



Key ingredients to achieving listing success

The more cautious IPO process required in tentative markets

15th of November 2010, London



Introduction

- Key ingredients of a successful IPO remain the same; their more robust application, however, has become more critical.
- To draw lessons from two personal experiences – Novatek IPO and Rosneft IPO
 - Understanding the lengthy and complicated internal preparations involved;
 - What crucial external considerations must be taken in to account;
 - Planning for the day (and years) after.
- Relevance of a robust yet cautious application of the key lessons to remain vital with expected softness in the market continuing.



Tentative improvements in Oil & Gas IPO markets in 2010

In Europe, half of the companies that have floated during 2010 cross-sector, trading below float price

In Oil & Gas, a number of deals cancelled or rescheduled with *dual-tracks* underway

Better prepared cautious IPO process emerging: pilot testing and early meetings with opinion leaders among investors

Global Oil & Gas Public Issues YTD

Date	Issuer	Country	Exchange	Proceeds (\$ mil)
3.2.10	North Energy ASA	Norway	Oslo Axess	54.6
15.2.10	Kea Petroleum PLC	UK	London AIM	9.4
30.3.10	Athabasca Oil Sands Corp	Canada	Toronto	1,324.0
30.3.10	Secure Energy Services Inc	Canada	Toronto	56.4
31.3.10	Genesis Hydrogen Systems Inc	Canada	TSXVenture	1.5
9.4.10	Torquay Oil Corp	Canada	TSXVenture	14.0
22.4.10	Global Geophysical Services	USA	New York	90.0
29.4.10	PAA Natural Gas Storage LP	USA	New York	252.0
30.4.10	Essar Energy Ltd	UK	London	1,943.2
11.5.10	Kulczyk Oil Ventures Inc	Canada	TSXVenture	99.1
11.5.10	Niska Gas Storage Partners LLC	USA	New York	358.8
14.5.10	C&C Energy Canada Ltd	Canada	Toronto	96.6
19.5.10	Rodinia Oil Corp	Canada	TSXVenture	50.4
7.6.10	Capital Drilling Ltd	Bermuda	London	30.1
16.6.10	Oasis Petroleum Inc	USA	New York	588.0
2.7.10	Texas Onshore AB	Sweden	OMX Stock	1.8
28.7.10	Chesapeake Midstream Ptrs LP	USA	New York	446.3
28.7.10	MEG Energy Corp	Canada	Toronto	674.3
29.7.10	Argos Resources Ltd	Falkland Is	London AIM	34.3
21.10.10	HRT Participacoes em Petroleo	Brazil	BMFBOVESPA	1375.1
22.10.10	Statoil Fuel & Retail ASA	Norway	Oslo	807.9
29.10.10	Redwater Energy Corp	Canada	TSXVenture	2.4
3.11.10	Greenfields Petroleum Corp	USA	New York	35.8
Total				8,346.0

Source: Thomson Reuters, LB Capital research, 12 November 2010



Key lessons from past IPOs to sharpen the new cautious IPO approach

Two key personal experiences to draw upon: Novatek IPO 2005 & Rosneft IPO 2006

As an illustration of process takeaways, Novatek IPO more successful on “technical points” and size appropriate in the Junior and Independent universe

Beyond a credible and compelling equity story, key ingredients for success:

Ahead of process

- In case of a Russian company at the time, fundamental improvements in transparency of ownership structure and streamlining of the corporate structure;
- Adoption of IFRS accounts and, specific to Novatek, international audits by PwC and reserves appraisal by D&M;
- Appointment of experienced management intimately involved with the sponsor, and, yet, capable of taking the company to the next level, as well as shareholder preparation

Process

- Choice of advisers: Joint Global Bookrunners - UBS (DN) and Morgan Stanley;
- Investor education ahead of roadshow and ahead of management meetings worked particularly well for Novatek;
- Focus on the few key investors coupled with a clearly positioned the equity story

Source: LB Capital research, Rosneft, Novatek; November 2010



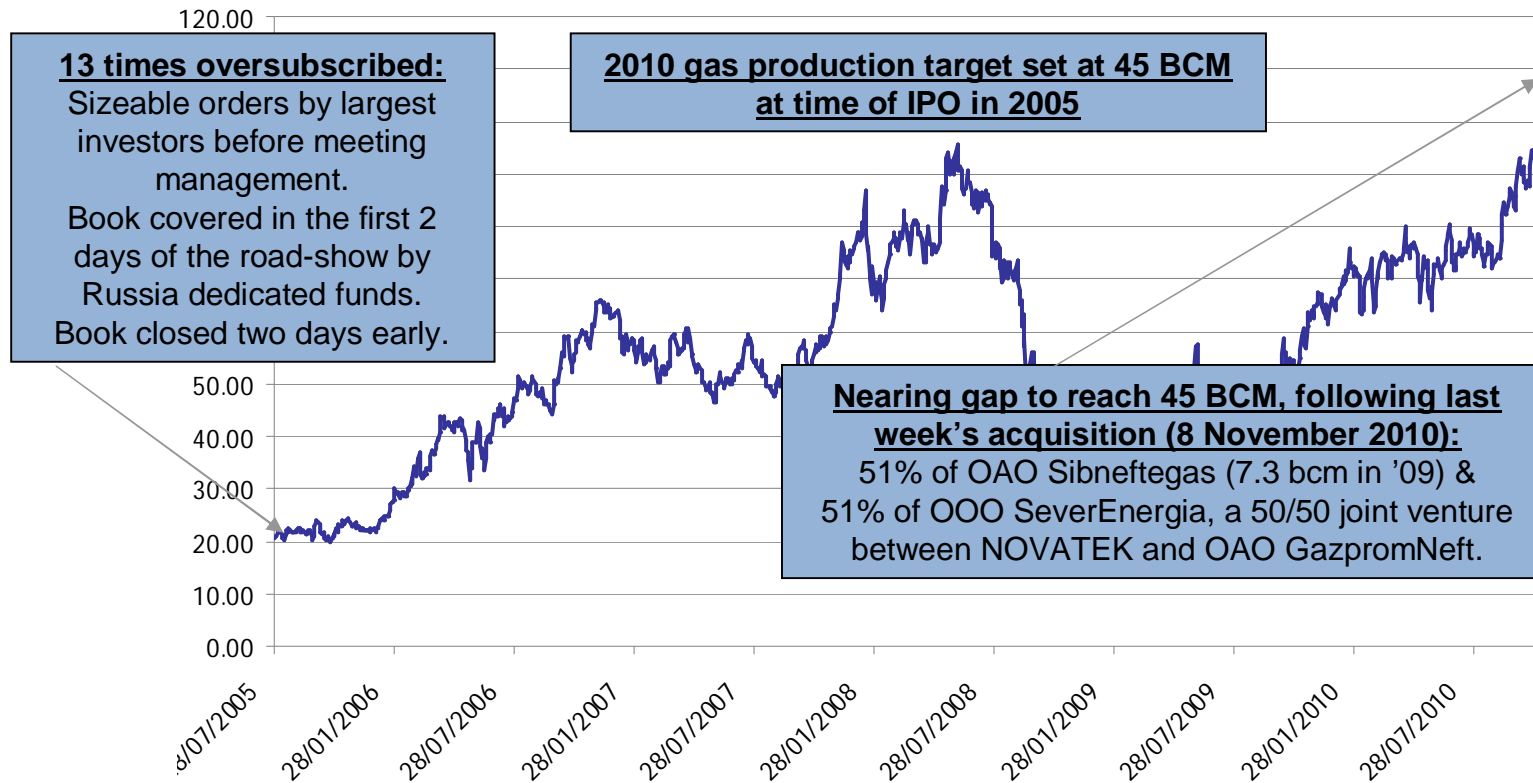
Novatek IPO Case Study (1/2) – well thought out process

Key transaction items	March			April				May				June			July				
	Week of 14	21	28	11	18	25	2	9	16	23	30	6	13	20	27	4	11	18	25
Kick-off meeting	•																		
Preparation of IFRS																			
'04 & 1Q 05 IFRS accounts														•					
Business plan & valuation																			
Business, legal & financial DD																			
Prospectus drafting																			
Filing with the UK																			
UKLA review period																			
Analyst presentations																			
Research report preparations																			
Research rep. published ex. US																			
Analyst investor education																			
Setting of price range (07.07)																			
Preliminary prospectus out																			
Mgmt. roadshow / bookbuilding																			
Pricing and allocation																			
Final prospectus out																			
Closing (the 26 th of July)																			

Source: LB Capital analysis, Novatek



Novatek IPO Case Study (2/2) - sustained performance post IPO



Source: LB Cap analysis, Bloomberg, Novatek



Oil & Gas IPO Outlook 2011 / 2012 – FSU space

- KMG and GazpromNeft Nefteservices publicly abandoned public issue options, in favour of debt markets and strategic alternatives / sale options

Source: Bloomberg, November 2010

FSU potential or contemplated public listings 2011 - 2012				
CIS O&G Company	Transaction	Transaction Value (\$MM)	Exchange	Date
Vostok Energy	IPO (25-30%)	150 - 200	London	Mar – Apr 2011
LUKOIL	9.6%* placement	tbd	Hong Kong or Singapore	2011
Geo Alliance / East One	tbd	tbd	Warsaw	2011
Nobel Oil Group	tbd	tbd	London	tbd
Galnaftogaz	IPO	125	London	2011-2012

Source: Bloomberg, Reuters, October – November 2010

Notes: * Based on the % of the ex Conoco Philips stake

- Decisions to be reviewed in early 2011 depending on market conditions; general expectations that the softness in the market will persist for the better part of 2011



Q&A

LB Capital Limited
Berkeley Square House
Berkeley Square
London W1J 6BD

Telephone: + 44 20 7396 5585

Facsimile: + 44 20 7887 6001

E-mail: enquiries@lb-capital.com

www.lb-capital.com