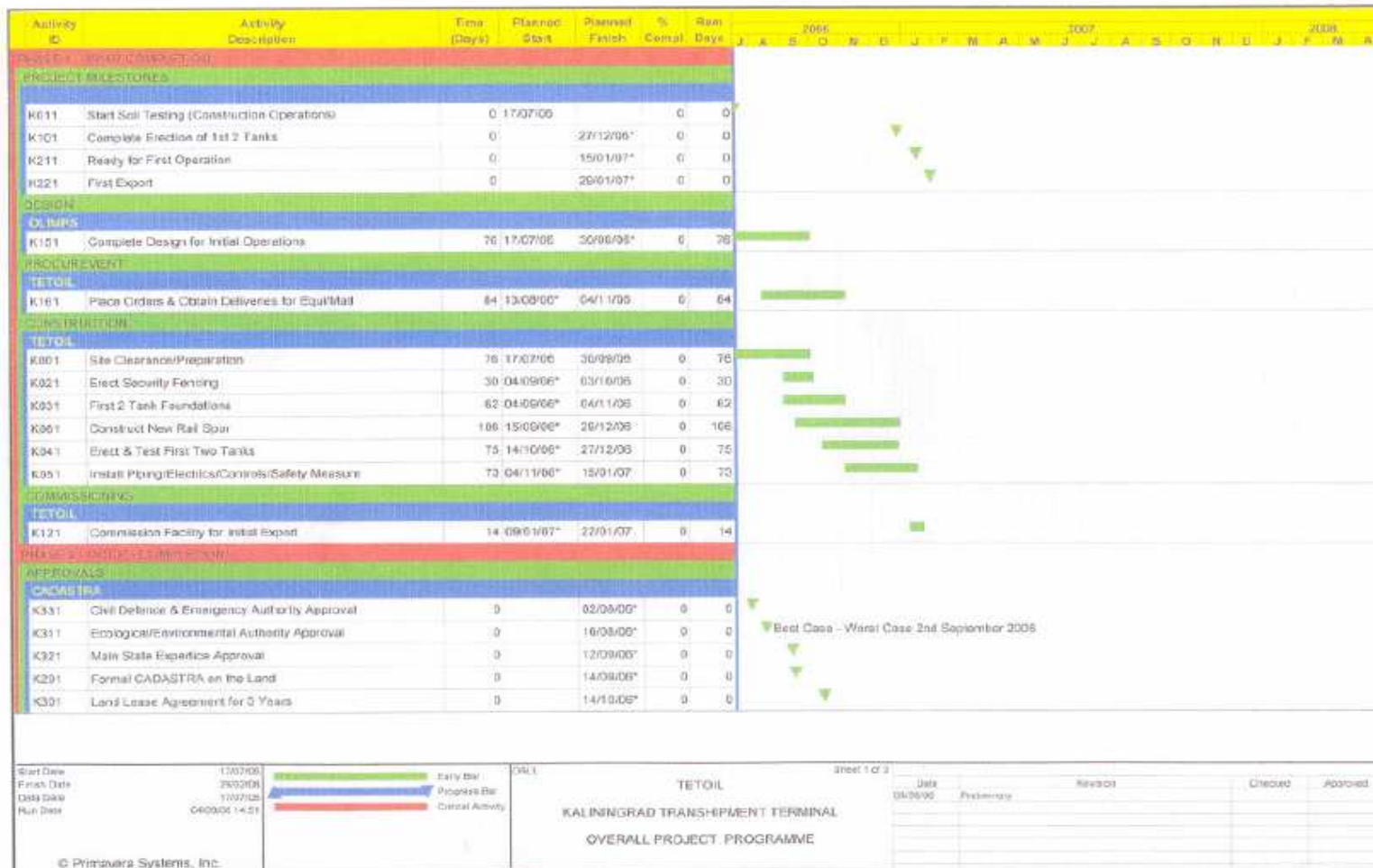
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- ◆ Baltic, through its 58.5% UK subsidiary Tetoil, is constructing an oil transshipment terminal in Kaliningrad with a throughput capacity of up to 480,000 tonnes per month.
  - ◆ Operations scheduled to commence in January 2007, full capacity end 2008
  - ◆ Construction commenced on schedule in July 2006
  - ◆ All necessary permissions fully granted for first phase
  - ◆ Railway spur approved, construction commencing September 2006
  - ◆ Highly experienced expatriate project manager and project planner appointed to strengthen team in Kaliningrad. The project manager has previously worked in Russia and Norway with Simon Escott.
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# Tetoil: Schematic plan



# Activity Schedule for Tetoil



# Baltic Top Acquisition

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- ◆ Acquired for £1.8m in cash on 3 August 2006
  - ◆ 10,000 tonne per month refined products (gasoline and diesel) terminal business servicing customers in the Kaliningrad region, with 38 experienced employees
  - ◆ Located on a 2.2 acre site, only 1.5kms from the Tetoil site
  - ◆ In the year to December 2005, pre tax profit of \$0.4m on revenue of \$0.8m.
  - ◆ Now with Baltic management involvement, short term profit increasing( August figures already at 12000 tons for the month)
  - ◆ Active operational presence in Kaliningrad using highly experienced personnel
  - ◆ Scope to enhance performance even more when synergies with Tetoil come into play
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# Zauralneftegaz ("ZNG") exploration

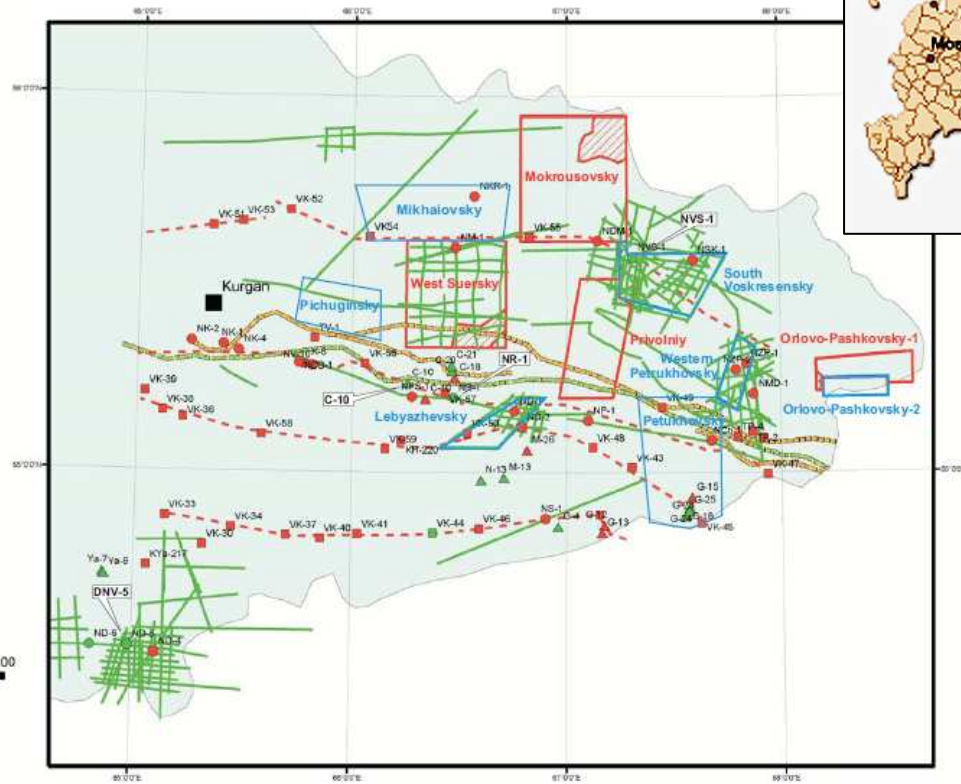
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- ◆ 50/50 UK joint venture with Siberian Energy Group , but under Baltic Oil Terminals control
- ◆ Engaged in the exploration of c 1 million acres of licence blocks in the Kurgan region of Western Siberia
- ◆ Kurgan was closed for all oil and gas exploration until 2000

# Zauralneftegaz exploration location

## Legend

- Kurgan City
  - Wells and Boreholes**
  - Type/Sampled(y/n)
  - Parametric, No
  - Parametric, Yes
  - ▲ Special, No
  - ▲ Special, Yes
  - Structural, No
  - Structural, Yes
  - Seismic Lines
  - - - Geologic/Geophysical Profile
  - Oil Pipeline
  - Gas Pipeline
  - Licenses**
  - Status
  - ▨ Excluded
  - ▭ Obtained
  - ▭ Proposed
- 0 12.5 25 50 75 100  
Kilometers

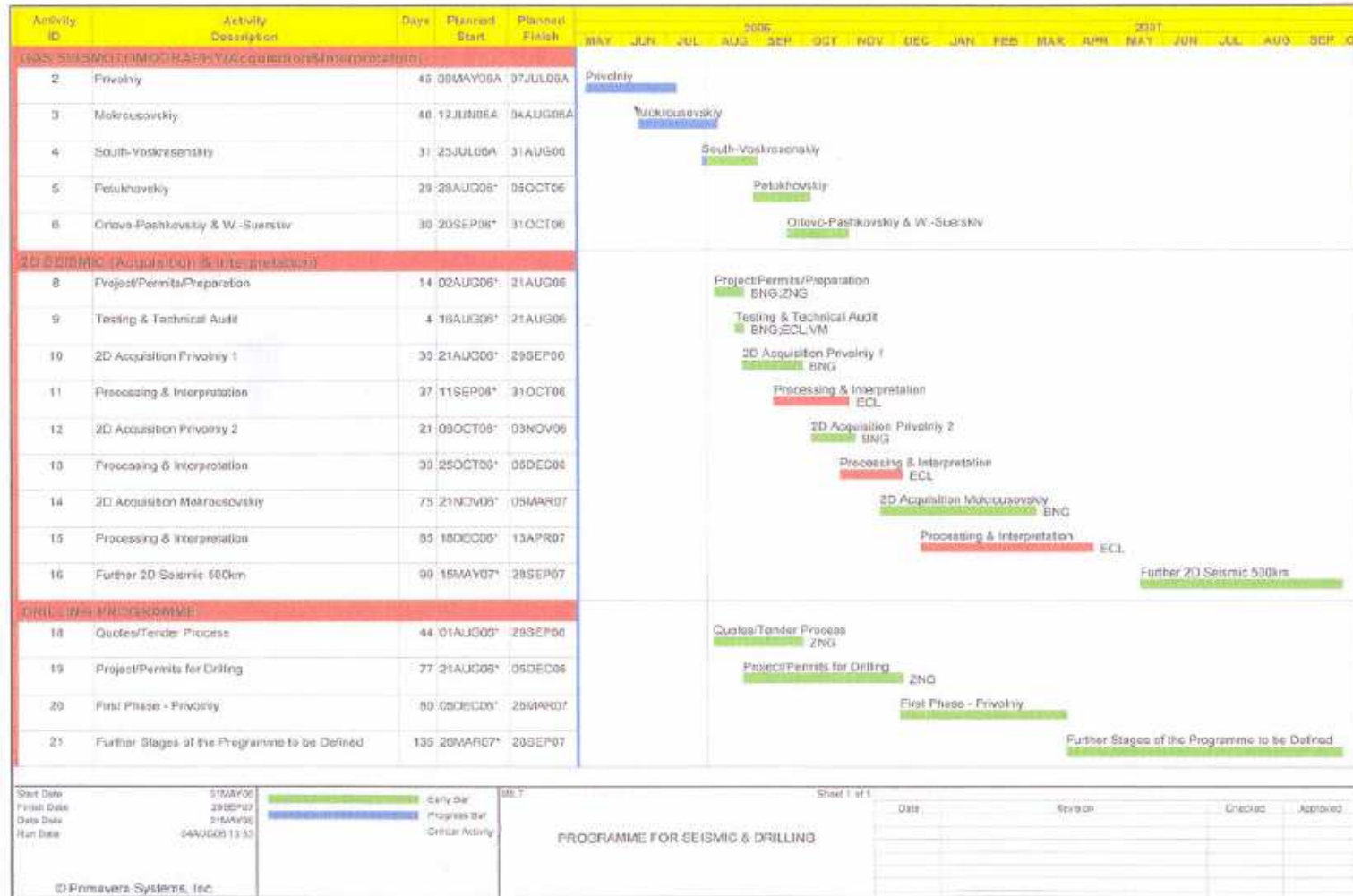


# Zauralneftegaz update

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- ◆ Three further licence blocks secured, South Voskresensky, Petukhovsky and Lebyazhevsky – now over 1m acres
  - ◆ Exploration programme continuing, using extensive Gas Seismic and, High Definition 2D Seismic will commence mid August on Privolny.
  - ◆ ECL (geophysical and engineering contractor) confirms multiple leads in first two blocks in programme (Privolny and Mokrousovsky)
  - ◆ By end October 2006, expect definitive results on Privolny block
  - ◆ By end of the year expect definitive results for Mokrousovsky
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# Activity Schedule for ZNG



# Profit and loss account

	Unaudited six months ended 30 June 2006 £'000	12 months ended 31 December 2005 £'000
Other income	105	117
Exploration & evaluation expenses	(491)	
Administrative expenses	(2,414)	(956)
Finance income	100	48
<b>Loss before tax (as reported)</b>	<b>(2,700)</b>	<b>(791)</b>
reverse:		
Foreign exchange	553	
ZNG E&P w/off	819	
Share option charge (IFRS)	603	
<b>"Normalised" loss before tax</b>	<b>(725)</b>	

# Cashflow

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	Unaudited six months ended 30 June 2006 £'000	12 months ended 31 December 2005 £'000
<b>Group operating loss</b>	<u>(2,700)</u>	<u>(1,035)</u>
<b>Net cashflows from operating activities</b>	<u>(935)</u>	<u>(1,211)</u>
<b>Net cashflows from investing activities</b>	<u>(3,111)</u>	<u>(1,044)</u>
<b>Proceeds from share issue</b>	<u>23,050</u>	<u>2,640</u>
<b>Cash &amp; cash equivalents at end of year</b>	<u>18,974</u>	<u>395</u>

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# Balance sheet

	Unaudited six months ended 30 June 2006 £'000	12 months ended 31 December 2005 £'000
<b>Non Current Assets</b>		
Intangible exploration assets	2,145	1,689
Other investments	1,198	-
Other	1,014	314
	<b>4,357</b>	<b>2,003</b>
<b>Current Assets</b>		
Cash & cash equivalents	18,974	395
Other	1,412	508
	<b>20,386</b>	<b>903</b>
<b>Liabilities</b>		
Trade	1,215	541
Other	287	287
	<b>1,502</b>	<b>2,906</b>
<b>Net Assets</b>	<b>23,241</b>	<b>2,078</b>
<b>Equity</b>	<b>23,241</b>	<b>2,078</b>

# New non-executive directors

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- ◆ Stan Buck (75)
    - Extensive experience of international hydrocarbons and heavy chemical industries
    - Much of career spent at Dow, including CEO and Chairman of Dow GB
    - Held positions with Texaco and CPS Denmark
  
  - ◆ Fred Hodder (64)
    - Current Director of Timan Oil & Gas plc and Manor Global Inc
    - Held board positions at Geotex JSC, Nelson Resources Ltd and Chaparral Resources Inc
    - Held senior positions with a number of NASDAQ listed technology focused entities
  
  - ◆ Corporate governance promises made at the IPO are now fulfilled
    - Stan Buck to chair the Remuneration Committee
    - Fred Hodder to chair the Audit Committee
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# Conclusion

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- ◆ Achieving the Board's expectations across the business
  - ◆ Tetoil construction continuing to plan in terms of both timing and cost
  - ◆ Acquisition of Baltic Top completed
  - ◆ ZNG Gas Seismic highly encouraging when compared with legacy data and gravimetrics. Multiple leads on the first two blocks surveyed, (supported by Exploration Consultants Limited).
  - ◆ Directors increasingly confident of Baltic's prospects
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