



Norex Petroleum Ltd.

Tuesday, February 26, 2002

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**NOREX PETROLEUM SUES AMERICAN COMPANIES FOR
CORRUPTING THE RUSSIAN OIL INDUSTRY**

Seeks \$1.5 billion for seizing a Norex subsidiary in Russia

NEW YORK, N.Y. – Norex Petroleum today filed an unprecedented civil suit alleging that a group of American citizens and U.S.–based companies engaged in a massive racketeering scheme to take over a substantial portion of the Russian oil industry through their control of Russia’s 4th largest oil producer, Tyumen Oil Company (TNK).

The suit, filed in U.S. District Court in New York City, alleges that Access Industries, Inc., Renova, Inc., and its American officers conspired with the Alfa Group, including the Crown companies and other entities overseas to forcibly take over Yugraneft, an oil company in Russia that Norex owned. The conspiracy allegedly included the forgery of corporate minutes, physical threats, economic extortion, tax fraud and money laundering.

According to the complaint, the defendants are part of a large enterprise that has employed highly sophisticated money laundering schemes and racketeering operations to corrupt the Russian legal and economic system. The complaint attaches invoices for more than \$60 million for fabricated services, which were wired by the defendants to the

offshore bank accounts of shell companies located in the Isle of Man and Bahamas, which were allegedly used to create a slush fund for improper purposes.

Norex seeks more than \$1.5 billion in damages.

‘This is about a group of American citizens, sitting in their New York offices, exploiting the Russian system through massive corruption and profiting handsomely as a result,’ said Phil Murray, President of Norex.

Several independent entities, including the European Bank for Reconstruction and Development and the U.S. State Department, have previously expressed concern over the conduct of the defendants in recent years. For instance, the allegations in the complaint reflect similar conduct by TNK that U.S. government officials publicly challenged three years ago. At that time, Secretary of State Madeleine Albright ordered the Export-Import Bank to reject a \$500 million loan guarantee for TNK. Her action was in response to claims by BP Amoco that TNK had stolen assets from Sidanco, an oil company that was owned in part by BP Amoco and the subject of another suit filed in New York State in 1999.

Today’s suit relates to one particular part of the overall scheme by the defendants in their alleged effort to corrupt the Russian oil industry. According to today’s suit, 97.3% of Yugraneft was owned by Norex, and 2.7% was owned by another Russian oil company, Chernogor-neft. In the early 1990s, Yugraneft lent several thousand metric tons of oil to Chernogor-neft as well as another petroleum entity, Nizhnevartovsk Nefte Gaz or NNG.

After Yugraneft lent the oil to Chernogor-neft and NNG, a group of entities that own TNK allegedly took over both Chernogor-neft and NNG – through sham bankruptcy

proceedings. Thereafter, German Khan, the First Vice President and Executive Director of TNK, allegedly told the general director of Yugraneft that Yugraneft should accept 30% of the value of the outstanding oil that it was owed.

According to the complaint, Khan said that if Yugraneft did not accept its offer that Yugraneft would get nothing because TNK has its “own people at all levels of government.” Khan later added that TNK “controlled” Russia’s Supreme Arbitration Court where commercial disputes were ultimately decided. Yugraneft nonetheless declined the threat.

Following Yugraneft’s refusal, the defendants allegedly seized Yugraneft under the pretence of forged minutes of a shareholders meeting. To carry out the scheme, TNK officers and 16-armed individuals invaded the offices of Yugraneft and seized control of the business.

According to the complaint, legal efforts by Norex and Yugraneft officials to wrest control away from TNK were thwarted by the local corrupt Russian court system. And, TNK has since proceeded to strip Yugraneft of its assets.

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