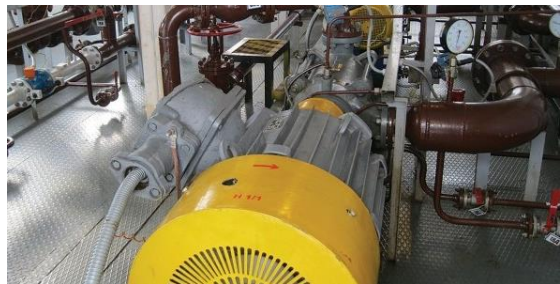




# PETRONEFT RESOURCES PLC

Annual General Meeting, 29 August 2014



# FORWARD-LOOKING STATEMENTS

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**This presentation contains certain forward-looking statements that are subject to the usual risk factors and uncertainties associated with the oil & gas exploration and production business.**

**Whilst PetroNeft believes the expectations reflected herein to be reasonable in light of the information available to them at this time, the actual outcome may be materially different owing to factors beyond the Company's control or within the Company's control where, for example, the Company decides on a change of plan or strategy.**

**PetroNeft undertakes no obligation to revise any such forward-looking statements to reflect any changes in the Company's expectations or any change in circumstances, events or the Company's plans and strategy. Accordingly no reliance may be placed on the figures contained in such forward looking statements.**

# COMPANY OVERVIEW

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## Overview

- Established in 2005 to build a diversified E&P business in Russia
- Motivated management team with proven experience of exploration, production and corporate development in Russia and abroad
- Company's Licence Areas (Licences 61 & 67) cover 7,438 km<sup>2</sup> in Tomsk Oblast, Western Siberia
- Farmout of 50% of Licence 61 to Oil India completed in July 2014

## Work Programme

- Drilling recommenced in late August
- First horizontal well at Tungolskoye No. 5 location
- 3 to 5 wells at Arbuzovskoye Pad 1
- Seismic acquisition at Sibkrayevskoye and Emtorskaya,
- Delineation well at Sibkrayevskoye
- Tungolskoye planned production starting from 2015

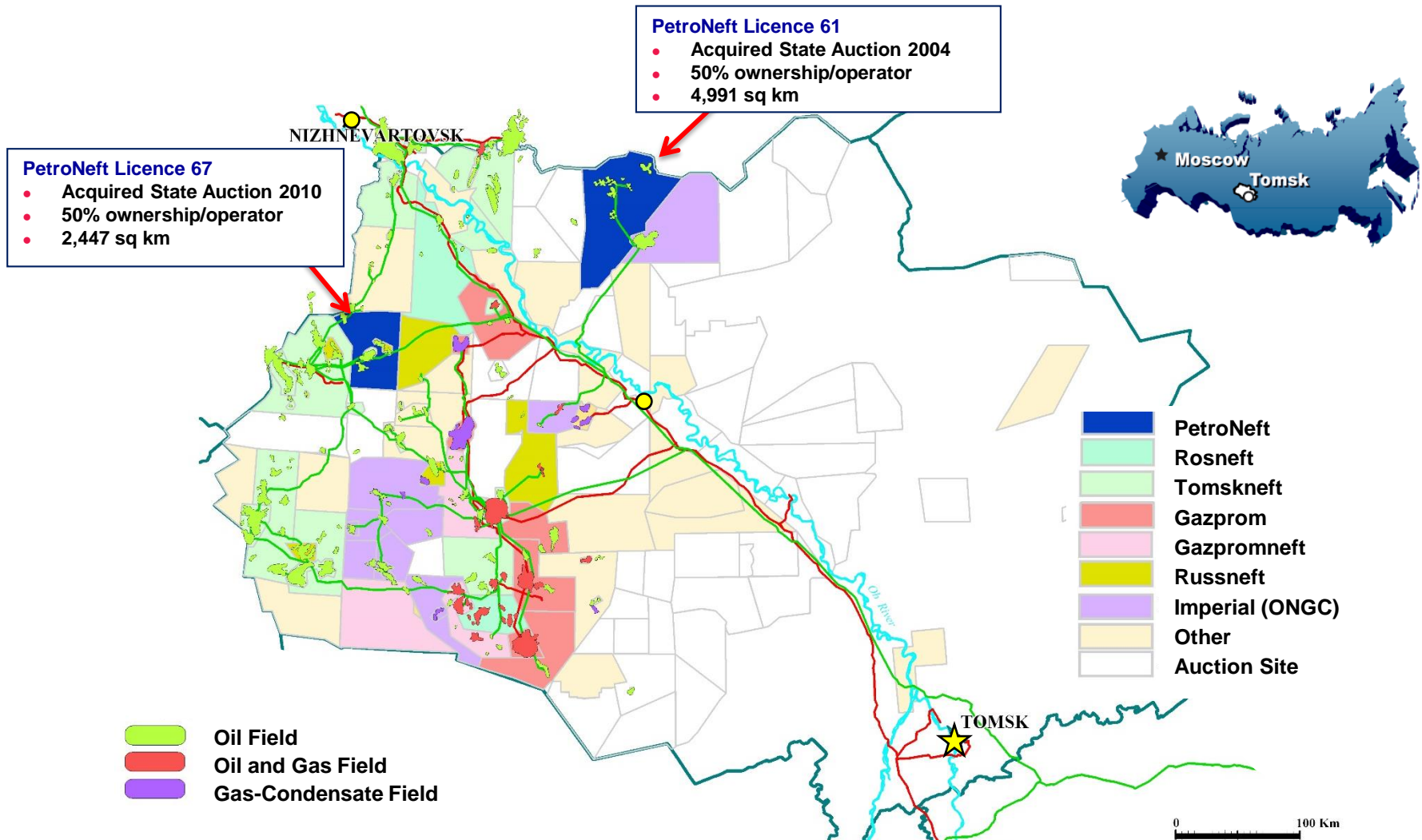
## Production

- Current production ≈ 2,000 bopd
- All major infrastructure already in place
- Central Processing Facility at Licence 61 with ±14,800 bpd design capacity
- Future developments on L61 are incremental in nature with robust economics

## Exploration

- Strong Reserve Base with material P3/P4 to 2P upgrades possible from future exploration programme
- Net 2P reserves of 72 mmbo and 3P/P4 reserves of > 300 mmbo (end 2013 post OIL farmout)
- Russian State (GKZ) Reserve update for Licence 67 this year based on 3D seismic results

# TOMSK OBLAST



**Tomsk Oblast: Very active region with significant exploration upside**  
Rosneft, Imperial Energy (ONGC), Gazprom, Gazpromneft, Russneft, local companies





# LICENCE 61

Farmout of 50% to Oil Limited Limited



# MAJOR COMMITTED WORK PROGRAMME

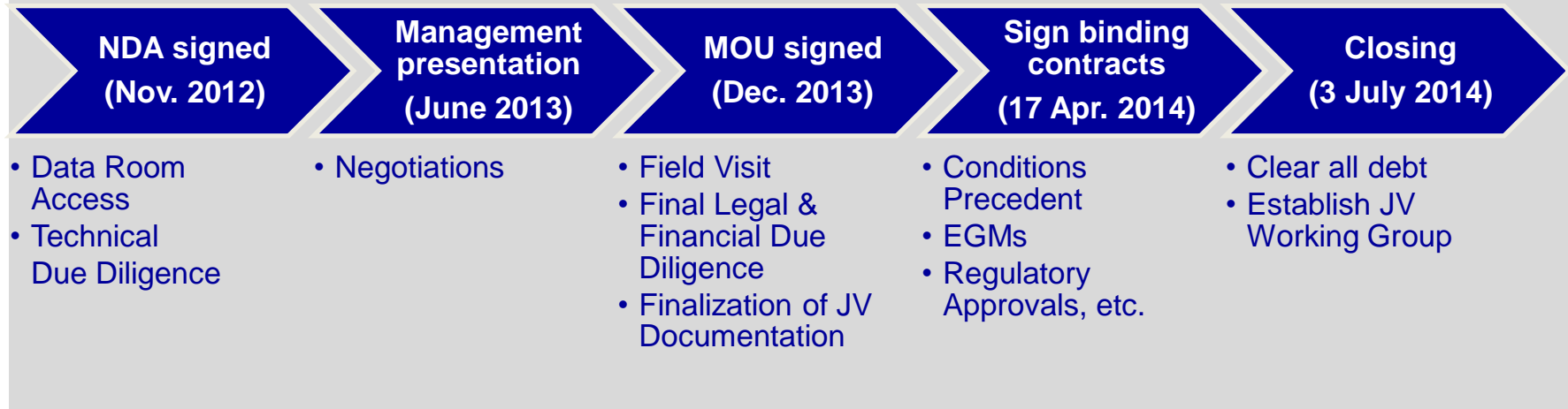
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## The Licence 61 Farmout



- Total investment by Oil India of up to US \$85 million
- US \$35 million upfront cash payment received
- US \$45 million of exploration and development expenditure on Licence 61.
  - Supports development of new fields at Licence 61
  - Until the US \$45 million is fully invested PetroNeft will not be obliged to invest any additional funds for Licence 61 exploration and development
- US \$5 million performance bonus, contingent upon gross production from the Sibkrayevskoye Field reaching 7,500 bopd within the next 5 years
- Positions PetroNeft to fully exploit the potential of all of its assets

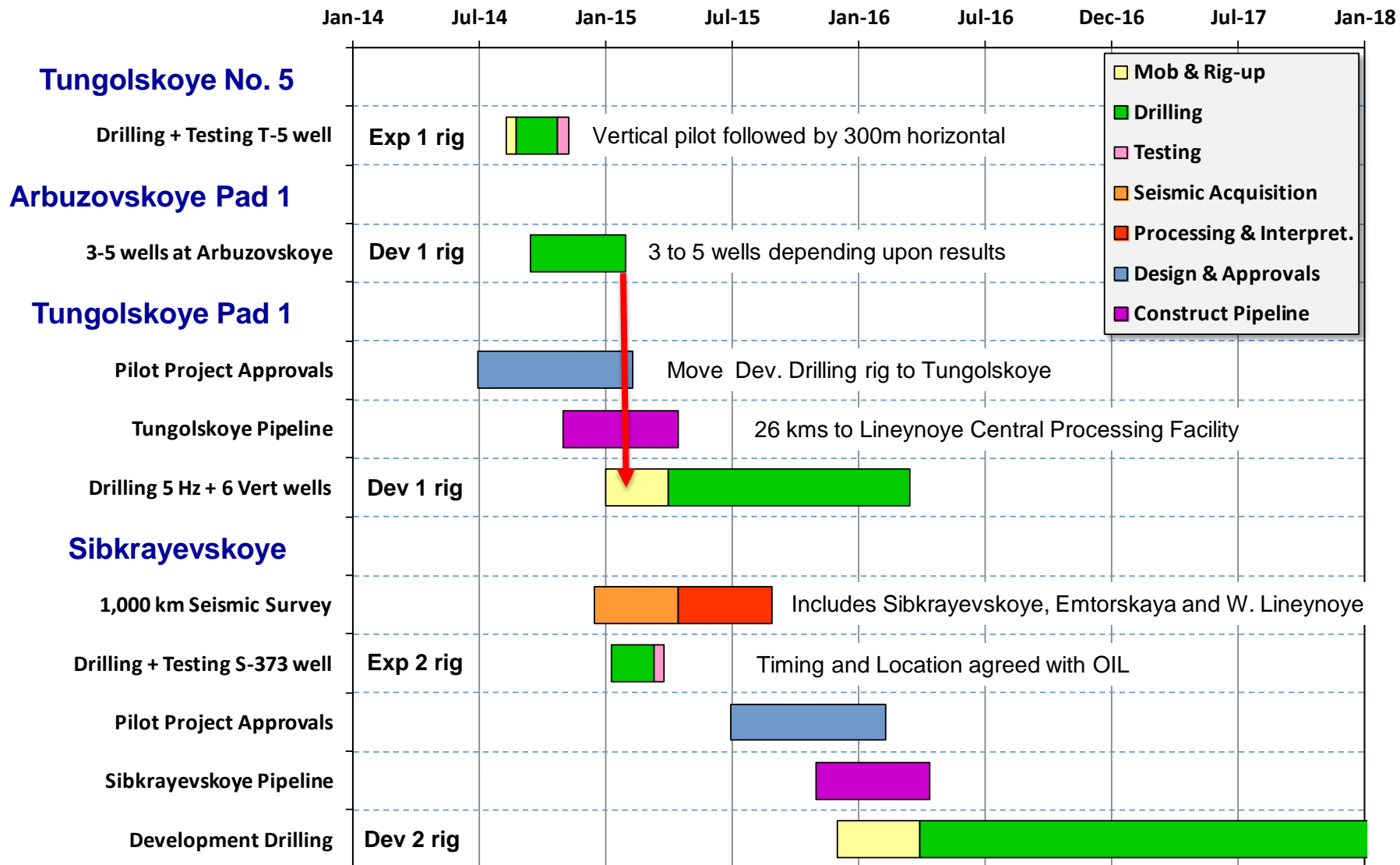
# THE OIL INDIA FARMOUT PROCESS



## Since closing the PetroNeft/Oil India Joint Venture...

- The Working Group composed of technical and financial experts put in place
- The first meeting of the Working Group was held in August 2014
- Major work programme and budget items for 2014 and 2015 were agreed subject to drilling results
- The work programme has been rigorously reviewed, discussed, and the value proposition is a shared one
- PetroNeft remains responsible for all operations

# DEVELOPMENT SCHEDULE FORECAST





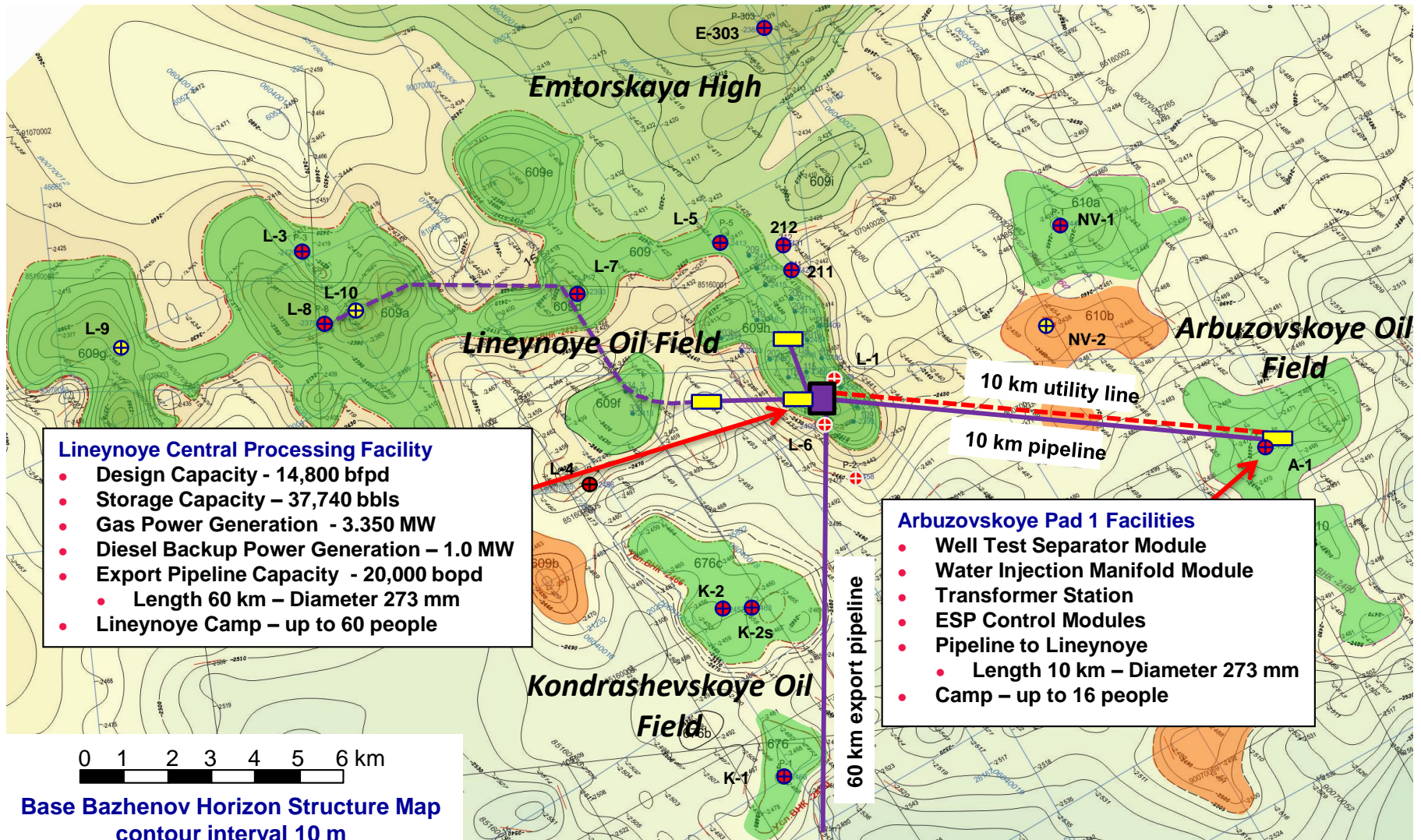


# LICENCE 61





# LICENCE 61 NORTHERN INFRASTRUCTURE





# ALL MAJOR INFRASTRUCTURE IN PLACE



# LINEYNOYE CENTRAL PROCESSING FACILITY

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# ARBUZOVSKOYE PAD 1





# ARBUZOVSKOYE PAD 1 – “THE KIT”

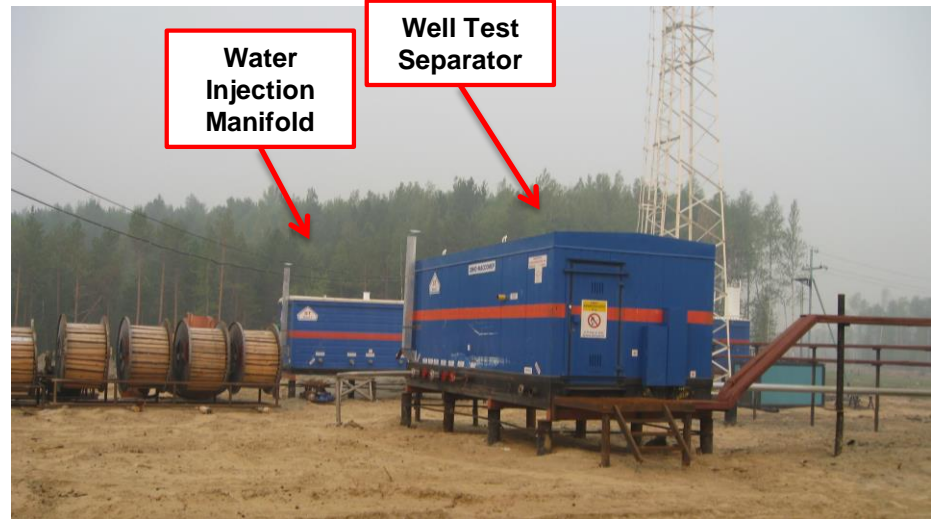


Living Quarters  
& Canteen



Drilling  
Camp

Test Separator  
W.Inj. Manifold  
Transformers



Water  
Injection  
Manifold

Well Test  
Separator

# ARBUZOVSKOYE – PROPOSED DRILLING SEQUENCE

## Arbuzovskoye Pad 1 - Drilling Sequence

Initial 6 wells on Pad 1 (shown in red) were located to better define the stratigraphy and structure of the field

### Next 3 wells agreed by Working Group:

**Location B** – low risk well with reservoir above oil-down-to adjacent to the best production well.

**Location A (9S)** - maximum reach step-out to the south to better define the owc and prospectivity of the southern half of the structure.

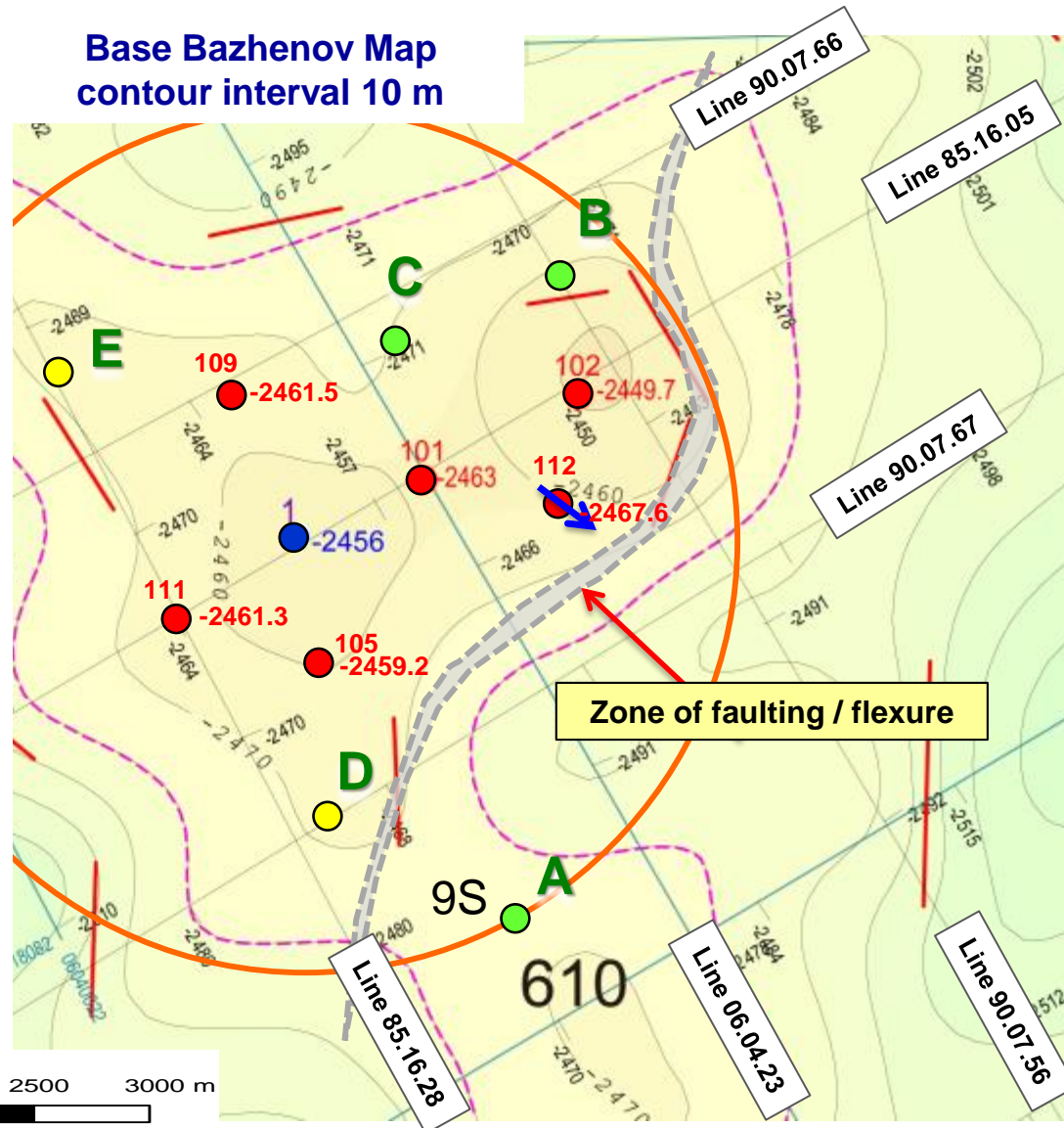
**Location C** – low risk well with reservoir above oil-down-to located as initial producer and later injector

### Two additional wells to be agreed following Location C above:

**Location D** – low risk well with reservoir above oil-down-to located as initial producer

**Location E** – low risk well with reservoir above oil-down-to located as initial producer

Base Bazhenov Map  
contour interval 10 m

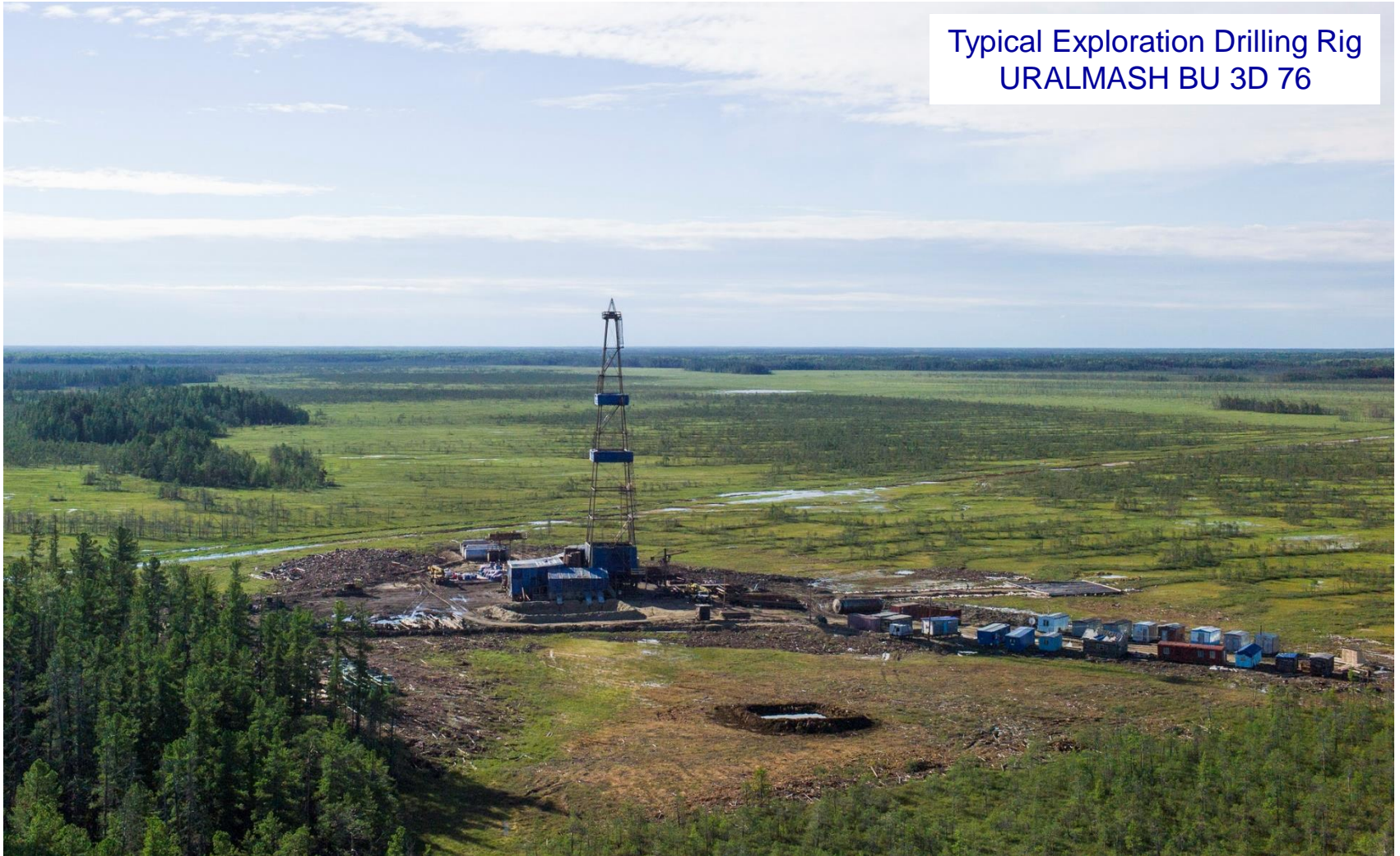




# TUNGOLSKOYE NO. 5

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Typical Exploration Drilling Rig  
URALMASH BU 3D 76





# TUNGOLSKOYE DEVELOPMENT

## 2012/2013 programme:

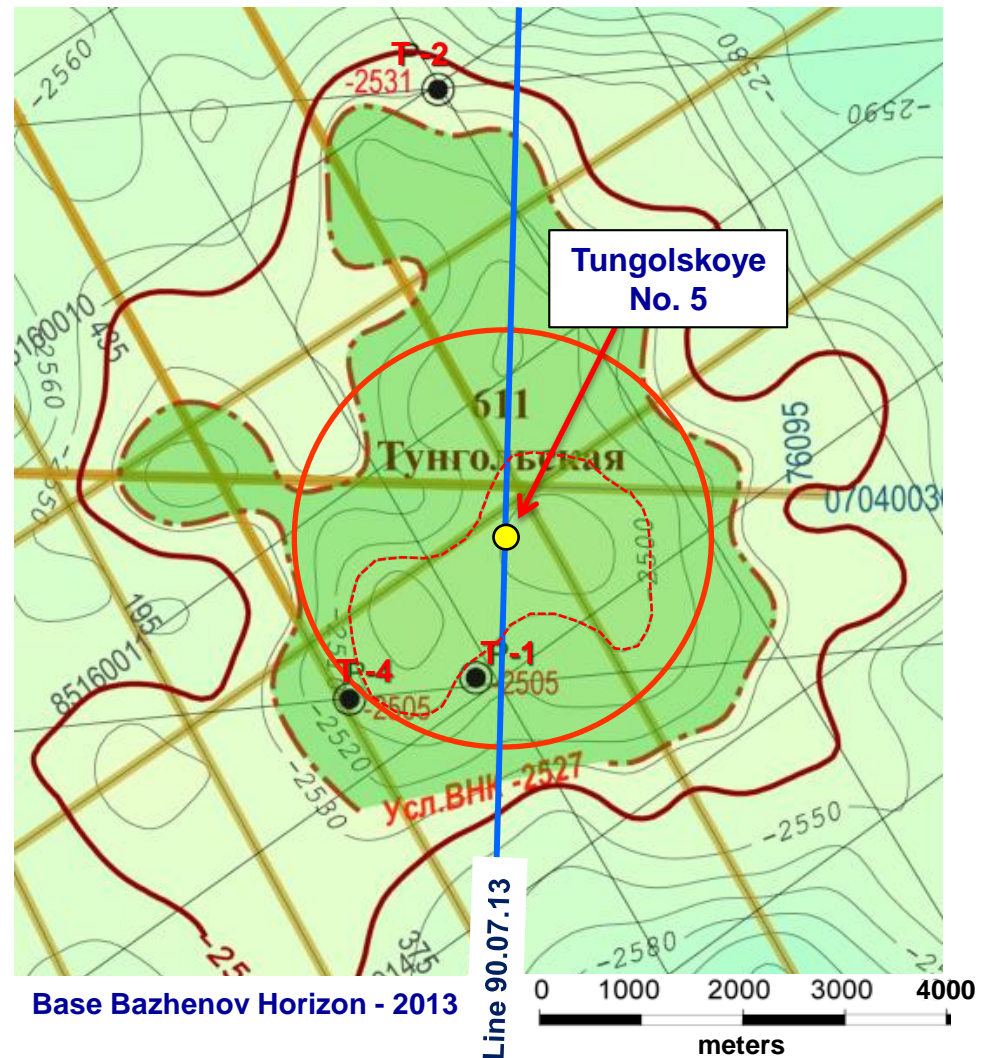
- TKG re-processing and re-evaluation of well and seismic data
- Significant portion of structure updip from T-1 and T-4 wells which had over 10 m net pay

## 2014 programme:

- Q1 mobilize rig for T-5 well
- Drill, core and test T-5 well with horizontal segment using Baker Hughes
- Russian State Reserve (GKZ) approval
- Pilot Production Project (CDC) approval

## Potential 2015 programme:

- Construction of 26 km pipeline from Lineynoye Central Processing Facility – Q1
- Construction of Pad 1 and mobilisation of development drilling rig and supplies – Q1
- Commence drilling from Pad 1 – Q2



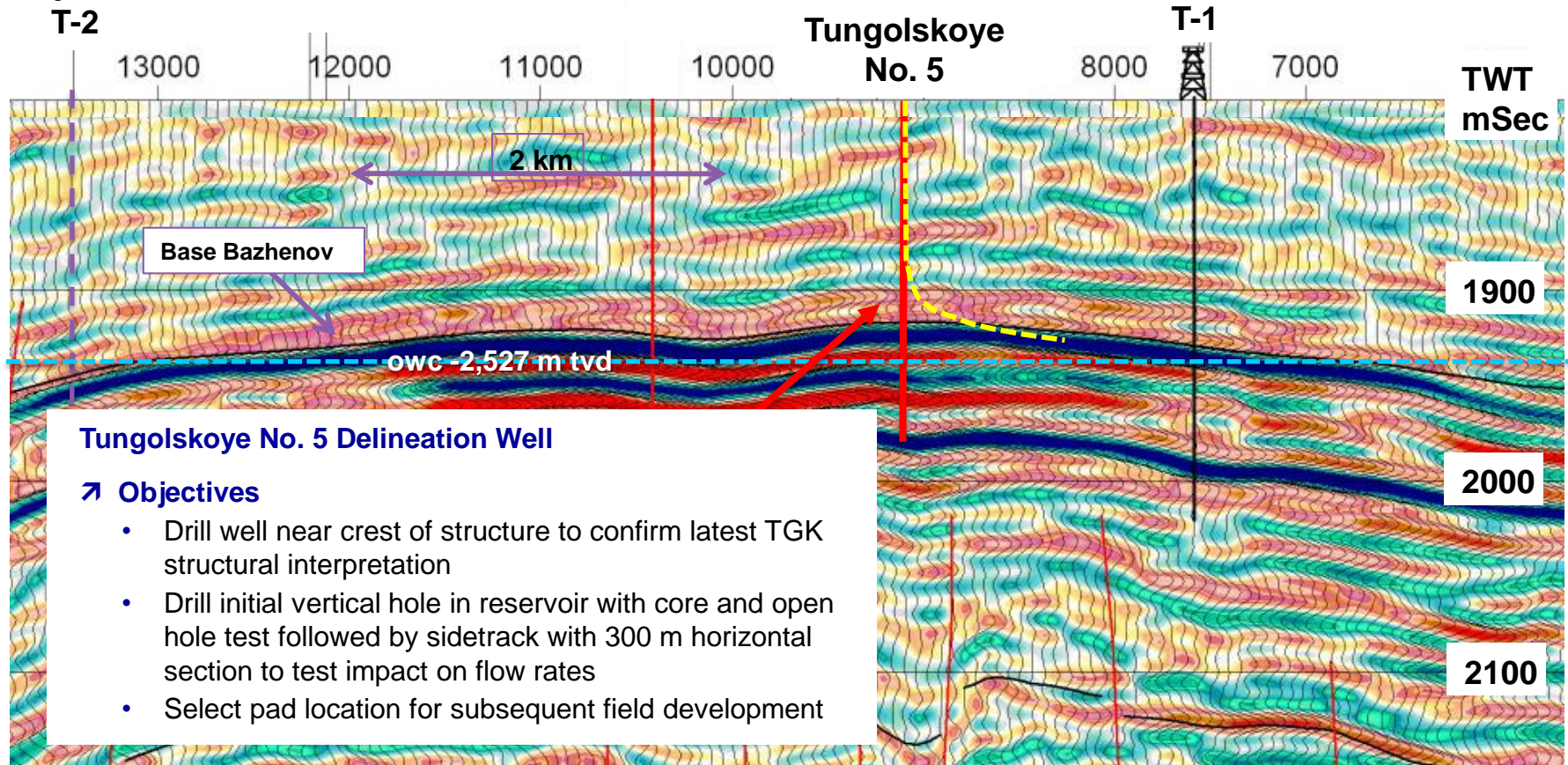
# TUNGOLSKOYE NO. 5 DELINEATION WELL

North

Line 90.07.13

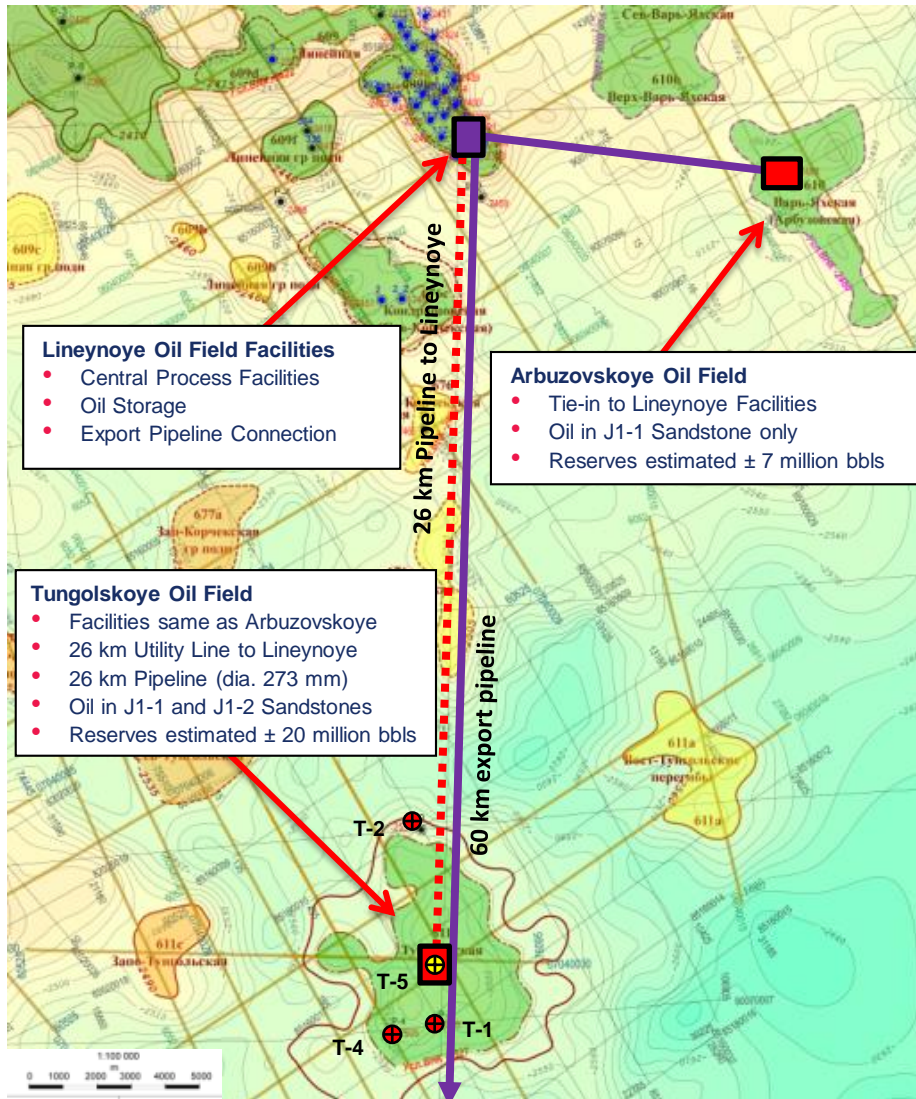
South

Projected



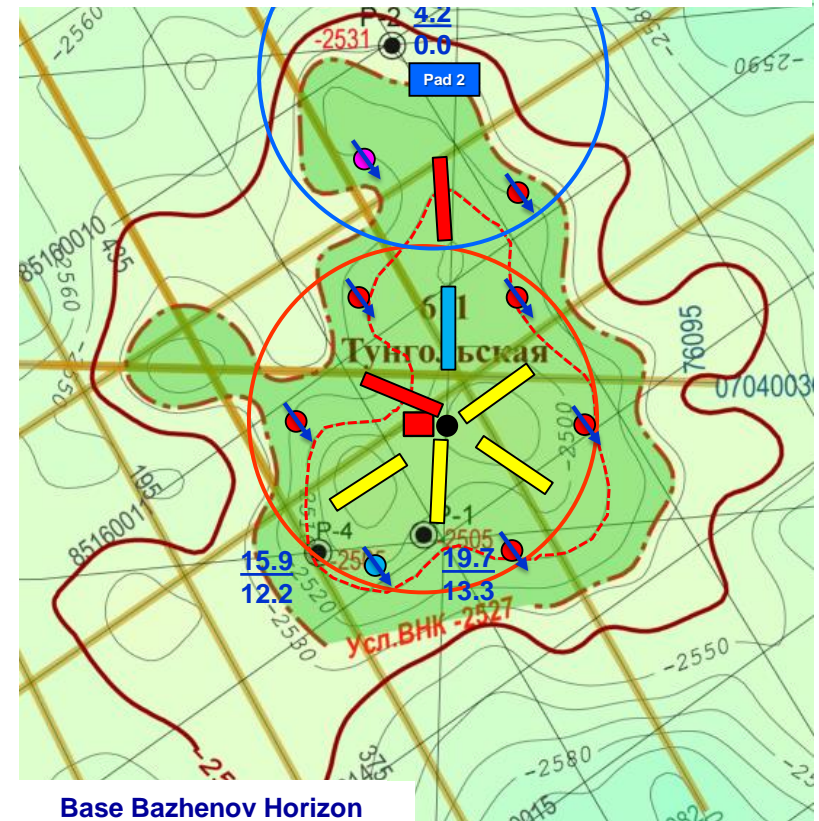


# TUNGOLSKOYE POTENTIAL DEVELOPMENT OPTION



## Risk Mitigation

- Confirm structure and reservoir with T-5 well
- Confirm flow test in 300 m horizontal segment
- Potential for horizontal wells to greatly reduce the cost and time required for development



# SIBKRAYEVSKOYE OIL FIELD OVERVIEW

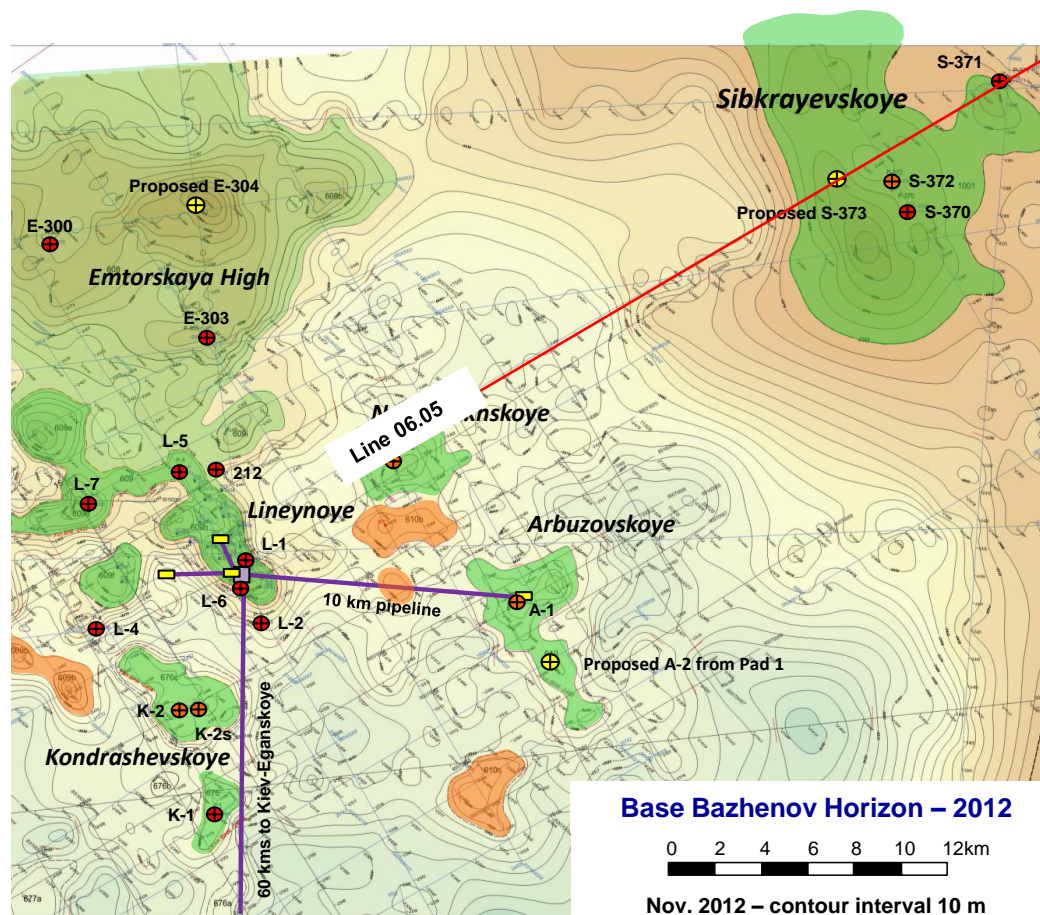
## 50 million bbls plus – expected on-stream 2016

### Three wells were drilled to date:

- Well 372 (2011) twinned well 370 was drilled by PetroNeft
- Well confirms 12.3 m of “missed pay”
- Open hole inflow test 170 bopd, 37° API
- Over 50 sq km of closure above oil-down-to level in well 372
- RS 2P reserves 53 million bbls (gross)
- Additional seismic and well data will be required to fully assess the discovery and register reserves for development

### PetroNeft is planning:

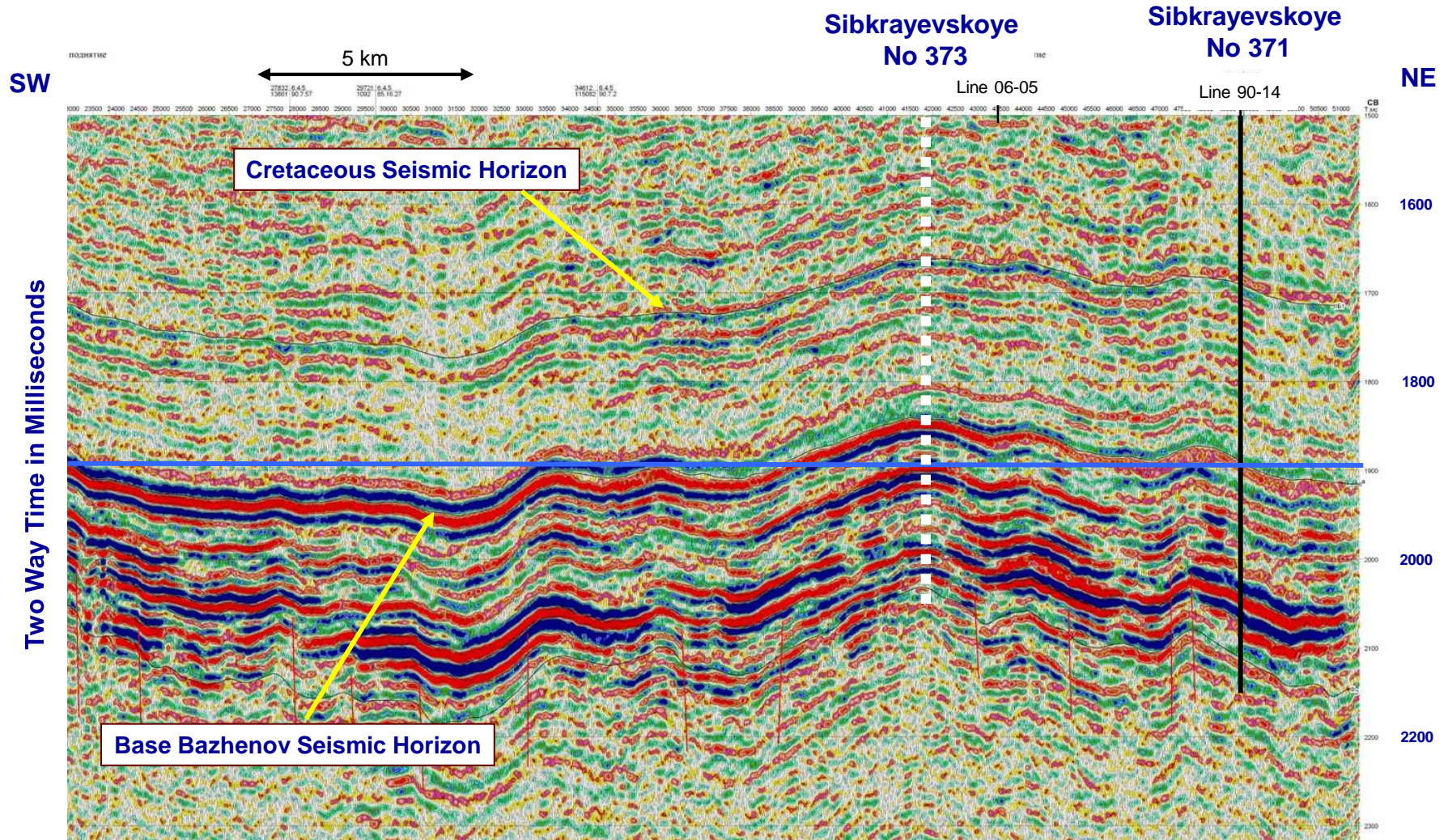
- Well 373 with rig currently on location and additional 2D Seismic acquisition for 2014/15
- Development decision in 2015
- Will be tied back to Lineynoye CPF
- Water injection for pressure maintenance





# SIBKRAYEVSKOYE NO. 373 DELINEATION WELL

Seismic Line 06-05 – Sibkrayevskoye is very large high amplitude structure





# EMTORSKAYA HIGH

0 1 2 3 4 5 6 km

Base Bazhenov Horizon Structure Map  
contour interval 10 m

## Emtorskaya 300 - Reinterpretation

- $J_1^1$  – 1.0 m oil
- $J_1^2$  – 5.0 m potential oil

## Emtorskaya 304 - Proposed

- Crestal high -2,315 m  $J_1^1$
- 65 m high to Lineynoye Crest

## Emtorskaya 303 - Reinterpretation

- $J_1^1$  - 1.9 m oil
- $J_1^2$  – 3.2 m potential oil

## Likely Field Extension to the North

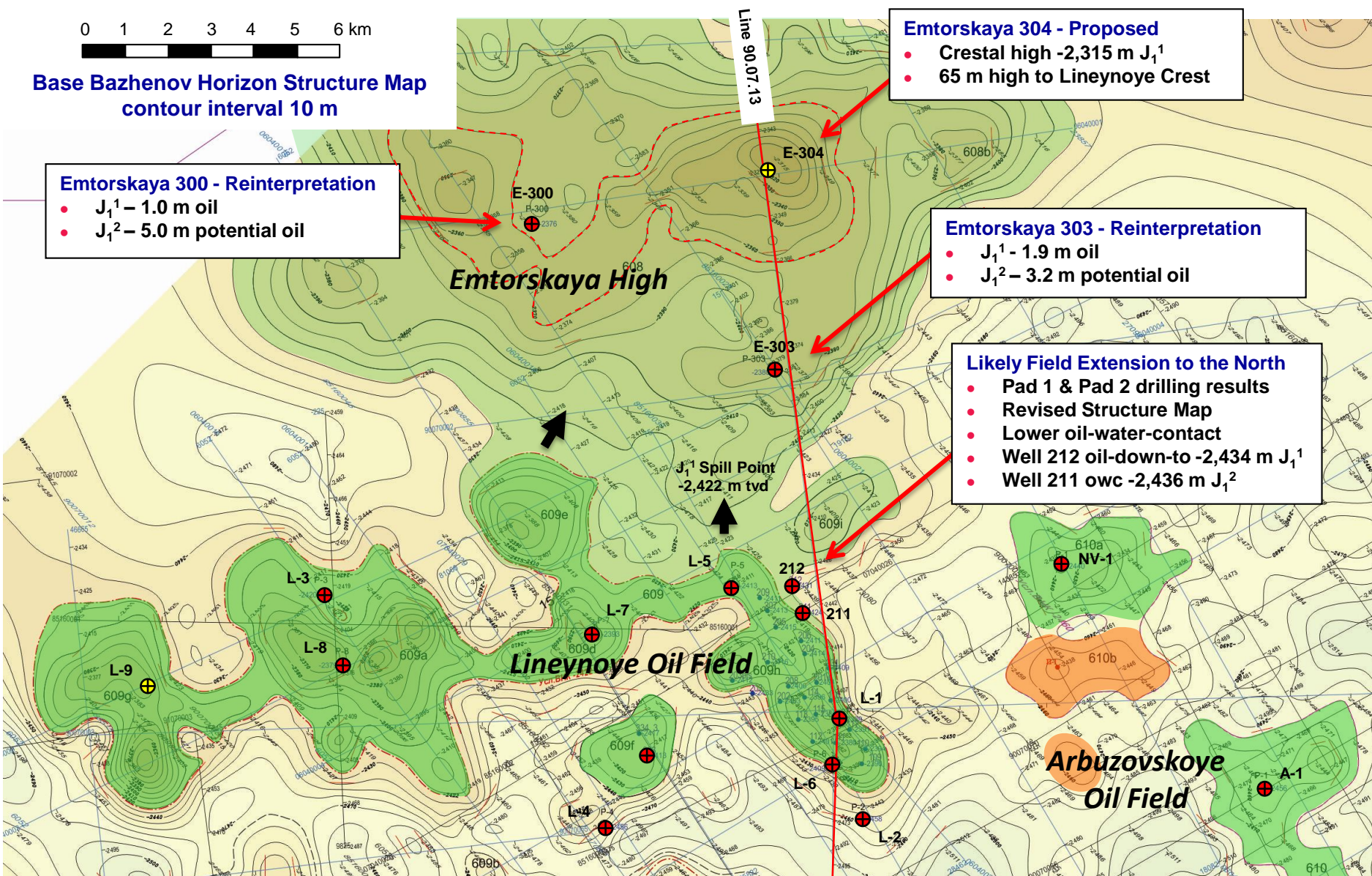
- Pad 1 & Pad 2 drilling results
- Revised Structure Map
- Lower oil-water-contact
- Well 212 oil-down-to -2,434 m  $J_1^1$
- Well 211 owc -2,436 m  $J_1^2$

**Emtorskaya High**

**Lineynoye Oil Field**

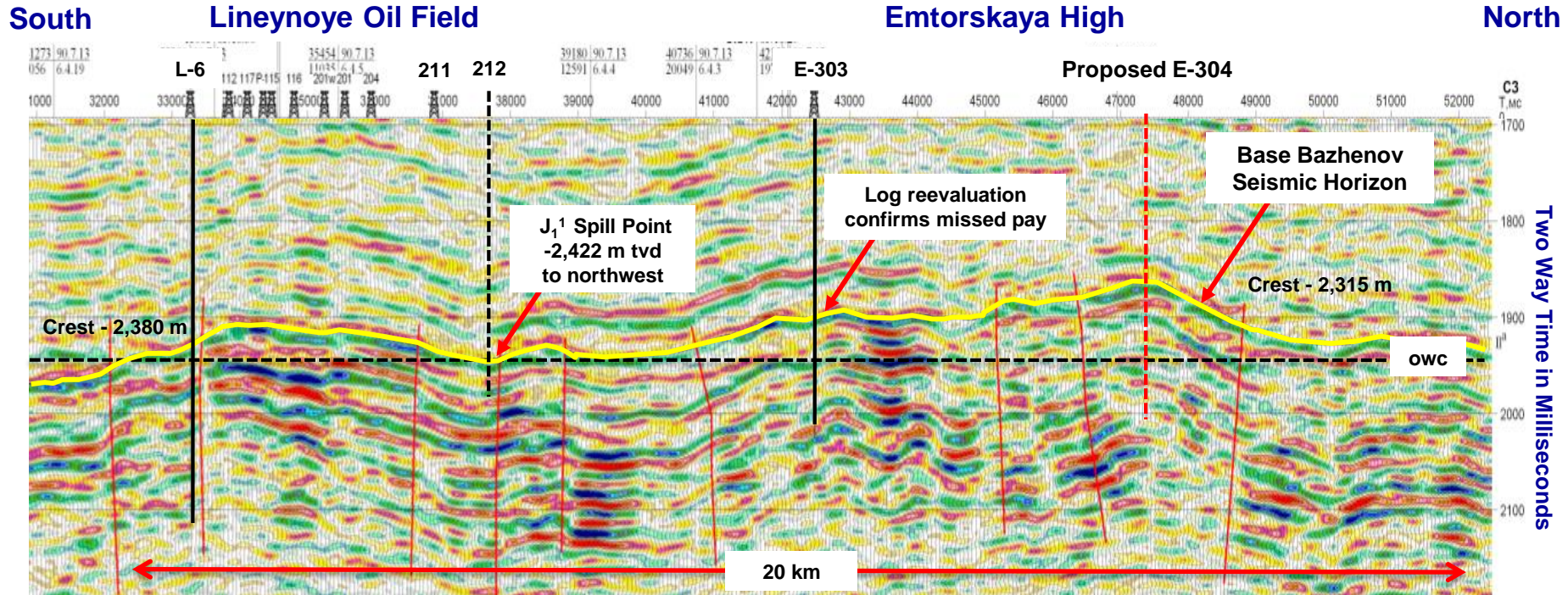
**Arbuzovskoye Oil Field**

$J_1^1$  Spill Point  
-2,422 m tvd





# EMTORSKAYA HIGH

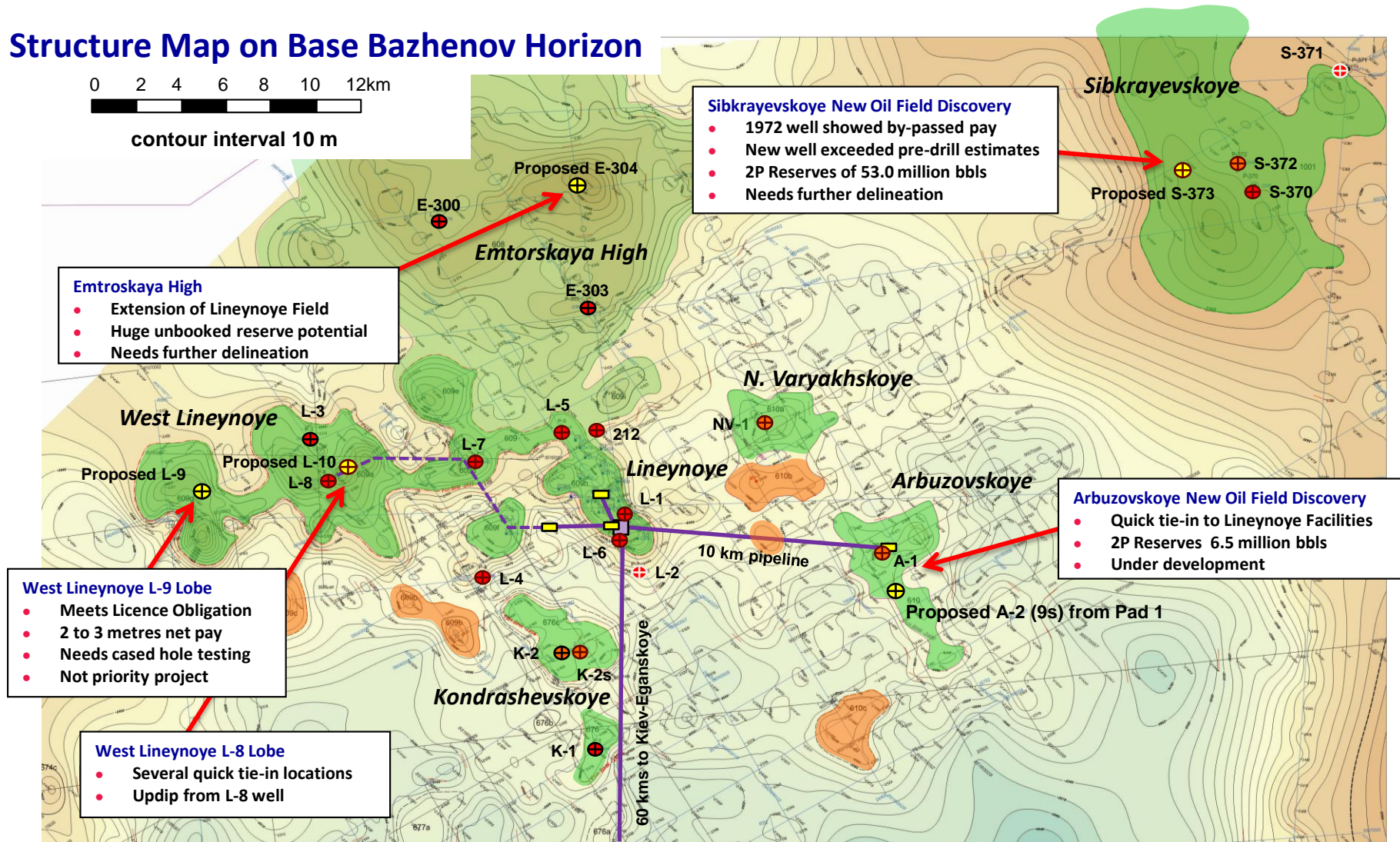


- As a result of the Lineynoye drilling programme the oil-water-contact was determined to be about -2,435 m tvd.
- The interpreted spill point of the Lineynoye structure is -2,422 m and this indicates that Lineynoye and Emtorskaya are likely one continuous oil field at the J1-1 interval.
- Emtorskaya is both larger in area and higher structurally than Lineynoye.
- The reserves associated with this play could be large, > 40 million bbls for just the J1-1 interval.



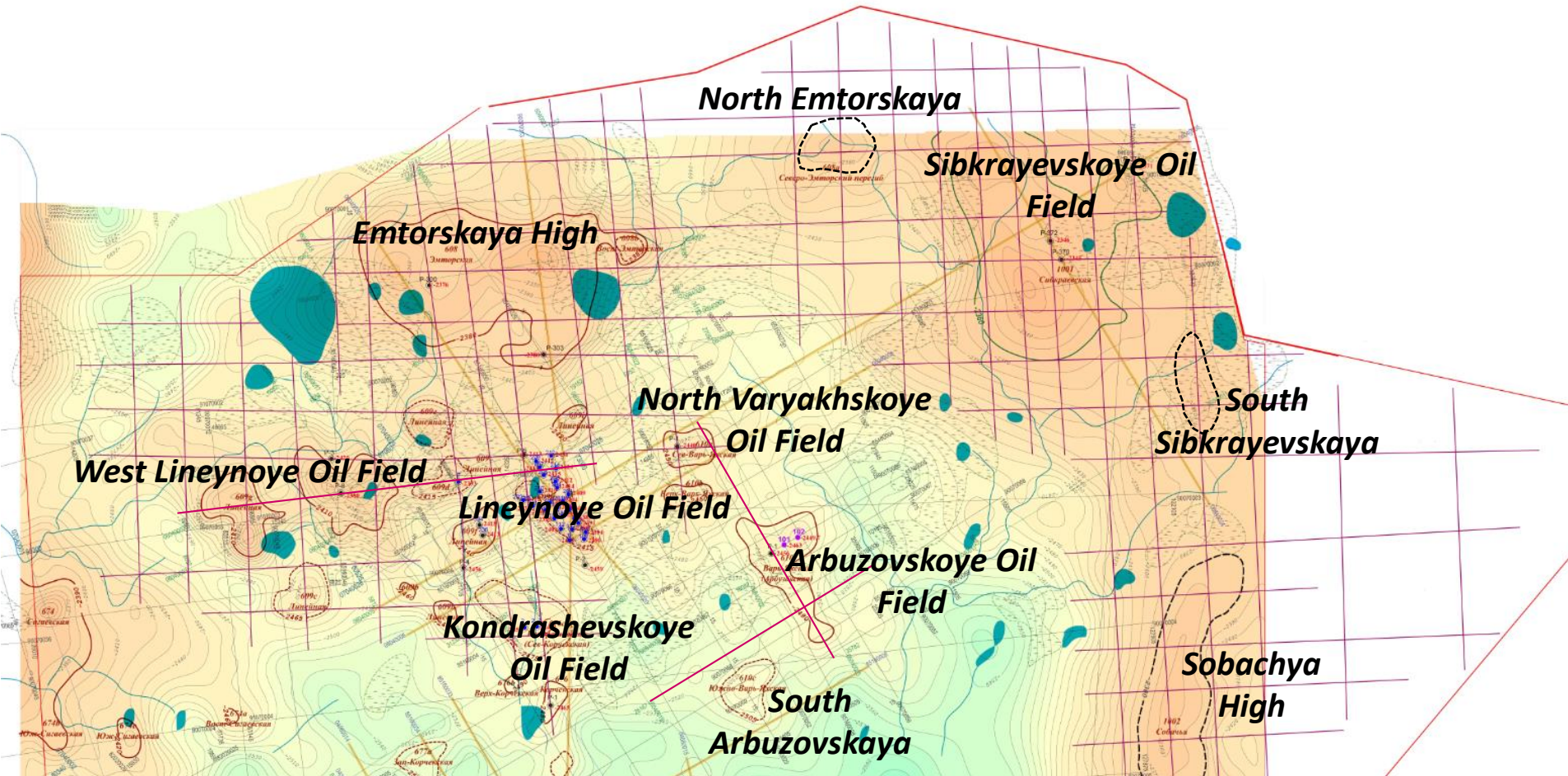
# LICENCE 61 NORTHERN DEVELOPMENTS

## Structure Map on Base Bazhenov Horizon





# NORTHERN AREA - PROPOSED SEISMIC



- Licence obligation - 1,000 km 2D seismic by end 2015
- Need to acquire 2D seismic over Sibkrayevskoye in Q1 2015 in order for development to commence in Q1 2016



# LICENCE 67





# LICENCE 67 (LEDOVY)

## Ledovy Block Structures and Traps

- Oil Fields and Oil Tests
- Prospects
- Drilled Structures - Dry and under review

##	Structure Name	Main Objectives
<b>Drilled Structures</b>		
1	Cheremshanskoye Oil Field	UJ, LJ
2	Ledovoye Oil Field	UJ, C
3	Sklonovaya	UJ
4	North Pionerskaya	UJ
5	Bolotninskaya	UJ
<b>Identified Prospects and Leads</b>		
6	Levo-Ilyakskaya	UJ
7	Syglynigaiskaya	UJ
8	Grushevaya	UJ
9	Grushevaya Stratigraphic Trap	LJ
10	Malostolbovaya	UJ, C
11	Nizhenolomovaya Terrasa Gp.	UJ
12	Baikalskaya	UJ
13	Malocheremshanskaya	UJ
14	East Chermshanskaya	UJ, C
15	East Ledovoye	UJ, C

Base Bazhenov Seismic Horizon

- < 2,600 depth m
- > 2,750 m depth

C=Cretaceous, UJ = Upper Jurassic, MJ = Middle Jurassic,  
LJ = lower Jurassic

### Ledovoye Oil Field

Log re-evaluation confirms oil in L-2 and L-5 wells:

- LC = 4.5 – 10.9 metres
- UJ J1 = 4.9 – 11.8 metres
- Just UJ 2P Reserves booked at net 14 million bbls
- 2011/2012 well L-2a drilled parallel to L-2
- LC = 4.5 + metres
- UJ J1 = 4.4 metres
- More work required

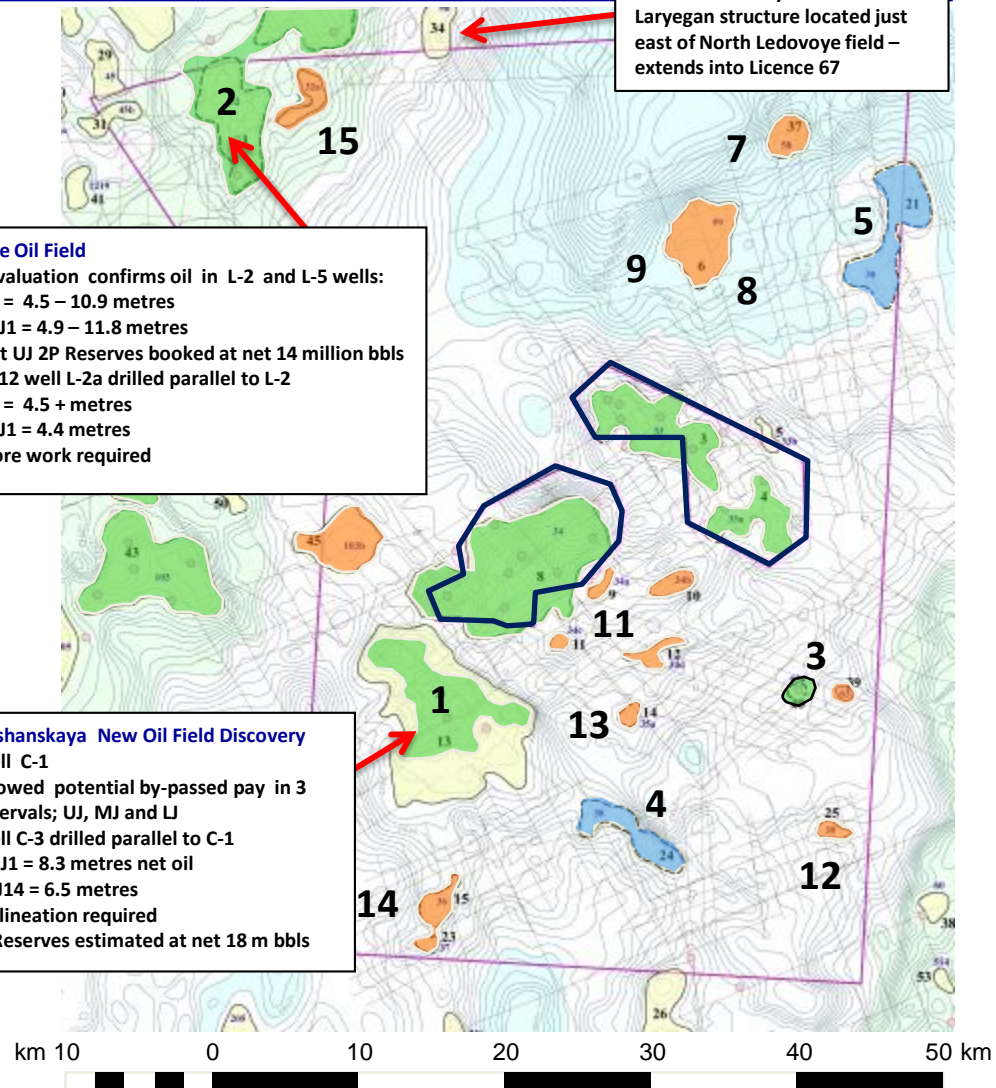
### Cheremshanskaya New Oil Field Discovery

1962 well C-1

- showed potential by-passed pay in 3 intervals; UJ, MJ and LJ
- 2011 well C-3 drilled parallel to C-1
- UJ J1 = 8.3 metres net oil
- LJ J14 = 6.5 metres
- Delineation required
- Just UJ Reserves estimated at net 18 m bbls

### MOL Group Licence 55

Recent discovery on Verkhne-Laryegan structure located just east of North Ledovoye field – extends into Licence 67



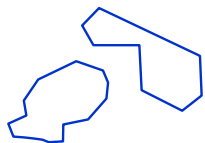
Excluded areas

Note – Arawak has 50% interest in Licence 67, PetroNeft is operator

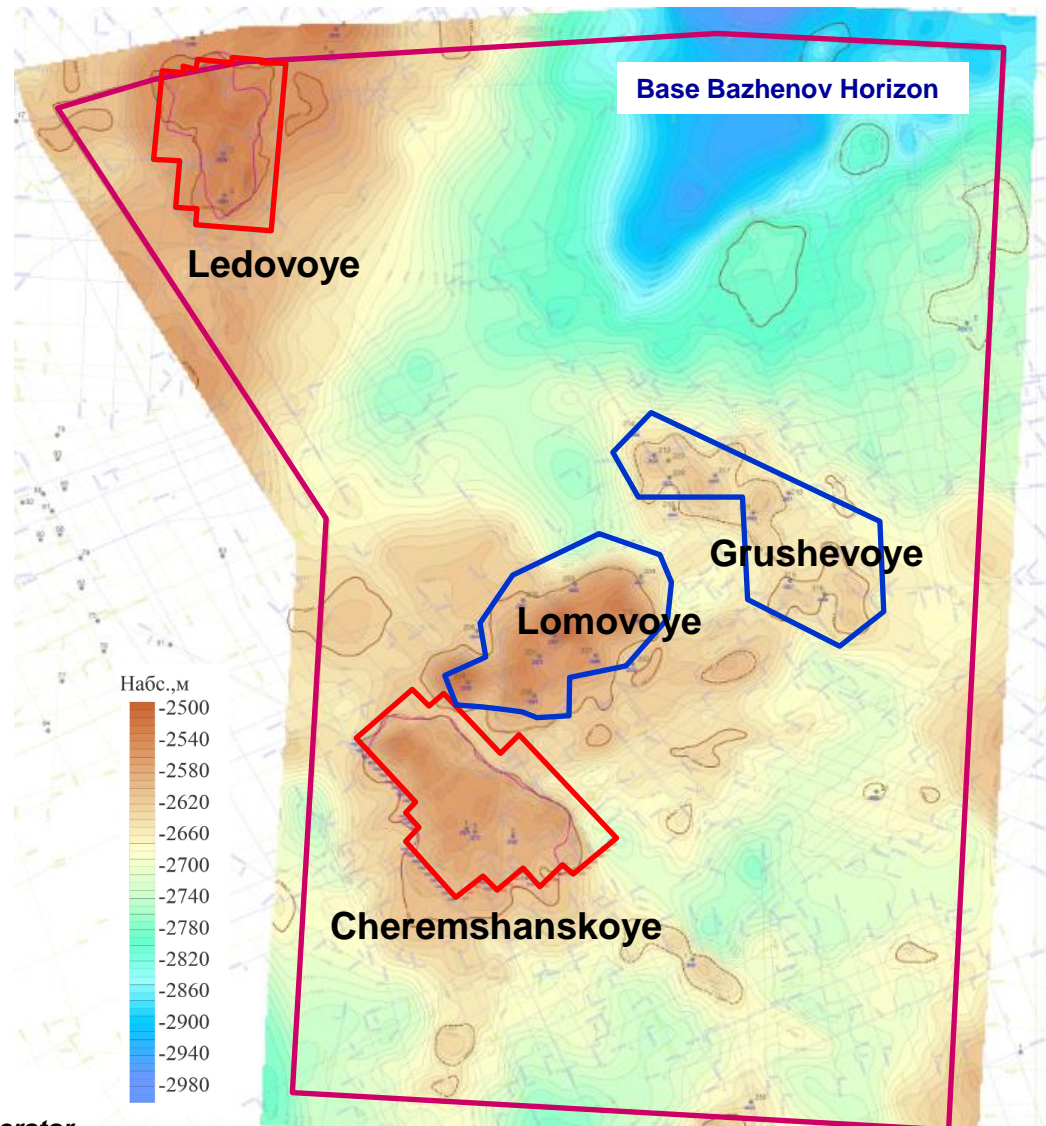
# LICENCE 67 - 3D SEISMIC 2014

## Major Activities 2014

- Ledovoye 3D Seismic
  - 61.68 sq km
- Cheremshanskoye 3D Seismic
  - 95.16 sq km
- Acquisition – primarily Q1 2014  
– PITC Geofizika
- Processing and Interpretation ongoing  
– Tomsk Geophysical Company
- Preliminary Report end October
- Detailed Client Review early November
- Final Report – December 2014
- GKZ Reserve update for Ledovoye and Cheremshanskoye before end of year based on new 3D seismic
- Way Forward Decision 2015



Excluded areas



*Note – Arawak has 50% interest in Licence 67, PetroNeft is operator*





# INVESTMENT HIGHLIGHTS



# INVESTMENT HIGHLIGHTS

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## Summary

- Experienced and motivated management with strong local relationships
- Strong Reserve Growth; very significant reserve additions from exploration to date – particularly Sibkrayevskoye, more prospects still to explore
- Producing company with major infrastructure in place at L-61
- Future projects incremental with robust economics
- Producing from less than 20% of our current reserve base
- Quality Northern fields still to bring to production:
  - Tungolskoye                      20 mm bbls of 2P reserves
  - Sibkrayevskoye                53 mm bbls of 2P reserves
  - Emtorskaya High?            Potentially 20-40 mmbbls
- Focus on near term production growth and cash flow
- Farmout gives PetroNeft a new start with a great new partner and provides long term funding