Sibir Energy plc

Unaudited Interim Condensed Consolidated Financial Statements

30 June 2008

Registered number: 3204093

Sibir 2008 Interim Period Highlights

- Record Net Profit after Tax of $238.5 million up 166% from $89.8 million in H1 2007
- EBITDA including Salym joint venture amounted grew 190% to $421 million
- EPS increased by 118% to 60.47 cents from 27.72 cents in the first half of 2007
- Group production increased 50% to 11.7 million barrels compared to same period last year
- The Group’s daily end period production rate grew 44% to 67,887 bopd compared to equivalent period 2007
- Sibir’s average daily crude processing volumes increased 72% to 87,800 bopd compared to 50,900 in the first half of 2007
- Six wells drilled on Koltogorsky exploration play with encouraging results
- Completed 50:50 joint venture at Moscow Refinery with state-owned energy giant, Gazprom Neft

Report of the Chairman and Chief Executive

Financial Performance

We are pleased to report strong financial performance in the first half of 2008. Driven by increased production, increased refining volumes, high crude oil prices and strong oil product margins our earnings before interest, tax, depreciation and amortisation (EBITDA) including EBITDA from our Salym joint venture amounted to $421 million and Net Profit after Tax amounted $238.5 million. In the first half of 2008 we have therefore already achieved 84% of the record financial performance of the whole of 2007. Despite the material fall in the oil price in recent weeks other margins in refining and retail remain strong and we are confident that the full year will show a material increase on last year. In the second half of the year the significance of our determination to secure refining capacity will become increasingly apparent as our downstream activities continue to contribute materially to our performance.

Earnings per share increased by 118% to 60.47 cents. This compares to 27.72 cents in the first half of 2007 and 14.37 cents in the first half of 2006.

With a ‘see through’ turnover of over $2.5 billion, current production of over 74,000 bopd and profitable participation in the full value chain from well-head to gasoline pump Sibir is now one of the UK’s top independent oil and gas companies.

Moscow Refinery

When we last reported to you in June of this year we outlined how we would partner with Gazprom Neft (GPN) at Moscow Refinery. The partnership was formed at the end of August when we completed the formation of our 50/50 Dutch joint venture with GPN. The joint venture now controls a little over 90% of the voting shares of the Moscow Refinery. The refinery now operates without controversy and along with GPN we are now in the process of proceeding with a mandatory bid to acquire the remaining shares. Success in the mandatory bid will pave the way for a Refinery upgrade. We cannot stress enough the importance of this achievement - partnering with one of Russia’s giant state-controlled companies.

Koltogorsky Exploration

In June we reported the launch of our intensive exploration programme at the eight Koltogorsky blocks in Western Siberia where our licence obligation is to drill 8 wells by February of next year. The exploration (and the field appraisal and development we expect to follow) is operated from our Magma headquarters in Nizhnevartsovsk, Western Siberia which has led to greater efficiency and savings in costs. We have already drilled six wells to target depth. The remaining two will be spudded and reach target depth early next year in compliance with our obligations. Because of the terrain and bog-like conditions testing has been impossible and must await the onset of winter when winter roads can be built providing access for testing equipment. The location of the first well was picked as a matter of licence compliance expediency and would not have been our first pick geologically. Our prognosis is that the Jurassic reservoirs which are our targets at between 2900 and 3200 meters depth thicken towards the west and the last two wells drilled have confirmed this prognosis. It is too early to predict the extent of our success, but we are gaining in confidence that our prognosis is sound and intend to announce the results of our drilling and an independent interpretation of these results in the next six weeks.

Legacy Issue

We have yet to learn the outcome of the action of the Provisional Liquidator of Yugraneft in the Sibneft Yugra case to secure jurisdiction in the English courts against Abramovich and his holding company Millhouse Capital Limited (now known as MHC (Services) Limited following a recent change of name. We confirm that the action was heard in the High Court in England in London in July and we are advised that the judgment may be given in October. The outcome of the case will be reported in the press and the announcement we will make will be available on our web site www.sibirenergy.com.

Business in Russia

In June we expressed optimism in Russia's long-term prospects and the opportunities for continued development. In view of all that has transpired over the last tumultuous months, weeks and days we feel more confident than ever in our view about Russia.

We have seen a resolution to the much publicised TNK-BP dispute which adversely impacted on investor confidence in Russia as a place to do business. The solution to that dispute lay in bringing the company or a part of its equity to the market and the use of independent directors to resolve deadlock issues. Sibir's structure has contained the market element from its beginnings and the independent director technique has been announced some time ago as part of our structure with GPN at Moscow Refinery. We take comfort from the adoption by others of elements already present in our structure.

The low ebb in international relations in August during the South Ossetian conflict has been overtaken by the world being turned upside down as the global financial crisis deepened. The Russian government, in common with international governments, has taken steps to try and stabilise the markets as evidenced in the oil sector by the recent amendments to the formula under which the crude oil export tax is calculated. By this adjustment the cash flow position of producers has been improved. Cash flow was being adversely affected by the application of the old export tax formula on the falling oil price (the adverse lag affect to which we have referred to before). The Russian government has also announced further measures which will help producers in 2009 and all of this confirms to us that the Government is acutely aware of the need to react swiftly to the concerns of this vitally important sector of the Russian economy.

Similarly the government's very recent decision to pump $44bn (£24bn) into the Russian financial system and the series of ministerial meetings corroborate Prime Minister Vladimir Putin's position that the current financial turmoil showed Russia needed to modernise its free market economy rather than roll it back. In a very recent economic forum speech in the Black Sea resort of Sochi he said "Our policy, our basic approaches remain unchanged. We are betting on private initiative, freedom of enterprise and rational integration into the world economy. There will be no politically motivated market closures or a break-up of economic ties by Russia. We are thinking about other things, first and foremost about how to kick-start new factors of economic growth. We have no systemic problems in the Russian economy. All basic economic indicators are alright," Mr Putin said his country's economy was much more developed than before and had a much higher safety margin. From a position of economic collapse in 1998 Russia is now virtually free of debt, has massive currency reserves and a more diversified economy.

As we are engaged in a strategic sector of the Russian economy we give a lot of thought to how we can simultaneously grow within the oil sector and broaden the scope of the Company to reduce exposure to the risk of resource nationalism which concerns the market. Sibir's long held objective has been to become the vehicle of choice for foreign investment in Russia. One of the keys to our success is that we have learned how to do business successfully in Russia and we must exploit that to the full. We have a clear vision of our role in the oil sector and we will pursue that vigorously. Russia is a country of huge opportunity and the current economic climate, rather like that in 1998, is presenting Sibir with many opportunities in different industries at attractive prices. The combination of Sibir's management team, which has been together now for many years, and its Russian shareholders makes Sibir a formidable team of entrepreneurs which has demonstrated its ability to execute on its ambitious objectives and to identify the right opportunities at the right time. We expect to revert to shareholders very shortly sharing our plans for broadening the scope of our activity and enhancing our potential.

Market Confidence

Here we have a different story and we find it difficult to predict with any confidence how quickly values and the share price can recover to previous highs given the market mood generally and about Russia as a place to do business in particular.

Some hold the view that Russia is inherently anti-Western. In our opinion Russia is not anti anybody it is simply pro Russia and that all developments should be analysed from that view point.

We have always maintained that there is little, if not, no political risk in Russia for foreign companies notwithstanding resource nationalism which is of course not limited to Russia. There are many examples to support this view. One example is the experience of our good partners Shell at their Sakhalin project. The Sakhalin project was seriously over budget with adverse consequences for the Russian exchequer. Unilateral action by the licence holders offering to amend the Production Sharing terms might have resulted in a different outcome. In the absence of such an initiative the problem for the exchequer was solved by a buy in by a state company on market terms acceptable to the licence holders. Admittedly the way of protecting the national interest is different to that of western countries but that is part of the pro Russia stance and it is worth remembering that Russia is still making the transition to the free market economy. The important point to note is that there was no form of expropriation as was the case with the Yukos incident, which was part of a highly politicised struggle for power inside Russia. Increased Chinese and Indian participation in oil sector licences further evidences that foreign companies are welcome in Russia.

Our view has been that the greatest risk in Russia is partner risk as evidenced by our experience with Abramovich during his control of Sibneft. Our other partner experiences with our key Russian shareholders, Chalva Tchigirinski and Igor Kesaev, the City of Moscow and its Mayor Yuri Lushkov, have been nothing but positive. These partners see the potential of Sibir in Russia and will not wish to see the growth of Sibir inhibited by the market's overblown fear of political risk which in their opinion and that of your management does not exist in the manner as it is presented in the international press.

Funding

Our borrowings can be split into three categories. Our long term borrowing in relation to our size is a very small amount. We approximately halved our short term borrowings in the last 6 months and were able to refinance the remaining balance for a further year with effect from August 2008 on reasonable terms indeed on very good terms given recent turmoil in the financial sector. Our trade finance lines, which basically finance our refining/trading operation, "turn over" every 45 days. We are therefore in good shape with a debt to equity gearing ratio of 18% and dropping.

Relatively small but important transactions to be concluded this year may require funding from internal resources as external funding is now extremely difficult to obtain. This may have a knock on affect on the dividend payment. We are giving this matter high priority and should know and announce our intentions before the end of November.

Looking Forward

In September 2007 and again in June 2008 we wrote of ambitious plans to materially increase the size of your company. Frankly we had hoped these would have been announced by now but events in Russia, the world's financial crisis and the potential we see in the Koltogorsky exploration blocks have combined to protract our negotiations. The underlying rationale behind the plan remains strong and is indeed, if anything, stronger then ever and we are working assiduously on the plan. This protraction has however resulted in a delay in the plan to take the company to the main list by December. This move is now slated for June of next year.

Having been Chairman and Chief Executive Officer of Sibir for many years it is sometimes difficult for us as the company grows its human resource to objectively judge the mood and ethos of the Company. An unsolicited remark made in the last few days by one of our experienced senior operational managers who is in his mid-forties make us feel that morale is in good shape. A number of us were having a refreshment after a long day discussing the future of Koltogor and our colleague said, "I have worked in 27 countries for different and well known companies and Sibir is by far the most dynamic". He put a spring in our step as we separated.

Operations Review

Upstream Operations Review

Production

Sibir Group crude production reached 11.7 million barrels for the period, a 50% increase compared to the same period last year and a 17% increase compared to the second half of 2007. Of the period total, 10.6 million barrels came from Sibir's share of production of Salym Petroleum Development, Sibir's 50:50 joint venture with Shell which operates the Salym Oil fields in Western Siberia and 1.1 million barrels was produced by Sibir subsidiary, Magma, which operates the Yuzhnoye and Orekhovskoye fields in the same region.

The Group's daily production rate grew to 67,887 bopd by the end of the period. As we go to print daily production is over 73,000 bopd.

At Salym investment focused on drilling more wells, building out incremental infrastructure and management of associated gas. At Magma, investment concentrated on the Orekhovskoye development, utilisation of associated gas and continued exploration drilling on the Koltogorsky Blocks.

Capital and Exploration Expenditure

The Group's upstream capital expenditure for the first half of 2008 totalled $75.2 million of which $59.9 was attributable to Sibir's share of capex in the Salym fields and $15.3 million was invested at Magma's Yuzhnoye and Orekhovskoye fields. Exploration expenditure at the Koltogorsky blocks and Salym totalled $28.2 million and $6.2 million respectively.

Projected capital and exploration expenditure for the second half of 2008 totals $154.8 million. Of this sum $66.8 million relates to Salym, $40.0 million for Yuzhnoye and Orekhovskoye and $48.0 million relates to the Koltogorsky blocks.

Magma Oil Company

Magma (95% Sibir owned) is the licence holder and operator of the Yuzhnoye and Orekhovskoye oil fields and is the operator of the Koltogorsky Exploration Blocks on behalf of Sibir's wholly-owned subsidiary licencee. In addition to managing the day-to-day operations at Yuzhnoye Magma's workforce was actively engaged in the development of the Orekhovskoye field and the exploration of the Koltogorsky blocks resulting in greater efficiency and cost savings.

Yuzhnoye Oilfield

Activity at Yuzhnoye for the period focused on securing permits and approvals for the construction of a 27-kilometre pipe line to transport associated gas from the Yuzhnoye Central Processing Facility (CPF) to nearby tie-in at Yermakovskoe, for sale to Gazprom subsidiary Sibur. Construction of the pipeline was launched in May and is expected to complete in

November 2008 allowing Magma to eliminate gas flaring in compliance with Russian environmental standards and license requirements.

Fourteen well workovers and forty-five well service jobs were carried out and two hydraulic fracturing treatments were performed.

Magma’s drilling campaign over the past several years has allowed the company to develop a new geological model that will form the basis for a new development plan which, if approved by the Russian authorities, will become the basis for future development of the field.

Orekhovskoye Oilfield

The Orekhovskoye development was delayed in 2007 due to poor weather conditions and changes to Russian permitting and approvals processes. These latter obstacles have been overcome and work is now well underway. One drilling rig has been mobilised and in-field infrastructure construction (e.g. roads, infield pipelines, powerlines) is progressing according to plan. A 21.5 kilometer multiphase pipeline connecting the Orekhovskoye field to the Yuzhnoye CPF is now under construction. When complete the pipeline will allow fluids produced at Orekhovskoye to be processed at the Yuzhnoye CPF for further delivery to the Transneft pipeline system and, in the case of associated gas, to Sibur as outlined above.

Five new wells were drilled, four of those were fractured and put on stream bringing the total count of producing wells at Orekhovskoye to five.

Koltogorsky Exploration Blocks

Acquired by Sibir in June of 2007, the Koltogorsky exploration blocks cover 2,100 square kilometres and are located 200 kilometers to the Northeast of Magma’s operation base in Nizhnevartovsk. The licence area comprises a syncline structure and is surrounded by developed oilfields including the giant Samotlor oilfield some 70 kilometers to the southwest. In accordance with Russian GKZ categorisation the Blocks are estimated to contain a total of 970 million barrels of Russian category C3 oil resources based on the interpretation of 2,574 kilometers of 2D seismic profiles. The Blocks feature excellent available infrastructure including an oil trunk pipeline, a wet gas pipe line, as well as paved roads and power lines, thus limiting eventual capex outlays should the project move to the development stage.

The Koltogorsky exploration licences require Sibir to drill and test eight wells (one per block) and acquire an additional 180 kilometers of 2D seismic profiles by the end of February 2009.

During the period, Sibir’s upstream team made significant progress towards fulfilling these license requirements, completing 63 kilometers of access roads, preparing eight well pads, acquiring the remaining seismic profiles required by the licence and mobilising six drilling rigs.

Since the beginning of the year Magma has drilled four wells to total depths ranging from 3,220 to 3,500 meters. Drilling of a fifth well is underway and expected to reach total depth in early October. This will bring to six the total number of wells drilled including the first well which was drilled on block 14 in December of 2007. Weather conditions dictate that the remaining two wells be scheduled to spud in January 2009 and reach target depth in February to comply with the terms of the licence. Testing of all drilled wells will be conducted once cold weather has returned to western Siberia and equipment can be mobilised on winter roads.

Sibir has been greatly encouraged by the initial results of exploratory drilling as all of the wells have shown oil saturated sands or hydrocarbon shows. Our confidence is such that we have applied to extend the exploration licenses and are planning to drill in the first half of 2009 an additional three exploration wells in the west of the licence area where we believe the greatest prospectivity lies.

Production

Magma production for the first half of 2008 totalled 1,180,365 barrels for an average production rate of 6,486 bopd from 47 producing wells supported by 22 injectors and 6 water source wells.

Capital Expenditure

Period capital expenditure for Yuzhnoye and Orekhovskoye totalled $15.3 million of which $2.0 million was spent at Yuzhnoye and $13.3 million at Orekhovskoye. An additional $40.0 million of capital expenditure is budgeted for the remainder of the year of which $10.5 million is attributable to Yuzhnoye and $29.5 million for Orekhovskoye.

Period exploration expenditure for the Koltogorsky blocks amounted to $28.2 million and an additional $48 million is being incurred in the second half of 2008.

Salym Petroleum Development N.V. (SPD)

SPD is Sibir's 50/50 joint venture between its 100% owned subsidiary Evikhon (Evikhon) and Shell Salym Development B.V. (SSD), a member of the Royal Dutch Shell Group. SPD operates the Salym Group of fields (West Salym, Vadelyp and Upper Salym) in the Khanty-Mansiysk District in West Siberia.

Salym Fields

West Salym, the largest field in the Group continued to be the focus of SPD's drilling activities with three drilling rigs in operation and seven service rigs fully engaged on completions and workovers. A 200-tonne mobile drilling rig was deployed for exploration, appraisal and development at Vadelyp and Upper Salym. Construction of well pads, in-field roads, power lines and flow lines continued.

The hydraulic fracturing campaign that was kicked off in 2007 was continued with profitable incremental production coming from fractured wells. Experience and expertise from Sibir's upstream team has played an important role in this programme and Sibir has seconded a number of specialists to SPD to ensure the campaign's progress.

For the period a total of 50 wells were drilled, 43 were hooked up and 37 completed. By the end of the period 176 wells were on stream. SPD's drilling team has been a performance leader amongst Shell affiliates worldwide, but that has not kept it from beating its own impressive performance records. In August 2008 they drilled a well in under six days, beating their previous record of 6.4 days.

A Power Generation Plant (PGP) with three gas turbines was fully commissioned this spring, providing greater power supply independence from the state monopoly while utilising a high percentage of associated gas from production. With an aim to eliminate flaring of associated gas by 2010, SPD signed an agreement with a Russian entity to construct an LPG plant at the Salym CPF that will process SPD's entire associated gas production as well as that of nearby oil fields.

Production

Salym continued to ramp up production from 107,000 bopd at the beginning of 2008 to 117,000 bopd by the end of the period, producing a total of 21.2 million barrels. As we go to print production at Salym is at a record high of over 133,000 bopd.

Capital, Exploration and Abandonment Expenditure

SPD's total spend for the period was $127.4 million of which $119.8 million was capital expenditure for facilities construction and drilling, $6.2 million was exploration expense and $1.4 million was abandonment expenditure. An additional $138.8 million is budgeted for the second half of 2008. 50% of these totals is attributable to Sibir.

Operational Highlights

Construction highlights at Salym included:

- Full commissioning and start up of 45 MW PGP with three Gas Turbines;
- Construction of 5,000 m3 water tank at Salym CPF;
- Completion of construction of two infield flow lines;
- Construction of power substation;
- Production started at three well pads;
- Water injection started on two well pads;
- New drilling record of 6.3 days was set;
- First spud on Upper Salym new well pad;

Group Reserves Summary

The Group's interests in commercial reserves of oil as of 30 June 2008 are included in the unaudited table below:

Russian reserves classification (1)

Million barrels	A+B+C1	C2	Total
Magma's Yuzhnoye and Orekhovskoye Oilfields	123	11	134
Salym Group of Fields (50%) (2)	368	144	512
Total	491	155	646

1. Russian reserves are classified as follows:

    A = reserves proved and developed in accordance with approved (by Russian Authorities) development plan.
    B = reserves proved and developed in accordance with early development plan.
    C1= reserves tested and mostly proved but not developed.
    C2= reserves contiguous to C1 and substantiated by geological data and lie within probable, possible and contingent.

Downstream Operations Review

Following Sibir's landmark acquisition in 2007 of the remaining Moscow Oil and Gas Company (MOGC) shares not already owned Sibir turned its attention to finalising its joint venture with Gazprom Neft at the Moscow Refinery and moving aggressively forward with the upgrade of its Moscow retail network.

In August 2008 Sibir's downstream subsidiary, MOGC, and Gazprom Neft ("GPN") transferred their respective beneficial shareholdings in the Moscow Refinery to Moscow NPZ Holdings B.V. ("Moscow NPZ Holdings"), a company incorporated in the Netherlands by way of share subscriptions in kind and cash, in exchange for a 50% stake each in the new company. MOGC and GPN each contributed one million euros to the share capital of Moscow NPZ Holdings together with their respective shareholdings in the Moscow Refinery. As a result, Moscow NPZ Holdings now controls 90.02% of the voting shares of the Moscow Refinery.

The establishment of Moscow NPZ Holdings ends years of shareholder dispute and ensures a long-term and transparent relationship between MOGC and GPN as equal shareholders of the Moscow Refinery. Both parties are equally represented on the board of the new holding company and the board of the Moscow Refinery, and the rights of Moscow NPZ Holdings, as a shareholder of the Moscow Refinery, will now be exercised through an internationally accredited trust management company. An independent operational management team for the Moscow Refinery has been appointed and now conducts the facility's day-to-day operations. The establishment of Moscow NPZ Holdings puts the future of the refinery on a stable footing.

Moscow Refinery

The Moscow Refinery is a 240,000 bopd nameplate capacity facility currently processing 200,000 bopd and supplies over 50% of Moscow's motor fuel requirements. Located in the southeastern district of the city it receives crude supply via the Russian national Transneft pipeline system whilst refined products are supplied to local markets and export customers through pipelines, rail cars and trucks. Over 3,200 staff are employed at the facility.

The Moscow Refinery is designed to process a high sulphur Urals blend crude slate. The facility comprises over forty processing units producing approximately 57% high-value light products including gasoline (RON octane grades 80, 92 and 95), Diesel (winter and summer) and aviation kerosene (jet fuel). The refinery is also a leading producer of heating oil, bitumen and LPG. A large part of the refinery's output is sold into the local market, though a significant percentage (up to 50%) of diesel is exported.

The refinery operates as a tolling operation and does not buy crude or sell oil products itself. Trading activities are carried out by trading companies which supply crude to the refinery, pay the refinery a per barrel tolling fee to process the crude and then market the refined product directly. The refinery's tolling fees are sufficient to cover operating costs, regular maintenance, on-going capital expenditure leaving profits sufficient to cover payment of dividends on preferred shares. As one of the trading companies appointed to supply the refinery, the full economic value of the refining operation is reflected in the results of our trading operation.

Refining Volumes

In the first half of 2008, Sibir's processed 16 million barrels of crude at the Moscow Refinery, a 72% increase over the first half of 2007 and a 32% increase over the second half of 2007. The increase resulted from Sibir's acquisition of MOGC although the increase was somewhat offset by a maintenance turnaround in April and May that will not be repeated in the second half of 2008.

Sibir's average daily crude processing volumes for the period were 87,800 bopd compared to 50,900 in the first half of 2007 and 66,550 in the second half of 2007 reflecting our increased ownership interest in the Moscow Refinery.

Future Development Plans

The Moscow Refinery has recently completed a feasibility study which outlines several scenarios for upgrading the facility over the next several years. The most likely option currently under study anticipates a robust, three-stage investment program to increase light high-value products yields to 90%, improve capacity utilisation and produce Euro 5 specification motor fuels. Total capital expenditure for the upgrade is expected to be in excess of $1 billion which will be the shared responsibility of the shareholders.

Marketing and Distribution

With increasing car ownership, population and affluence, Moscow and the Moscow region is witnessing record fuel consumption growth. However, due to a lack of available real estate in Moscow suitable for petrol service station construction, the market remains significantly under supplied in terms of the number of filling stations. The market is thus characterised by very high and growing per-station throughput volumes and retail fuels margins well above European averages. Sibir has a significant position in this exciting market with an interest in over 185 petrol service stations in Moscow and surrounding region. Our retail assets are held through three distinct entities:

Moscow Fuel Company: a network of 71 wholly-owned and operated MTK-branded service stations in the city of Moscow with sales of over 485 million litres of motor fuels in 2007. The company also has a 100% interest in a large oil products storage and distribution terminal in the northwest district of Moscow.

The MTK network is primarily a fuels only network which has had minimal investment over the past 20 years. Sibir has announced a major investment programme of over $200 million over the next five years to significantly upgrade this network to international retail standards to include modern, multi-product fueling facilities, convenience retail stores, ready-to-serve food offering and automatic carwashes where real estate dimensions permit. In 2008 Sibir prepared an action plan for 90% of the sites and 32 sites are currently going through the permitting process for complete rebuild. A significant percentage of those sites are expected to be reconstructed in 2009.

Mosnefteproduct: A network of 63 NEFTO-branded service stations, 51% owned by Sibir, in the economically vibrant region surrounding Moscow. The NEFTO-branded network comprises Soviet-era facilities that have suffered from years of under-investment as reflected in its 2007 sales volumes of 65 million litres. Approximately half of the network stations are being targeted for demolition and rebuild over the next 5 years requiring some $75 million in capital investment. Two NEFTO sites are currently in the permitting process and more will begin before year end. Several are expected to be reconstructed in 2009.

STBP: In 2004 Sibir announced its acquisition of a 25% +1 share interest in this BP-branded service station network of 53 facilities in Moscow and the surrounding region. All facilities feature modern, high-volume fueling facilities, large convenience stores with in-store bakeries and cafes. Automatic carwashes are available on approximately fifty percent of locations. With 2007 sales of over 988 million litres the BP network is the clear market leader in Moscow. Future development plans call for the network to grow to between 90 and 120 filling stations over the next 5 years. The compatibility of owning this interest with the plan to upgrade and expand the MTK network is under consideration and divestiture is an option.

Retail Sales Summary

Retail fuels sales volumes for the first half of 2008 from all networks totalled 826.0 million litres of which 426.3 million litres are attributable to Sibir:

	Total Sales mltrs	Sibir Interest %	Net Sibir Share mltrs
MTK Network	283,000	100%	283,000
Mosnefteproduct	29,000	51%	14,790
STBP	514,000	25%	128,500
Total	826,000		426,290

Financial Review

Key Financial Indicators

	1H 2008 $ million	1H 2007 $ million	Change %
EBITDA*	421.0	145.1	190%
Net Profit	238.5	89.8	166%
Net Debt/(Net Cash)**	278.1	126.3	120%
Gearing	18%	27%	(34%)

*EBITDA comprises the groups earnings before interest, tax, depreciation and amortisation and includes a group share of EBITDA for joint ventures. (see Additional Financial Information).
** Net debt is comprised of the Group's long and short term borrowings net of cash and cash equivalents

Operating Environment

The benchmark Brent crude price increased to unprecedented levels in the first 6 months of 2008, breaking the $100 per barrel barrier for the first time in February before peaking at nearly $140 per barrel. The average Brent crude price for the six month period was $109 per barrel compared with $63 per barrel for the same period in 2007.

Domestic Russian prices for Urals blend also increased in 2008 to $106.3 per barrel for the first six months of the year compared to $59.7 per barrel for the same period in 2007.

Until late September 2008 Russian taxes on crude oil export were set every two months based on average prices for the previous two month period. Sibir enjoyed a positive tax effect from this structure throughout the first half of the year as lower export tax calculations trailed rising crude prices.

General Observations on Accounts

Because Sibir's revenues are denominated primarily in US Dollars the dollar is its effective functional currency and therefore Sibir reports its results in US Dollars rather than pounds sterling as was done previously. Reporting in US Dollars eliminates the effect of fluctuations in the dollar/sterling exchange rate and provides a more accurate picture of the company's financial performance.

Sibir reports its accounts in accordance with the International Financial Reporting Standards (IFRS).

A guide to the Group Income statement

In our Group Income Statement, IFRS requires that in line items "Turnover", "Gross Profit" and "Operating Profit" we show only the results of those businesses which we control, namely Magma's upstream and downstream operations including our highly successful trading operation and, as of 18 September 2007, the business of MOGC. The line item "Administrative Expenses" represents expenses of those controlled businesses and includes the general corporate expenses for the Group. The results from our interests in SPD, the Moscow Refinery and STBP are shown net of directly related expenses including profits tax as a separate line item under "Share of profit from joint ventures and associates".

Analysis by Business Segment

While the results presented in this manner ensure we comply with IFRS, an analysis of the same numbers by business segment provides, in our view, a more helpful explanation to you as shareholders of the Company's performance.

The segment analysis below breaks out contributions to profitability from the key business segments in upstream and downstream sectors. Administrative expenses of Magma and MOGC are similarly broken out from the corporate expenses in the IFRS accounts and allocated to the relevant segment to provide a clear picture of segment profitability.

Profit contribution by segment

Upstream	**1H 2008 $ 000**	**1H 2007 $ 000**	**% change**
Salym	150,612	48,689	**209%**
Yuzhnoye and Orekhovskoye	13,625	10,560	**29%**
Total Upstream Contribution	164,237	59,249	**177%**
Downstream			
Products trading, refining and retail	166,788	47,692	**250%**
Share of net profit from BP retail	14,676	8,480	**73%**
Total downstream results	181,464	**56,172**	**223%**
Corporate expenses	(38,950)	(9,885)	**294%**
Finance costs	(18,950)	(1,674)	**1032%**
Tax	(49,257)	(14,062)	**250%**
Net Profit	**238,544**	**89,800**	**166%**

Upstream

Total Sibir Group crude production increased to 11.7 million barrels in the first six months of 2008, a 50% increase compared to the same period in 2007. Of the total, Sibir's share of production at SPD contributed 10.6 million barrels and 1.1 million barrels was provided by the Magma production unit.

Salym

Salym's contribution to profitability increased 209% to $150.6 million from the comparative period last year. This contribution is comprised of the following: (1) Sibir's 50% share of SPD's net income after tax of $112.4 million, an increase of 359% from the same period last year; (2) $18.5 million resulting from outstanding profits earned by the Group's export trading arm, Caraline Trading Limited, on exports of SPD crude production during a period of high and volatile crude prices; (3) $23.1 million of interest income received from SPD on Group loans made to the joint venture and (4) $3.4 million of realised exchange losses on joint venture loan repayments during the period.

The Group's share of SPD turnover increased 140% to $636 million compared with $265 million for the same period last year. The Group's share in SPD gross profit, after depletion, grew to $311.8 million from $132.6 million for the same period of 2007, while the share in operating profit increased 161% to $171.4 million.

Per barrel production expenses at SPD decreased 15% from $2.67 per barrel to $2.32 per barrel. Your Company believes that the reduction in production expenses is unlikely to be maintained due to strengthening of the Rouble and inflationary pressure on wages, materials and services Russia. Russian Federation inflation for 2008 is estimated to be 11.4%, up from 9% in 2007.

Yuzhnoye and Orekhovskoye as operated by Magma

Magma's upstream production unit, comprising the Yuzhnoye and Orekhovskoye fields, contributed $13.6 million profit before tax, an increase of 29% on the same period last year of $10.6 million.

Of Magma's 1.18 million barrels of production, approximately 46% was exported and the balance delivered for processing at the Moscow refinery. Magma's trading unit also purchases Sibir's share of Salym production sold domestically for processing at the Moscow refinery. Transfer pricing for crude processed at the Moscow refinery is calculated on an arm's length basis.

Per barrel production expenses at Magma increased to $5.82 per barrel during the first six months of 2008 up 32% from $4.40 per barrel in the first six months of 2007. The increase was due to inflationary pressures on materials, wages and services costs as well as increased expenditure associated with the launch of development works at Orekhovskoye.

Downstream

Downstream contributions to profitability in the first six months of 2008 including our share of net profit from BP Retail ($14.7 million) grew by 223% to $181.5 million compared with the same period last year, and 96% over the last six months of 2007. Contributions to these earnings from oil products trading crude processing was $185.7 million, an increase over the last six months of 2007 of 133% resulting from strong product margins and a doubling of crude processing at the Moscow Refinery following the MOGC acquisition.This contribution was reduced by the operating losses at MOGC of $18.9 million which losses include $15.1 million relating to depreciation of land, buildings, gasoline stations, storage facilities and terminals belonging to daughter companies of MOGC.

Sibir's 25% stake in the BP Moscow retail joint venture contributed, after recognition of goodwill accrued on fair value adjustment and provisional amortisation charges, $14.7 million after tax in the first six months of 2008.

Corporate Expenses

The Group's corporate expenses for the period increased to $39 million from $9.9 million in the first half of 2007. The increase in administration expenses was due primarily to an increase of $8.7 million in legal fees mostly associated with the Group's Sibneft-Yugra action, $21 million in relation to the establishment of the MOGC and the Moscow refinery joint venture with Gazprom Neft and an increase of $4.6 million in various costs related to the growth of your company (e.g. increased headcount and salary levels, professional and consulting fees), offset by a positive movement in foreign exchange gains and losses of $5.2 million.

While we believe this segment analysis gives shareholders the most accurate understanding of our corporate expenses it does behold us to reconcile the higher reported IFRS number under this heading of $78.3 million with the lower segment analysis number. Of the IFRS number

- $39 million is attributable directly to Sibir Group overheads and administrative expenses (as described in the paragraph above)
- $10.8 million relates to Magma's upstream and products trading units and was deducted from the upstream earnings in the segment analysis
- $28.5 million relates to legacy administrative costs of the MOGC Group and this sum was deducted form the downstream earnings in the segment analysis

As mentioned in our June report, we are now engaged in a restructuring which will significantly reduce the expenses referred to in the last bullet point ($28.5 million) in the near future.

Other losses – net

Other losses comprise of $3.4 million which relate to the realisation of exchange losses on joint venture loans repayments received during the period, $2.8 million arising from the maturing of current period oil hedges, and $1.7 million related to a charge incurred on oil sales contracts used by the Group to take advantage of improved market conditions.

Finance Costs

The segment analysis shows net finance costs for the period increased to $19.0 million from $1.7 million during the same period last year. This increase was driven by interest incurred on new loans used to finance the MOGC and Koltogorsky acquisitions, consolidated interest incurred in MOGC and reduced income from bank deposits. This amount differs from the IFRS accounts because $23.1 milion of interest income on loans from SPD has been allocated to the upstream segment.

In the IFRS accounts net interest income for the Group in the first half of 2008 totalled $4.1 million, an 84% decrease from $26 million in the first six months of 2007. This reduction is primarily due to (1) an increase in interest expense from $11.4 million to $25.6 million incurred on new loans used to finance the MOGC and Koltogorsky acquisitions and (2) reduced interest income of $29.7 million down from $37.4 million as balances on loans from the Group to SPD were repaid and interest income from bank deposits declined.

Taxation

The taxation charge of $49.3 million predominantly comprises profits tax payable by Magma of $49.6 million offset by a small deferred tax benefit for MOGC.

Net Profit and Earnings per share (EPS)

Group Net Profit after interest and taxation was $238.5 million in the first six months of 2008 compared to net profit of $89.8 million in the first six months of 2007, an increase of 166% and an improvement in financial performance of $148.7 million.

Earnings per share (EPS) is 60.47 cents, up 118% from 27.72 cents for the same period in 2007 and a 6% increase on the EPS of 57.21 cents for the last six months of 2007.

Balance Sheet

As at 30 June 2008, the Group's net assets have increased by $308.4 million to $2,432.3 million from 31 December 2007, an increase of 15% reflecting the Group's profitability during the six months.

The Group's net current assets for the first six months 2008 increased by $273.2 million to $564.2 million compared to $291 million as at 31 December 2007 due predominantly to an increase in trade receivables and other loans repayment of short term borrowings.

Total assets less current liabilities as at 30 June 2008 was $2,925.7 million up from 31 December 2007 balance of $2,615.8 million. This again evidences the growth in the Group's assets and operations over the period.

Total shareholder's equity as at 30 June 2008 was $2,432.3 million compared to $2,123.9 million as at 31 December 2007 an increase of 15%. There were no share issues in the period and this increase is subsequently due to the 86% increase in retained earnings for the Group in the six months to 30 June 2008.

Cash Flow

Cashflow from operating activities

In the first six months of 2008, the Group generated cash from operations of $49.3 million compared to $31.4 million for the same period in 2007, and $43.4 million in the last six months of 2007. Net interest received of $15.6 million (2007 – net interest paid $4.1 million) and taxation paid $63.0 million (2007 - $10.4 million) results in a total cash flow from operating activities of $1.9 million (2007 - $17.3).

Cash flow from investing activity

The Group financed capital expenditure of $15.3 million at Magma, incurred exploration expenditure of $28.2 million, received $73.7 million from SPD in repaid loan amounts and received $15.8 million net in loans issued to the Group.

Cash flow from financing activities

The Group drew down on trade finance and other loans in the amount of $127.7 million, and repaid loan amounts in the sum of $306.7 million.

The half year 2008 closed with a cash and cash equivalent balance of $161.3 million compared to $188.8 million as at 30 June 2007, and $293.3 million as at 31 December 2007.

Financial Instruments

The Group's financial instruments comprise borrowings, cash and liquid resources, and various items, such as trade debtors, and trade creditors which arise directly from its operations. The main purpose of these financial instruments is to finance the Group's operations. It is, and has been throughout the period under review, the Group's policy that there is minimal trading in financial instruments. The main risks arising from the Group's financial instruments are foreign currency risk, oil price risk, interest rate and liquidity risk.

The Board reviews and agrees policies for managing each of these risks and they are summarized as follows under the following two headings:

Foreign Currency Policy

Sibir's revenue is approximately evenly split between US Dollars and Russian Roubles. As some of the development, production and taxation expenditures are in Roubles, along with some interest servicing and loan repayments, the risk from variations in the value of the rouble is not significant.

Sibir continues to transfer funds to and from Russia without incident or impediment.

Interest Rate and Liquidity Policy

The Group finances its operations though its own cash on hand, project finance and trade finance.

Going Concern

The Directors have a reasonable expectation that the Group has adequate resources to continue its operations for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

William L.S. Guinness	**Henry O Cameron**
Chairman	**Chief Executive Officer**
30 September 2008	**30 September 2008**

Interim Consolidated Income Statement
for the six months ended 30 June 2008

	Note	Six months ended 30 June 2008 $ 000	Six months ended 30 June 2007 (restated[1]) $ 000
Revenue	3	**1,904,221**	680,596
Cost of sales		**(1,644,620)**	(618,771)
Gross profit		**259,601**	61,825
Administrative expenses		**(78,321)**	(13,269)
Other losses - net	4	**(7,831)**	-
Operating profit		**173,449**	48,556
Finance income		**29,681**	37,443
Finance costs		**(25,552)**	(11,400)
Share of profit from joint ventures and associates net of interest and taxation		**110,223**	29,263
Profit before taxation		**287,801**	103,862
Taxation	6	**(49,257)**	(14,062)
Profit for the period		**238,544**	89,800
Attributable to:			
Equity holders of the Company		**233,747**	87,834
Minority interest		**4,797**	1,966
		238,544	89,800
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in cents per share)			
- Basic	7	**60.47**	27.72
- Diluted	7	**60.10**	27.68

The notes 1 to 14 form part of these unaudited interim consolidated financial statements.

[1] "restated" for the purposes of change in presentational currency. See note 2

Interim Consolidated Balance Sheet
at 30 June 2008

	Note	**30 June 2008 Unaudited**	31 December 2007 Audited	30 June 2007 Unaudited (restated[1])
		$ 000	$ 000	$ 000
Assets				
Non-current assets				
Property, plant and equipment		**184,084**	173,411	87,798
Intangible assets		**501,991**	472,587	79,172
Investments in joint ventures accounted for using the equity method		**1,107,742**	967,162	68,071
Investments in associates		**222,882**	199,260	195,071
Available-for-sale financial assets		**88**	54	24,546
Trade and other receivables		**334,963**	508,996	619,606
Deferred tax assets		**6,505**	-	-
		2,358,255	2,321,470	1,074,264
Current assets				
Inventories		**97,050**	73,673	35,977
Trade and other receivables		**761,997**	406,791	258,290
Income tax prepayment		**26,479**	25,788	-
Cash and cash equivalents	5	**161,344**	293,265	188,798
		1,046,870	799,517	483,065
Assets classified as held for sale		**3,313**	3,313	3,315
Total Assets		**3,408,438**	3,124,300	1,560,644
Liabilities				
Current liabilities				
Borrowings	8	**(158,290)**	(310,380)	(250,768)
Trade and other payables		**(284,259)**	(167,854)	(52,834)
Income tax payable		**(40,143)**	(30,263)	-
		(482,692)	(508,497)	(303,602)
Non-current liabilities				
Borrowings	8	**(281,174)**	(303,332)	(64,333)
Trade and other payables		**-**	(242)	(17,610)
Deferred income tax liabilities		**(117,871)**	(109,670)	(25,642)
Provisions	9	**(94,356)**	(78,706)	(3,417)
		(493,401)	(491,950)	(111,002)
Net assets		**2,432,345**	2,123,853	1,146,040
Equity				
Capital and reserves attributable to equity holders of the Company				
Called up share capital		**100,704**	100,704	86,766
Share premium		**1,609,179**	1,609,179	914,371
Other reserves	10	**107,872**	51,952	16,469
Retained earnings		**536,588**	288,326	115,528
		2,354,343	2,050,161	1,133,134
Minority interest in equity		**78,002**	73,692	12,906
Total minority interest and shareholders' equity		**2,432,345**	2,123,853	1,146,040

The unaudited consolidated interim financial statements comprising the unaudited interim consolidated income statement, balance sheet, statement of changes in equity and cash flow statement were approved and authorised for issue by the Board of Directors on 30 September 2008 and were signed on its behalf by:

H Cameron	**A Betsky**
Director	**Director**

The notes 1 to 14 form part of these unaudited interim consolidated financial statements.

[1] "restated" for the purposes of change in presentational currency. See note 2

Interim Consolidated Statement of Changes in Equity
for the six months ended 30 June 2008

	Share capital $ 000	Share premium $ 000	Other reserves $ 000	Retained earnings $ 000	Total $ 000	Minority interest $ 000	Total $ 000
Note			**10**				
At 1 January 2007	86,766	914,371	1,867	27,694	1,030,698	10,898	1,041,596
- Loss on revaluation of available-for-sale financial assets	-	-	(604)	-	(604)	-	(604)
-Currency translation adjustments	-	-	15,206	-	15,206	42	15,248
-Total income and expense for the period recognised directly in equity	-	-	14,602	-	14,602	42	14,644
-Profit for the period	-	-	-	87,834	87,834	1,966	89,800
-Total income and expense for the period	-	-	14,602	87,834	102,436	2,008	104,444
At 30 June 2007	86,766	914,371	16,469	115,528	1,133,134	12,906	1,146,040
-Gains on revaluation of available for sale financial assets	-	-	228	-	228	-	228
-Currency translation adjustments	-	-	35,307	-	35,307	2,170	37,477
- Recycled foreign currency translation losses	-	-	3,624	-	3,624	-	3,624
-Total income and expense for the period recognised directly in equity	-	-	39,159	-	39,159	2,170	41,329
-Profit for the period	-	-	-	189,950	189,950	2,677	192,627
-Total income and expense for the period	-	-	39,159	189,950	229,109	4,847	233,956
- Acquisition of subsidiary	13,938	694,808	23,322	-	732,068	55,939	788,007
- Dividends paid	-	-	-	(44,150)	(44,150)	-	(44,150)
- Reclassification of cumulative translation differences following change in functional currency	-	-	(26,998)	26,998	-	-	-
At 31 December 2007	100,704	1,609,179	51,952	288,326	2,050,161	73,692	2,123,853

[1] “restated” for the purposes of change in presentational currency. See note 2

Interim Consolidated Statement of Changes in Equity (Continued)
for the six months ended 30 June 2008

	Share capital $ 000	Share premium $ 000	Other reserves $ 000	Retained earnings $ 000	Total $ 000	Minority interest $ 000	Total $ 000
Note			**10**				
At 1 January 2008	100,704	1,609,179	51,952	288,326	2,050,161	73,692	2,123,853
-Gains on revaluation of available for sale financial assets			34	-	34	-	34
- Currency translation adjustments	-	-	52,482	14,515	66,997	(488)	66,509
- Recycled foreign currency translation losses			3,404	-	3,404	-	3,404
-Total income and expense for the period recognised directly in equity	-	-	55,920	14,515	70,435	(488)	69,947
-Profit for the period	-	-	-	233,747	233,747	4,798	238,545
-Total income and expense for the period	-	-	55,920	248,262	304,182	4,310	308,492
At 30 June 2008 (unaudited)	**100,704**	**1,609,179**	**107,872**	**536,588**	**2,354,343**	**78,002**	**2,432,345**

The notes 1 to 14 form part of these unaudited interim consolidated financial statements.

[1] "restated" for the purposes of change in presentational currency. See note 2

Interim Consolidated Cash Flow Statement
for the six months ended 30 June 2008

	Six months ended 30 June 2008	Six months ended 30 June (restated[1]) 2007
Operating activities	**$ 000**	$ 000
Profit before tax	**287,801**	103,862
Add back share of profit of joint ventures	**(110,223)**	(29,263)
Group operating profit excluding share of result of joint ventures	**177,578**	74,599
Finance income	**(29,681)**	(37,443)
Finance costs	**25,552**	11,400
Operating profit	**173,449**	48,556
Adjustments to reconcile profit before tax to net cash flows		
Depletion and depreciation charge for the year	**18,395**	3,542
(Profit)loss on disposal of assets	**549**	(3)
Exchange (gain) / loss	**(1,317)**	470
Impairment of assets	**364**	
Income tax paid	**(63,038)**	(10,426)
(Increase) / decrease in inventories	**(25,198)**	(10,720)
Increase / (decrease) in trade and other receivables	**(189,581)**	(21,424)
Increase / (decrease) in trade and other payables	**72,613**	11,476
Interest received	**37,084**	4,399
Interest paid	**(21,471)**	(8,536)
Net cash flow from operating activities	**1,849**	17,334
Cash flows from investing activities		
Purchase of property, plant and equipment	**(16,755)**	(18,568)
Purchase of intangibles	**(28,216)**	(49,982)
Proceeds from disposal of property, plant and equipment	**121**	11
Loans to joint ventures	**73,662**	(31,368)
Loans to other entities	**15,760**	(49,929)
Net cash flow from investing activities	**44,572**	(149,836)
Cash flows from financing activities		
Proceeds from loans	**127,678**	170,181
Repayment of loans	**(306,708)**	(70,201)
Net cash flow financing activities	**(179,030)**	99,980
Net decrease in cash and cash equivalents	**(132,609)**	(32,522)
Opening cash and cash equivalents	**293,265**	216,748
Effect of exchange rate changes on cash and cash equivalents	**688**	4,572
Closing cash and cash equivalents	**161,344**	188,798

The notes 1 to 14 form part of these unaudited interim consolidated financial statements.

[1] "restated" for the purposes of change in presentational currency. See note 2

Notes to the illustrative interim condensed consolidated financial statements

1. General Information

Sibir Energy plc ('the Company') is a Company domiciled and incorporated in the United Kingdom under the Companies Act 1985. The address and registered office is 17c Curzon Street, London, W1J 5HU. The Company is listed on the Alternative Investment Market (AIM), London.

The interim condensed consolidated financial statements for the half year ended 30 June 2008 were authorised for issue by the Board of Directors on 30 September 2008. The financial information contained in this report is unaudited but has been reviewed by the auditors.

These condensed interim financial statements do not represent statutory accounts within the meaning of Section 240 of the Companies Act 1985. The comparative financial information is based on the statutory accounts for the year ended 31 December 2007. Those accounts, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies and did not contain statements under section 237(2) or (3) of the Companies Act of 1985.

2. Basis of preparation and accounting policies

Basis of preparation

The interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and International Financial Reporting Interpretations Committee ('IFRIC') interpretations endorsed by the European Union ('EU') and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2007.

The interim condensed consolidated financial statements for the six months ended 30 June 2008 have been prepared in accordance with IAS 34 Interim financial reporting.

Significant accounting policies

The accounting policies and methods of computation adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2007, except for the adoption of new standards and interpretations, noted below:

IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.
This interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognised as an asset under IAS 19 Employee Benefits. The Group considers that this interpretation has no impact on the financial position or performance of the Group.

Presentational and functional currency

As disclosed in the the Group's annual financial statements for the year ended 31 December 2007 the presentational currency of the Group and the functional currency of various Group Companies changed from Pounds Sterling to US Dollars ($). Consequently the 2007 interim financial comparatives have been restated for this change in currency.

The method used to present the 2007 interim financial comparatives is as follows:
Assets and liabilities were translated into US Dollars using the closing rate at the 2007 interim balance sheet date. Income, expenses and cashflows recognised in the period were translated at an average US

Dollar exchange rate for the period. Resulting exchange differences were reflected as currency translation adjustments and included in the cumulative currency translation reserve.

Equity and share capital items were translated using the historic closing rate applicable on 1 January 2005 and were not re translated at each subsequent balance sheet date. All share capital transactions which were effected after 1 January 2005 were recorded using an exchange rate which prevailed at the date of those transactions.

The applicable exchange rates used for 2007 were:

Period Ended:	01/01/2007	30/06/2007
Average	0.5444	0.5046
Closing Rate	0.5109	0.4984

3. Segmental information

During 2008, the Group operated in two business segments, being those of exploration, production and sale of crude oil and refining, marketing and distribution of refined oil products. These segments were renamed following the acquisition of MOGC. In the prior comparative period the segments were known as ‘Production and sale of crude oil’ and ‘Sales of refined oil products’ respectively. The unallocated segment relates to amounts of a corporate nature and not specifically attributable to other segments.

The segment results for the six months ended 30 June 2008 are as follows:

	Exploration & Production	Refining, Marketing & Distribution	Unallocated	Total
	$ 000	$ 000	$ 000	$ 000
Segment revenue	**467,384**	**1,436,837**	**-**	**1,904,221**
Operating profit/(loss) segment result	**28,763**	**183,636**	**(38,950)**	**173,449**
Finance income	**23,079**	**-**	**6,602**	**29,681**
Finance costs	**-**	**-**	**(25,552)**	**(25,552)**
Share of profit from joint venture	**112,395**	**(16,848)**	**-**	**95,547**
Share of profit from associate	**-**	**14,676**	**-**	**14,676**
Taxation	**-**	**-**	**(49,257)**	**(49,257)**
Profit/(loss) for the period	**164,237**	**181,464**	**(107,157)**	**238,544**

The segment results for the six months ended 30 June 2007 (restated[1]) are as follows:

	Exploration & Production	Refining, Marketing & Distribution	Unallocated	Total
	$ 000	$ 000	$ 000	$ 000
Segment revenue	155,416	525,180	-	680,596
Operating profit/(loss) segment result	10,749	47,692	(9,885)	48,556
Finance income	27,717	-	9,726	37,443
Finance costs	-	-	(11,400)	(11,400)
Share of profit from joint venture	20,783	-	-	20,783
Share of profit from associate	-	8,480	-	8,480
Taxation	-	-	(14,062)	(14,062)
Profit/(loss) for the period	59,249	56,172	(25,621)	89,800

	Exploration & Production	Refining, Marketing & Distribution	Unallocated	Total
	$ 000	$ 000	$ 000	$ 000
Segment total assets				
At 30 June 2008	**1,064,882**	**2,186,673**	**156,883**	**3,408,438**
At 31 December 2007	1,296,418	1,644,819	183,063	3,124,300
At 30 June 2007 (restated[1])	1,019,353	393,779	147,512	1,560,644

4. Other losses – net

Other losses comprise of $3.4 million which relate to the realisation of exchange losses on joint venture loans repayments received during the period, $2.8 million arising from the maturing of current period oil hedges, and $1.7 million relating to a charge incurred on oil sales contracts used by the Group to take advantage of improved market conditions.

[1] “restated” for the purposes of change in presentational currency. See note 2

5. Cash and cash equivalents

For the purpose of the interim consolidated cash flow statement, cash and cash equivalents are comprised of the following:

	30 June 2008 $ 000	30 December 2007 $ 000	30 June 2007 (restated[1]) $ 000
Cash at bank and on hand	**38,255**	57,328	70,798
Short term promissory notes (i)	**57,109**	106,000	118,000
Short-term bank deposits	**65,980**	129,937	-
	161,344	293,265	188,798

(i) The Group has an amount of $57 million (2007: $118 million) on deposit which acts as collateral for bank loans made to other Group Companies.

6. Taxation

The major components of income tax expense in the interim consolidated income statement are:

	Six months ended 30 June 2008 $ 000	Six months ended 30 June 2007 (restated[1]) $ 000
Current income tax	51,220	11,402
Deferred income tax	(1,963)	2,660
Income tax expense for the period	49,257	14,062

7. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period. The diluted earnings per share includes the potential ordinary shares resulting from the exercise of the share options.

	Six months ended 30 June 2008	Six months ended 30 June 2007 (restated[1])
Earnings attributable to ordinary shareholders ($ 000)	**233,747**	87,834
Weighted average number of ordinary shares in issue used in basic earnings per ordinary share	**386,564,695**	316,850,441
Basic earnings per share (cents per share)	**60.47**	27.72
Weighted average number of ordinary shares in issue used in diluted earnings per ordinary share	**388,945,832**	317,270,348
Diluted earnings per share (cents per share)	**60.10**	27.68

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume the conversion of the share options to ordinary shares.

The Company has a share option scheme under which options to subscribe for the Company's shares have been granted to certain Executives and employees.
At 30 June 2008 a total of 575,000 share options were outstanding and exercisable. 475,000 are exercisable at $1.99c (£1.00p) and 100,000 exercisable at $3.89c (£1.95p). At 30 June 2008 the market price of the Company's shares was $16.23c (£8.14p) (30 June 2007: $8.67c (£4.32p)).

As part of the acquisition of MOGC in September 2007, the Company granted CFC share options for 15,492,056 new ordinary shares at an exercise price of $10.35. These ordinary shares options are exercisable at any time up to 24 February 2009.

8. Borrowing and loans

On 24 August 2007 Sibir entered into a short term facility agreement for $400 million with ING Bank N.V. and JP Morgan Plc. During the period to 30 June 2008 an amount of $124 million was repaid and the outstanding amount of the term facility stood at $247 million.

9. Provisions

	Decommissioning $ 000	**Tax claims $ 000**	**Vacant property $ 000**	**Inventory $ 000**	**Total $ 000**
At 1 January 2007	1,717	-	1,761	**-**	**3,478**
Provided during the period	1,641	-	-	**-**	**1,641**
Unwinding of discount	59	-	-	**-**	**59**
Utilisation of provision	-	-	(1,761)	**-**	**(1,761)**
At 30 June 2007 (restated[1])	**3,417**	**-**	**-**	**-**	**3,417**
Acquisition of MOGC	**-**	67,921	-	**-**	**67,921**
Exchange difference	(2)	3,568	-	**-**	**3,566**
Provided during the period	(702)	4,405	-	**-**	**3,703**
Unwinding of discount	99	-	-	**-**	**99**
At 31 December 2007	**2,812**	**75,894**	**-**	**-**	**78,706**
Update of MOGC acquisition (i)	-	5,837	-	**-**	**5,837**
Exchange difference	-	3,710	-	-	**3,710**
Provided during the period	1,921	3,227	-	511	**5,659**
Unwinding of discount	444	-	**-**	**-**	**444**
At 30 June 2008	**5,177**	**88,668**	**-**	**511**	**94,356**

(i) The amount of $5.8 million is a fair value adjustment relating to the MOGC acquisition which has subsequently been updated as detailed in note 11.

[1] "restated" for the purposes of change in presentational currency. See note 2

10. Other reserves

	Capital redemption reserve (i)	Fair value adjustment reserve (ii)	Shareholder options (iii)	Re-translation of quasi equity (iv)	Currency translation reserve (v)	Total other reserves
	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
At 1 January 2007	**27,658**	**2,614**	**-**	**(29,762)**	**1,357**	**1,867**
Gains (losses) on fair value adjustment for available-for-sale financial assets	-	(604)	-	-	-	(604)
Currency translation differences on translation of net investments in joint ventures	-	-	-	(11,693)	-	(11,693)
Currency translation differences on translation of subsidiaries	-	-	-	-	26,899	26,899
At 30 June 2007 (restated[1])	**27,658**	**2,010**	**-**	**(41,455)**	**28,256**	**16,469**
Gains (losses) on revaluation of available for sale financial assets	-	228	-	-	-	228
Acquisition of subsidiary	-	(2,195)	26,646	-	(1,129)	23,322
Currency translation differences on translation of share of Associates reserves	-	-	-	-	7,903	7,903
Currency translation differences on translation of subsidiaries	-	-	-	-	27,404	27,404
Recycling to the income statement on repayment of joint venture loans	-	-	-	3,624	-	3,624
Reclassification to retained earnings due to change in functional currency	-	-	-	-	(26,998)	(26,998)
At 31 December 2007	**27,658**	**43**	**26,646**	**(37,831)**	**35,436**	**51,952**
Gains (losses) on revaluation of available for sale financial assets	-	34	-	-	-	**34**

Currency translation differences on translation of share of Associates reserves	-	-	-	-	8,946	**8,946**
Currency translation differences on translation of subsidiaries	-	-	-	-	43,536	**43,536**
Recycling to the income statement on repayment of joint venture loans	-	-	-	3,404	-	**3,404**
At 30 June 2008	**27,658**	**77**	**26,646**	**(34,427)**	**87,918**	**107,872**

(i) The capital redemption reserve arose in 2000 when the High Court approved a capital redemption and reduction scheme under which the Company acquired a number of its own shares from a subsidiary undertaking. These shares were subsequently cancelled.

(ii) Certain investment assets under IFRS are treated as available-for-sale financial assets. These assets are recognised at their fair value and any gain or loss arising on revaluation at the reporting date is recognised in this reserve.

(iii) The shareholder options reserve relates to the share options granted at the time of MOGC acquisition.

(iv) This reserve contains foreign exchange differences arising on the re-translation of long term loans issued to the SPD joint venture which are recorded directly in equity.

(v) The currency translation reserve is used to record the current year and cumulative amount of foreign currency translation gains and losses recognised in equity arising on retranslation of subsidiaries and associates.

11. Business Combinations

On 18 September 2007 shareholders approved all the resolutions necessary for the Directors to complete the acquisition of 100% of the Moscow Oil and Gas Company (MOGC).
In the 31 December 2007 financial statements the purchase price of this acquisition was calculated by comparing the provisional fair value of the assets against the book value.
All fair value adjustments were provisional, based on management's best estimates. The fair value adjustments relating to the MOGC acquisition have subsequently been updated which has resulted in some changes.

The fair value of the assets and liabilities of MOGC and its subsidiaries and joint venture interests (the "MOGC group") as of 31 December 2007 that arose from the original acquisition and the revised fair value and adjustments as at 30 June 2008 are set out in the table below:-

		At 31 December 2007		**At 30 June 2008**
	Note	Provisional fair value $ 000	Adjustments to fair Value $ 000	**Updated fair value $ 000**
Cash and cash equivalents		37,507	-	**37,507**
Intangible assets		337,036	-	**337,036**
Property, plant and equipment	1	69,231	(464)	**68,767**
Investments in joint ventures accounted for using the equity method	2	298,357	(1,867)	**296,490**
Inventories		5,642	-	**5,642**

Loans	3	131,409	4,312	**135,721**
Trade and other receivables	3	21,190	(4,312)	**16,878**
Trade and other payables	3	(76,811)	5,625	**(71,186)**
Borrowings	3	(81,978)	(5,625)	**(87,603)**
Deferred tax liabilities	4	(82,813)	111	**(82,702)**
Provisions	5	(67,921)	(5,837)	**(73,758)**
Net assets		590,849	(8,057)	**582,792**
Less Minority interests		(70,382)	2,889	**(67,493)**
Net assets acquired		520,467	(5,168)	**515,299**

Purchase consideration:			
- Cash paid	200,000	-	200,000
- Direct costs relating to the acquisition	28,947	-	28,947
- Fair value of shares issued	708,746	-	708,746
- Fair value of shares options issued	26,646	-	26,646
- Capital contribution	102,499	-	102,499
Total purchase consideration	1,066,838	-	**1,066,838**
Goodwill arising on acquisition (i)	546,371	5,168	**551,539**

(i) Goodwill has been allocated between the MOR joint venture ($513.1 million) and MTK ($38.4 million).

Fair value adjustments

(1) Property, plant & equipment assets have been fair valued as their depreciated replacement cost. The fair value adjustments relate to the finalised valuation of tangible assets which were determined based on an independent valuation.

(2) Sibir previously undertook a fair value exercise relating to the value of MOGC's share of the net assets of its joint venture, Moscow Oil Refinery. This adjustment relates to the finalisation of the Group's share of those tangible and intangible assets.

(3) The reclassification of trade payables, receivables and borrowings relate to adjustments to align MOGC Group balances with the Group's accounting policies.

(4) Deferred tax adjustments arising as a result of the fair value adjustments to property plant & equipment.

(5) The increase in provisions has arisen as a result of management's reassessment of potential legal and tax liabilities of the MOGC group.

12. Contingent liabilities and assets

Ongoing litigation or claims

During the year, the Company was involved in a number of court proceedings (both as a plaintiff and a defendant) arising in the ordinary course of business. In the opinion of management, there are no current legal proceedings or other claims outstanding which could have a material effect on the result of operations or financial position of the Company and which have not been accrued or disclosed in these consolidated financial statements.

Russian business operating environment

During the period ended 30 June 2008 all of the Group's business was conducted in Russia through its investment in subsidiaries, joint ventures, associates and trade investments operating in the oil and gas industry. These operations and those of similar companies in Russia are subject to the economic, political and regulatory uncertainties prevailing in Russia.

There have been improvements in the Russian economic situation, such as an increase in gross domestic product, and huge increases in currency reserves and much greater diversification of the economy. The control of inflation, economic reforms and improved legal, tax and regulatory frameworks remain challenges. The future stability of the Russian economy is largely dependent upon these controls and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

Guarantees issued

As at 30 June 2008 the Company's subsidiaries have guaranteed the external bank loans of other subsidiaries to a maximum amount of $22.4 million.

Environmental matters

The enforcement of environmental regulation within the Russian Federation is continually evolving and considered by government authorities. The Company periodically evaluates its obligations under any of these environmental regulations. As obligations arise, they are immediately recognised or accrued for. Any potential liabilities, which might arise as a result of changes to the existing regulations, civil litigation or legislation, cannot be estimated but maybe material. In the current climate and under existing legislation, management believes that there are no significant liabilities that the Company should account for in relation to environmental damage, in excess of that already provided for in the financial statements.

Taxation

Russian tax, currency and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant regional and federal authorities. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive position in its interpretation of the legislation and assessments and as a result, it is possible that transactions and activities that have not been challenged in the past may be challenged. As such, significant additional taxes, penalties and interest may be assessed. It is not practical to determine the amount of unasserted claims that may manifest, if any, or the likelihood of any unfavorable outcome. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

Management believes that the Group has complied with all regulations, and paid and accrued all taxes that are applicable. However, it is possible that the relevant local or national governmental authorities may attempt to revise their previous approach to such transactions and assess additional income and other taxes and duties against the Group. Having considered all the relevant factors, including the fact that in practice the risk of retroactive tax assessment and penalty charges decreases significantly after three years, management believes that the Group's exposure to possible tax contingencies over and above taxes paid or accrued as at 30 June 2008 approximates $1.6 million. Should the Russian tax authorities question these initiatives and prove successful in their claim, they would be entitled to recover these amounts, together with penalties amounting to 20% of such amounts and interest at the rate of 1/300th of the Central Bank of Russia rate, equating to 10% as at 30 June 2008, for each day of delay for late payment of such amounts.

13. Related party transactions

The following transactions were carried out with related parties:

Controlling shareholders agreement

A shareholders agreement between the Companies, major investors was signed in September 2005. This agreement which came into force upon completion of the Bennfield Subscription, stipulates that Bennfield Limited, Orton Oil Company Limited, Gradison Consultant Inc, Chalva Tchigirinski and Igor Kesaev (the “Controlling Parties”) will agree that, for so long as they control the voting of 30% or more of the issued Ordinary Shares in the capital of the Company (or until that share capital ceases to be admitted to trading on AIM or admitted to the Official List of Financial Services Authority and to trading on the listed securities market of the London Stock Exchange plc) they will (except with the consent of a majority of the Directors who are independent of the Controlling Parties (the “Independent Directors)):

- not use their voting power in relation to the Company to appoint or dismiss any Director nor appoint a majority of the board;
- not be interested in any company or business which carries on the same or a similar or related business to that of the Company (except through being the holder for investment purposes of only 3% or less of the issued share capital of any publicly quoted company);
- not accept any offer for all or any of the shares which they own in the capital of the Company unless the offeror makes at the same time as such an offer is made, an offer or offers for the share capital of the Company which the offeror would be required to make if the City Code on Takeovers and Mergers applied to the Company;
- not vote in respect of any contract or arrangement with the Company in which they have an interest, except with the consent of the Independent Directors;
- not behave in any way which is detrimental to the interest of the Shareholders as a whole or which precludes the company from carrying on its business independently;
- conduct all transactions and relationships with the Company on an arm’s length basis on normal commercial terms; and
- ensure that the Board has at all times no fewer than two independent Directors.

During the continuance of these obligations, Sibir will not appoint a Chief Executive without the consent of Bennfield Limited, such consent not to be unreasonably withheld.

Mall Gallery 1, 2 and 3

This Company is beneficially owned by Chalva Tchigirinski, who through Bennfield Ltd is a major shareholder of Sibir Energy plc.

The company’s subsidiary Magma subleases office space to Mall Gallery 1, 2 and 3. The amount invoiced to Magma in 2007 was $50,000. During 2007 Magma ceased to sublease office space. For the period ended 30 June 2008 the amount of $50,000 remains outstanding.

Cristen Limited

This Company is beneficially owned by Chalva Tchigirinski.

As part of a review of logistics and their effect on the Company’s key human resources the Company concluded given the huge distances over which the Company’s activities span and are likely to span that its efficiency would be improved and the wear and tear on key personnel would be decreased by the purchase of a second hand Gulfstream jet which was available at a favourable price to market. The Company’s decision was conditional on finding a partner which would share the cost of acquisition and operational expenses. In October 2007 the Company entered into a conditional agreement with Cristen Limited for the acquisition of a Gulfstream jet. The partner withdrew from the arrangement and the Company feels the purchase is no longer justified and has since withdrawn from the transaction. The termination has been accepted by the seller and the deposit paid of $10 million is due to be returned soon.

Central Fuel Company (CFC)

CFC, which is owned by the City of Moscow, owns shares in Sibir Energy plc representing 18.03% of its issued share capital.

Sales to and amounts owed by CFC relate to transactions entered into with Magma and Moscow Fuel Company (MTK) and related to the sale of oil products.

A summary of these transactions are shown in the table below:

Period ended:	Sales to CFC	Purchases from CFC	Amounts owed by CFC	Amount owed to CFC
	$000	$000	$000	$000
30 June 2008	79,306	24,859	2,219	-

Salym Petroleum Development NV (SPD)

This is a joint venture of the Sibir Group. The table below details transactions between Group companies and SPD:

Transaction Type & Detail:	**30 June 2008**	30 June 2007 (restated[1])
	$ 000	$ 000
Loans receivable (i)	567,154	590,570
Purchases of crude oil for production	360,963	58,190
Purchases of crude oil for resale	322,647	165,778
Sales of oil products	2,084	-

(i) The loans are provided by the Company and Evikhon with interest being charged at the US Dollar six month Libor rate plus 5%.

Moscow Oil Refinery (MOR)

This is a joint venture of the Sibir Group. The table below details transactions between Group companies and MOR:

Period ended:	Sales to MOR	Purchases from MOR	Amounts owed by MOR	Amount owed to MOR	Loan provided to MOR (i)
	$ 000	**$ 000**	**$ 000**	**$ 000**	**$ 000**
30 June 2008	9,158	206,930	2,701	32,270	10,892

(i) The loans are provided by MOGC with interest being charged at an effective rate of 11.7%.

Moscow Oil Company (MNK), MNK-Avtocard, MNGK-Avtocard, MNK-Gazozapravka & Korimos

These entities are under the common control of the Sibir Group and CFC who is also a shareholder of Sibir Energy plc.

The table below details transactions between the Group companies and MNK entities for the period ending 30 June 2008:

Related Party	Sales to	Purchases from	Amounts owed by	Amount owed to
	$ 000	$ 000	$ 000	$ 000
MNK	43	329	411	99
MNK-Avtocard	43,838	2,429	-	867
MNGK-Avtocard	110,751	603	8,819	4,055
MNK-Gazozapravka (i)	124	-	3,968	-
Korimos	14,173	-	151	-

(i) $3.6 million of the amount owed by MNK-Gazozapravka relates to a Rouble loan provided by MTK with interest being charged at an effective rate of 11.7%.

14. Events after the balance sheet date

MOGC and Gazpromneft

On the 28 August the Company announced that its downstream subsidiary, Moscow Oil and Gas Company (‘MOGC’), and Gazprom Neft (‘GPN’) have transferred their respective beneficial shareholdings in the Moscow Oil Refinery to Moscow NPZ Holdings B.V. (‘Moscow NPZ Holdings’), a company incorporated in the Netherlands by way of share subscriptions in kind, in exchange for a 50% stake each in the new company. In addition MOGC and GPN have each contributed €1 million to the share capital of Moscow NPZ Holdings.

Moscow NPZ Holdings now controls 90.02% of the voting shares of the Moscow Oil Refinery.

Both parties are equally represented on the board of the new holding company and the board of the Moscow Oil Refinery and the rights of Moscow NPZ Holdings, as a shareholder of the Moscow Refinery, will now be exercised through an internationally accredited trust management company. An independent operational management team for the Moscow Oil Refinery has been appointed and now conducts the facility’s day-to-day operations.

Orton Oil Company Limited and Gradison Consultant Inc

On 12 March 2008 and the 14 March 2008 the Company entered into agreements with Orton Oil Company Limited and Gradison Consultant Inc respectively to procure the sale of their shares in Avtocard and Korimos. The sale is conditional upon the Company managing the businesses for a period not exceeding six months. This period of management, which expired on 12 September 2008 has been extended until the execution of the transaction. The Company has indemnified the vendors against any losses which may occur as a result of the Company’s management.

The Company is in the final stages of agreeing the acquisition price which will be approximately $141.9 million. The price range of not less than $60 million and not more than $96 million has been changed due to two independent valuations on the assets in question indicating the assets having greater value. In consideration of the above the Company has paid deposits totaling $141.9 million to Orton Oil Company Limited and Gradison Consultant Inc, both of which are fully refundable should the Company decide not to proceed with the acquisition.

The Group’s joint venture, the Moscow Oil Refinery, owns the other 50% interest in Korimos.

Additional Financial Information

The following table details the Group's EBITDA:

	30 June 2008	30 June 2007 (restated[1])	change
	$ 000	$ 000	%
Group operating profit	173,449	48,556	257%
Share of profit from joint ventures and associates net of interest and tax	110,223	29,263	277%
Depletion, depreciation, amortisation & decommissioning costs	18,395	3,599	411%
EBITDA (before adding back the Group's share of DD&A from joint venture operations)	302,067	81,418	271%
Group's share of DD&A within the results of joint venture operations and associates	118,919	63,667	87%
EBITDA	420,986	145,085	190%

[1] "restated" for the purposes of change in presentational currency. See note 2

INDEPENDENT REVIEW REPORT TO SIBIR ENERGY PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 which comprises Interim condensed consolidated income statement, the Interim condensed consolidated balance sheet, the Interim condensed consolidated cash flow statement, the Interim condensed consolidated statement of changes in equity and the related notes 1 to 14. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in ISRE 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The Directors are responsible for preparing the half-yearly financial report in accordance with International Accounting Standards 34, “Interim Financial Reporting,” as adopted by the European Union.

As disclosed in note 2, the annual financial statements of the company are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standards 34, “Interim Financial Reporting,” as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

Ernst & Young LLP

London
Date 30 September 2008

Corporate Directory

Directors

William L S Guinness, Non-Executive Chairman
Henry O Cameron, Chief Executive
Stuard Detmer, Deputy Chief Executive
Alexander Betsky, Finance Director
Chalva Tchigirinski, Non-Executive Director

Secretary

Andrew Harrison

Solicitors

Jones Day
21 Tudor Street
London
EC4Y 0DJ

Brokers

JPMorgan Cazenove Limited
20 Moorgate
London
EC2R 6DA

Merrill Lynch
2 King Edward Street
London
EC1A 1HQ

Communications Advisor

M Communications
Citypoint
1 Ropemaker Street
London
EC2Y 9HT

Nominated Advisor

Strand Partners
26 Mount Row
London
W1K 3SQ

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Registrars

Capita IRG Plc
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Bankers

ING Bank N.V.
PO Box 1800
Location Code AMP D 03.005
1000 BV Amsterdam
The Netherlands

Bank of Scotland
54 John Street
Aberdeen
AB25 1LL

Registered Office

17c Curzon Street
London W1J 5HU

Tel: + 44 20 7495 7878
Fax: + 44 20 7495 8090
E-mail: information@sibirenergy.com
Website: www.sibirenergy.com

Moscow Office

31 Novinskiy Boulevard, 6th Floor
Moscow 123248
Russia

Tel: + 7 495 223 7464
Fax: + 7 495 933 7597

Registered

In England and Wales
Registered No. 3204093