

OPINION
of the Internal Audit Commission on the results of the audit of the annual financial statements of Rosneft

March 28, 2011

Moscow

Internal Audit Commission of Rosneft consisting of:

A.N. Kobzev	Head of the Expert Analytical Department of the Federal Agency for State Property Management
Members of the Internal Audit Commission	
T.V. Fisenko	Director of the Financial Department of the Ministry of Energy of the Russian Federation;
K.V. Pesotsky	Deputy Head of the Moscow City Property Department;
A.S. Yugov	Deputy Head of the Department of Infrastructure Branches and Organizations of the Military Industrial Complex of the Federal Agency for State Property Management of the Russian Federation;
S.A. Pakhomov	Head of Department at the Federal Agency for State Property Management of the Russian Federation

acting by virtue of their powers and guided by the Federal Law No. 208-FZ On Joint Stock Companies dated December 26, 1995, the Charter of Rosneft, Regulations On the Internal Audit Commission of Rosneft, Regulations On Accounting Policy for 2010, other regulations and documents, prepared this opinion on the results of the audit of the financial and business activities of Rosneft in 2010.

In the course of the audit the Commission considered and analyzed:

- annual financial statements of Rosneft for 2010;
- opinion of the external auditor CJSC ‘Audit & Consulting Group - Business Systems Development’ confirming reliability of the financial statements of Rosneft for 2010;
- written information on the results of the audit of the financial statements of Rosneft for 2010;
- other regulations and documents.

Primary documents confirming accounting and reporting figures (general ledger, trial balance, property and financial liability inventory materials, reports on reconciliation with various level budgets) and other documents were considered and analyzed on a sampling basis.

The following annual accounts of Rosneft were presented for auditing:

- Balance Sheet (Form No. 1);
- Profit & Loss Statement (Form No. 2);
- Statement of Changes in Equity (Form No. 3);
- Cash Flow Statement (Form No. 4);
- Balance Sheet Supplement (Form No. 5);
- Explanatory Notes (hereinafter all statements are collectively referred to as 'accounting (financial) statements').

The objective of the Internal Audit Commission was to assess the accounting statements from the point of view of reliability of the data contained therein, as well as to inform the members (shareholders) of Rosneft of any facts of infringements of accounting and financial statements presentation procedures as established by the laws of the Russian Federation and by internal regulations.

The audit was planned and performed in such a way as to express an unprejudiced opinion concerning presence or absence of material distortions in the financial statements, and included auditing and confirming the numeric data and explanations contained in the financial statements on a sample basis.

The executive body of Rosneft is responsible for organization, condition and authenticity of the Company's financial accounting as well as for the timely preparation and presentation of the financial (accounting) statements to the relevant authorities.

The audit was performed in accordance with regulations setting procedure for compiling financial (accounting) statements, including the following:

- Federal Law No. 208-FZ On Joint Stock Companies dated December 26, 1995;
- Federal Law No. 129-FZ On Accounting dated November 21, 1996;
- Russian Accounting Standards PBU 4/99 'Accounts of an Organization' approved by the Order No. 43H of the Russian Ministry of Finance dated July 6, 1999;
- Rules of Accounting and Reporting in the Russian Federation approved by the Order No. 34H of the Russian Ministry of Finance dated July 29, 1998;
- Regulations On Internal Audit Commission of Rosneft approved by the General Meeting of Shareholders on June 19, 2009.

The audit was performed on a sample basis and included study of figures contained in the financial (accounting) statements, disclosure of information on financial and economic activity, evaluation of the compliance of the financial (accounting) statements with accounting principles and rules applied in the process of preparing financial (accounting) statements.

The audit established the following:

1. Changes in the opening balance of the balance sheet (Form 1).

No adjustment of opening balances of the balance sheet in order to ensure comparability of the accounting statements indicators within the reporting period was carried out.

2. Subsequent events.

On January 14, 2011 Rosneft and BP announced their plans concerning establishment of a strategic alliance for development of hydrocarbon resources in the Russian Arctic Region and for swapping shares. BP plans to issue common shares in the amount of 5% of the total amount of common shares (including those issued for the swap) against 1,010,158,003 shares of Rosneft. Completion of the swap and signing of definitive agreements on joint development of Arctic are scheduled for the first half of 2011 and by the end of 2012 respectively. Both agreements are subject to the approval of the definitive documents by the parties.

On January 27, 2011 Rosneft and Exxon Mobil concluded an Agreement on joint development of Tuapse Trough in the Russian Black Sea shelf.

3. Contingent facts of business activities

1. In 2006 YUKOS Capital S.a.r.l, former subsidiary of OJSC YUKOS Oil Company initiated arbitration proceedings against OJSC Yuganskneftegaz (that subsequently was taken over by the Company) in various arbitration tribunals, accusing OJSC Yuganskneftegaz of default on their obligations under four rouble denominated loans. International Commercial Arbitration Court (hereafter - ICAC) at Chamber of Commerce and Industry of the Russian Federation (hereafter – CCI) passed four judgments in favor of YUKOS Capital S.a.r.l in connection with the above loans in the total amount of ca. RUR 12.9 bln.

In 2007 the Company succeeded in disputing the decisions of ICAC at CCI of the Russian Federation that were revoked by the Russian court including Supreme Arbitration Court of the Russian Federation. However, YUKOS Capital S.a.r.l lodged a claim concerning recognition of ICAC judgments in the Netherlands. District Court of Amsterdam denied enforcement of the said judgments in the territory of the Netherlands due to the fact that they were orderly denied by a competent court. YUKOS Capital S.a.r.l lodged an appeal and on April 28, 2009 Amsterdam Court of Appeal reversed the decision of the District Court and permitted YUKOS Capital S.a.r.l to enforce the decision of ICAC in the Netherlands. The Company applied to the Supreme Court of the Netherlands concerning reconsideration of the judgment of the Amsterdam Court of Appeal.

In the beginning of 2010 YUKOS Capital S.a.r.l lodged an additional appeal against the Company to the High Court of Justice in London concerning recognition and enforcement of the decisions of ICAC in England and Wales as well as judgment of interest on the amounts specified in those decisions.

On June 25, 2010 Supreme Court of the Netherlands passed a judgment on recognition of non-arbitrable appeal of the Company against the judgment of Amsterdam Court of Appeal that enforced the judgment of ICAC in the Netherlands. Although the Company does not accept the judgments of the above Dutch courts, on August 11, 2010 the Company satisfied the court judgment and effected relevant payments under the claim against the Company. Apart from the above payments YUKOS Capital S.a.r.l is still demanding at the High Court of Justice in London interest payment calculated based on the provisions of law at the rate of US 160 mln as of the lodgment date.

The Company intends to make every reasonable effort to maintain the position in the course of the remaining court proceedings in England. At the moment, the preliminary hearings on individual issues are scheduled for May 2011.

In 2007, the claims concerning nullity of deals with YUKOS Capital S.a.r.l on loans were lodged to the Arbitration Court of Moscow. Respective legal actions are currently suspended.

2. In May 2007 Court of Amsterdam (the Netherlands) on application of Glendale Group Ltd. imposed preliminary injunction lien on cash at the rate of RUR 3.5 bln, which possibly will be directed to the Company under claims, lodged in the Netherlands. As a basis for the lodged claims Glendale Group Ltd specified present debt under 8 promissory notes totaling RUR 3.5 bln passed by OJSC Yuganskneftegaz in 2003. The Court suggested that the Company should by October 15, 2008 provide defense statements. On the specified date Rosneft lodged an application concerning lack of jurisdiction over the dispute in the courts of the Netherlands. On May 13, 2009 this application was denied. The Court suggested that the Company should file objections on the claim before June 24, 2009. At the specified date the Company filed a request concerning provision by the claimant of the original promissory notes. On February 17, 2010 the Court denied the claim because Glendale Group Ltd. provided the promissory notes to the Court in that period. On July 7, 2010 Rosneft submitted objections to the claim and appeal concerning suspension of the dispute consideration. The court appointed the date of the hearing on the application of Rosneft concerning suspension of dispute consideration – February 16, 2011.

3. Currently the Company is having litigations disputing decisions of the tax authority concerning denial of VAT reimbursement related to RUR 1.2 bln of uncompensated tax.

4. Also, decisions of tax authorities based on the results of on-site and in-house tax audits of Rosneft are being contested in the courts. The claims are being considered by first instance arbitration courts, decisions on these claims shall be made within the next reporting period. In the opinion of the Company management the final result of those court proceedings shall not have any material affect of the operating results or financial position of the Company.

5. On October 28, 2008 the Federal Antimonopoly Service (FAS) of Russia made a decision and issued an ordinance concerning violation by Rosneft of antimonopoly legislation that were judicially contested.

On December 24, 2008 based on the decision and ordinance dated October 28, 2008 the Federal Antimonopoly Service of Russia made a determination concerning imposition on Rosneft of an administrative penalty at the rate of RUR 1508.7 mln for antitrust offense that was judicially challenged by Rosneft. In 2010 arbitration court of the first instance consolidated those cases. As of the date of these financial statements the above consolidated claim has not been settled by the courts. The determination on imposition of a penalty has not come into legal effect.

4. State of accounting and reliability of accounting statements for 2010.

The state of the accounting at Rosneft meets, in all material respects, the requirements of the Federal Law No. 129-FZ On Accounting dated November 21, 1996. The practiced methods comply with the legislation of the Russian Federation and corporate norms and acts. Accounting principles and methods are stated in the Accounting Policy of Rosneft.

Changes in the rules and standards for accounting and preparation of accounting statements are generally reflected in accounting and reporting systems of the Company.

In the course of the audit the Internal Audit Commission considered compliance of the Company with the current laws of the Russian Federation in effecting financial and business operations and reflection thereof in accounting with the purpose of revealing possible misrepresentations in the accounts.

Accounting and preparation of accounting statements were carried out in accordance with the requirements of applicable legislation and statutory legal acts regulating accounting and taxation in the Russian Federation, as well as the Accounting Policy established by the Company for 2010. The audit of the state of the accounts by the Audit Commission has not revealed any significant infringements of the established procedures of accounting and preparation of accounts that would significantly affect reliability of the accounts.

Annual accounting statements of the Company have been prepared in full, according to the forms approved by the Ministry of Finance of the Russian Federation.

Based on the results obtained and taking into account the opinion prepared by CJSC ‘Audit & Consulting Group - Business Systems Development’, the Audit Commission hereby established that:

The accounting statements present fairly, in all material respects, the financial position of the Company as of December 31, 2010 and the results of its financial and business activities and cash flow in 2010 in compliance with the established principles for preparation of accounting statements.

Chairman of the Internal Audit Commission

A.N. Kobzev

Secretary of the Internal Audit Commission

A.S. Yugov

Members of the Internal Audit Commission

T.V. Fisenko

K.V. Pesotsky

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