

**Ruspetro plc (“Ruspetro” or the “Company”)**

**Annual Financial Report**

London, 29 April 2014: Ruspetro plc (LSE: RPO) today announces, as required by DTR 6.3.5(3), that its Annual Report, Notice of Annual General Meeting (‘AGM’) and Form of Proxy for the 2014 AGM have been published and are now available on the Ruspetro website: [www.ruspetro.com](http://www.ruspetro.com). This follows the release on 4 April 2014 of the Preliminary Results Announcement for the year ended 31 December 2013 (the ‘Preliminary Announcement’).

In compliance with LR9.6.1, the Company has today submitted copies of the following document to the National Storage Mechanism and these will shortly be available for inspection at <http://www.morningstar.co.uk/uk/NSM>:

- Annual Report and Accounts for the year ended 31 December 2013
- Notice of 2014 AGM
- Form of Proxy for the 2014 AGM

The Ruspetro Annual Report will be delivered to the Registrar of Companies in due course. Copies of the Annual Report and Notice of AGM may also be obtained from:

Ruspetro plc  
1<sup>st</sup> Floor, Berkeley Square House  
Berkeley Square  
London W1J 6BD

The AGM will take place at the offices of White & Case LLP, 5 Old Broad Street, London EC2N 1DW on 2 June 2014 at 11 am. The results of the voting at the AGM will be released to the market and published on [www.ruspetro.com](http://www.ruspetro.com) as soon as practicable after the conclusion of the AGM.

The appendix to this announcement contains additional information which has been extracted from the Company’s Annual Report for the purposes of compliance with DTR6.3.5 and should be read together with the Preliminary Announcement, which can be downloaded from the Company’s website at [www.ruspetro.com](http://www.ruspetro.com). This announcement should be read in conjunction with, and is not a substitute for, reading the full Annual Report. Together these constitute the information required by DTR 6.3.5(2) which is required to be communicated to media in full unedited text. Page references in the text below refer to page numbers in the Annual Report.

**APPENDIX**

**A: Audit Reports**

The Preliminary Announcement on 4 April 2014 included a set of condensed, unaudited financial statements and management commentary. The audited financial statements are contained in the

Annual Report. The independent audit reports of the Group and Company are contained on pages 60 to 62 and 92 to 93.

## **B: Principal Risks and Uncertainties**

The principal risks and uncertainties highlighted below are considered to have the most significant relevant potential effect on Ruspetro's business integrity, financial results and future prospects at its current stage of development. Not all these risk factors are within our direct control and those listed below are not exhaustive. There may be risks and uncertainties that are unknown to us and the list is expected to change. Many broad risks, however, are outside Ruspetro's full control, for example, changes in general economic conditions, including currency and interest rate fluctuations, changes in government regulation and macroeconomic issues. The Company's approach is to actively understand and monitor the risks it is exposed to, and then to manage those risks by using a practical and flexible framework which provides a consistent and sustained approach to risk assessment, so that their potential adverse effects are mitigated, where possible.

The principal risks of the Group are summarised as follows:

<b>TYPE</b>	<b>RISK</b>	<b>MITIGATION APPROACH</b>
<b>Internal and Operational Risks</b>	Production Performance	Ruspetro's senior management is focused on the application of appropriate technology to improve our understanding of our reservoirs including 3D seismic. Ruspetro has engaged Schlumberger, an international oil services group, to assist with field development planning and drilling execution.
	Reduction in reserves	Ruspetro's strategy is to utilise internationally proven appraisal and development techniques (including 3D seismic, hydraulic fracturing and horizontal wells) to maximise the economically recoverable hydrocarbons for our reservoirs.
	Health, Safety, Environment and Community relations ('HSEC')	Ruspetro treats HSEC as a priority, and its Board has formally adopted appropriate policies across the HSEC area. Ruspetro has appointed a Russia-based senior HSEC manager reporting directly to the CEO, along with local managers responsible for ensuring the implementation and the regular monitoring of Ruspetro's policies across the HSEC area.  Ruspetro has put in place appropriate insurance arrangements to manage and mitigate its potential financial exposure to risks in the HSEC area.
	Loss of production licence	Applicable licence conditions are being fulfilled. Compliance with these licence conditions is closely monitored by the Group. Licence renewal is not expected to be problematic, but it will be essential to demonstrate an effective gas utilisation programme.
	Recruitment and retention of key people and critical skills	The Group has recruited qualified staff and renowned contractors in key functional and technical areas to achieve its oil field development plan objectives.
	Procurements and contract management, capital and operating expenditure	Ruspetro operates effective policies, procedures and controls in relation to prior approval of supplier counterparties and competitive procurement within strict levels of delegated authority with the objective of achieving arms-length, transparent purchasing.  Ruspetro, its Board and Audit Committee monitor carefully and undertake close, regular scrutiny of the effectiveness of the Company's counterparty policies.
	Protection of	Development and implementation of a security strategy which includes improved training, processes and procedures for security personnel and

<b>External and Financial Risks</b>	Company property	improved technological components of physical security.
	Adverse government policy and political environment	This risk cannot be mitigated by Ruspetro. However, Ruspetro monitors changes in the political environment and reviews changes to the relevant legislation, policies and practices. The continuing need for oil production as a vital source of state revenue and the recent changes in legislation for Mineral Extraction Tax indicate that the environment for oil producers remains favourable.
	Exchange rate and inflation	Ruspetro's policy and practice is to match, as far as practicable, receipts and payments in the same currency, in particular in relation to Russian rouble transactions. Ruspetro's risk monitoring includes the review of its actual projected financial position with particular regard to its US-dollar denominated debt.
	Access to finance	<p>Ruspetro considers that its stepwise strategy of delineating the production potential of its sizeable oil and gas reserves and resources will maximise its ability to attract both debt and equity finance.</p> <p>Ruspetro re-negotiated the interest repayments on the debt owed to Sberbank in 2013 and 2014, subject to meeting EBITDA targets, and extended the maturity to 2018. In addition, Ruspetro has put in place a pre-export facility with Glencore to provide US\$30 million accelerated working capital in return for the supply of an agreed barrelage of oil each month by way of repayment of such facility.</p> <p>Ruspetro's Board will closely monitor its operations and performance so as to enable the current debt service and other financial obligations to be met.</p>
	Oil and gas market prices	In order to manage such potential well head revenue risks, Ruspetro's policy is to ensure that its development and production costs are competitive and robust against lower oil prices than current levels. In this connection, Ruspetro will give consideration and may enter into hedging transactions in order to secure future projected revenues.
	Bribery and corruption	<p>Ruspetro prohibits bribery and corruption in any form by all employees and by those working for and/or connected with its business. The Company operates effective policies and procedures and controls in relation to prior approval of supplier counterparties and within strict levels of delegated authority.</p> <p>The Board and Audit Committee closely monitor and undertake close regular scrutiny of the effectiveness of the Company policies in this area. Employees are expected to report bribery or attempted bribery to their line managers even if it is only suspected or attempted in line with the Company whistle-blower policy which has been implemented across Ruspetro's business together with the introduction of an independent whistle-blower hotline to enable any concerns of wrongdoing to be voiced without fear of reprisal.</p> <p>Ruspetro has developed a code of conduct and a supporting statement of ethics which is compliant with the UK Bribery Act 2010. Training has been provided to the Directors, senior management and senior employees in this code with the implementation in the forthcoming year by a training programme for the rest of the Company employees and contractors globally.</p>

### **C: Statement of Directors' Responsibilities in relation to Group Financial Statements**

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the financial statements of the parent Company and those of the

Group in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union ('EU') and applicable law. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the parent Company and of their profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRSs as adopted by the EU have been followed, subject to any material departures disclosed and explained in the Group and parent Company financial statements respectively; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for preparing the Strategic Report, the Directors' Report, the Directors' Remuneration Report and the Corporate Governance Statement in accordance with applicable law and regulations.

### **Responsibility statement of the Directors' in respect of the Annual Report and Accounts**

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Each of the Directors as at the date of the Annual Report, whose names and functions are listed on pages 20 and 21, confirms that, to the best of their knowledge:

- the Group's financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and loss of the Group; and
- the Strategic Report and the Directors' Report include a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

Approved by the Board and signed on its behalf by

John Conlin  
Chief Executive Officer

Thomas Reed  
Chief Financial Officer

## **About Ruspetro**

Ruspetro plc is an independent oil and gas development and production company, with assets in the Western Siberia region of the Russian Federation. Our mission is to unlock the tight oil reservoirs in our asset base while building a leading regional independent E&P company in a safe and environmentally responsible manner for the long-term benefit of our shareholders.

## **Enquiries**

Investors / Analyst enquiries

Daniel Barcelo

Ruspetro

+44 207 887 7624

Twitter: @ruspetroplc

Media enquiries

Ben Brewerton; George Parker

FTI Consulting

+44 203 727 1000