

ZOLTAV

resources



ANNUAL REPORT 2016

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BOARD OF DIRECTORS

Lea Verny
 Non-executive Chairman,
 Independent Non-executive Director
 (appointed 20 December 2016 as Director,
 appointed 22 March 2017 as Chairman)

Marcus Rhodes
 Senior Independent Director
 (resigned 22 March 2017 as Chairman
 but continues as Director)

Alexander Gorodetsky
 Independent Non-executive Director

Andrey Immel
 Non-executive Director

Alastair Ferguson
 Executive Chairman
 (resigned 7 September 2016)

Stephen Lowden
 Senior Independent Director
 (resigned 7 September 2016)

Andrey Komarov
 Executive Director
 (resigned from the Board 7 September 2016
 but continues in an executive management position)

AUDIT COMMITTEE
 Marcus Rhodes (Chairman)
 Andrey Immel

REMUNERATION AND NOMINATION COMMITTEE
 Alexander Gorodetsky (Chairman)
 Marcus Rhodes

ADVISERS

CORPORATE ADMINISTRATOR
CO Services Cayman Limited
 P.O. Box 10008, Willow House, Cricket Square,
 Grand Cayman KY1-1001, Cayman Islands

NOMINATED ADVISER
SP Angel Corporate Finance LLP
 Prince Frederick House, 35-39, Maddox Street,
 London, W1S 2PP, United Kingdom

JOINT BROKERS
SP Angel Corporate Finance LLP
 Prince Frederick House, 35-39, Maddox Street,
 London, W1S 2PP, United Kingdom

Panmure Gordon (UK) Limited
 1 New Change, London, EC4M 9AF, United Kingdom

BANKERS
Barclays Private Clients International Limited
 39-41 Broad Street, St Helier,
 Jersey, JE4 8PU, Channel Islands

Deutsche Bank International Limited
 St Paul's Gate, New Street, St Helier,
 Jersey, JE4 8ZB, Channel Islands

SOLICITORS
Berwin Leighton Paisner
 Adelaide House, London Bridge, London,
 EC4R 9HA, United Kingdom

INDEPENDENT AUDITOR
Ernst & Young LLC
 Sadovnicheskaya nab., 77, bld. 1, Moscow, 115035, Russia

REGISTRAR
Computershare Investor Services (Cayman) Limited
 R&H Trust Co. Ltd, Windward 1,
 Regatta Office Park, West Bay Road,
 Grand Cayman KY1-1103, Cayman Islands

REGISTERED OFFICE
 PO Box 10008, Willow House, Cricket Square,
 Grand Cayman KY1-1001, Cayman Islands

REVENUES
 +17%

RUB 1,989
 million

PRODUCTION
 +3%

9,137
 boe/d

FIRST NET PROFIT

RUB 97
 million

I am pleased to present an outstanding set of financial results for Zoltav which show a 17% increase in revenues and the Company's first annual net profit



Notwithstanding the challenging economics of the oil and gas industry throughout 2016, I am pleased to present an outstanding set of financial results for Zoltav which show a 17% increase in revenues to RUB 1,989 million (2015: RUB 1,697 million) and the Company's first annual net profit of RUB 97 million (2015: RUB 247 million loss). This is derived from a 3% increase in daily production compared to 2015 and a significant reduction of almost 6% in the production cost per barrel of oil equivalent. The Company has elected to adopt RUB as its reporting currency going forward, consistent with Zoltav's currency of operation.

Our Western Gas Plant was operated at an increased capacity of 9,137 boe/d (1,296 toe/d) compared to 8,853 boe/d (1,256 toe/d) in 2015. Cost cutting initiatives enabled the Company to increase EBITDA margin from 26% to 43% and maintain a positive operating cash flow throughout the period.

Our focus continues to be on maintaining full plant capacity through the implementation of optimal production enhancement activities to increase economic effectiveness. We have undertaken an extensive programme of cost optimisation at Bortovoy, which we believe will produce further benefits in the current year and beyond.

Zoltav is developing an appraisal strategy to capitalise on the Devonian structure in both the undeveloped Western fields and in the Eastern fields of the Bortovoy Licence. The interpretation of 3D seismic data currently being acquired will enable the Company to develop its drilling strategy to target the Devonian structure.

At Koltogor, we completed a number of exploration-related tasks. In particular, as a result of the work undertaken to open up the West Koltogor oil field on Koltogor Exploration Licence 10, we were able to convert this in March 2016 into an Exploration and Production Licence valid through to March 2036. We will, in the future, look to bring a partner into Koltogor to assist in its commercialisation.

Zoltav's strategic objective remains that of generating the maximum value from our existing assets, where there is scope to significantly increase our reserves. We will achieve this through the generation of further efficiencies and through exploration, appraisal and development activities.

We look forward to communicating more regular operational updates and key milestones and results as we achieve them.

Lea Verny
Non-executive Chairman
26 April 2017



Our strategic objective remains that of generating the maximum value from our assets, where there is scope to significantly increase our reserves. We will achieve this through further efficiencies and through exploration, appraisal and development activities

GROUP RESERVES UNDER PRMS AS PER LATEST REPORT OF DEGOLYER AND MACNAUGHTON (MAY 2014):

		Proved	Probable	Proved + Probable	Possible
Bortovoy Licence					
Gas	bcf	352.9	396.8	749.7	640.0
Oil & Liquids	mmbbls	2.0	1.8	3.8	2.4
Gas, Oil and Liquids	mmboe	62.0	69.2	131.2	111.2
Koltogor Licences					
Gas	bcf	0.5	23.5	24.0	55.7
Oil	mmbbls	1.6	73.5	75.1	174.0
Gas & Oil	mmboe	1.7	77.5	79.2	183.5
Total					
Gas	bcf	353.4	420.3	773.7	695.7
Oil & Liquids	mmbbls	3.6	75.3	78.9	176.4
Gas, Oil and Liquids	mmboe	63.7	146.7	210.4	294.7

BORTOVOY LICENCE

Zoltav operated the Western Gas Plant at an increased capacity throughout 2016 of 9,137 boe/d (1,296 toe/d) compared to 8,853 boe/d (1,256 toe/d) in 2015. This represented an increase of approximately 3% compared to 2015. A number of factors contributed to this strong performance including:

- the efficient and continuous working of gas compressors; and
- the optimisation of the current well stock production regime.

A preliminary assessment of the Devonian structure within the North Mokrousovskoye field enabled the Company to commission a 3D seismic programme in September 2016. As of the end of 2016, 120 sq km. were completed (out of 200 sq km) with a delay arising due to bad weather conditions and inaccessibility of the seismic area. The seismic interpretation is expected to be completed in Q3 2017.

Production

Average daily production from the Western Gas Plant during 2016 was 47.7 mmcf/d (1.35 mmcm/d) of gas and 487 bbls/d (62 T/d) of oil and condensate comparing to 46.6 mmcf/d (1.32 mmcm/d) and 587 bbls/d (75 T/d) in 2015.

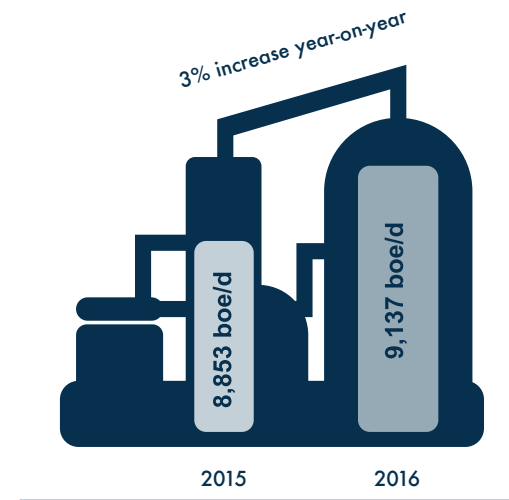
In April 2016, Karpenskoye Well 117 was completed at an unstimulated rate of 3.9 mmcf/d (0.11 mmcm/d). Higher than expected water cut prevented Zoltav from stimulating the well by applying acid treatment, thus limiting its production rate. In order to balance the projected decline, in July 2016, the Company successfully acid treated the Zhanovskoye Well 107 (which was hooked-up to the Western Gas Plant in December 2015), enabling it to produce an additional 1.13 mmcf/d (0.032 mmcm/d) of gas.

To further offset the negative effect of Karpenskoye Well 117's underperformance, the Zhdanovskoye Wells 19 and 103 were put into operation in early September, two months ahead of schedule, providing an additional combined 386.2 mmcf (10.94 mmcm) of gas volume.

Development drilling and other well activity

The Zhdanovskoye Well 108 completed in January 2017 in line with the Company's strategy to maintain full plant capacity.

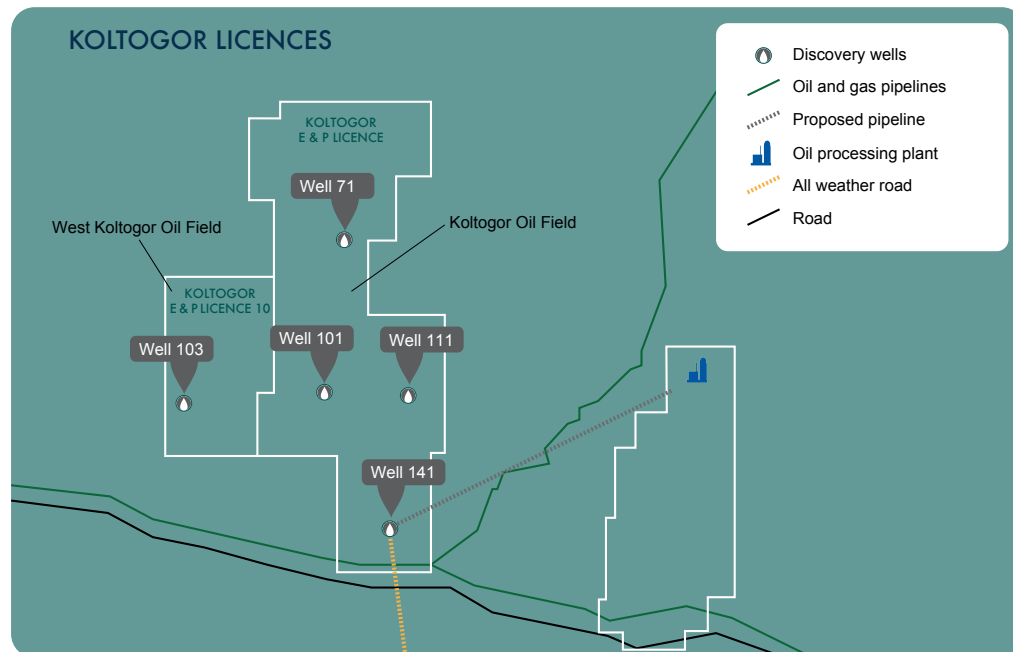
BORTOVOY LICENCE: WESTERN GAS PLANT AVERAGE DAILY PRODUCTION



KOLTOGOR LICENCES

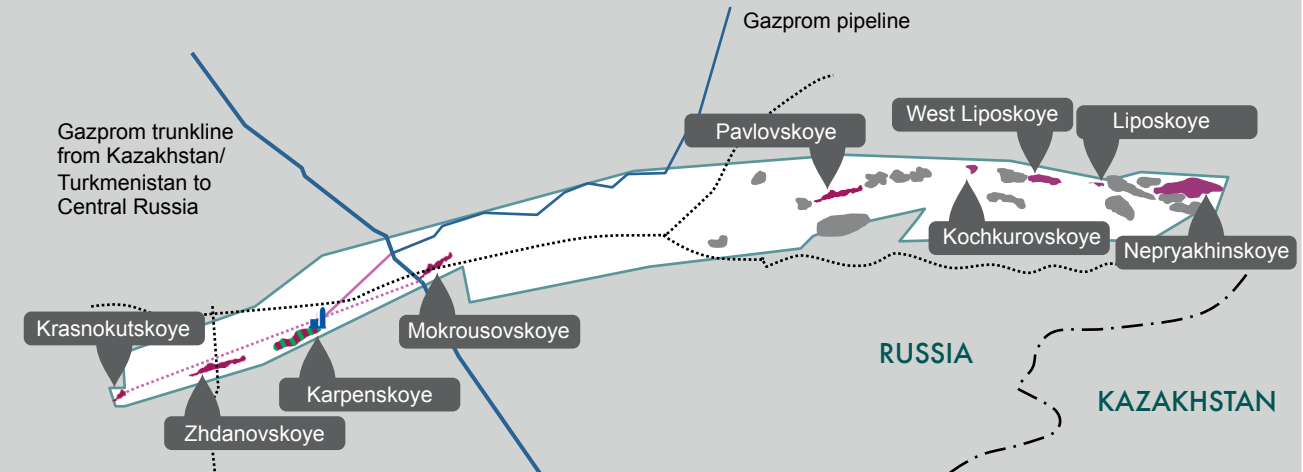
As a result of opening up the West Koltogor oil field on Koltogor Exploration Licence 10, the Company applied to Rosnedra for an Exploration and Production Licence and was granted approval in March 2016 for the licence now valid through March 2036.

The Company is currently considering different options for the commercialisation of the Koltogor assets including partnerships.



BORTOVOY LICENCE

- Existing Gazprom pipelines
- Pipelines to be constructed
- Oil and gas field
- Gas processing plant
- Existing sales pipelines
- Railroads
- Gas field
- Other field



Bortovoy Field by Field 2P reserves

Field Reserve Category	Gas (Proved+Probable)		Oil & Liquids (Proved+Probable)	
	English (mmcf)	Metric (mmcm)	English (m bbls)	Metric (mT)
Krasnokutskoye	9,923	281	-	-
Zhdanovskoye	72,995	2,067	366	52
Karpenskoye	95,350	2,700	2,215	283
Mokrousovskoye	45,133	1,278	-	-
Total Western Fields	223,401	6,326	2,581	335
Pavlovskoye	162,518	4,602	1,028	119
Kochkurovskoye	-	-	-	-
West-Lipovskoye	-	-	-	-
Lipovskoye	49,935	1,414	279	34
Nepriyakhinskoye	313,841	8,887	-	-
Total Eastern Fields	526,294	14,903	1,307	153
Total All Fields	749,695	21,229	3,888	488

Management's continued focus on profit generation and Group cost optimisation enabled Zoltav to generate its first annual net profit of RUB 97 million

Management's continued focus on profit generation from the Western Gas Plant at Bortovoy, combined with Group cost optimisation, enabled Zoltav to generate RUB 441 million of operating profit in 2016. EBITDA increased by 94% and reached RUB 846 million allowing the Company to generate its first annual net profit of RUB 97 million.

REVENUE

The Group's RUB revenues in 2016 increased by 17% to RUB 1,989 million, compared to RUB 1,697 million in 2015.

86% of revenue was derived from gas sold to Mezhrefiongaz, a Gazprom subsidiary, at the transfer point on entry to the Central Asia – Centre gas pipeline system. The gas prices are fixed in a contract with Mezhrefiongaz and are subject to indexation. We anticipate that an increase of 2% in gas price indexation will be approved by the Russian Government in June 2017 which will subsequently benefit the Company.

The remaining revenue was from oil and condensate sold directly at the Western Gas Plant through a tender process to a small number of different buyers. The Company is considering alternative channels to increase liquids realisations such as exporting to Baltic countries, commodity exchanges and electronic b2b platforms.

COST OF SALES AND G&A COSTS

Total cost of sales was RUB 1,155 million (2015: RUB 1,172 million). This comprised RUB 406 million of production based taxes (2015: RUB 389 million), RUB 405 million of depreciation and depletion of assets (2015: RUB 367 million) and RUB 344 million of other cost of sales (2015: RUB 417 million). Other cost of sales comprised operating expenses from the Bortovoy operating company, Diall Alliance, which fell by 17% primarily due to a cost optimisation programme including staff reduction, fewer well workovers required, materially more efficient purchasing of methanol fluids and fewer equipment repairs due to one-off maintenance expenditures in 2015.

The Group's G&A costs decreased by 38% to RUB 299 million (2015: RUB 482 million), mostly driven by staff reduction and optimisation of consultancy and administrative fees.

OPERATING PROFIT

Zoltav achieved an operating profit for 2016 of RUB 441 million, compared to RUB 69 million in 2015.

Finance costs of RUB 268 million are mainly represented by interest on the RUB 1,860 million Sberbank facility.

PROFIT BEFORE TAX

Zoltav generated RUB 197 million of profit before tax, compared to a loss of RUB 215 million in 2015.

TAXATION

The production based tax for the period was RUB 406 million (2015: RUB 389 million) which is recognised in the cost of sales. The new gas mineral extraction ("MET") formula was implemented from 1 July 2014. This formula is based on multi-component gas composition, average gas prices and reservoir complexity and maturity. As a result of these changes the effective MET rate applicable for the period was flat at RUB 18.3/mcf or RUB 645/mcm (2015: RUB 17.8/mcf or RUB 627/mcm).

In addition to production taxes the Group was subject to a 2.2 per cent property tax which is based on the net book value of Russian assets calculated for property tax purposes. Property tax on the major part of the Bortovoy operating company's assets, including the Western Gas Plant, is paid at a reduced tax rate of 0.1 per cent as a part of tax incentive for regional investment projects.

The income tax charge for the year was RUB 100 million (2015: RUB 32 million) and represents mostly deferred tax expense. There was a significant deferred tax charge increase due to the usage of tax loss carry-forwards and the net book value differences between IFRS and statutory accounting standards relating to PPE and E&E assets.

NET PROFIT

Zoltav generated its first annual net profit of RUB 97 million, compared to a net loss of RUB 247 million in 2015.

CASH

Net cash generated from operating activities was RUB 719 million (2015: RUB 286 million).

Diall Alliance successfully serviced its credit facility from PJSC Sberbank and repaid a further RUB 360 million of the principal amount (RUB 1,860 million at 31 December 2016) according to its schedule. The Company remains in line with the covenants of its credit facility agreement.

The Group has sufficient liquidity to fund its investment programme on the Western Fields at Bortovoy and its development plans at Koltogor at least through to the end of 2018.

Total cash at the end of the period was RUB 294 million.



Kirill Suetov
Director of Finance
26 April 2017

We continued our active community engagement in the Saratov region throughout 2016



HEALTH AND SAFETY

Our highest priority is providing a safe and healthy work environment and to conducting our activities in a safe and environmentally protective manner. Our employees and officers are expected to perform their duties consistent with the site-specific safety and environmental rules and regulations and are expected to obey all local, regional and national laws and regulations.

We are committed to the goals of:

- Avoiding harm to all personnel involved in, or affected by, our operations
- Complying with all the applicable legal and other requirements where we operate
- Achieving continual improvement in our HSE performance

We are proud of our HSE achievement of zero injuries to personnel and contractors in 2016.

In 2016, Diall Alliance, the operating company for the Bortovoy Licence, won the 14th Annual Health and Safety Competition for industrial companies in the Saratov region. On the World Day for Safety and Health at Work, the Company's HSE practices were recognised by the Saratov regional government and included in an HSE best practices publication.

We improved our processes for maintaining high quality personal protection equipment in 2016 to ensure that every employee receives high quality and well-fitting equipment in a timely manner. We regularly conduct HSE classes for employees and carry out training manoeuvres in the field.

The Company offers a market leading health insurance plan.

We support healthy lifestyle and sporting activities. The Company rents out a sports hall for our employees and sponsors regional competitions.

ENVIRONMENT

Responsible environmental management is a core component of our approach to CSR. We are committed to complying with applicable legislation and to identifying risks to the environment. We recognise that oil and gas exploration and production activities can have an impact on the environment. As such we aim, wherever possible, to implement processes to avoid, mitigate or manage any adverse impacts our operations might have. We are committed to employing highly competent personnel who share the company's values and who are themselves committed to implementing our high standards of environmental performance in everything they do.

The Company also deals with the legacy of Soviet wells by re-cultivating the soil on our land plots. We regularly support the nationwide environmental programme "Green Spring" to promote, conserve and restore the natural environment. We continued to plant new elm, maple and spruce trees and lots of flowers on the Bortovoy Licence in 2016.

COMMUNITY ENGAGEMENT

Co-operation with local communities is key to the success of our operations, and we continually seek to maximise local involvement to provide the potential for economic and social benefits. We are also committed to building and utilising skills available locally at all levels.

We continued our active community engagement in the Saratov region, where our Bortovoy Licence and Western Gas Plant are situated, throughout 2016.

The Company contributed more than RUB 3 million for various projects. These included the construction of playgrounds in the Lebedevka and Rosovka villages, the renovation of a cultural centre in Karpenka village, the renovation of a sports centre in Krasnokut and the building of an ice hockey rink in Zhdanovka. We also provided financial assistance in 2016 for the construction and repair of local infrastructure. This included the repair of water pipes in Karpenka, Lebedevka and Konstantinovka, the building of a water tower in Repnoe and the repair of a water heating system in Ozinki School.

ANTI-BRIBERY & CORRUPTION POLICY

Our policy is to conduct all our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter bribery. We will uphold all laws relevant to countering bribery and corruption in all the jurisdictions in which we operate.

We support the nationwide environmental programme "Green Spring" to promote, conserve and restore the natural environment

Following a review of the effectiveness of the board, and in consultation with its major shareholders, Zoltav announced at the Annual General Meeting in 2016 a number of changes intended to simplify the Company's board structure. Accordingly, Alastair Ferguson, Stephen Lowden and Andrey Komarov (who continues in an executive management position) left the board.

The changes to the board were intended to improve the efficiency and effectiveness of decision making, allowing the Company to make faster operational decisions. It remains the board's intention to make further appointments in the future of directors with highly relevant Russian and CIS experience who can add value to the Company's strategy to grow organically.

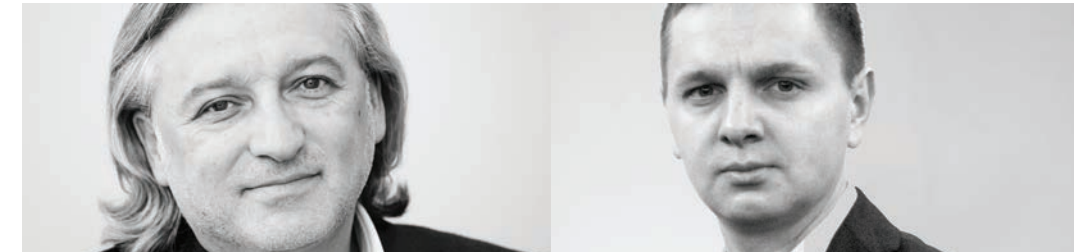


LEA VERNY
Independent Non-executive Chairman

Lea Verny was appointed as a non-executive director in December 2016. She has significant and high level corporate finance experience, with particular expertise in Russia. Since 2008, Lea Verny has acted as an independent financial adviser on cross-border transactions. Prior to becoming an independent consultant, Lea Verny served as a private banker with Banque Pictet, Switzerland, where she was responsible for developing the bank's activities in Russia, following a career of more than a decade with HSBC. From 2001 to 2007, Lea Verny was Head of Investment Banking for HSBC Bank plc in Moscow, during which time she advised on structured transactions for large Russian and CIS corporations including Lukoil, Rostelekom, Eastern Oil Company and Rosbank. Between 1997 and 2001, Ms Verny was a representative of HSBC Investment Bank plc in Russia, where she was responsible for establishing the bank's presence in the country and developing opportunities specifically within the oil and gas sector. Lea Verny holds a Bachelor's degree in Statistics and International Relations from the Hebrew University in Jerusalem as well as an MBA from INSEAD in France.

MARCUS RHODES
Senior Independent Director

Marcus Rhodes was appointed as a non-executive director in May 2014. Marcus Rhodes is an experienced director of major publicly-listed companies operating in Russia and the CIS. He is a qualified chartered accountant and a member of the Institute of Accountants in England & Wales. Marcus Rhodes is currently a non-executive director and chairman of the audit committee of NASDAQ-listed QIWI plc, a major provider of payment solutions in Russia and the CIS. He is also a non-executive director and chairman of the audit committee for the Russian company PhosAgro OJSC, one of the world's leading producers of phosphate-based fertilisers and listed on the London Stock Exchange and London Stock Exchange-listed Cherkizovo Group OJSC, Russia's largest meat producer. Marcus Rhodes was an audit partner for Ernst & Young from 2002-2008. Prior to that, he was an audit partner for Arthur Andersen from 1998-2002.



ALEXANDER GORODETSKY
Independent Non-executive Director

Alexander Gorodetsky was appointed as a non-executive director in September 2015. He is currently the general partner of Strategy Capital Advisor Limited, a private equity fund established in 2009 with a mandate to invest in projects, including within the oil and gas sector, across the former Soviet Union. Prior to Strategy Capital Advisor Limited, Alexander Gorodetsky was first deputy to the chairman of East One Group, an international investment advisory group providing strategic and investment management services. During his time at East One Group, he assisted in the strategic development of over 25 portfolio companies including GEO ALLIANCE Group, one of the leading independent oil and gas exploration and production groups in Ukraine. From 2000-2006, Alexander Gorodetsky was president/business unit leader for TNK BP Ukraine. He contributed significantly to the increased brand awareness of TNK-BP in the Ukrainian market, where it is among the leading oil and gas companies. He began his career in 1995 within Alfa-Eco, a leading gas and oil trading business in Russia.

ANDREY IMMEL
Non-executive Director

Andrey Immel was appointed as a non-executive director in September 2015. He is an experienced Russian corporate lawyer. He has, since 2012, been the head of the legal department of Moscow-based Contact-Service LLC, a real estate company, where his responsibilities include corporate governance and the provision of legal support for transactions. From 2008-2012, Andrey Immel worked for Himuglemet, a manufacturer of conveyer band and other components for coal mines, both as legal counsel and as a corporate and tax lawyer. His responsibilities included legal due diligence and support for corporate transactions.

The Directors of the Company present their annual report together with the audited consolidated financial statements for the year ended 31 December 2016.

Principal activities

The principal activities of the Company and its subsidiaries (the "Group") are the acquisition, exploration and development of hydrocarbon assets and production of hydrocarbons in the Russian Federation.

Business review

A review of the business for the year and of future developments is given in the Chairman's Report.

Results

The results of the Company are as shown on page 24.

Dividends

The Directors do not recommend the payment of a final dividend and no interim dividend was paid during the year (2015: RUB nil).

Share capital

No movements in share capital occurred in 2016. The Company's policy in respect of capital and risk management is set out in note 27.

Directors

The membership of the Board who served during the year and up to the date of approving the financial statements is set out on page 1.

Going concern

The going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern.

Directors' interests

Certain Directors have owned shares of the Company during the years ended 31 December 2016 and 2015. Interests in the ordinary shares of the Company are as follows:

	31 December 2016		31 December 2015	
	Number of ordinary shares	Percentage of existing share capital	Number of ordinary shares	Percentage of existing share capital
Lea Verny	-	-	-	-
Marcus Rhodes	-	-	15,000	0.01%
Alexander Gorodetsky	-	-	-	-
Andrey Immel	-	-	-	-
	-	-	15,000	0.01%

	31 December 2016	31 December 2015
	Number of ordinary share options	Number of ordinary share options
Lea Verny	-	-
Marcus Rhodes	-	-
Alexander Gorodetsky	-	-
Andrey Immel	-	-
Stephen Lowden*	-	500,000
	-	500,000

* Is not Director at 31 December 2016

Substantial shareholdings

The interests in excess of 3% of the issued share capital of the Company which have been notified to the Company as at 31 December 2016 were as follows:

	Number of ordinary shares	Percentage of existing share capital
ARA Capital Limited	56,243,076	39.6%
Bandbear Limited	56,243,076	39.6%
Crediton Invest Limited	6,353,568	4.5%
Erlinad Holdings Limited	6,353,568	4.5%
	125,193,288	88.2%

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

AIM Rules for Companies require the Directors to prepare financial statements for each financial year. Under those Rules the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial statements are required to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the preparation and presentation of financial statements". In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS. However, Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

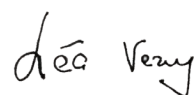
Financial risk management objectives and policies

Details of the financial risk management objectives and policies are provided in note 27 to the financial statements.

Independent auditor

Ernst & Young LLC were appointed as the Company's independent auditor on 26 November 2015 and have expressed their willingness to continue in office.

For and on behalf of the Board:



Lea Verny
Non-executive Chairman
26 April 2017



Introduction

The Board's overriding objective is to ensure that the Group delivers long-term capital appreciation for its shareholders.

Compliance

The Company complies with elements of the Smaller Company provisions of the UK Corporate Governance Code ("the Code") albeit as an AIM-listed company and Cayman Island incorporated company it is not required to. The Board of Directors is committed to developing and applying high standards of corporate governance appropriate to the Company's size and its future prospects.

This statement sets out measures taken by the Board to apply the principles of the Code to the year ended 31 December 2016 and to the date of the Directors' report.

Board of directors**Role of the Board**

The Board's role is to provide leadership to the Group within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board sets the Group's strategic aims and ensures that the necessary financial and human resources are in place for the Group to meet its objectives, and reviews management's performance in meeting these objectives. The Board sets and monitors the Group's values and standards and ensures that the Group's obligations to shareholders and other stakeholders are understood and met.

The Board has a formal schedule of matters reserved for its approval, including:

- Strategic and policy considerations;
- Annual budget, including capital expenditure;
- Interim and final financial statements;
- Management structure and appointments;
- Mergers, acquisitions, disposals;
- Capital raising;
- Significant changes in accounting policies;
- Appointment or removal of Directors or the Company Secretary;
- Pay and rewards.

Board composition

The Board currently comprises three non-executive independent directors and one non-executive directors:

- Lea Verny – Non-executive Chairman, Independent Non-executive Director;
- Marcus Rhodes – Senior Independent Director;
- Alexander Gorodetsky – Independent Non-executive Director;
- Andrey Immel – Non-executive Director.

Board balance and independence

Under the provisions of the UK Corporate Governance Code as a Smaller Company the Company meets the requirements to have at least two independent non-executives on the Board.

The Board meets at least quarterly to discuss opportunities available to the Company as a whole.

The Company maintains insurance for Directors and Officers of the Company.

The Chairman of the Board is non-executive and is responsible for the leadership and effective running of the Board and for ensuring that the Board is kept appropriately informed about the business activities of the Company. The Chairman also seeks to ensure effective communication with shareholders and other stakeholders.

The Board has access to the Company's advisers to notify them on financial, governance and regulatory matters. Any Director wishing to do so in the furtherance of his duties may take independent professional advice at the Company's expense. This also applies to any Director in his capacity as a member of the Audit, Remuneration or Nomination committees. Through the Chairman the Directors also have access to the Company Secretary, CO Services Cayman Limited.

The Board is supported by specialised committees ensuring that sound governance procedures are followed. The Corporate Governance section of the Company's website includes the terms of reference of the Audit and Remuneration and Nomination Committees.

Board Committees**The Audit Committee**

The Audit Committee currently comprises Marcus Rhodes and Andrey Immel, with Marcus Rhodes as Chairman. The Board is satisfied that collectively the Audit Committee has sufficient, recent and relevant financial experience.

The duties of the Audit Committee are to review the financial information of the Company, to oversee the Company's financial reporting processes and internal control systems, and to manage the relationship with the Company's external auditor. The Audit Committee also has primary responsibility for making recommendations on the appointment, re-appointment and removal of the external auditor, and for approving any significant non-audit services provided by the external auditor to ensure that objectivity and integrity are safeguarded. The Audit Committee reports its work, findings and recommendations to the Board after each meeting.

The Remuneration and Nomination Committee

The Remuneration and Nomination Committee currently comprises Alexander Gorodetsky and Marcus Rhodes with Alexander Gorodetsky as Chairman.

The principal functions of the Remuneration and Nomination Committee include recommending to the Board the policy and structure for the remuneration of the Chairman, Non-executive Directors and (as determined by the Board) senior management, determining the remuneration packages of the Chairman, the Non-executive Directors and senior management, reviewing and approving performance-based remuneration and compensation for loss or termination of office payable to Non-executive Directors and senior management, ensuring that no Director is involved in deciding his own remuneration, approving the service contracts of Directors and senior management and leading the process for appointments to the Board and make recommendations to the Board based on their evaluation of the balance of skills, knowledge and experience on the Board.

The report on remuneration is set out on page 20.

Attendance at Board and Committee Meetings

The board held four in person board meetings during 2016. These were attended by all the directors appointed at the time who were able to attend.

The table below sets out the total number of meetings of the Board and its committees during the year and attendance by members at those meetings.

	Board	Audit committee	Nomination and Remuneration
Meetings held during the year	4	2	3
Meetings attended during the year:			
Lea Verny	-	-	-
Marcus Rhodes	4	2	-
Alexander Gorodetsky	4	-	3
Andrey Immel	4	-	-
Alastair Ferguson	2	-	-
Andrey Komarov	2	-	-
Stephen Lowden	2	-	3

Internal control

The Board is responsible for maintaining a strong system of internal control and risk management to safeguard shareholders' investments and the Company's assets. The system of internal control is designed, taking into account the Company's business objectives and strategy, to provide reasonable, but not absolute, assurance against material misstatement or loss.

The criteria the Board uses to assess the effectiveness of the system of internal control include:

- the nature and extent of the risks facing the Company;
- the extent and categories of risk that the Board regards as acceptable for the Company to bear;
- the likelihood of the risks materialising and the financial impact of the risks;
- the Company's ability to reduce the incidence and impact on the business of risks that do materialise; and
- the costs of operating particular controls relative to the benefit thereby obtained.

The Board has considered the need for an internal audit function but has decided, after taking into account the current status of the Company, such a function is not at present justified.

Relations with Shareholders

The Company believes that effective communication with shareholders is of utmost importance. It has an established cycle for communicating trading results at the interim and year end stages and, as appropriate, of providing business updates via the Regulatory News Service and press releases.

The Company makes information available through regulatory announcements and its interim and annual reports. Copies of all such communications can be found on the Company website, www.zoltav.com.

Report on remuneration

The Board recognises that Directors' and employees' remuneration is of legitimate concern to shareholders, and is committed to following good practice and to ensuring that the interests of the Directors and employees are aligned with those of shareholders.

Policy on remuneration

The Company aims to set levels of remuneration that are sufficient to attract, retain and motivate Directors and senior management of the quality required to run the Company successfully, whilst ensuring that the interests of Directors and employees are aligned with those of shareholders. The Company operates within a competitive environment in which the Company's performance depends on the individual contributions of the Directors.

When determining annual salaries and performance-based remuneration the Company takes into account the following factors:

- direct and indirect contribution towards the Company's current profitability;
- the development of businesses or transactions that may help achieve the Company's objective in future years;
- the quality of earnings, in the context of market conditions, as well as the quantity of earnings;
- vision and innovation;
- remuneration levels and practices in other firms engaged in similar activities; and
- incentive to continue to contribute to the Company's objectives.

Directors' remuneration

The remuneration of the Directors for the year ended 31 December 2016 is shown in the table below.

	Lea Verry	Marcus Rhodes	Alexander Gorodetsky	Andrey Immel	Alastair Ferguson	Andrey Komarov	Stephen Lowden	Symon Drake-Brockman	Michael Lombardi	Yulia Lebedina	Total
	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000	RUB'000
Salary	49	5,971	1,968	-	23,873	19,197	6,117	-	-	-	57,175
Share based compensation	-	-	-	-	-	-	-	-	-	-	-
2016 total	49	5,971	1,968	-	23,873	19,197	6,117	-	-	-	57,175
Salary	-	7,349	862	-	35,020	30,810	8,721	15,391	2,469	603	101,225
Share based compensation	-	-	-	-	-	-	-	-	-	-	-
2015 total	-	7,349	862	-	35,020	30,810	8,721	15,391	2,469	603	101,225

Share price

During the year, the share price of the Company traded in the range of 0.19 to 0.39 GBP.



To the Shareholders and Board of Directors of Zoltav Resources Inc.**Opinion**

We have audited the consolidated financial statements of Zoltav Resources Inc. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for 2016, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2016 and its financial performance and its cash flows for 2016 in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Russian Federation, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The consolidated financial statements of Zoltav Resources Inc. for the year ended 31 December 2014 were audited by another auditor who expressed an unmodified opinion on those statements on 23 April 2015.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Assessing exploration and evaluation assets for impairment

We considered this matter to be one of most significance in our audit due to the high level of subjectivity in respect of assumptions underlying the impairment analysis and the significant judgements and estimates made by management. In addition, the absence of significant exploration activity at Koltogor oil field during 2015 and 2016 and the combination of uncertainty regarding sources of financing of Koltogor oil field development, future oil prices and inflation forecasts in

the Russian Federation affects the Group's plans to complete exploration and evaluation and start commercial production.

We assessed the assumptions including forecasted oil and gas prices, planned mineral extraction tax, inflation rate projections and discount rate as well as methodology used by the Group. We analyzed sources of financing of Koltogor oil field development, which are being considered by the management. We also verified the mathematical accuracy of the model and sensitivity to changes in key estimates.

Information on assessing exploration and evaluation assets for impairment is disclosed in Note 12 to the consolidated financial statements.

Decommissioning and environmental restoration provision

The calculation of decommissioning and environmental restoration provision requires significant judgement management because of the inherent complexity in estimating future costs therefore this matter is considered to be one of most significance in our audit.

Our procedures on the decommissioning provision included assessing management's methodology by comparing it to common industry practices. We assessed key assumptions and compared them to available market information from industry studies and benchmark data such as recent oil price quotes, discount rates and inflation forecasts.

Information about decommissioning and environmental restoration provision is disclosed in Note 22 to the consolidated financial statements. A description of the accounting policy and key judgements and estimates is included in Note 3.2 to the consolidated financial statements.

Other information included in Zoltav Resources Inc. Annual Report for 2016

Other information consists of the information included in Zoltav Resources Inc. Annual Report for 2016, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and the Audit Committee for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the

Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is T.L. Okolotina.



T.L. Okolotina
Partner
Ernst & Young LLC
26 April 2017

Details of the audited entity

NAME: Zoltav Resources Inc.
Record made in the Registrar of Companies, Cayman Islands on 18 November 2003, Registration Number 130605.
ADDRESS: PO Box 10008, Willow House, Cricket Square, Grand Cayman KY1-1001, Cayman Islands.

Details of the auditor

NAME: Ernst & Young LLC
Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.
ADDRESS: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.
Ernst & Young LLC is a member of Self-regulated organization of auditors "Russian Union of auditors" (Association) ("SRO RUA"). Ernst & Young LLC is included in the control copy of the register of auditors and audit organizations, main registration number 11603050648.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

FINANCIAL
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Consolidated statement of comprehensive income for the year ended 31 December 2016
(in '000s of Russian rubles, unless otherwise stated)

	Note	2016	2015 (Restated)*
Revenue	5	1,989,430	1,697,276
Cost of sales			
Mineral extraction tax		(406,499)	(388,521)
Depreciation and depletion		(404,684)	(366,824)
Other cost of sales		(344,104)	(416,801)
Total cost of sales	6	(1,155,287)	(1,172,146)
Gross profit		834,143	525,130
Operating, administrative and selling expenses	7	(299,346)	(481,933)
Other income	9	49,076	60,854
Other expenses	9	(142,860)	(35,405)
Operating profit		441,013	68,646
Finance income	10	24,409	51,631
Finance costs	10	(267,985)	(335,329)
Profit/(loss) before tax		197,437	(215,052)
Income tax expense	11	(100,336)	(31,606)
Profit/(loss) for the year attributable to owners of the parent		97,101	(246,658)
	19	RUB	RUB
Earnings/(loss) per share attributable to owners of the parent			
Basic		0.68	(1.74)
Diluted		0.67	(1.74)

* The amounts shown here do not correspond to the consolidated financial statements for the year ended 31 December 2015 due to change in presentation currency as described in Note 2.8

The accompanying notes on pages 28-53 are an integral part of these consolidated financial statements.

Consolidated statement of financial position as at 31 December 2016
(in '000s of Russian rubles, unless otherwise stated)

	Note	31 December 2016	31 December 2015 (Restated)*	31 December 2014 (Restated)*
ASSETS				
Non-current assets				
Exploration and evaluation assets	12	4,788,314	4,690,366	4,721,317
Property, plant and equipment	13	4,211,254	4,338,270	4,622,359
Total non-current assets		8,999,568	9,028,636	9,343,676
Current assets				
Inventories	14	18,830	9,766	18,171
Trade and other receivables	15	172,294	149,264	145,203
Other current non-financial assets	15	15,186	39,065	31,392
Financial assets at fair value through profit or loss		-	4,737	11,027
Cash and cash equivalents	16	294,254	428,550	601,627
Total current assets		500,564	631,382	807,420
TOTAL ASSETS		9,500,132	9,660,018	10,151,096
EQUITY AND LIABILITIES				
Share capital	17	970,218	970,218	970,218
Share premium		5,498,009	5,498,009	5,498,009
Other reserves		1,429,341	1,429,341	1,448,144
Accumulated losses		(1,356,179)	(1,453,280)	(1,225,425)
Total equity		6,541,389	6,444,288	6,690,946
Non-current liabilities				
Borrowings	21	1,548,789	1,845,171	2,198,353
Provisions	22	359,153	358,000	599,096
Other payables	24	57,874	-	-
Deferred tax liabilities	23	433,888	333,657	302,051
Total non-current liabilities		2,399,704	2,536,828	3,099,500
Current liabilities				
Borrowings	21	311,160	373,378	180,027
Other taxes payable	24	118,500	90,666	63,966
Trade and other payables	25	129,379	214,858	116,657
Total current liabilities		559,039	678,902	360,650
TOTAL LIABILITIES		2,958,743	3,215,730	3,460,150
TOTAL EQUITY AND LIABILITIES		9,500,132	9,660,018	10,151,096

The consolidated financial statements on pages 24 to 53 were approved by the Board of Directors and authorised for issue on 26 April 2017.

* The amounts shown here do not correspond to the consolidated financial statements for the year ended 31 December 2015 due to change in presentation currency as described in Note 2.8

The accompanying notes on pages 28-53 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows for the year ended 31 December 2016
(in '000s of Russian rubles, unless otherwise stated)

	Note	2016	2015 (Restated)*
Cash flows from operating activities			
Profit/(loss) before tax		197,437	(215,052)
<i>Adjustments for:</i>			
Depreciation and depletion		406,972	370,990
Finance costs		267,985	335,329
Finance income		(24,409)	(51,631)
Other income		(34,076)	(60,854)
Other expenses		126,894	34,446
Operating cash inflows before working capital changes		940,803	413,228
(Increase)/decrease in inventory		(6,162)	8,405
Increase in trade and other receivables		(19,022)	(11,734)
(Decrease)/Increase in trade and other payables		(22,298)	38,468
Increase in other taxes payables		27,834	26,700
Net cash from operating activities before tax and interests paid		921,155	475,067
Interest received		25,158	52,488
Interest paid	21	(227,138)	(241,645)
Income tax paid		(105)	-
Net cash flows from operating activities		719,070	285,910
Cash flows from investing activities			
Capital expenditure on exploration and evaluation activities		(56,048)	(63,829)
Purchase of property, plant and equipment		(436,416)	(228,486)
Net cash used in investing activities		(492,464)	(292,315)
Cash flows from financing activities			
Repayment of borrowings	21	(360,000)	(180,000)
Net cash used in financing activities		(360,000)	(180,000)
Net decrease in cash and cash equivalents		(133,394)	(186,405)
Net foreign exchange difference		(902)	13,328
Cash and cash equivalents at the beginning of the year		428,550	601,627
Cash and cash equivalents at the end of the year	16	294,254	428,550

* The amounts shown here do not correspond to the consolidated financial statements for the year ended 31 December 2015 due to change in presentation currency as described in Note 2.8

The accompanying notes on pages 28-53 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2016
(in '000s of Russian rubles, unless otherwise stated)

	Note	Attributable to owners of the Parent					Total equity
		Share capital	Share premium	Capital reserve	Employee share-based compensation reserve	Accumulated losses	
At 1 January 2015 (restated*)		970,218	5,498,009	1,343,566	104,578	(1,225,425)	6,690,946
Employee share-based compensation	20	-	-	-	(18,803)	18,803	-
Transactions with owners		-	-	-	(18,803)	18,803	-
Loss for the year		-	-	-	-	(246,658)	(246,658)
Total comprehensive loss		-	-	-	(18,803)	(227,855)	(246,658)
At 31 December 2015 (restated*)		970,218	5,498,009	1,343,566	85,775	(1,453,280)	6,444,288
Profit for the year		-	-	-	-	97,101	97,101
Total comprehensive income		-	-	-	-	97,101	97,101
At 31 December 2016		970,218	5,498,009	1,343,566	85,775	(1,356,179)	6,541,389

* The amounts shown here do not correspond to the consolidated financial statements for the year ended 31 December 2015 due to change in presentation currency as described in Note 2.8

The accompanying notes on pages 28-53 are an integral part of these consolidated financial statements.

1. Background
1.1 The Company and its operations

The Zoltav Group (the "Group") comprises Zoltav Resources Inc. (the "Company"), together with its subsidiaries:

Name	Place of incorporation	Function	Share of the Group in a subsidiary		
			31 December 2016	31 December 2015	31 December 2014
CenGeo Holdings Limited (hereinafter – "CenGeo Holdings")	Cyprus	Holding company	100%	100%	100%
CJSC SibGeCo (hereinafter – "SibGeCo")	Russia	Operating company	100%	100%	100%
Royal Atlantic Energy (Cyprus) Limited (hereinafter – "Royal")	Cyprus	Holding	100%	100%	100%
Diall Alliance LLC (hereinafter – "Diall")	Russia	Operating company	100%	100%	100%
Zoltav Resource LLC (previously Vostok Energy LLC)	Russia	Management company	100%	100%	100%
Zoltav Resources Holdings (Jersey) Limited	Jersey	Holding company	-	100%	100%
ZRI Services (UK) Ltd	United Kingdom	Service company	-	100%	100%

Zoltav Resources Holdings (Jersey) Limited and ZRI Services (UK) Ltd, 100% owned subsidiaries were dissolved via voluntary strike-off at 19 August 2016 and 20 September 2016, respectively.

The Company was incorporated in the Cayman Islands on 18 November 2003 which does not prescribe the adoption of any particular accounting framework. The Board has therefore adopted International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and as adopted by the European Union.

The principal activities of the Company and its subsidiaries are the acquisition, exploration and development of hydrocarbon assets and the production of hydrocarbons in the Russian Federation. The Company's shares are listed on the Alternative Investment Market ("AIM") of the London Stock Exchange.

1.2 Russian business environment

The Group's operations are located in the Russian Federation.

1.3 The Russian Federation

Russia continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Russian economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

The Russian economy has been negatively impacted by a decline in oil prices and sanctions imposed on Russia by a number of countries. The Ruble interest rates remained high. The combination of the above resulted in reduced access to capital, a higher cost of capital and uncertainty regarding economic growth, which could negatively affect the Group's future financial position, results of operations and business prospects. Management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

2. Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), International Financial Reporting Interpretations Committee (IFRIC) interpretations, and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

2.2 Going concern

The consolidated financial statements have been prepared on a going concern basis as the directors have concluded that the Group will continue to have access to sufficient funds in order to meet its obligations as they fall due for at least the foreseeable future as explained further in the Directors Report. Liquidity risk is additionally disclosed in Note 27.1.

2.3 Disclosure of impact of new and future accounting standards

(a) Adoption of new and amended standards

In the preparation of these consolidated financial statements, the Group followed the same accounting policies and methods of computation as compared with those applied in the previous year, except for the adoption of new standards and interpretations and revision of the existing standards as of 1 January 2016. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Although these new standards and amendments applied for the first time in 2016, they did not have a material impact on the annual consolidated financial statements of the Group.

New/Revised Standards and Interpretations Adopted in 2016	Effective for annual periods beginning on or after
Amendments to IFRS 10, IFRS 12 and IAS 28: <i>Investment Entities – Applying the Consolidation Exception</i>	1 January 2016
Amendments to IAS 27: <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to IAS 1: <i>Disclosure Initiative</i>	1 January 2016
Annual improvements to IFRSs 2010-2012 Cycle	1 February 2015
Annual Improvements to IFRSs 2012–2014 Cycle	1 January 2016
Amendments to IAS 16 and IAS 38: <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to IFRS 11: <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to IAS 16 and IAS 41: <i>Bearer Plants</i>	1 January 2016
Amendments to IAS 19 – Defined Benefit Plans: <i>Employee Contributions</i>	1 February 2015

(b) New accounting pronouncements

A number of new and amended standards were not effective for the year ended 31 December 2016 and have not been applied in these consolidated financial statements.

Standards issued but not yet effective in the European Union	Effective for annual periods beginning on or after
IFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016*
IAS 7 <i>Disclosure Initiative</i> – Amendments to IAS 7	1 January 2017*
IAS 12 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i> – Amendments to IAS 12	1 January 2017*
Amendments to IAS 40 – <i>Transfers of Investment Property</i>	1 January 2018*
Amendments to IFRS 4 – <i>Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts</i>	1 January 2018*
Annual Improvements to IFRSs 2014-2016 Cycle	1 January 2018*
IFRS 9 <i>Financial Instruments</i>	1 January 2018
IFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to IFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018*
IFRIC 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018*
IFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i> — Amendments to IFRS 2	1 January 2018*
IFRS 16 <i>Leases</i>	1 January 2019*
Amendments to IFRS 10 and IAS 28: <i>Sale of Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred indefinitely *

*Subject to EU endorsement

At present the Group is in the process of analysis of the possible impact of the application of these standards on its consolidated financial statements. The Group intends to adopt these standards, if applicable, when they become effective.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities and components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.5 Acquisitions, asset purchases and disposals

Transactions involving the purchases of an individual field interest, or a group of field interests, that do not qualify as a business combination are treated as asset purchases, irrespective of whether the specific transactions involved the transfer of the field interests directly or the transfer of an incorporated entity. Accordingly, no goodwill or deferred tax gross up arises. The purchase consideration is allocated to the assets and liabilities purchased on an appropriate basis. Proceeds from the disposal are applied to the carrying amount of the specific intangible asset or development and production assets disposed of and any surplus is recorded as a gain on disposal in the statement of comprehensive income.

2.6 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.7 Segment reporting

Segment reporting follows the Group's internal reporting structure.

Operating segments are defined as components of the Group where separate financial information is available and reported regularly to the chief operating decision maker ("CODM"), which is determined to be the Board of Directors of the Company. The Board of Directors decides how to allocate resources and assesses operational and financial performance using the information provided.

The CODM receives monthly IFRS-based financial information for the Group and its development and production entities. The Group has other entities that engage as either head office or in a corporate capacity, or as holding companies. Management has concluded that, due to the application of aggregation criteria, separate financial information for segments is not required. No geographic segmental information is presented, as all of the companies' operating activities are based in the Russian Federation.

Management has therefore determined that the operations of the Group comprise one operating segment and the Group operates in only one geographic area – the Russian Federation.

2.8 Foreign currency translation

(a) Functional and presentation currency

The functional currency of the Group entities is the Russian ruble ("RUB"), the currency of the primary economic environment in which the Group operates.

Starting from 1 January 2016, the presentation currency was changed from US dollar ("USD") to the Russian ruble, which the Board considers more representative for users of these financial statements to better assess the performance of the Group.

A change in presentation currency is a change in accounting policy which is accounted for retrospectively. The financial information included in the Group's consolidated financial statements for the year ended 31 December 2015 and 31 December 2014 previously reported in US dollar has been restated into Russian ruble using the procedures outlined below:

- Assets and liabilities for each balance sheet date are translated at the closing rate at the date of that balance sheet;
- Share capital and other equity components are translated at historic rates;
- Income and expenses are translated at exchange rates at the dates of the transactions (or at average exchange rates that approximate the translation using the rate of the actual transaction dates).

Translation has been performed using the exchange rates set by the Central Bank of the Russian Federation.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on the settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in statement of comprehensive income ("OCI") until the net investment is disposed of, at which time the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

(c) Group companies

Loans between Group entities and related foreign exchange gains or losses are eliminated upon consolidation. However, where the loan is between Group entities that have different functional currencies, the foreign exchange gain or loss cannot be eliminated in full and is recognized in the consolidated profit or loss, unless the loan is not expected to be settled in the foreseeable future and thus forms part of the net investment in foreign operation. In such a case, the foreign exchange gain or loss is recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016 (in '000s of Russian rubles, unless otherwise stated)

The accounting policies set out below have been applied consistently to all years presented in the consolidated financial statements, and have been applied consistently by the Group.

The period-end exchange rates and the average exchange rates for the respective reporting periods are indicated below.

	2016	2015	2014
RUB/USD as at 31 December	60.6569	72.8827	56.2584
RUB/USD average for the year ended 31 December	67.0349	60.9579	38.4217

2.9 Exploration and evaluation assets

The Company and its subsidiaries apply the successful efforts method of accounting for Exploration and Evaluation ("E&E") costs, in accordance with IFRS 6 Exploration for and Evaluation of Mineral Resources. Costs are accumulated on a field-by-field basis.

(a) Drilling, seismic and other costs

Costs directly associated with an exploration well, including certain geological and geophysical costs, and exploration and property leasehold acquisition costs, are capitalised until the reserves are evaluated. If it is determined that a commercial discovery has not been achieved, these costs are charged to expense after the conclusion of appraisal activities. Exploration costs such as geological and geophysical that are not directly related to an exploration well are expensed as incurred.

Capital expenditure is recognised as property, plant and equipment or intangible assets in the financial statements in accordance with the nature of the expenditure and the stage of development of the associated field, i.e. exploration, development, or production. Once commercial reserves are found, exploration and evaluation assets are tested for impairment and transferred to development property, plant and equipment or intangible assets. No depreciation or amortisation is charged during the exploration and evaluation phase.

(b) Sub-soil licences

Costs incurred prior to the award of oil and gas licences, concessions and other exploration rights are expensed in profit or loss. Costs incurred on the acquisition of a licence interest are initially capitalised on a licence by licence basis and are capitalised within exploration and evaluation assets and held un-depleted until the exploration phase of the licence is complete or commercial reserves have been discovered at which time the costs are transferred to development assets as part of property, plant and equipment – oil and gas assets.

2.10 Property, plant and equipment

(a) Property, plant and equipment – oil and gas assets

Oil and gas assets are stated at cost less accumulated depletion or accumulated depreciation and, where relevant, impairment costs.

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms and pipelines, as well as on the drilling of development wells into commercially proved reserves, is capitalised within property, plant and equipment. When development is completed on a specific field, it is transferred to producing assets within property, plant and equipment. No depreciation or amortisation is charged during the development phase.

Development and production assets are accumulated generally on a field by field basis and represent the cost of developing the commercial reserves discovered and bringing them into production, together with E&E expenditures incurred in finding commercial reserves and transferred from intangible E&E assets as described above. The cost of development and production assets also includes the cost of acquisitions and purchases of such assets, directly attributable overheads, any costs directly attributable to bringing the asset into operation, and the cost of recognising provisions for future restoration and decommissioning, if any.

Major facilities may be capitalised separately if they relate to more than one field or to the licence area as a whole. Subsequent expenditure is capitalised only if it either enhances the economic benefits of the development/production asset or replaces part of the existing development/ production asset. Any costs remaining associated with the part replaced are expensed. Directly attributed overheads are capitalised where they relate to specific exploration and development activities.

(i) Depletion

Oil and gas properties in production, including wells and directly related pipeline costs, are depreciated using the unit-of-production method. Sub-soil licences and other licenses capitalised as part of oil and gas properties in production are amortised also using the unit-of-production method. Unit-of-production rates are based on proved reserves of the field concerned, which are oil, gas and other mineral reserves estimated to be recovered from existing facilities using current operating methods. The unit-of-production rate for the amortisation of field development costs takes into account expenditures incurred to date.

(ii) Depreciation

Major oil and gas facilities that have a shorter useful life than the lifetime of the related fields are depreciated on a straight-line basis over the expected useful life of the facility. Depreciation of items of such assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

Buildings and constructions	15-30 years
Machinery and equipment	5 years

The asset's residual values and useful lives are reviewed, and adjusted as appropriate, at the end of each reporting period.

(b) Property, plant and equipment – other business and corporate assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing asset to the working condition and to the location for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The gain or loss arising from a retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the assets, and is recognised in the income statement.

Depreciation is provided on buildings and facilities, motor vehicles, office equipment and furniture at rates calculated to write off the cost, less estimated residual value, evenly over the asset's expected useful life.

For depreciation purposes, useful lives are estimated as follows:

Other equipment and furniture	5 years
Motor vehicles	5 years

2.11 Impairment of non-current assets

(i) Impairment indicators

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount or the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Calculation of recoverable amount

The recoverable amount of assets is the greater of their value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(iii) Cash generating units

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash generating unit to which the asset belongs. The Group's cash generating units are the smallest identifiable groups of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

For the purposes of assessing impairment, exploration and evaluation assets subject to testing are grouped with existing cash generating units of production fields that are located in the same geographical region. For development and production assets the cash generating unit applied for impairment test purposes is generally the field. For shared infrastructure a number of field interests may be grouped together where surface infrastructure is used by several fields in order to process production for sale.

(iv) Reversals of impairment

An impairment loss is reversed to the extent that the factors giving rise to the impairment charge are no longer prevalent. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion, depreciation or amortisation, if no impairment loss had been recognised.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

2.12 Inventories

Unsold natural gas and hydrocarbon liquids and sulphur in storage are stated at the lower of cost of production or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Materials and supplies inventories include chemicals necessary for production activities and spare parts for the maintenance of production facilities. Materials and supplies inventories are recorded at cost and are carried at amounts which do not exceed the expected recoverable amount from use in the normal course of business. Cost of inventory is determined on a weighted average basis. Cost of finished goods comprises direct materials and, where applicable, direct labour plus attributable overheads based on a normal level of activity and other costs associated in bringing inventories to their present location and condition, but excludes borrowing costs. Lower value items of materials and supplies are written off directly to profit or loss.

2.13 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of comprehensive income.

(a) Financial assets

The Group classifies its financial assets into one of the following categories: financial assets at fair value through profit or loss and loans and receivables.

Regular purchases of financial assets are recognised on the trade date. Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and, where allowed and appropriate, re-evaluates this designation at every reporting date. The accounting policies adopted for each category are:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term, or if they are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking.

Financial assets may be designated at initial recognition at fair value through profit or loss if the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; or
- The assets are part of a group of financial assets which are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy and information about the group of financial assets is provided internally on that basis to the key management personnel.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value, with changes in fair value recognised in the statement of comprehensive income. Fair value is determined by reference to active market transactions or using a valuation technique where no active market exists. Fair value gains or losses do not include any dividend or interest earned on these financial assets. Dividend and interest income is recognised on an accruals basis.

Other receivables

Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

Impairment losses on other receivables are provided for when objective evidence is received that the Group will not be able to collect amounts due to it in accordance with the original terms of the receivables. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate

computed at initial recognition). The amount of the loss is recognised in the statement of comprehensive income for the period in which the impairment occurs.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

- Significant financial difficulty of the debtor;
- A breach of contract, such as default or delinquency in interest or principal payments;
- It becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- Significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but is not limited to adverse changes in the payment status of debtors in the group, and national or local economic conditions that correlate with defaults on the assets in the group.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed.

The amount of the reversal is recognised in OCI in the period in which the reversal occurs.

(b) Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Other financial liabilities

Other financial liabilities include trade and other payables and are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

(c) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire, or the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in the statement of comprehensive income.

For financial liabilities, they are removed from the balance sheet when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the statement of comprehensive income.

2.14 Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.15 Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

A provision for decommissioning is made for the cost of decommissioning assets at the time when the obligation to decommission arises. Such provision represents the estimated discounted liability for costs which are expected to be incurred in removing production facilities and site restoration at the end of the producing life of each field. A corresponding item of property, plant and equipment is also created at an amount equal to the provision. This is subsequently depreciated as part of the capital costs of the production facilities. Any change in the present value of the estimated expenditure attributable to changes in the estimates of the cash flow or the current estimate of the discount rate used are reflected as an adjustment to the provision and the property, plant and equipment. The unwinding of the discount is recognised as a finance cost.

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.17 Share capital, share premium and capital reserves

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from the share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction. Any discount on the issue of ordinary shares is deducted from the share premium account.

The share premium is recognized on the difference between the par value of a share and its selling price.

The capital reserve brought forward arose on the disposal of all the subsidiaries to its former holding company (Crosby Capital Limited), reverse acquisition of Crosby Capital Limited and on a group reorganization during the years ended 31 December 2010, 31 December 2004 and 31 December 2000 respectively.

2.18 Revenue recognition

Revenue, which is the fair value of consideration received or receivable, is recognised when it is probable that economic benefits will flow to the Group and when the revenue can be measured reliably. Revenue is shown net of value added tax, returns, rebates and discounts and after eliminating sales within the Group. The following criteria must also be met before revenue is recognised:

- (i) Sale of goods
Revenue from the sale of oil, gas, and condensate is recognised when the title passes to the customer.
- (ii) Interest income
Interest income is recognised on a time-proportion basis using the effective interest method.

2.19 Mineral extraction tax

In the Russian Federation MET is payable on the extraction of hydrocarbons, including natural gas, crude oil and condensate, and is levied based on quantities of natural resources extracted multiplied by the applicable MET rate for the product and field in question. MET is a production based tax (as opposed to income) and is accrued as a tax on production and recorded within cost of sales.

2.20 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.21 Employee benefits

(a) Retirement benefit schemes
No pension contributions were payable in the year. The Group participated only in defined contribution pension schemes and paid contributions to independently administered funds on a mandatory or contractual basis. The assets of these schemes are held separately from those of the Group in independently administered funds. The retirement benefit schemes are generally funded by payments from employees and by the relevant company. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense on an accruals basis.

(b) Share-based employee compensation
The Group operates equity-settled share-based compensation plans to remunerate its Directors and key management.

All services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the fair value of the share options and warrants awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

All share-based compensation is ultimately recognised as an expense in the statement of comprehensive income unless it qualifies for recognition as an asset, with a corresponding credit to the employee share-based compensation reserve in equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment to expense recognised in prior periods is made if fewer share options ultimately are exercised than vested.

Upon exercise of share options or warrants the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital and the amount previously recognised in the employee share-based compensation reserve will be transferred out with any excess being recorded as share premium.

When the share options or warrants have vested and then lapsed, the amount previously recognised in the employee share-based compensation reserve is transferred to retained earnings or accumulated losses.

(c) Bonus plans
The Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

(d) Social obligations
Wages, salaries, contributions to the Russian Federation state pension and social insurance funds, paid annual leave, sick leave and bonuses are accrued in the year in which the associated services are rendered by the employees of the Group.

(e) Valuations of share options or warrants granted
Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model, including the expected life of the share option or appreciation right, volatility and dividend yield, and making assumptions about them. The fair value of share options or warrants granted was calculated using the Black-Scholes Pricing Model, which requires the input of highly subjective assumptions, including the volatility of the share price. Because changes in subjective input assumptions can materially affect the fair value estimate, in the opinion of the Directors of the Group the existing model will not always necessarily provide a reliable single measure of the fair value of the share options. Details of the inputs are set out in Note 20 to the financial statements.

3. Critical accounting estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

3.1 Income taxes

The Group is subject to income and other taxes. Significant judgement is required in determining the provision for income tax and other taxes due to the complexity of tax legislation of the Russian Federation. The taxation system in the Russian Federation continues to evolve and is characterised by frequent changes in legislation, as well as official pronouncements and court decisions which are sometimes contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open longer.

Deferred tax assets are recognised to the extent that it is probable for each subsidiary to generate enough taxable profits to utilise deferred income tax recognised. Significant management judgement is required to determine the amount of deferred tax assets recognised, based upon the likely timing and the level of future taxable profits. Management prepares cash-flow forecasts to support the recoverability of deferred tax assets. Cash flow models are based on a number of assumptions relating to oil prices, operating expenses, production volumes, etc. These assumptions are consistent with those used by independent reserve engineers. Management also takes into account uncertainties related to future activities of the subsidiaries and going concern considerations. When significant uncertainties exist, deferred tax losses are not recognised even if the recoverability of these is supported by cash flow forecasts. Refer to further details in Note 23.

3.2 Provision for decommissioning and environmental restoration

This provision is significantly affected by changes in technology, laws and regulations which may affect the actual cost of decommissioning and environmental restoration to be incurred at a future date. The estimate is also impacted by the discount rates used in the provisioning calculations. The discount rates used are the Russian government bond rates.

Under the current levels of enforcement of existing legislation, management believes there are no significant liabilities in addition to amounts which are already accrued and which would have a material adverse effect on the financial position of the Group.

The Group's exploration, development and production activities involve the use of wells, related equipment and operating sites. Generally, licenses and other regulatory acts require that such assets be decommissioned upon the completion of production. According to these requirements, the Group is obliged to decommission wells, dismantle equipment, restore the sites and perform other related activities. The Group's estimates of these obligations are based on current regulatory or license requirements, as well as actual dismantling and other related costs. These liabilities are measured by the Group using the present value of the estimated future costs of decommissioning of these assets. The discount rate is reviewed at each reporting date and reflects risk free rate. The Group adjusts specific cash flows for risk.

3.3 Impairment of assets

(a) Exploration and evaluation

An impairment exercise will be performed at the end of the exploration and evaluation process.

When, at the end of the exploration and evaluation stage, commercial reserves are determined to exist in respect of a particular field, the Group performs an impairment test in relation to costs capitalised. Where reserves are determined in sufficient quantity to justify development, the associated assets are transferred to property, plant and equipment. Until the conclusion of the exploration phase, there can be no certainty that commercial reserves exist. Where commercial reserves are determined not to exist, capitalised E&E expenditure is expensed.

(b) Development and production

When the fields enter the production phase, the recoverable amounts of cash-generating units and individual assets will be determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations will require the use of estimates and assumptions. It is reasonably possible that the oil price assumption may change which may then impact the estimated life of the field and may then require a material adjustment to the carrying value of long-term assets.

The Group monitors internal and external indicators of impairment relating to its tangible and intangible assets. There were no such indicators of possible impairment identified during the reporting years covered by these consolidated financial statements.

3.4 Evaluation of reserves and resources

Estimates of proved reserves are used in determining the depletion and amortization charge for the period and assessing whether any impairment charge or reversal of impairment is required for development and producing assets. As of 31 December 2016, 2015 and 2014 proved reserves were estimated by reference to an independent international oil and gas engineering firm report dated 22 May 2014, by reference to available geological and engineering data, and only include volumes for which access to market is assured with reasonable certainty.

When the fields enter the development and production phase, estimates of reserves are inherently imprecise, require the application of judgments and are subject to regular revision, either upward or downward, based on new information such as from the drilling of additional wells and changes in economic factors, including product prices, contract terms or development plans. Changes to the Group's estimates of proved reserves affect prospectively the amounts of the depletion and amortization charge, decommissioning assets and provisions where changes in reserve estimates cause the estimated useful lives of assets to be revised.

Depletion is provided for based on the production profile on a field by field basis, which may exceed the existing licence period. Licence extensions are generally awarded by the license authorities in Russia as a matter of course, provided that production plans demonstrate that additional time is required to economically produce at the field and that the development and production requirements of the initial license grant have been met.

3.5 Sub-soil licences

The Group is subject to periodic reviews of its activities by governmental authorities in Russia with respect to the requirements of its sub-soil licences, and seeks amendments to the licences when supported by the results of ongoing exploration and development activities. The requirements under the licences are subject to interpretation and enforcement policies of the relevant authorities. In management's opinion, as of 31 December 2016, there are no non-compliance issues that will have an adverse effect on the financial position or operating results of the Group.

4 Determination of fair value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

4.1 Other receivables

The fair value of other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

4.2 Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Fair value of the non-derivative financial assets is disclosed in Note 4.3 to the financial statements.

4.3 Assets and liabilities not measured at fair value but for which fair value is disclosed

Fair values analysed by level in the fair value hierarchy of assets and liabilities of the Group not measured at fair value are as follows:

	31 December 2016		31 December 2015 (Restated)		31 December 2014 (Restated)	
	Fair value	Carrying value	Fair value	Carrying value	Fair value	Carrying value
Financial assets						
Trade and other receivables	172,294	172,294	149,264	149,264	145,203	145,203
Total assets	172,294	172,294	149,264	149,264	145,203	145,203
Financial liabilities						
Borrowings	1,855,173	1,859,949	2,214,541	2,218,549	2,391,882	2,378,380
Trade and other payables	129,379	129,379	214,858	214,858	116,657	116,657
Other non-current payables	57,758	57,874	-	-	-	-
Total liabilities	2,042,310	2,047,202	2,429,399	2,433,407	2,508,539	2,495,037

The fair values of borrowings and other non-current payables are based on cash flows discounted using a market rate. For borrowings: a rate of 11.93% (31 December 2015: 12.07%, 31 December 2014: 12.15%), for other long-term payables: a rate of 8.26%. The fair values are within level 2 of the fair value hierarchy.

5. Revenue

The Group's operations comprise one class of business being oil and gas exploration, development and production and all revenues are from one geographical region, Saratov Region in the Russian Federation. Companies incorporated outside of Russia provide support to the Group's operations in Russia.

Revenue is primarily from the sale of four products:

	2016	2015 (Restated)
Gas sales	1,708,103	1,370,182
Oil sales	137,982	187,369
Condensate sales	136,968	139,725
Sulphur sales	6,377	-
Total sales	1,989,430	1,697,276

All gas sales are to one customer, Gazprom Mezhregiongaz Saratov LLC, under a long-term contract effective until 31 December 2020 with terms reviewed annually. Condensate, oil and sulphur are sold to regional buyers. The sales of all products are denominated in RUB.

6. Cost of sales

	2016	2015 (Restated)
Mineral extraction tax	406,499	388,521
Depreciation and depletion	404,684	366,824
Wages and salaries	108,238	124,460
Materials and supplies	95,310	114,467
Repair and maintenance	39,750	65,967
Other taxes and royalties	21,204	21,584
Compensation benefits to operations personnel	16,812	19,657
Other	62,790	70,666
Total cost of sales	1,155,287	1,172,146

7. Operating, administrative and selling expenses

	2016	2015 (Restated)
Wages and salaries including director's fee	215,868	282,479
Accountancy, legal and consulting services	39,023	87,693
Rent expense	13,691	17,129
Audit services	9,848	26,420
Office expenses	3,187	4,999
Insurance	2,888	8,351
Computers and software	2,218	7,498
Travelling	1,996	9,692
Other	10,627	37,672
Total operating, administrative, selling expense	299,346	481,933

8. Employee benefit expenses (including directors' remuneration)

	2016	2015 (Restated)
Salaries and other employee benefits	340,918	426,596
Total	340,918	426,596

Personnel expenses are included in cost of sales and operating, administrative and selling expenses.

Average monthly Number of Employees for the year (including executive directors):

	2016 Employees	2015 Employees
Administrative	83	92
Operating	184	206
Total	267	298

9. Other income and expenses

	2016	2015 (Restated)
Change in decommissioning and environmental restoration provision	34,076	60,854
Penalties received	15,000	-
Other income	49,076	60,854
Loss on disposal of construction in progress and other property, plant and equipment	(86,624)	(15,614)
Write-off of accounts receivable and other current assets	(26,986)	(6,357)
Penalties paid	(11,810)	-
Net foreign exchange difference	(7,982)	(12,419)
Loss on financial assets at fair value through profit or loss	(4,020)	-
Charitable contributions	(3,122)	-
Bank charges	(1,034)	(959)
Other	(1,282)	(56)
Other expenses	(142,860)	(35,405)

10. Finance income and finance costs

	2016	2015 (Restated)
Finance income		
Interest on bank deposits	24,409	51,631
Total finance income	24,409	51,631
Finance costs		
Interest on borrowings	(228,538)	(261,814)
Unwinding of the discount on decommissioning and environmental restoration provision (Note 22)	(35,898)	(73,515)
Unwinding of the discount on recognition non-current payables to suppliers	(3,549)	-
Total finance costs	(267,985)	(335,329)

11. Income tax expense

The tax charge for the year comprises:

	2016	2015 (Restated)
Current tax expense	(105)	-
Deferred tax expense	(100,231)	(31,606)
Total income tax expense	(100,336)	(31,606)

Reconciliation between expected and actual taxation charge is provided below.

	2016	2015 (Restated)
Profit/(loss) before income tax	197,437	(215,052)
Theoretical tax (charge)/benefit at applicable income tax rate of 20% (2015: 20%)	(39,467)	43,010
Effect of different foreign tax rates	(27,357)	(63,658)
Effect of unrecognized tax loss	(21,422)	(6,462)
Tax effect of expenses not deductible for tax purposes	(12,090)	(4,496)
Total income tax expense	(100,336)	(31,606)

The Group's income was subject to tax at the following tax rates:

	2016	2015
The Russian Federation	20.0%	20.0%
The Republic of Cyprus	12.5%	12.5%
Cayman Islands	0%	0%

The Group is subject to Cayman income tax, otherwise the majority of the Group's operations are located in the Russian Federation. Thus 20% tax rate is used for theoretical tax charge calculations.

12. Exploration and evaluation assets

	Sub-soil licences	Drilling, seismic and other costs	Decommissioning asset	Construction work in progress	Total
Balance at 1 January 2015 (restated)	2,051,181	2,536,354	127,650	6,132	4,721,317
Additions	43,785	19,861	-	183	63,829
Reclassification	6,096	-	-	(6,096)	-
Change in the estimates of decommissioning provision	-	-	(94,780)	-	(94,780)
Balance at 31 December 2015 (restated)	2,101,062	2,556,215	32,870	219	4,690,366
Additions					
Transfer to property, plant and equipment	86,962	23,478	-	-	110,440
Change in the estimates of decommissioning provision	-	(1,217)	-	-	(1,217)
Exchange difference	-	-	(11,275)	-	(11,275)
Balance at 31 December 2016	2,188,024	2,578,476	21,595	219	4,788,314

In management's opinion, as at 31 December 2016 there were no non-compliance issues in respect of the licences that would have an adverse effect on the financial position or the operating results of the Group.

As of 31 December 2016 management performed impairment analysis of exploration and evaluation assets. As of result of this analysis the recoverable amount of exploration and evaluation assets significantly increased their carrying amount. Accordingly as of 31 December 2016 no impairment of exploration and evaluation assets was recognized.

13. Property, plant and equipment

	Oil and gas assets	Motor vehicles	Other equipment and furniture	Construction work in progress	Total
Cost at 1 January 2015 (restated)	4,439,969	14,908	7,764	282,811	4,745,452
Additions	161,502	2,337	-	103,049	266,888
Reclassification	122,668	-	-	(122,668)	-
Transfer to Inventory	-	-	-	(2,444)	(2,444)
Disposals	(21,444)	-	(53)	(761)	(22,258)
Change in estimates of the decommissioning provision	(159,767)	-	-	(2,161)	(161,928)
Cost at 31 December 2015 (restated)	4,542,928	17,245	7,711	257,826	4,825,710
Additions	93,761	-	244	281,460	375,465
Reclassification	205,009	-	-	(205,009)	-
Transfer from exploration and evaluation assets	1,217	-	-	-	1,217
Transfer to Inventory	-	-	-	(2,902)	(2,902)
Disposals	(15,540)	-	-	(78,131)	(93,671)
Change in estimates of the decommissioning provision	(1,913)	-	-	(3,320)	(5,233)
Cost at 31 December 2016	4,825,462	17,245	7,955	249,924	5,100,586
Accumulated depreciation and impairment					
Balance at 1 January 2015 (restated)	(118,256)	(1,181)	(3,657)	-	(123,094)
Depreciation and depletion	(362,124)	(8,294)	(572)	-	(370,990)
Disposals	6,583	-	61	-	6,644
Balance at 31 December 2015 (restated)	(473,797)	(9,475)	(4,168)	-	(487,440)
Depreciation and depletion	(401,790)	(6,641)	(508)	-	(408,939)
Disposals	7,047	-	-	-	7,047
Balance at 31 December 2016	(868,540)	(16,116)	(4,676)	-	(889,332)
Net book value at 1 January 2015 (restated)	4,321,714	13,727	4,107	282,811	4,622,359
Net book value at 31 December 2015 (restated)	4,069,131	7,770	3,543	257,826	4,338,270
Net book value at 31 December 2016	3,956,922	1,129	3,279	249,924	4,211,254

14. Inventories

	31 December 2016	31 December 2015 (Restated)	31 December 2014 (Restated)
Natural gas and hydrocarbon liquids (at lower of cost and net realisable value)	6,047	1,968	2,025
Materials and supplies (at cost)	12,783	7,798	16,146
Total inventories	18,830	9,766	18,171

15. Trade and other receivables and other current non-financial assets

	31 December 2016	31 December 2015 (Restated)	31 December 2014 (Restated)
Trade receivables, gross	169,915	145,053	141,321
Other accounts receivable, gross	2,379	4,227	3,882
Allowance for doubtful accounts	-	(16)	-
Total trade and other receivables	172,294	149,264	145,203
Prepayments	12,783	30,101	25,484
VAT receivable	2,403	8,527	5,795
Other taxes prepaid	-	437	113
Total other current non-financial assets	15,186	39,065	31,392

Prepayments are advance payments for services to be rendered within the next twelve months.

Current VAT receivable is expected to be recovered within the next twelve months.

As of 31 December 2016 trade and other receivables of 172,294 were neither past due nor impaired (31 December 2015: 149,264; 31 December 2014: 145,203). As of 31 December 2015, trade and other accounts receivable of 16 were individually impaired and an impairment provision was recognised.

16. Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and the majority of cash held is denominated in RUB.

The Group's exposure to credit risk and impairment losses related to cash and cash equivalents are disclosed in Note 27.

17. Share capital

As at 31 December 2016, 2015 and 2014	Number of ordinary shares	Nominal value, USD'000	Nominal value, RUB'000
Authorised (par value of USD 0.20 each)	250,000,000	50,000	1,708,672
Issued and fully paid (par value of USD 0.20 each)	141,955,386	28,391	970,218

18. Dividends

In accordance with the relevant legislation applicable to the Group, the Group's distributable reserves are limited to the balance of retained earnings as recorded in the Company's statutory financial statements prepared in accordance with International Financial Reporting Standards. No dividends were declared or paid in 2016, 2015 and 2014.

19. Earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

Diluted earnings/(loss) per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As of 31 December 2016 the Company has share options as dilutive potential ordinary shares. As of 31 December 2015 share options and warrants gave antidilution effect on loss per share.

	2016	2015 (Restated)
Earnings/(loss) attributable to owners of the Company – Basic and diluted	97,101	(246,658)

	Number of Shares	Number of Shares
Weighted average number of shares for calculating basic loss per share	141,955,386	141,955,386
Effect of dilutive potential ordinary shares – share options	1,952,500	-
Weighted average number of shares for calculating diluted earnings / (loss) per share	143,907,886	141,955,386

	RUB	RUB
Basic earnings/(loss) per share	0.68	(1.74)
Diluted earnings/(loss) per share	0.67	(1.74)

20. Share-based payments

20.1 Share options

At 31 December 2016, the Company had a total of 1,952,500 outstanding share options (2015: 1,952,500). No movements in share options took place during the year.

Options which are lapsed or are cancelled prior to their exercise date are deleted from the register of outstanding options and are available for re-use.

Grant date	31 December 2016		31 December 2015		31 December 2014	
	Number	Option exercise price (pence)	Number	Option exercise price (pence)	Number	Option exercise price (pence)
11 January 2005	-	-	-	-	117,500	423
23 March 2006	-	-	-	-	10,000	1,904
23 February 2007	-	-	-	-	7,500	653
11 January 2008	202,500	445	202,500	445	232,500	445
31 October 2012	1,750,000	20	1,750,000	20	1,750,000	20
	1,952,500		1,952,500		2,117,500	

No share options were granted during the year ended 31 December 2016.

20.2 Initial share options

The Company adopted an employee Share Option Scheme on 4 March 2005 (the "Share Option Scheme") in order to incentivise key management and staff at that time. The following share options were granted to former employees and directors of the Company under the Initial Share Option Scheme adopted on 4 March 2005 ("Initial Share Options") and are still in existence:

	2016		2015	
	Number	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)
Outstanding at 1 January	202,500	445	367,500	445
Expired	-	-	(165,000)	-
Outstanding at 31 December	202,500	445	202,500	445

Share options granted under the Initial Share Option scheme were exercisable as follows:

- The first 30% of the options between the first and tenth anniversary of the grant date;
- The next 30% of the options between the second and tenth anniversary of the grant date; and
- The remaining options between the third and tenth anniversary of the grant date.

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) as determined through use of the binomial option pricing model, at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest. The options vested immediately.

The binomial option pricing model is applied to the granting of share options in respect of calculating the fair values. Key inputs to the model are as follows:

	Share options			
	11 January 2005	23 March 2006	23 February 2007	11 January 2008
Share price at grant	20.75p	93.25p	36.25p	22.25p
Option exercise price	21.15p	95.20p	32.65p	22.25p
Expected life of option	10 years	10 years	10 years	10 years
Expected volatility	60-65%	60-65%	60-65%	60-65%
Expected dividend yield	5.0%	5.0%	5.0%	5.0%

Volatility has been based on the historical trading performance of the Company and comparable companies. The risk free rate has been determined based on 10-year government bonds.

20.3 Directors Share Options

Share options granted to certain existing Directors of the Company on 31 October 2012 ("Directors Share Options") were exercisable at any time between the commencement of the option period and third anniversary of the grant date. Share options granted under this scheme were as follows:

	2016		2015	
	Number	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)
Outstanding at 1 January	1,750,000	20	1,750,000	20
Issued in the year	-	-	-	-
Exercised	-	-	-	-
Share consolidation	-	-	-	-
Outstanding at 31 December	1,750,000	20	1,750,000	20

During 2014 the vesting period of the remaining options was extended from 30 October 2015 to 30 October 2017. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) as determined through use of the Black-Scholes formula, at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest. The options vested immediately.

The Black-Scholes formula is the option pricing model applied to the grant of share options in respect of calculating the fair values. Key inputs to the model are as follows:

Share options	31 October 2012
Share price at grant	3.45p
Option exercise price	1.00p
Expected life of option	3 years
Expected volatility	216.1%
Expected dividend yield	0.0%
Risk free rate	0.49%
Fair value per share option	3.342p
Exchange rate used (USD: GBP)	1.62525

Volatility has been based on the Company's trading performance from 1 January 2011. The risk free rate has been determined based on 5-year government bonds.

20.4 Warrants

In August 2011, the Company granted 10,550,000 warrants with an exercise price of 5.0 pence, vesting from 2 August 2011 to 2 August 2014. After share consolidation in 2013 the number of warrants became 527,500.

515,000 warrants were exercised during the year ended 31 December 2014. During 2015 the remaining 12,500 outstanding warrants expired.

21. Borrowings

	2016	2015 (Resatated)
Non-revolving credit facility as at 1 January	2,218,549	2,378,380
Including current liability	373,378	180,027
Interest accrued	228,538	261,814
Interest paid	(227,138)	(241,645)
Repayment	(360,000)	(180,000)
Non-revolving credit facility, as at 31 December	1,859,949	2,218,549
Including current liability	311,160	373,378

In 2014, the Group entered into non-revolving credit facility agreement No. 5878 with Sberbank of Russia OJSC with a maximum facility amount of 2,400,000. The facility was drawn down in full in 2014. The maturity date is 30 April 2021, being the 7-year anniversary of the facility entered into. The Group is obliged to repay the principal amount of the loan in 24 tranches commencing on 11 May 2015 and on a quarterly basis from then on with a final repayment tranche payable on the maturity date. In 2016 the Group repaid 360,000 (2015: 180,000). The interest rate is 10.98% per annum. Sberbank may unilaterally amend the interest rate in the event of increases in the refinancing rate of the Central Bank of Russia. The Group paid an upfront commission on the facility of 1% of the facility amount (24,000) and there is a drawdown charge of 0.25% per year on the balance of the facility not drawn by the Group within the established timeframe. The Group has the option to prepay the loan in whole or in part at any time, subject to the payment of a fee. The Group provided certain warranties and representations to Sberbank in the agreement. The agreement contains certain loan covenants and events of default which are customary for a facility of this type. In December 2015 the Group signed an amendment altering covenants. The Group is in compliance with all covenants as of 31 December 2016, 2015 and 2014. The loan is secured by the Group, such security being granted pursuant to various pledge and mortgage deeds entered into by the Group on or about the date of the Sberbank Facility. The carrying value of property, plant and equipment pledged as of 31 December 2016 amounted to 2,901,916 (2015: 3,103,133; 2014: 3,304,306).

The outstanding amount of the facility as of 31 December 2016 was 1,860,000. The credit facility debt is measured at amortised cost, using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016 (in '000s of Russian rubles, unless otherwise stated)

22. Decommissioning and environmental restoration provision

The decommissioning and environmental restoration provision represents the net present value of the estimated future obligations for abandonment and site restoration costs expected to be incurred at the end of the production lives of the gas and oil fields, which is estimated to be within 20 years.

	2016	2015 (Restated)
Provision as at 1 January	358,000	599,096
Additions	15,839	2,951
Unwinding of discount	35,898	73,515
Change in estimate of decommissioning and environmental restoration provision	(50,584)	(317,562)
Provision as at 31 December	359,153	358,000

This provision has been created based on the Group's internal estimates. Assumptions based on the current economic environment have been made which the directors believe are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary dismantlement works required, which will reflect market conditions at the relevant time. Furthermore, the timing is likely to depend on when the fields cease to produce at economically viable rates. This in turn will depend upon future oil prices and future operating costs, which are inherently uncertain.

The provision reflects two liabilities: one is to dismantle the property, plant and equipment assets and the other is to restore the environment. The decommissioning part of the provision is reversed when an oil well is abandoned and corresponding capitalised costs are expensed. The environmental part of the provision is reversed when the expenses on restoration are actually incurred.

The provision is reversed when the corresponding capitalised costs directly attributable to an exploration and evaluation asset are expensed as it is determined that a commercial discovery has not been achieved and the restoration of the corresponding environment has been completed.

The decommissioning and environmental restoration provision as of 31 December 2015 decreased in comparison with 31 December 2014 due to the change in estimate of forecasted inflation rates. The Group reviews quarterly the application of inflation rates used for the provision estimation. The inflation rate used in the estimation of the provision as of 31 December 2016 was 5.8% in 2017, decreasing to 4.0% in 2036 (in 2015: 7.4% in 2016, decreasing to 5.3% in 2036; in 2014 the flat rate of 11.4% was applied based on historical data) based on the forecast of the Economist Intelligence. The discount rates used to determine the decommissioning and environmental restoration provision are based on Russian government bond rates.

23. Deferred tax liabilities

Movements in temporary differences during the year:

	31 December 2016	Recognised in profit or loss	31 December 2015 (Restated)
Decommissioning provision	44,368	2,023	42,345
Other current assets and liabilities	9,540	(4,599)	14,139
Tax loss carry-forwards	299,067	(18,046)	317,113
Deferred tax assets	352,975	(20,622)	373,597
Exploration and evaluation assets	(576,443)	(15,525)	(560,918)
Property, plant and equipment	(208,178)	(65,195)	(142,983)
Borrowings	(2,242)	1,111	(3,353)
Deferred tax liabilities	(786,863)	(79,609)	(707,254)
Net deferred tax liabilities	(433,888)	(100,231)	(333,657)

	31 December 2015 (Restated)	Recognised in profit or loss (Restated)	31 December 2014 (Restated)
Decommissioning provision	42,345	(31,354)	73,699
Other current assets and liabilities	14,139	6,150	7,989
Tax loss carry-forwards	317,113	64,625	252,488
Deferred tax assets	373,597	39,421	334,176
Exploration and evaluation assets	(560,918)	(410)	(560,508)
Property, plant and equipment	(142,983)	(71,596)	(71,387)
Borrowings	(3,353)	979	(4,332)
Deferred tax liabilities	(707,254)	(71,027)	(636,227)
Net deferred tax liabilities	(333,657)	(31,606)	(302,051)

Deferred income tax assets are not recognised for tax losses mainly carried forward for SibGeCo to the extent that the utilisation of the related tax benefit through future taxable profits is not probable. The Group has not recognised deferred income tax assets of 482,631 (2015: 461,209; 2014: 454,747). The Group has tax losses that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

Management assessed that the deferred tax assets will be fully offset against future taxable profits in 2020-2026.

24. Other taxes payable

	31 December 2016	31 December 2015 (Restated)	31 December 2014 (Restated)
VAT payable	67,769	45,770	45,907
Property tax	35,647	32,433	5,232
Mineral extraction tax	4,711	2,697	5,457
Other taxes payable	10,373	9,766	7,370
Total	118,500	90,666	63,966

25. Trade and other payables

	31 December 2016	31 December 2015 (Restated)	31 December 2014 (Restated)
Current trade payables	93,143	146,676	57,192
Non-current other payables	57,874	-	-
Accrued expenses	28,851	34,246	58,396
Payables to employees	7,385	33,936	1,069
Total	187,253	214,858	116,657

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26. Operating leases

Operating lease payments are mainly rentals by the Group of land, office space and equipment required for use on a temporary basis. Leases are normally signed on a short term basis of one to two years with options to extend.

Lease payments under operating leases recognised in the consolidated statement of comprehensive income for the year amounted to 32,953 (2015: 20,248).

At the reporting date the Group's outstanding commitments for future minimum lease payments under non-cancellable leases fall due as follows:

	31 December 2016	31 December 2015 (Restated)	31 December 2014 (Restated)
Within one year	1,094	6,632	3,769
In two to five years	1,444	1,312	1,238
More than five years	6,135	5,976	5,907
Total	8,673	13,920	10,914

27. Financial instruments and financial risk management

Overview of the Group's financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Liquidity risk;
- Market risk;
- Credit risk;

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout this consolidated financial statements.

The Group's risk management policies deal with identifying and analysing the risks faced by the Group, setting appropriate risk limits and controls, and monitoring risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its internal policies, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

27.1 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group monitors the risk of cash shortfalls by means of current liquidity planning. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. This approach is used to analyse payment dates associated with financial assets, and also to forecast cash flows from operating activities. The contractual maturities of financial liabilities are presented including estimated interest payments.

The Group's current liabilities exceed current assets at 31 December 2016 by 58,475. Starting from 2017 the Group budgeted flat sales together with further reduction of administrative and operating expenses. Management is currently working out a plan to perform all the plant maintenance within one full stop during four days, which will increase the production and cash inflow from operating activities.

During 2016 geologists and field development team elaborated changes to capital investments plan with potential to avoid the investment activities outflow amounted to 133,000. For additional liquidity risk mitigation, in April 2017 the Group obtained preferential term sheet for 100,000 limit credit line with Sberbank.

With all the above the Group management considers the liquidity risk as low.

	Contractual amount	Less than 1 year	1-5 years	Over 5 years
Financial liabilities as at 31 December 2016				
Borrowings	2,357,003	487,329	1,124,968	744,706
Trade and other payables	211,068	129,379	-	81,689
Total	2,568,071	616,708	1,124,968	826,395

	Contractual amount	Less than 1 year	1-5 years	Over 5 years
Financial liabilities as at 31 December 2015 (restated)				
Borrowings	2,940,525	583,499	941,717	1,415,309
Trade and other payables	214,858	214,858	-	-
Total	3,155,383	798,357	941,717	1,415,309

	Contractual amount	Less than 1 year	1-5 years	Over 5 years
Financial liabilities as at 31 December 2014 (restated)				
Borrowings	3,376,343	435,834	1,070,835	1,869,674
Trade and other payables	116,657	116,657	-	-
Total	3,493,000	552,491	1,070,835	1,869,674

27.2 Market risk

Market risk includes interest risk and foreign currency exchange rate risk.

(a) Interest risk

The Group has exposure to interest risk since Diall Alliance entered into a non-revolving credit facility agreement with Sberbank and, according to the terms of the agreement, Sberbank may unilaterally amend the interest rate in the event of increases in refinancing rates of the Central Bank of Russia. Sberbank had not amended the interest rate by the reporting date.

(b) Foreign currency exchange rate risk and the effect of translation to the presentational currency

The Group does not have any significant exposure to foreign currency risk, as no significant sales, purchases or borrowings are denominated in a currency other than the functional currency.

The Group's operations are carried in the Russian Federation, where all of its revenue, costs and financing from both Sberbank and intra-group lending are denominated in RUB. As a result there is no exposure at the operating subsidiary level to foreign currency exchange risk movements.

27.3 Credit risk

Credit risk arises principally from the Group's financial investments, trade and other receivables and cash and cash equivalents. It is the risk that the value of the Group's investments will not be recovered and the risk that the counterparty fails to discharge its obligation in respect of the Group's trade and other receivables and cash balances. The maximum exposure to credit risk equals the carrying value of these items in the financial statements.

The Group is largely dependent on one customer (Gazprom Mezhrefiongaz Saratov LLC) for a significant portion of revenues. Gazprom Mezhrefiongaz Saratov LLC accounted for 85.9% and 80.7%, of the Group's total revenue in 2016 and 2015 respectively. The loss or the insolvency of this customer for any reason, or reduced sales of the Group's principal product, could significantly reduce the Group's ongoing revenue and/or profitability, and could materially and adversely affect the Group's financial condition. The credit rating assigned to Gazprom by Standard & Poor's is BB+. To manage credit risk and exposure to the loss of the key customer, the Group has entered into a long-term contract with Gazprom Mezhrefiongaz Saratov LLC, effective till 31 December 2020. As for the smaller customers, the Group imposes minimum credit standards that the customers must meet before and during the sales transaction process.

Credit risk related to cash and cash equivalents is reduced by placing funds with banks with acceptable credit ratings.

To limit exposure to credit risk on cash and cash equivalents management's policy is to hold cash and cash equivalents in reputable financial institutions. During 2016 cash was held mainly with Sberbank (rating Ba2.ru, Moody's).

	31 December 2016	31 December 2015 (Restated)	31 December 2014 (Restated)
Ba2.ru, Moody's	291,683	422,865	522,584
Other	2,571	5,685	79,043
Total cash and cash equivalents	294,254	428,550	601,627

Capital management

The Group considers its capital and reserves attributable to equity shareholders to be the Group's capital. In managing its capital, the Group's primary long-term objective is to provide a return for its equity shareholders through capital growth. Going forward, the Group may seek additional investment funds and also maintain a gearing ratio that balances risks and returns at an acceptable level, while maintaining a sufficient funding base to enable the Group to meet its working capital needs. Details of the Group's capital are disclosed in the statement of changes in equity.

There have been no other significant changes to management's objectives, policies or processes in the year, nor has there been any change in what the Group considers to be capital.

The Group companies are in compliance with externally imposed capital requirements as of 31 December 2016, 2015 and 2014.

28. Commitments and contingencies

28.1 Capital commitments

Capital expenditure contracted for at 31 December 2016 but not yet incurred was 249,723, net of VAT (2015: 15,291, net of VAT, 2014: 37,769, net of VAT).

28.2 Insurance

The insurance industry in the Russian Federation is in a developing state and many forms of insurance protection common in other parts of the world are not generally available. The Group's insurance currently includes cover for damage to or loss of assets, third-party liability coverage (including employer's liability insurance) and directors and officers liability insurance, in each case subject to excesses, exclusions and limitations. However, there can be no assurance that such insurance will be adequate to cover losses or exposure to liability, or that the Group will continue to be able to obtain insurance to cover such risks. Until the Group obtains adequate insurance coverage there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Group's operations and financial position.

28.3 Litigation

The Group has been involved in a number of court proceedings (both as a plaintiff and as a defendant) arising in the normal course of business. In the opinion of management there are no current legal proceedings or other claims outstanding which could have a material adverse effect on the results of operations, financial position or cash flows of the Group and which have not been accrued or disclosed in these financial statements.

28.4 Taxation contingencies

Russian tax legislation which was enacted or substantively enacted by the end of the reporting period is subject to varying interpretations when applied to the transactions and activities of the Group. Consequently, tax positions taken by management and formal documentation supporting the tax positions may be successfully challenged by relevant authorities. Russian tax administration is gradually tightening, including a higher risk of review of tax transactions without a clear business purpose or with tax non-compliant counterparties. 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. As Russian tax legislation does not provide definitive guidance in certain areas, the Group adopts, from time to time, interpretations of such uncertain areas that reduce the overall tax rate of the Group. While management currently estimates that the tax positions and interpretations that it has taken can probably be sustained, there is a possible risk that outflow of resources will be required should such tax positions and interpretations be challenged by the relevant authorities. The impact of any such challenge cannot be reliably estimated; however, it may be material to the financial position and/or the overall operations of the Group.

The taxation system in the Russian Federation continues to evolve and is characterised by frequent changes in legislation, as well as official pronouncements and court decisions which are sometimes contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities which have the authority to impose severe fines, penalties and interest charges. Recent events within the Russian Federation suggest that the tax authorities are taking a more assertive and substance-based position in their interpretation and enforcement of tax legislation.

These circumstances may create tax risks in the Russian Federation that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the impact on these consolidated financial statements if the authorities were successful in enforcing their interpretations could be significant.

28.5 Environmental matters

The Group's operations are in the upstream oil industry in the Russian Federation and its activities may have an impact on the environment. The enforcement of environmental regulations in the Russian Federation is evolving and the enforcement stance of government authorities is continually being reconsidered. The Group periodically evaluates its obligations related thereto. The outcome of environmental liabilities under proposed or future legislation, or as a result of stricter interpretation and enforcement of existing legislation, cannot reasonably be estimated at present, but could be material.

Under the current levels of enforcement of existing legislation, management believes there are no significant liabilities in addition to amounts already accrued as a part of the decommissioning provision and which would have a material adverse effect on the financial position of the Group.

29. Related party transactions

During 2016 and 2015 there were no operations with related parties, except for key management remuneration.

The remuneration of key management comprised of salary and bonuses in the amount 57,175 (2015: 101,225).

30. Availability of annual report and financial statements and General Meeting

Copies of the Group's annual report and consolidated financial statements will be sent to Registered Shareholders but may not be sent to holders of Depository Interests. The annual report and financial statements will be available for inspection at the Group's registered office and may also be viewed on the Group's website at: www.zoltav.com. Notice of a General Meeting will be sent to shareholders in due course.

GLOSSARY

"barrel" or "bbls"	a stock tank barrel, a standard measure of volume for oil, condensate and natural gas liquids, which equals 42 US gallons
"bcf"	billion cubic feet
"bcm"	billion cubic metres
"boe"	barrel of oil equivalent
"toe"	tonnes of oil equivalent
"/d"	per day
"mcf"	thousand cubic feet
"mcm"	thousand cubic metres
"mmboe"	million barrels of oil equivalent
"mmcf"	million cubic feet
"mmcm"	million cubic metres
"mmT"	million tonnes
"mT"	thousand tonnes
"mToe"	thousand tonnes of oil equivalent

