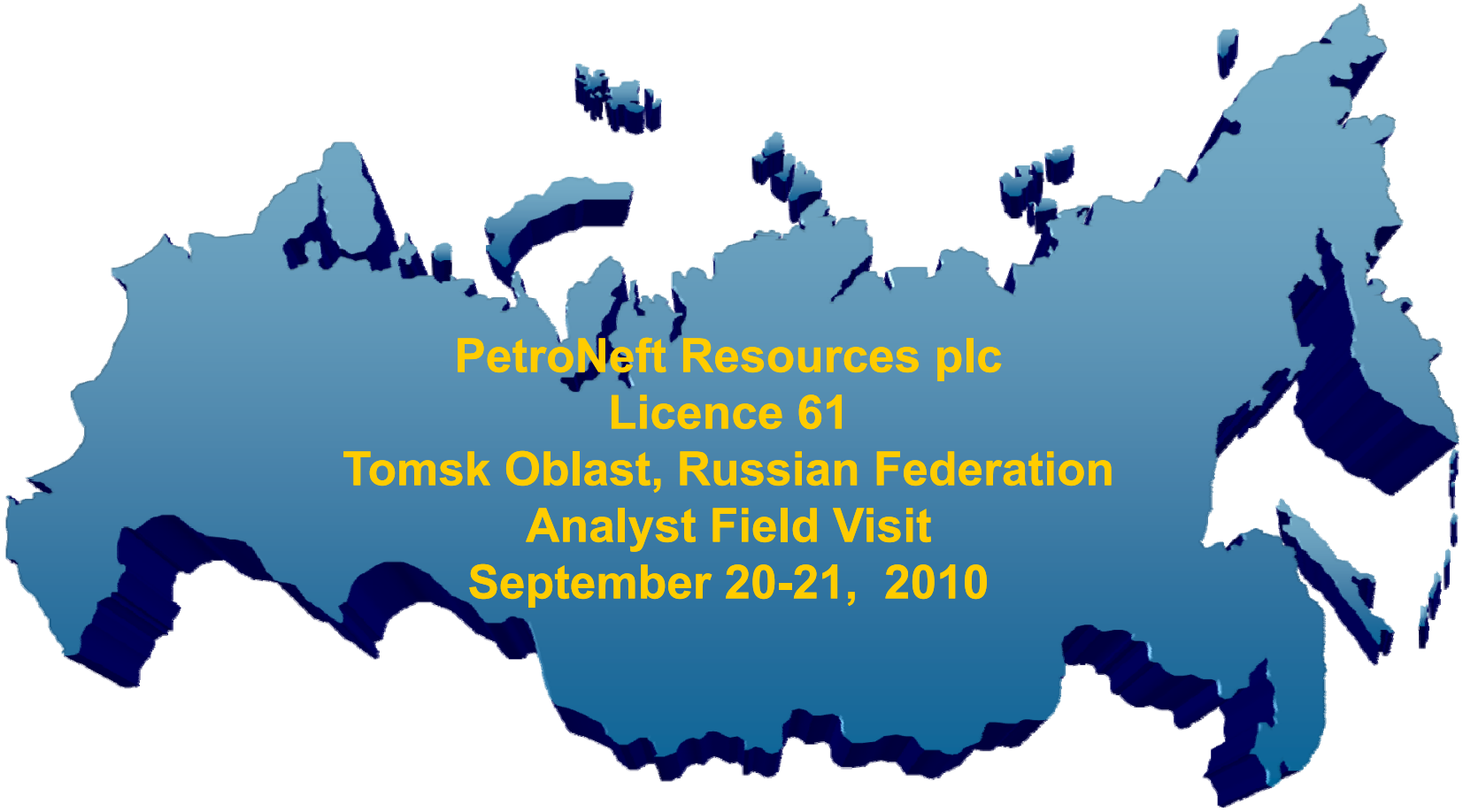
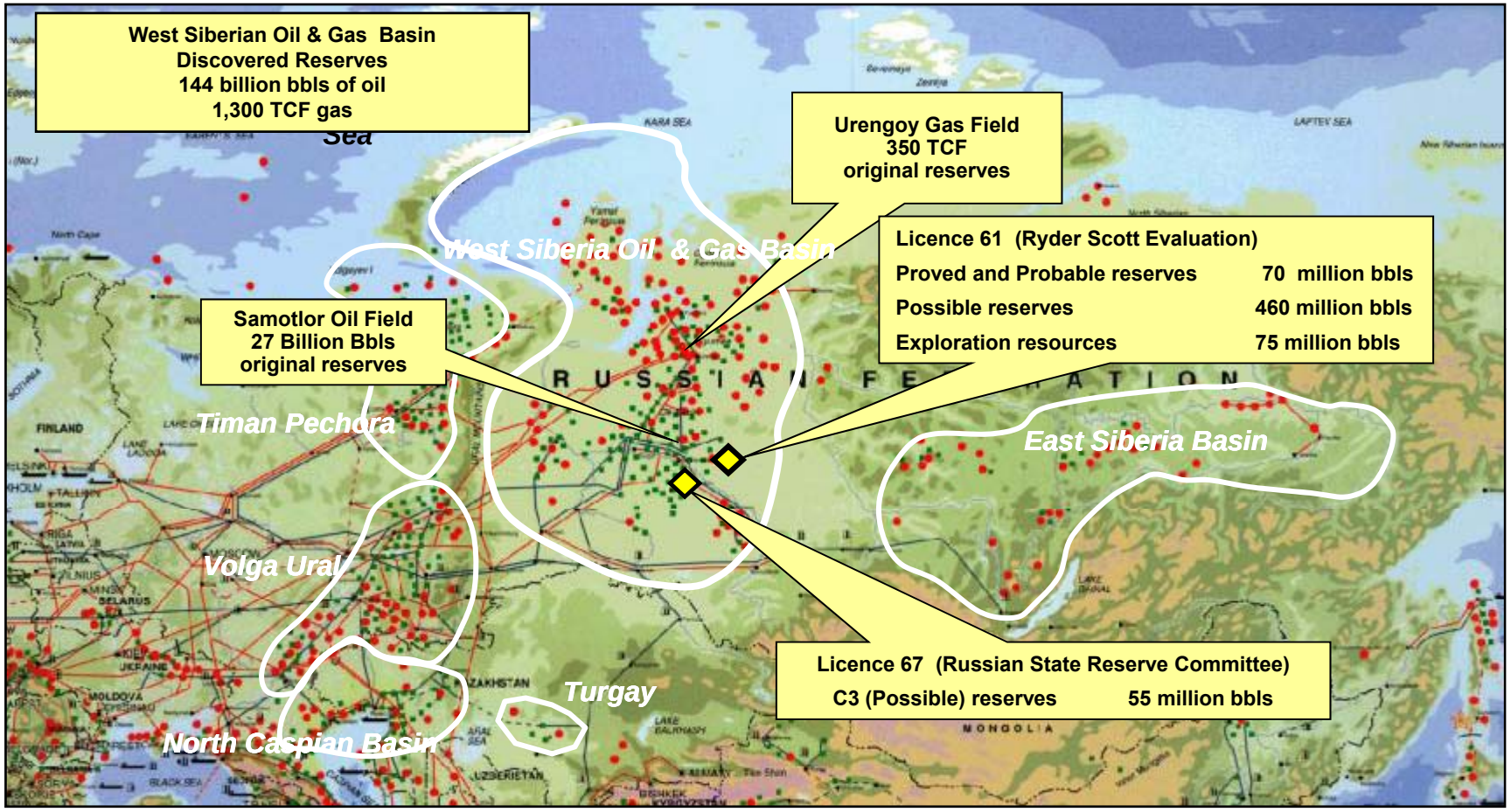
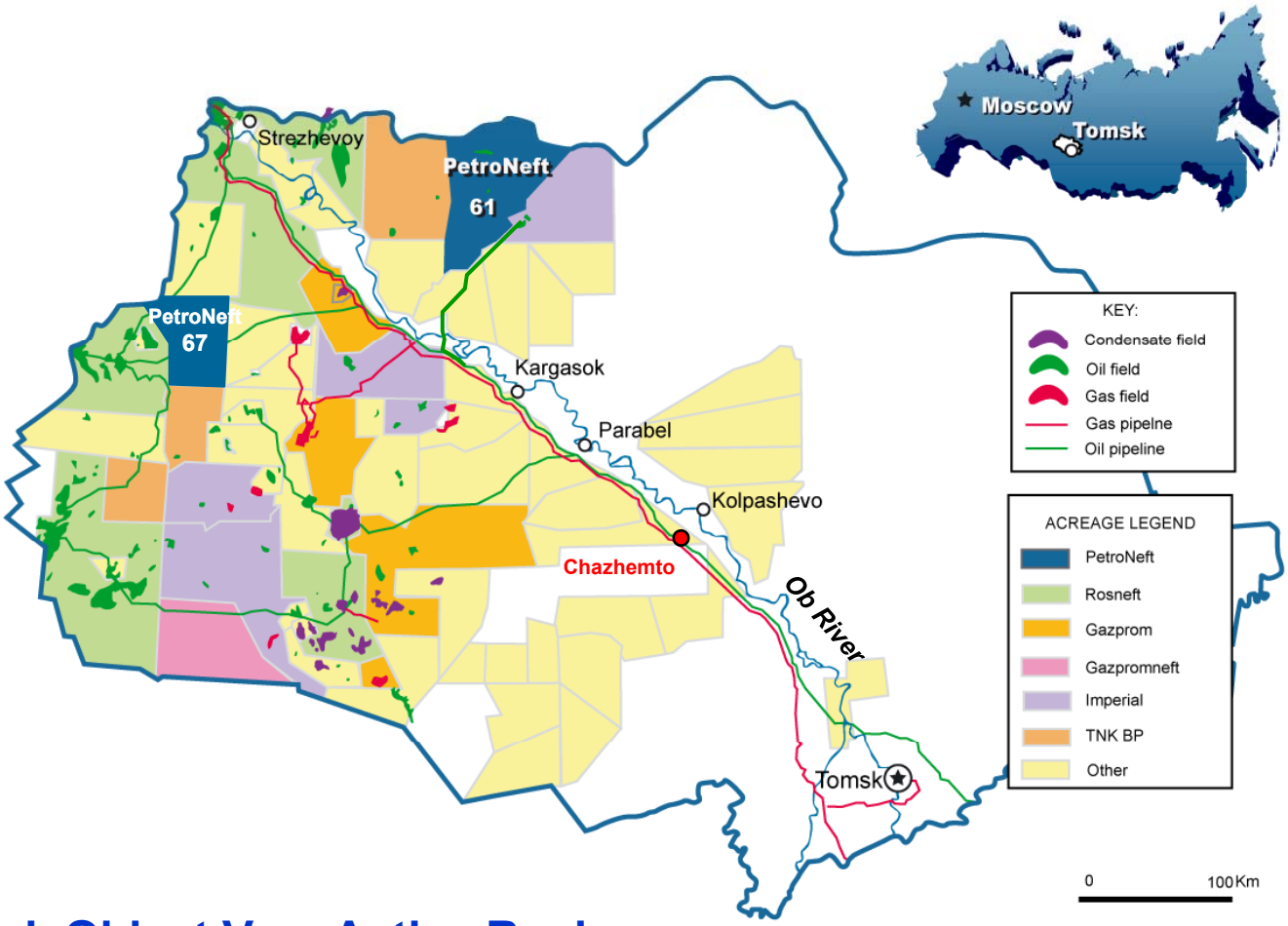


PetroNeft Resources plc
Licence 61
Tomsk Oblast, Russian Federation
Analyst Field Visit
September 20-21, 2010

Regional Location Map

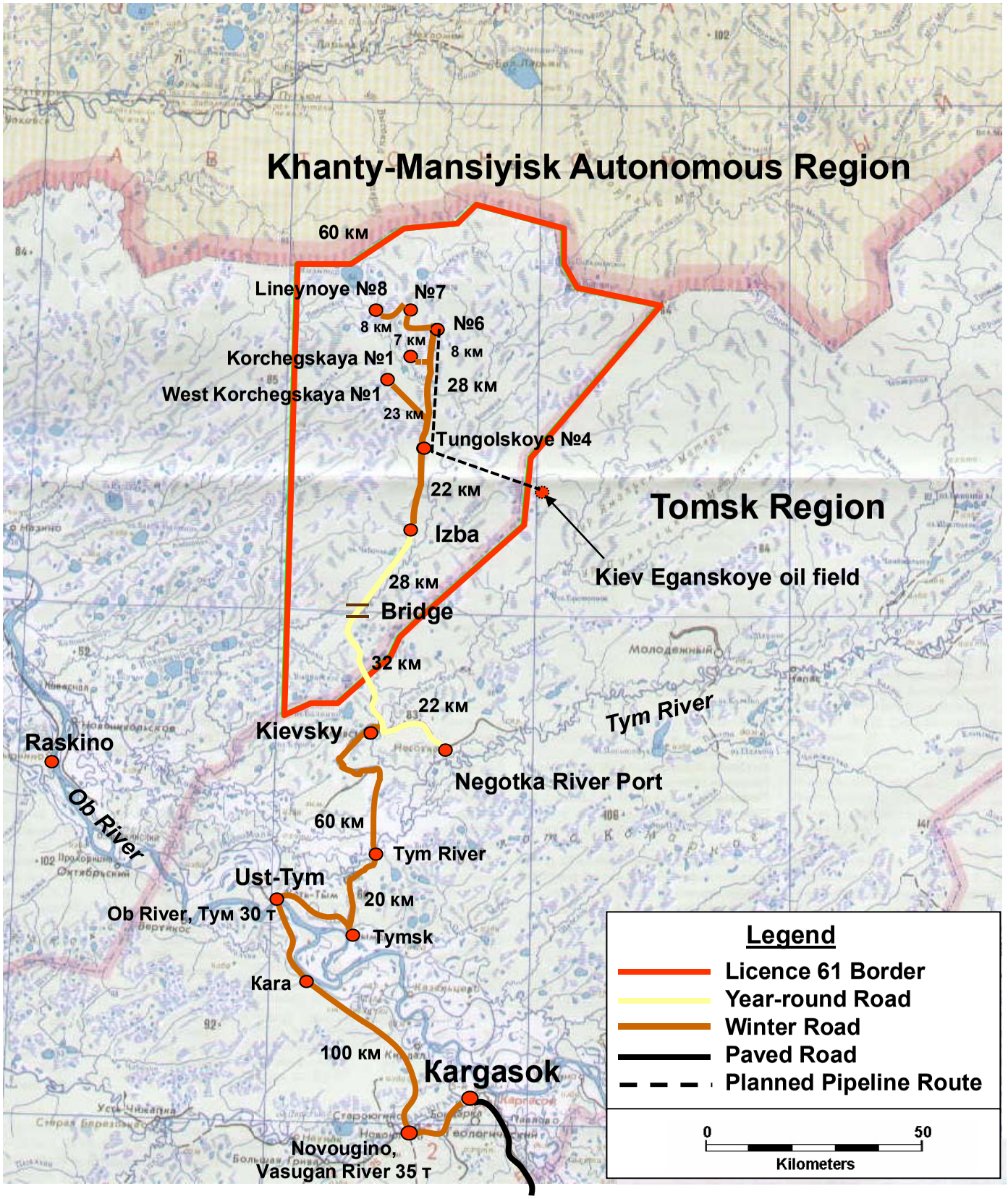


Source – USGS



Tomsk Oblast Very Active Region

Rosneft, Imperial Energy, TNK-BP, Gazprom, Gazpromneft, local companies


Khanty-Mansiyisk Autonomous Region
60 км
Lineynoye №8
№7
8 км
№6
7 км
8 км
Korchegskaya №1
28 км
West Korchegskaya №1
23 км
Tungolskoye №4
22 км
Tomsk Region
Izba
Kiev Eganskoye oil field
28 км
Bridge
32 км
22 км
Tym River
Kievsky
Raskino
Negotka River Port
Ob River
60 км
Tym River
Ust-Tym
20 км
Ob River, Тум 30 т
Tymsk
Kara
100 км
Kargasok
Novougino,
Vasugan River 35 т
To Tomsk
(Tomsk-Kargasok 450 км)
Legend
Licence 61 Border
Year-round Road
Winter Road
Paved Road
Planned Pipeline Route
0
50
Kilometers

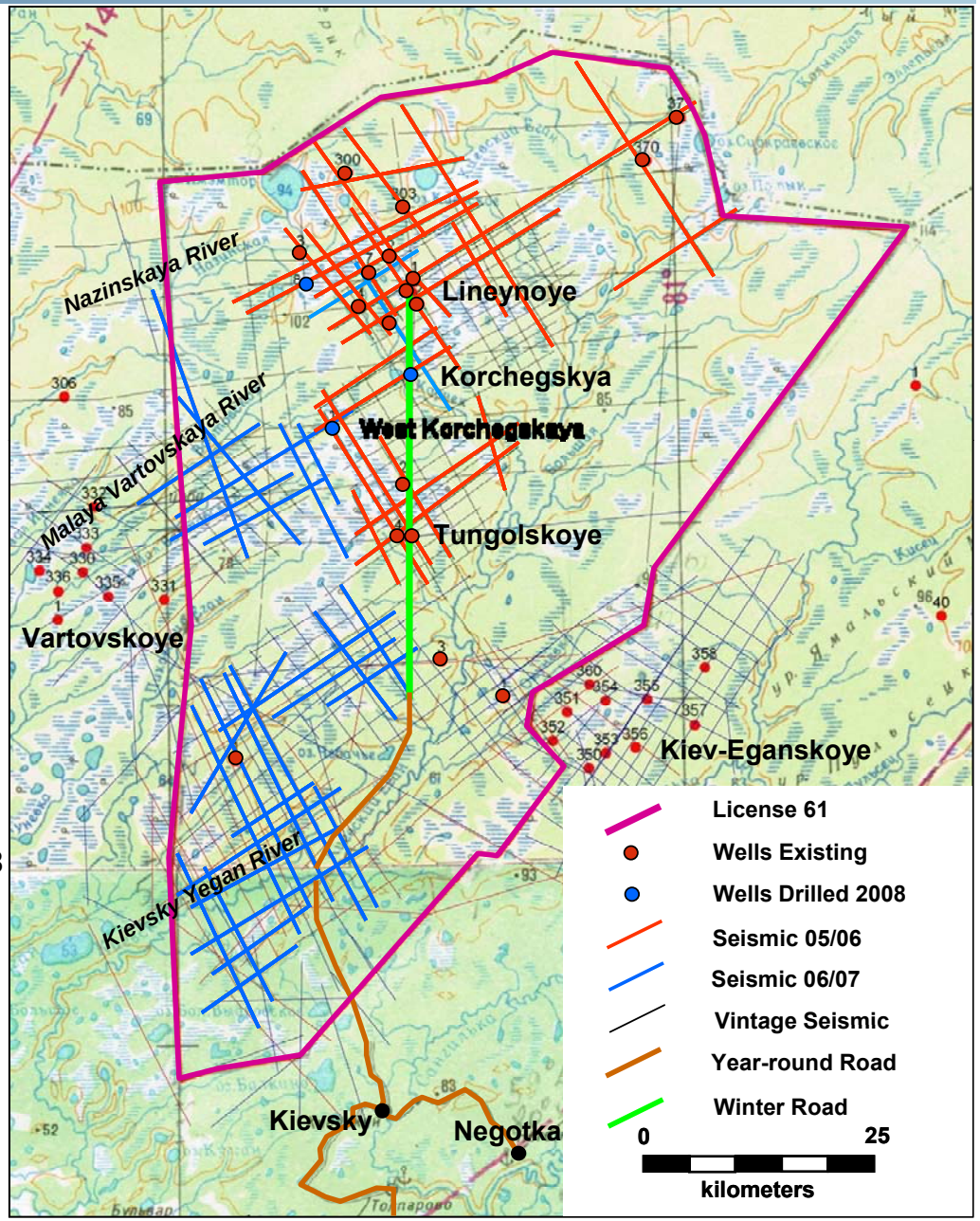
Licence 61 Major Activities

Acquired via 2004 State Auction:

- 4,991 square kilometers
- 14 prior wells drilled in the Soviet era
- 2,654 kms of vintage 2D seismic data
- 2 discovered fields at Lineynoye and Tungolskoye

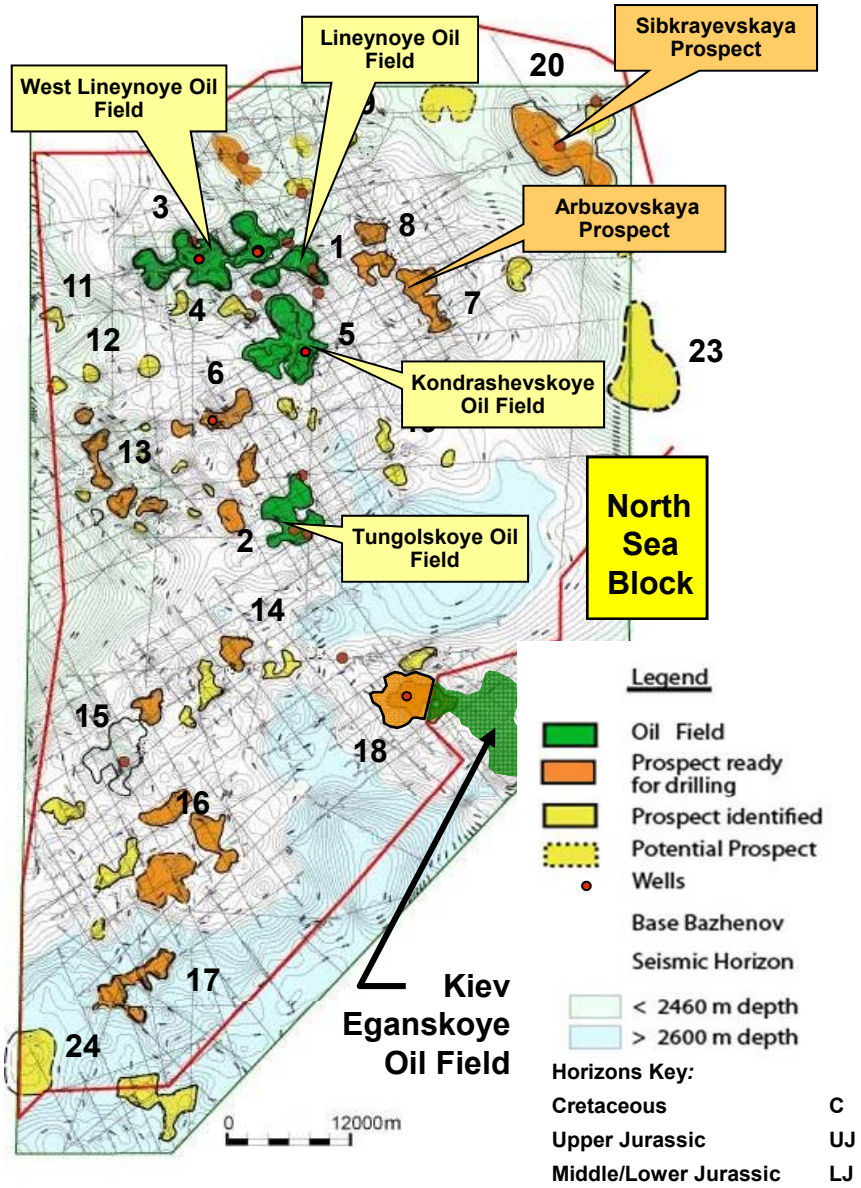
Since acquisiton, PetroNeft has:

- Reprocessed 2,654 kms of vintage 2D seismic data
- Reprocessed 14 Soviet era wells
- Acquired 1,055 line kms of new 2D seismic data
- Drilled 3 Delineation and 3 Exploration wells
- New fields at West Lineynoye & Kondrashevskoye
- Over 25 identified Prospects
- RS Reserves – 70 million bbls 2P
- Russian GKZ Reserves – C1+C2 – 95 million bbls
- Board Sanctioned Lineynoye Phase 1 Project – June 2008
- Raised $27.5 million for Phase 1 Project – Sept 2009
- Commenced production drilling operations – March 2010
- Signed $30 million Macquarie Bank Facility – May 2010
- Completed pipeline construction – July 2010
- Commenced year round production – August 2010

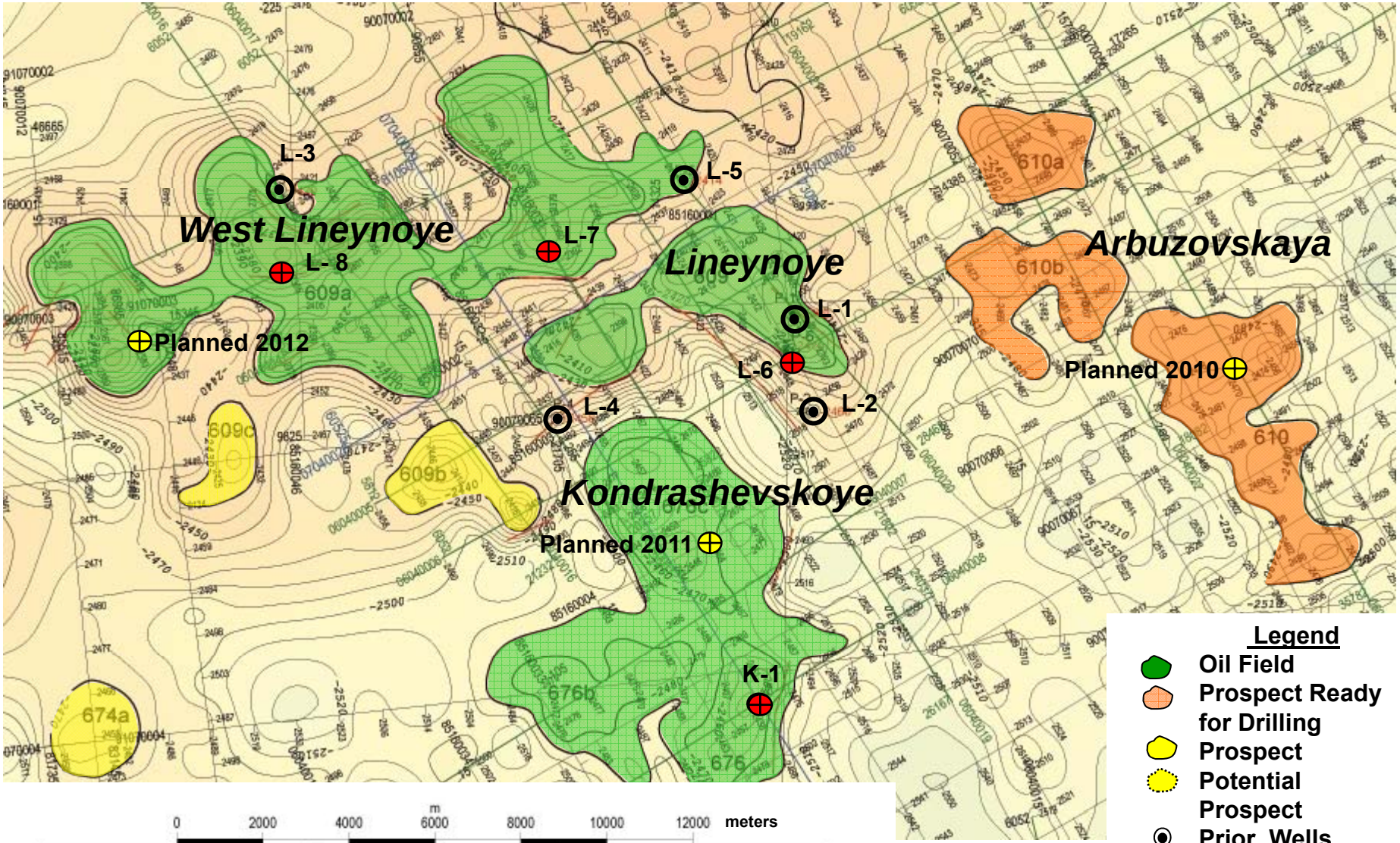


Oil Fields / Prospects / Potential Prospects

	Map ref.	Field/Prospect	Horizon(s)
Oil fields	1	Lineynoye Oil Field	UJ
	2	Tungolskoye Oil Field	UJ
	3	West Lineynoye Oil Field	UJ
	5	Kondrashevskoye Oil Field	UJ
Prospects	2	Tungolskoye West Lobe and North (2)	UJ
	4	Lineynoye Lower	UJ
	6	West Korchegskaya	LJ
	7	Arbuzovskaya (Varyakhskaya)	UJ
	8	Arbuzovskaya North & Upper (2)	UJ
	9	Emtorskaya	UJ
	10	Emtorskaya Crown	UJ
	11	Sigayevskaya	UJ
	12	Sigayevskaya East	UJ
	13	Kulikovskaya Group (2)	UJ
	14	Kusinskiy Group (2)	C, UJ, LJ
	15	Tuganskaya Group (3)	C, UJ, LJ
	16	Kirillovskaya (4)	C, UJ, LJ
	17	North Balkinskaya	UJ, LJ
	18	Traverskaya	C, UJ, LJ
	19	Tungolskoye East	UJ
	20	Sibkrayevskaya Crown & North	UJ
Potential Prospects (Leads)	21	Emtorskaya North	UJ
	22	Sibkrayevskaya East	UJ
	23	Sobachya	UJ
	24	West Balkinskaya	UJ

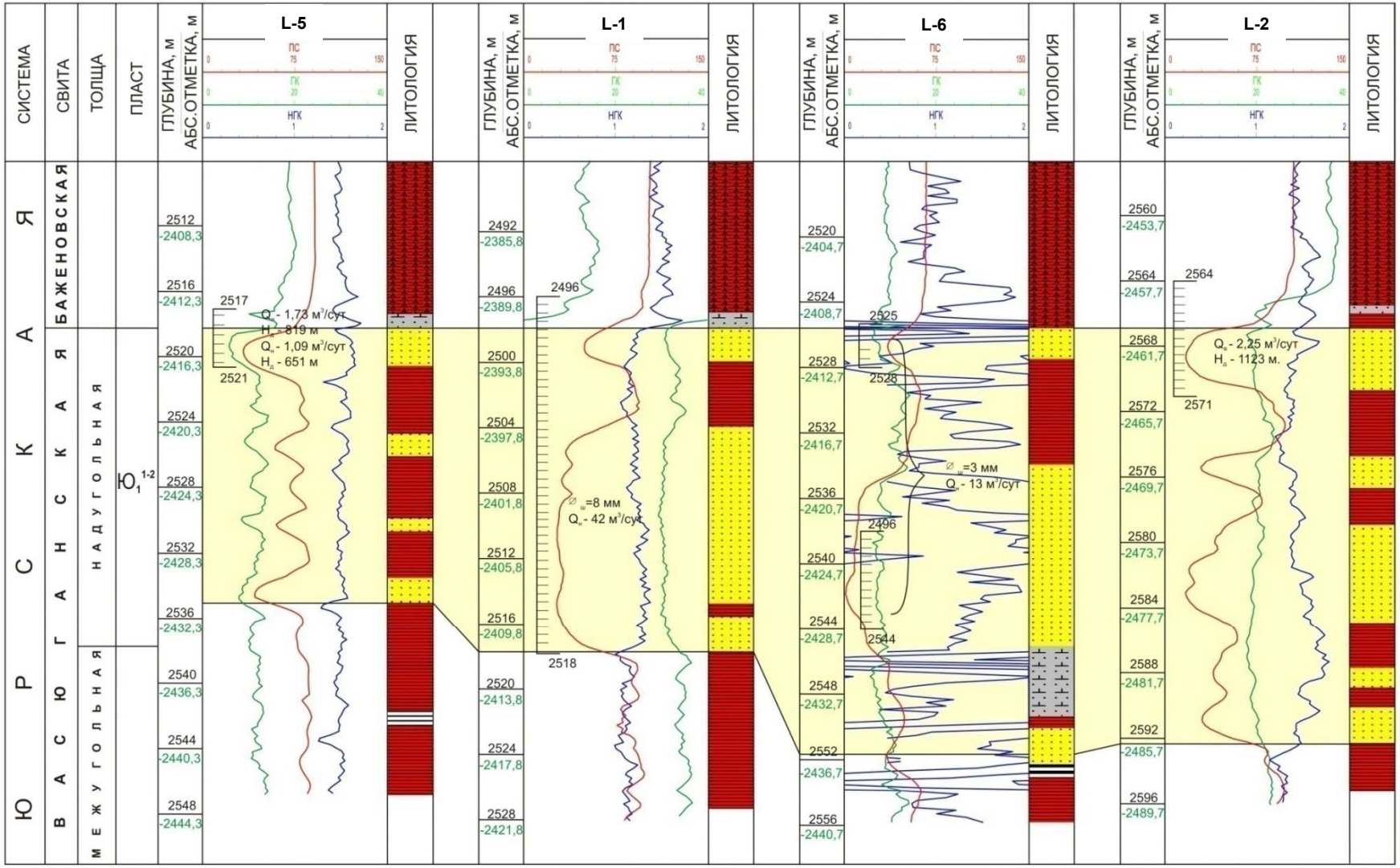


Lineynoye Oil Field Development Area



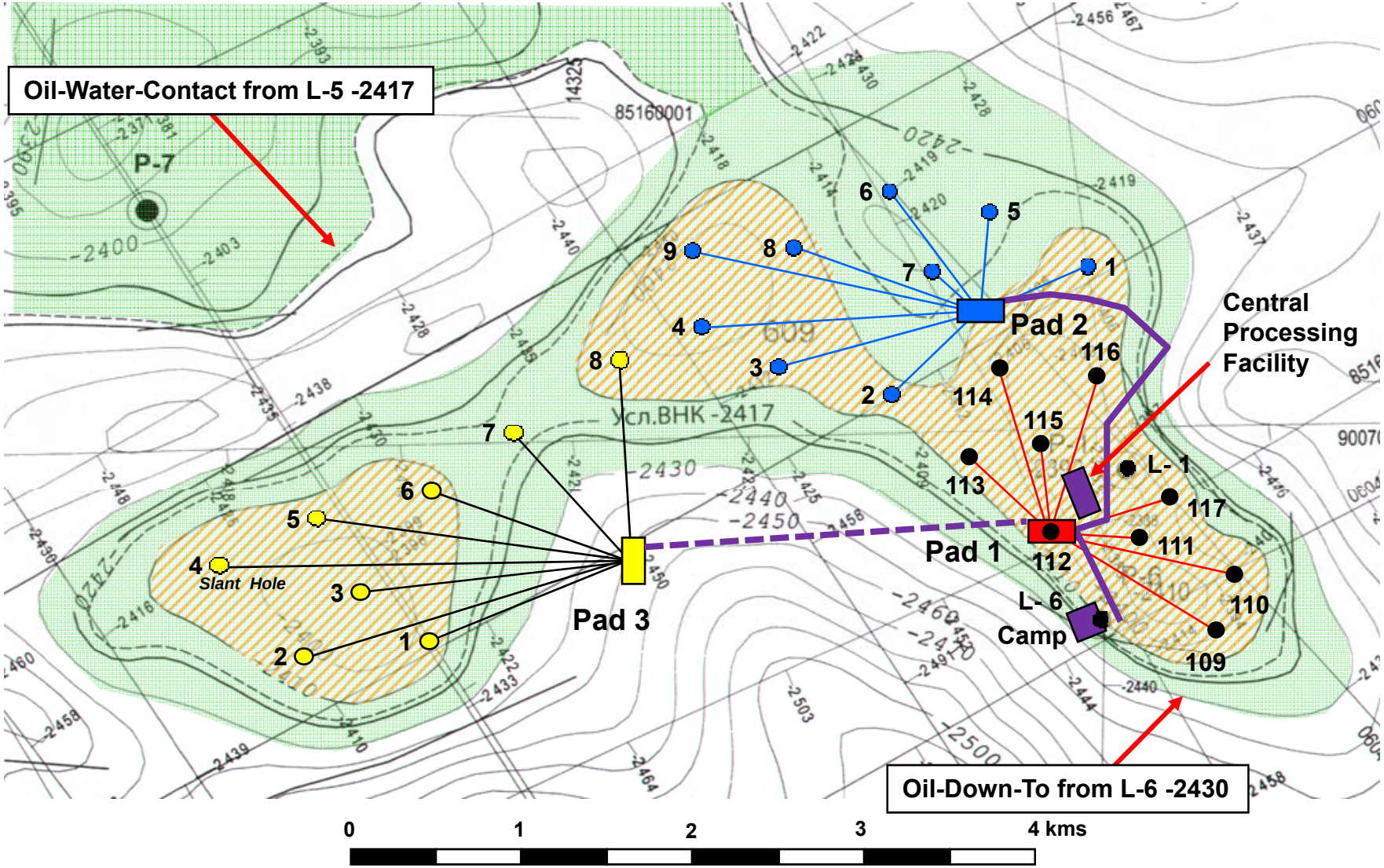
Structure Map on Base Bazhenov Horizon

Vasyugan Suite Correlation in Lineynoye Field



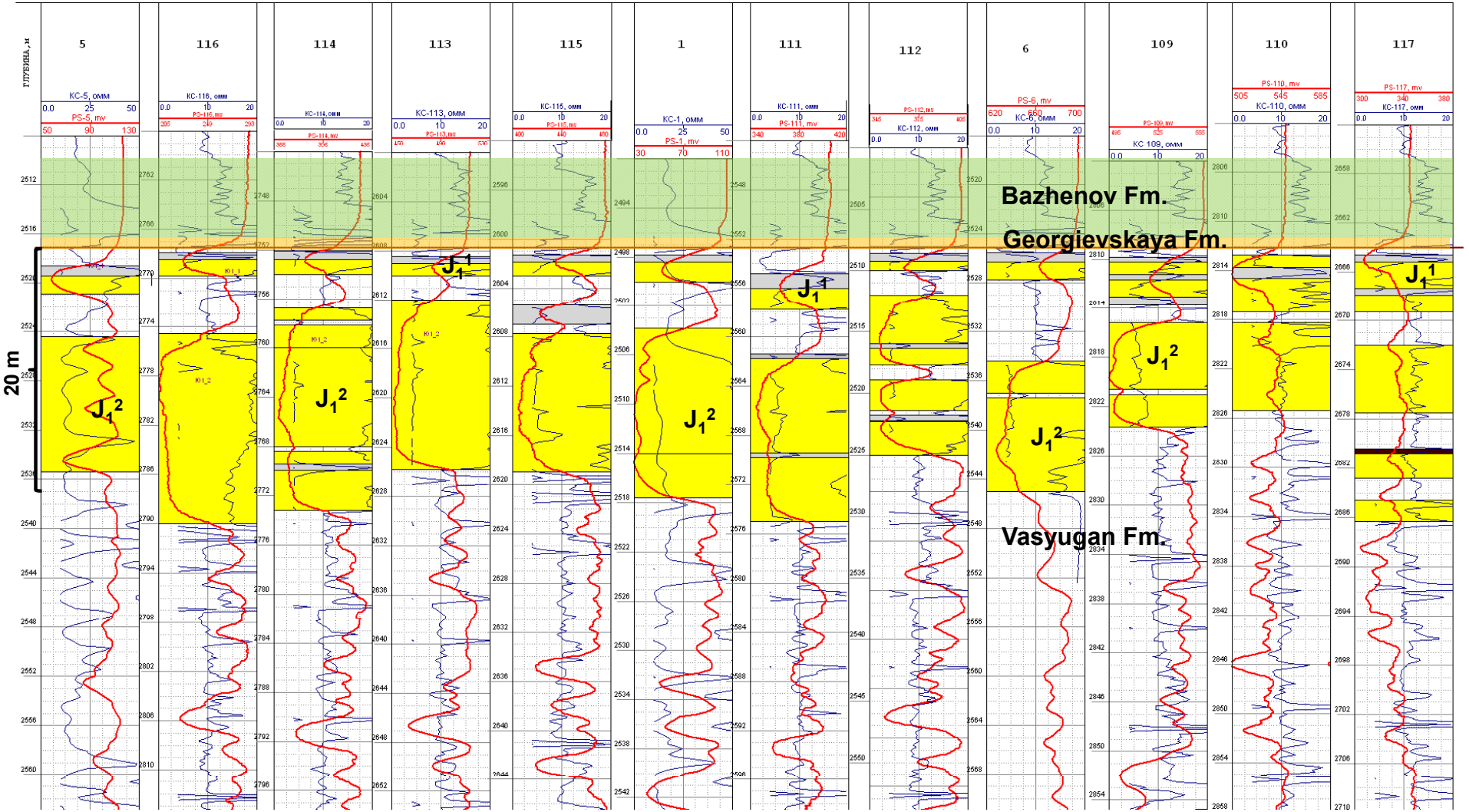
PetroNeft

Lineynoye Field Development Schematic

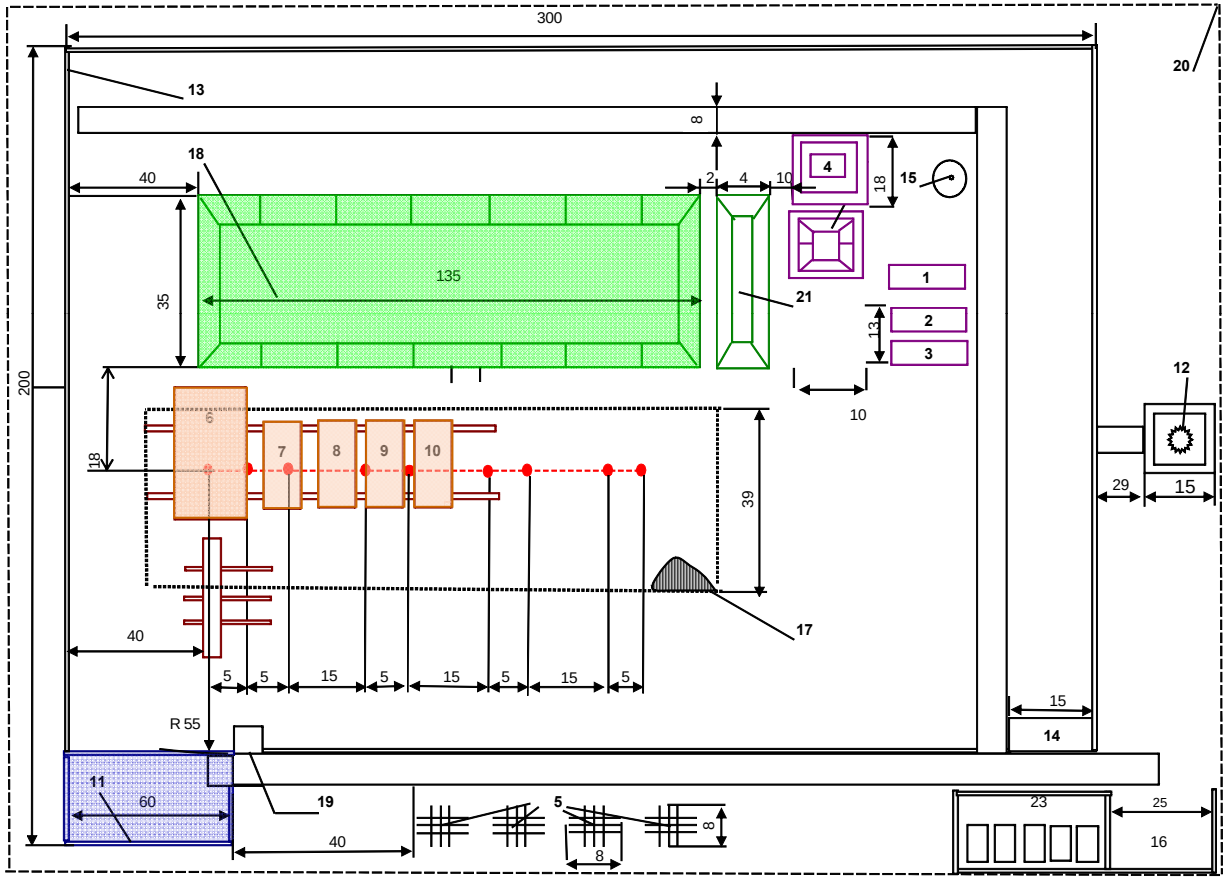


Structure Map at Top Reservoir showing area where Main Oil Sandstone is underlain by Shale

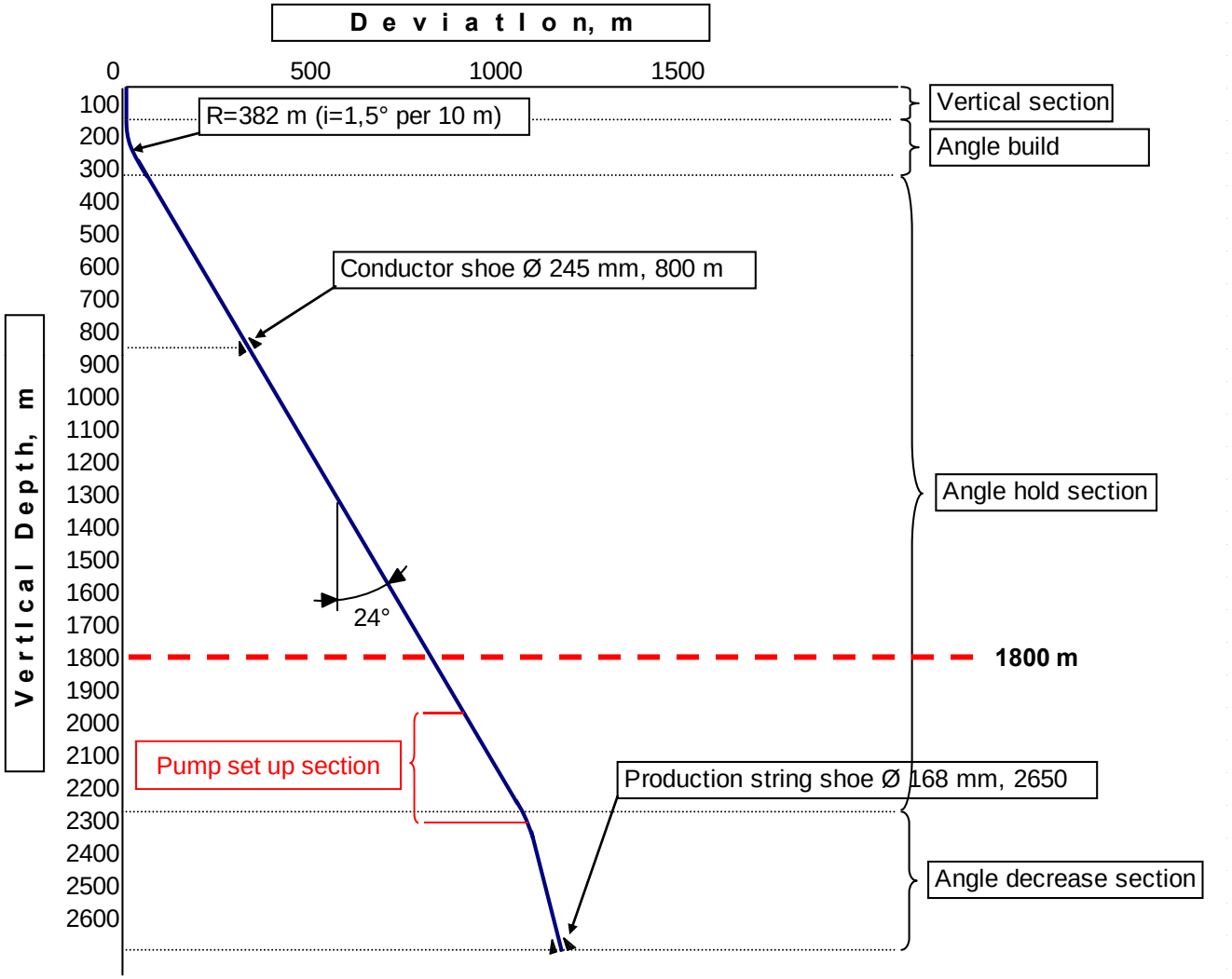
Vasyugan Fm. Correlation in Lineynoye Field



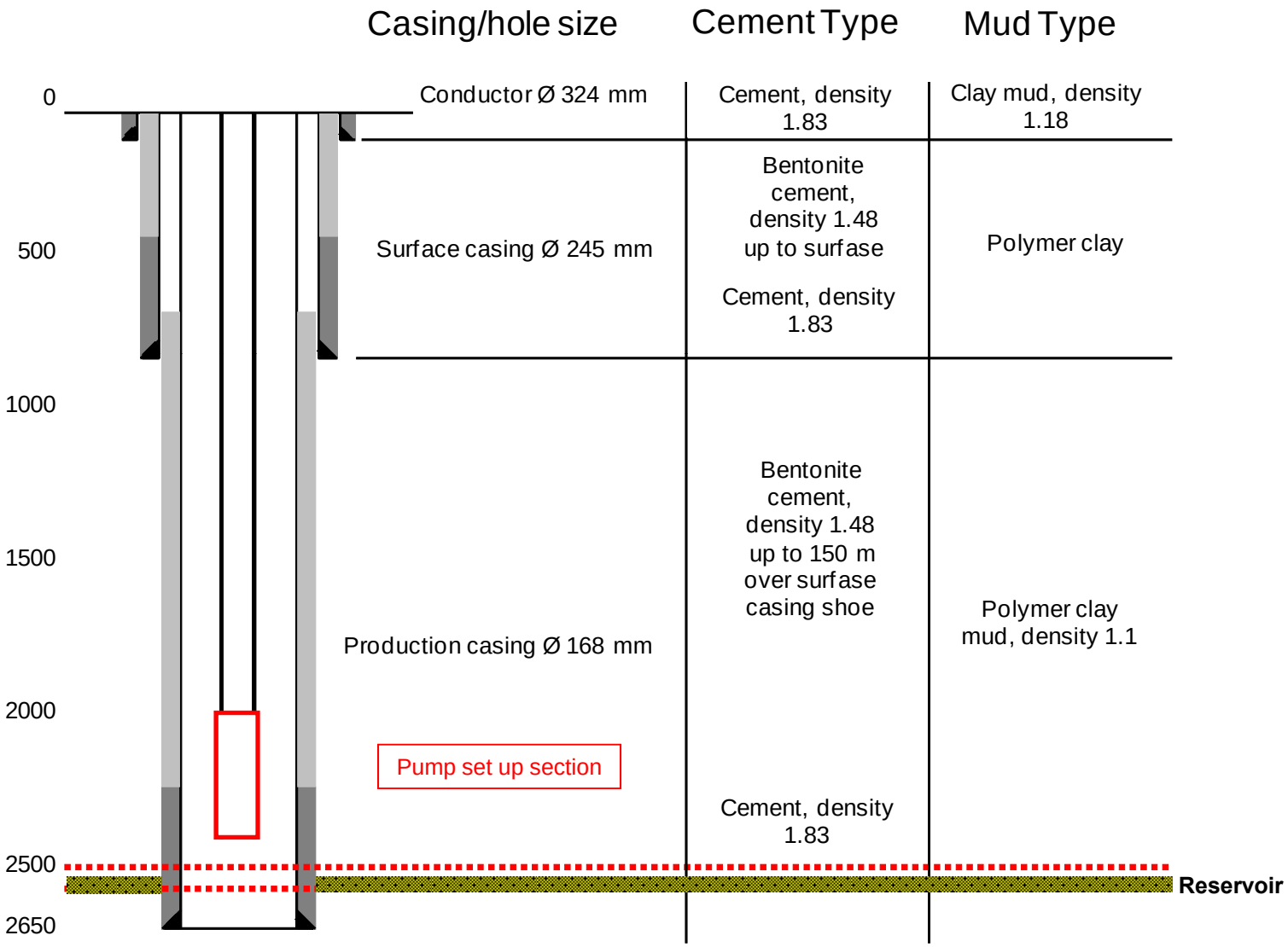
Pad Design Lineynoye Field



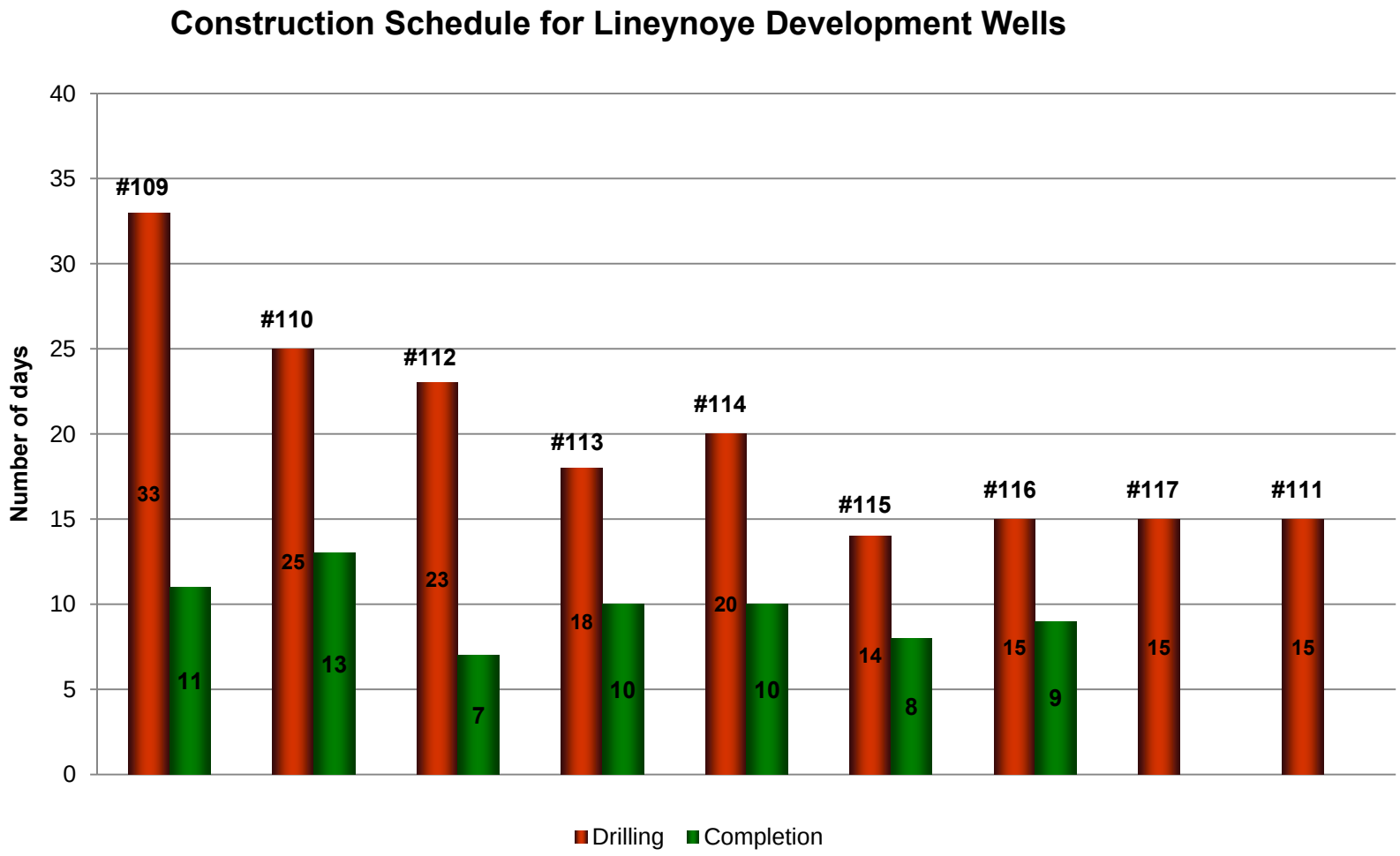
DATE SHEET		
	item	number
1	Ad. Water block	1
2	Water tank	1
3	Boiler	1
4	Oil tank site	1
5	Pipe stalls	10
6	Drawworks unit	1
7	Tank park	1
8	Pump block	1
9	Compressor block	1
10	Power generation train	1
11	Crew camp	1
12	Flare site	1
13	Pad bund	1
14	Cement site	1
15	Water well	1
16	Energy Complex	1
17	Plank foundation	1
18	Mud pit	1
19	Main entrance road	1
20	Fire dangerous area contour	1
21	Fire extinction basin	1
22	Boiler pit	1
23	Fuel Storage	



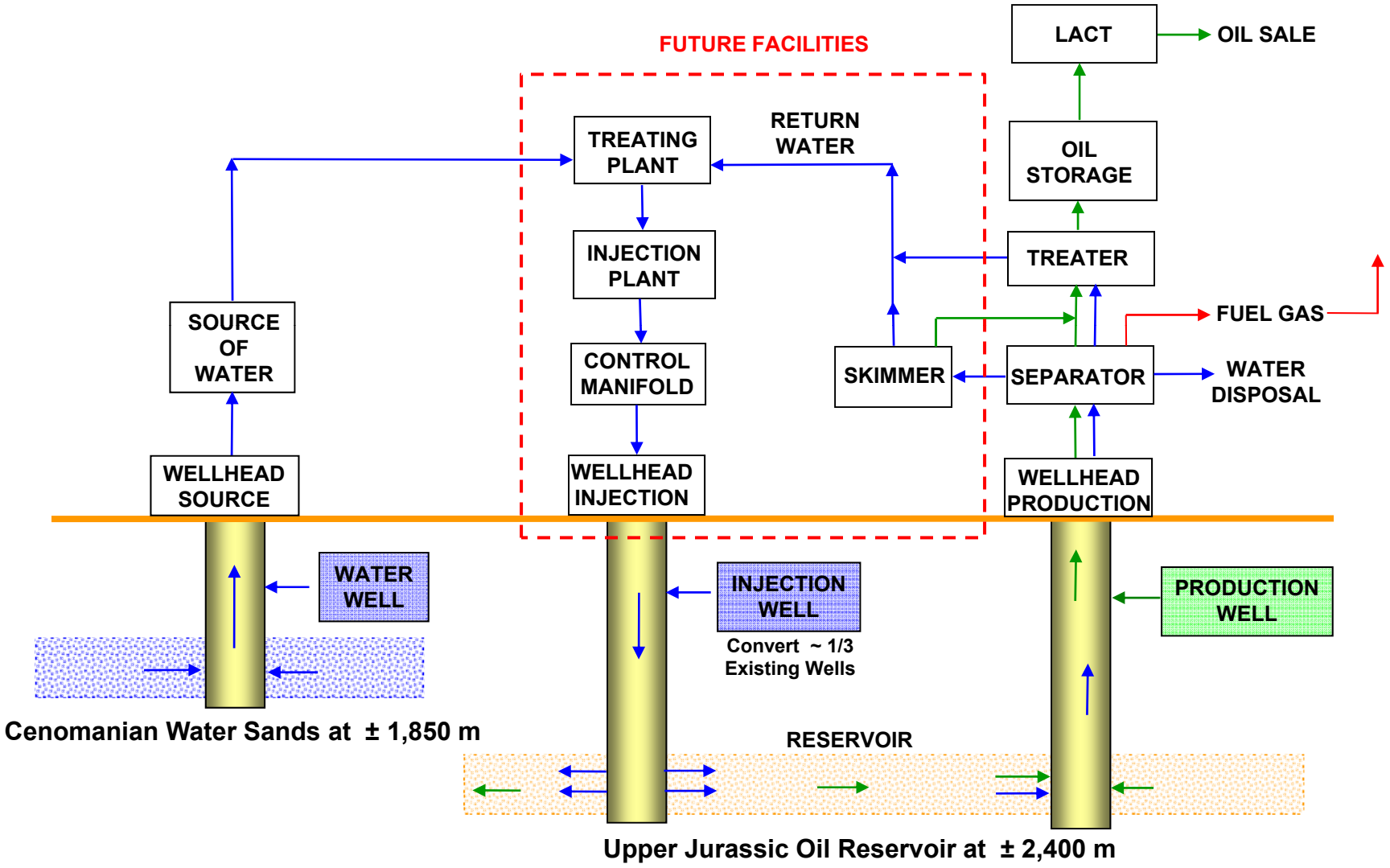
Source SNIIGGMS

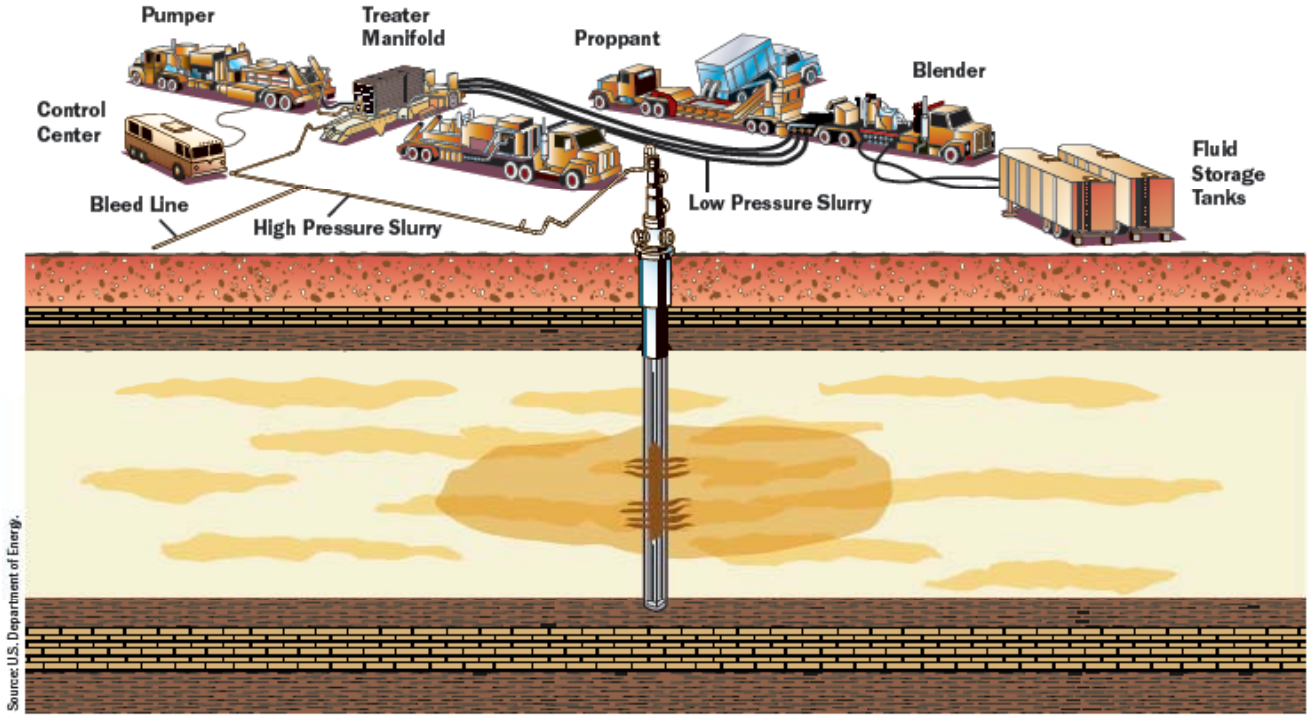

Casing/hole size
Cement Type
Mud Type
0
500
1000
1500
2000
2500
2650
Conductor Ø 324 mm
Cement, density 1.83
Clay mud, density 1.18
Surface casing Ø 245 mm
Bentonite cement, density 1.48 up to surfase
Cement, density 1.83
Polymer clay
Production casing Ø 168 mm
Bentonite cement, density 1.48 up to 150 m over surfase casing shoe
Polymer clay mud, density 1.1
Pump set up section
Cement, density 1.83
Reservoir

Drilling and Completion Time Comparison

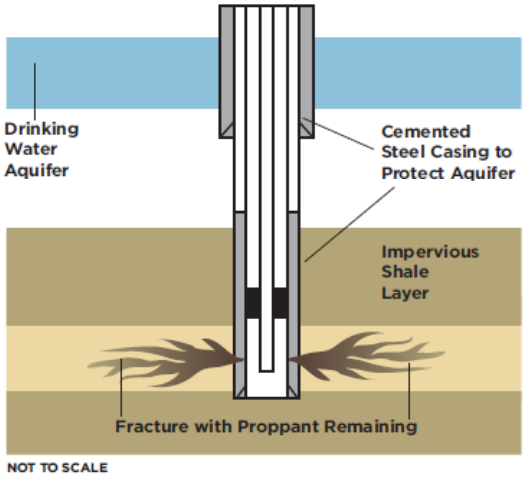


Schematic of a Water Flood System





Protecting the environment



What is Hydraulic Fracturing?

- Pumping of viscous fluids and sand under high pressure into the formation to create a high permeable fracture into the reservoir.

Why Hydraulically Stimulate (Fracture) a well?

1. **Remove Formation Damage caused by Drilling/Completion activities (near wellbore damage).**
2. **Extends a conductive channel into the reservoir:**
   a. **Increases the natural productivity of the well with a high permeability channel,**
   b. **Increases the drainage area of the well to contact isolated reservoir sands.**

How is Ground Water & Drinking Water protected?

1. **Proper Well Design – approved by local Government Authorities.**
2. **Casing and Cement protects and isolates both Water Zones and Productive Zones.**
3. **Impervious Shale layer above productive zone.**
4. **Thick interval between Ground Water and Productive Zones.**

Effective Fracturing in Russia

- Almost all Siberian oil wells fall into the intermediate permeability segment (1 mD > k < 50 mD). These wells produce well enough if completed and produced with customary practices. However, they can often be converted into excellent high volume producers by applying effective fracturing technology matched with a lift system to take advantage of the enhanced productivity.

Siberian Oil Well Data	Typical Well	Lineynoye Field	Units
Pr, average reservoir pressure	200	262	atmospheres
Pb, bubble point pressure	120	83	atmospheres
Ko, permeability to oil (liquid)	5	3 to 40+	millidarcies
h, formation thickness	15	2 to 15	meters
Vo, oil viscosity (liquid)	1.5	0.5	centipoise
Bo, formation volume factor	1.2	1.286	
Ct, total compressibility	2.94E-04	2.00E-05	atm -1
Re, drainage radius	250	500 to 700	meters
Rw, well bore radius	0.1	0.1	meters

- While a typical Siberian well: 5 mD, 15 metres, with a moderate skin damage produces **~ 20 m3/day (125 bopd),**
- the same well stimulated effectively will produce up to **175 m3/day (1,100 bopd)**, depending on the flowing bottom hole pressure created by the lift system
- Each frac job should be designed individually using specific well parameters so that proper stimulation will occur. Effective fracture geometry is very sensitive to permeability changes in intermediate permeability reservoirs

Joe Mach, et. al

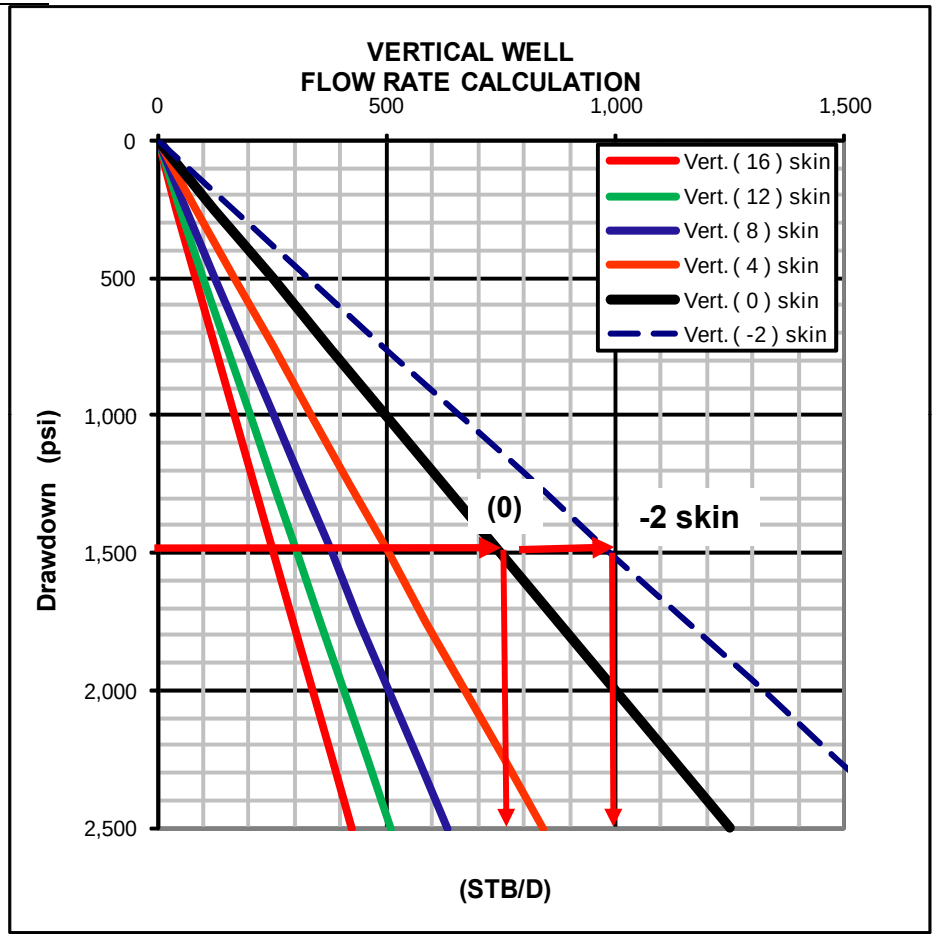
Lineynoye Well Productivity

INPUT

10	Horizontal permeability, khorz (md)
0.73	Oil (or gas) viscosity at reservoir conditions, uo (cp)
1.162	Oil (or gas) formation volume factor, Bo or Bg (Rvol/STvol)
0	Skin factor
3777	reservoir pressure, pe (psia)
199	reservoir temperature (deg F)
Geometry	
121	spacing (acres)
0.35	wellbore radius, rw (ft)
49.2	Height, h (ft)
1,295.3	reservoir radius, r eh (ft)

OUTPUT

		16	12	8	4	0	-2
Drawdown (psi)	Pwf (psi)	Vert. (16) skin (STB/D)	Vert. (12) skin (STB/D)	Vert. (8) skin (STB/D)	Vert. (4) skin (STB/D)	Vert. (0) skin (STB/D)	Vert. (-2) skin (STB/D)
0	3,777	0	0	0	0	0	0
250	3,527	42	51	63	84	125	165
500	3,277	85	102	127	168	250	330
750	3,027	127	152	190	252	375	495
1,000	2,777	170	203	253	336	500	661
1,250	2,527	212	254	317	420	625	826
1,500	**2,277**	**254**	**305**	**380**	**504**	**750**	**991**
1,750	2,027	297	355	443	588	875	1,156
2,000	1,777	339	406	506	672	1,000	1,321
2,250	1,527	382	457	570	756	1,124	1,486
2,500	1,277	424	508	633	840	1,249	1,651



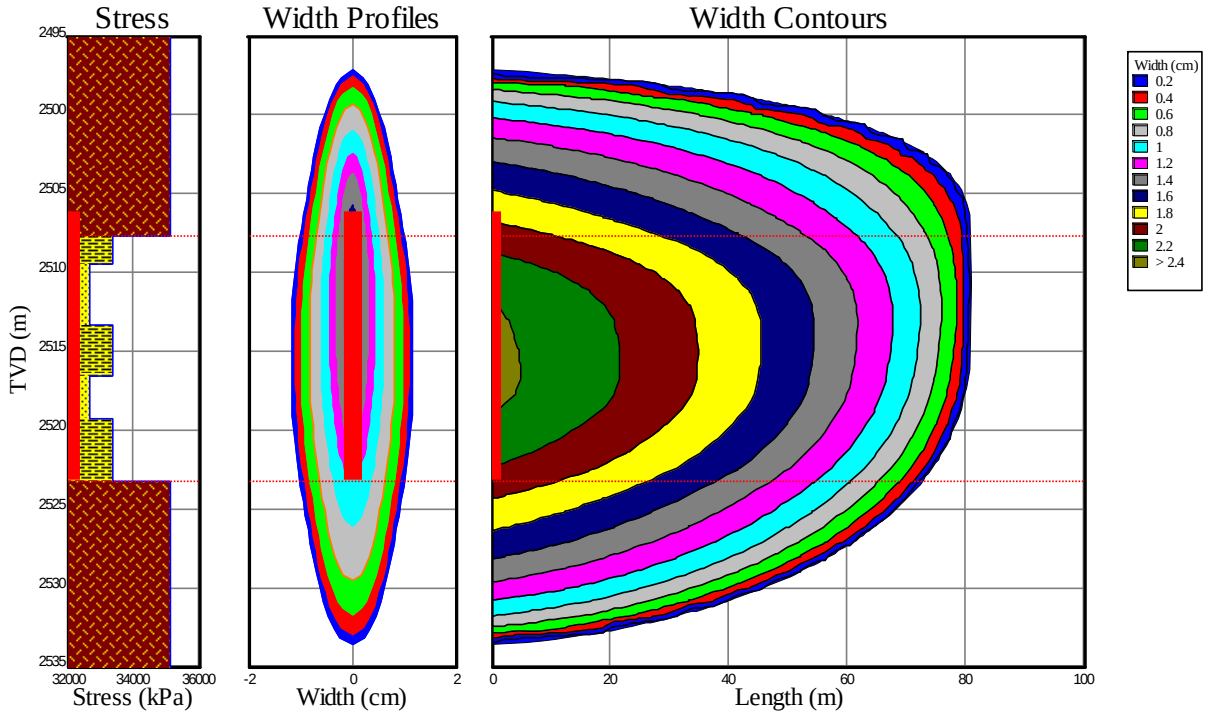
1. **Lineynoye Well inflow performance for a 10 mD, 15 metre thick reservoir**
2. **Vertical Well assumes zero and -2 skin**
3. **Experience shows that in prediction mode a fixed BHP of 1500 psi is a reasonable approximation for continued ESP use**

EXAMPLE FRACTURE PROFILE

FRACTURE PROPAGATION SOLUTION

Calculated Values

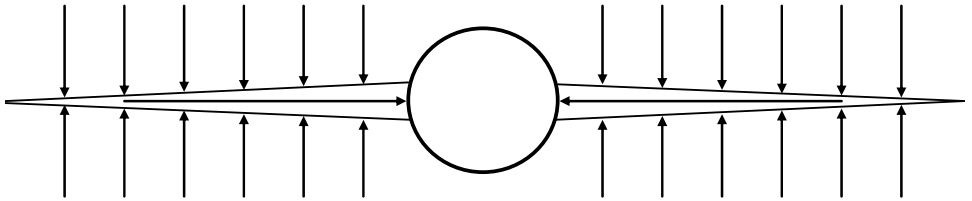
Slurry Volume Injected	185.24 m^3
Liquid Volume Injected	167.83(m^3)
Fluid Loss Volume	106.81(m^3)
Frac Fluid Efficiency	0.42026
Net Frac Pressure	6516.1(kPa)
Length (one wing)	81.103(m)
Upper Frac Height	13.451(m)
Lower Frac Height	22.969(m)
Upper Frac Height (TVD)	2497.2(m)
Lower Frac Height (TVD)	2533.6(m)
Total Frac Height	36.42(m)
Max. Frac Width at Perfs	2.2444(cm)
Avg. Hydraulic Frac Width	1.3223(cm)



PROPPANT DESIGN SUMMARY

Frac Length – Created	81.103 m
Frac Length – Propped	80.7 m
Frac Height - Avg.	29.955 m
Propped Height (Pay Zone) - Avg.	15.408 m
Max Width at Perfs – EOJ	2.2444 cm
Propped Width (Well) - Avg.	0.85899 cm
Propped Width (Pay Zone) - Avg.	0.69615 cm
Conc./Area (Frac) - Avg. at EOJ	10.949 kg/m^2
Conc./Area (Pay Zone) - Avg. at Closure	13.249 kg/m^2
Frac Conductivity (Pay Zone) - Avg. at Closure	2077.6 md-m
Dimensionless Frac Conductivity (Pay Zone)	3.218
Total Sand Mass Pump	55.00 tons

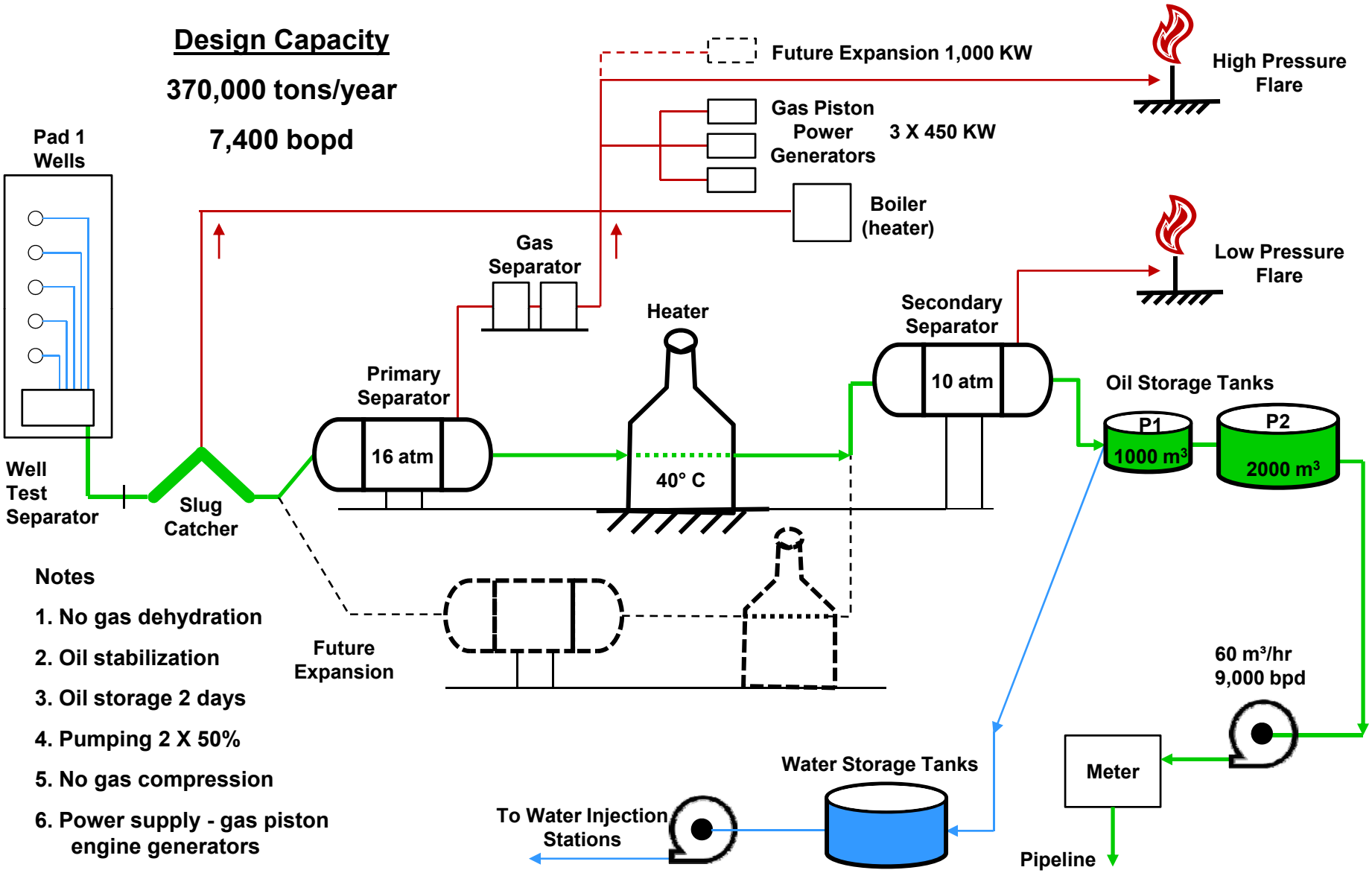
FLOW PROFILE



Example design – each well will have individual design

Facilities Construction June 20, 2010

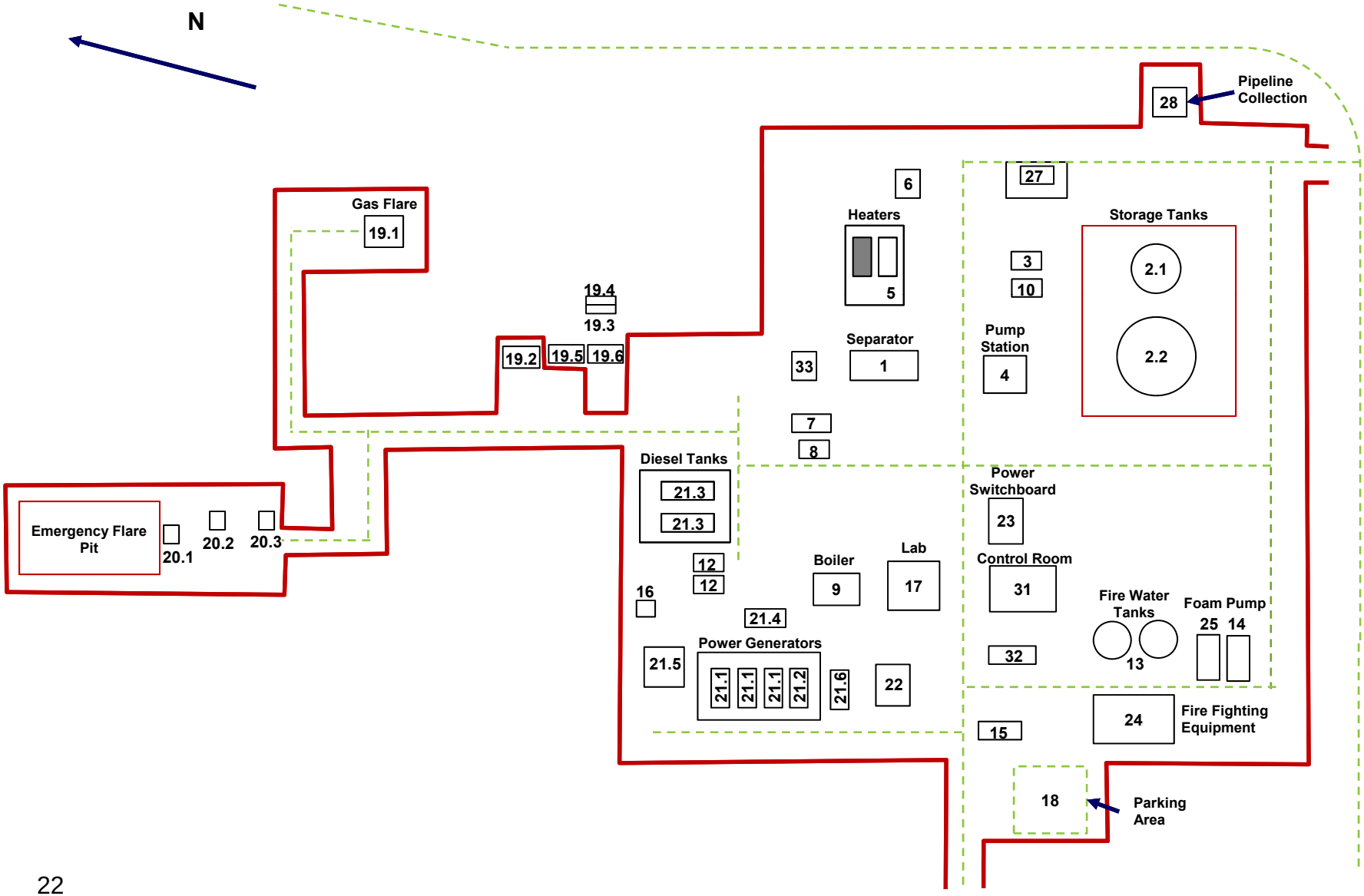
Central Processing Facility Schematic



Notes

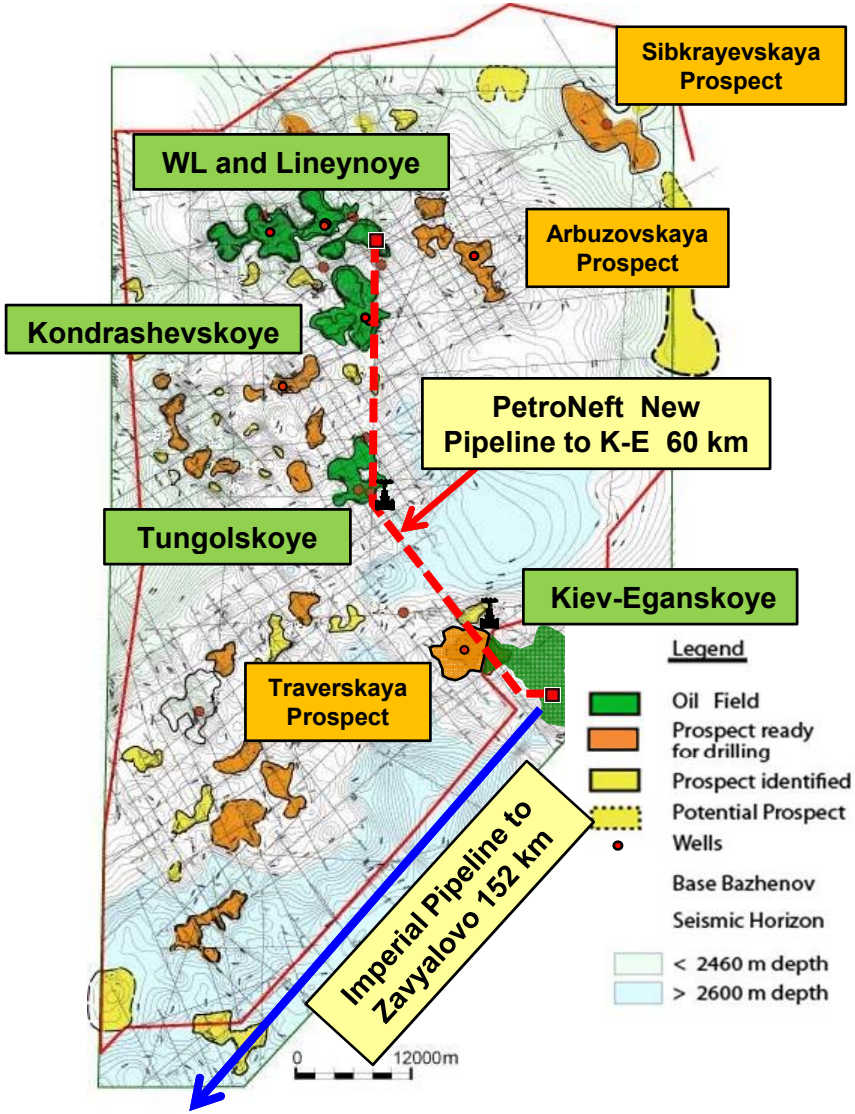
1. No gas dehydration
2. Oil stabilization
3. Oil storage 2 days
4. Pumping 2 X 50%
5. No gas compression
6. Power supply - gas piston engine generators

General Plan – Production Facilities



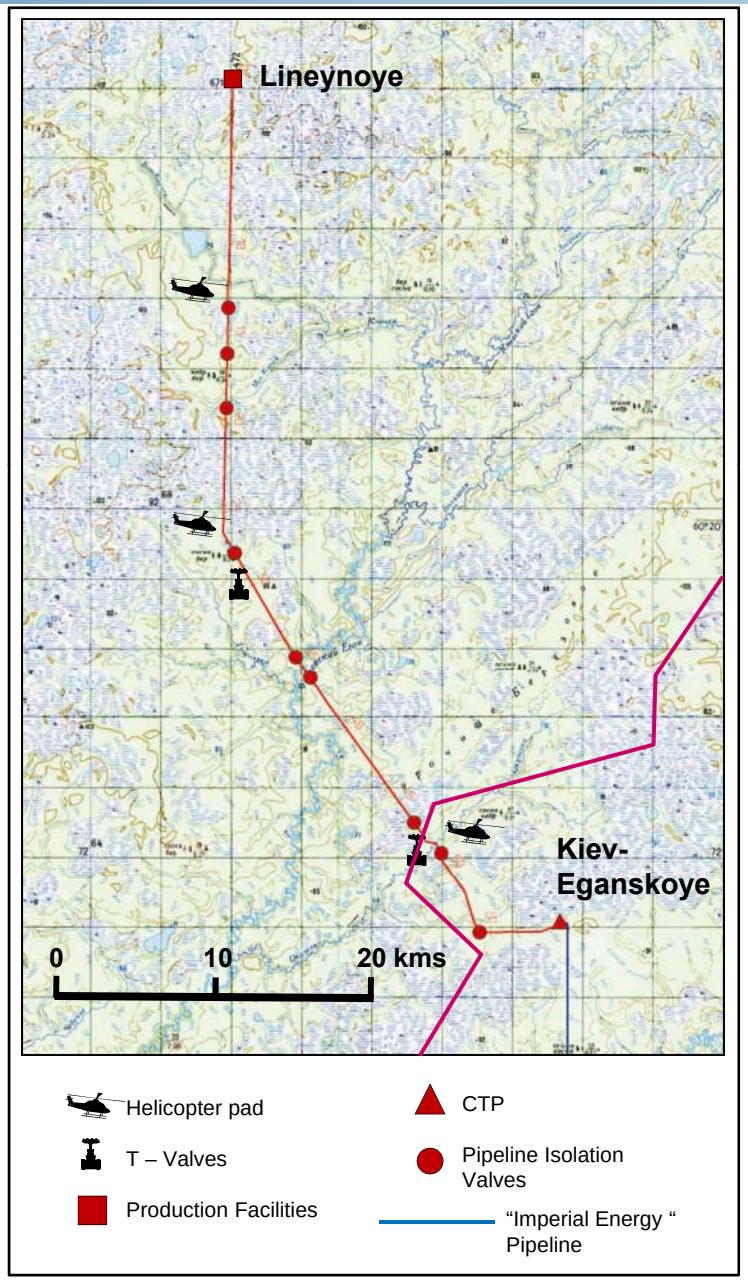
Export Pipeline Overview

- **Sanctioned in June 2008**
- **First Phase**
  - Development of Lineynoye and West Lineynoye
  - Construction of 60 km production pipeline to Imperial Kiev-Eganskoye pipeline in Q1 2010
  - 25 year transportation agreement with Imperial includes use of storage, measuring and testing facilities
  - First pipeline oil production in August 2010
  - Production - 4,000 bopd end of 2010, 12,000 bopd in 2012
- **Additional Phases**
  - Incremental addition of Kondrashevskoye, Tungolskoye and other discoveries

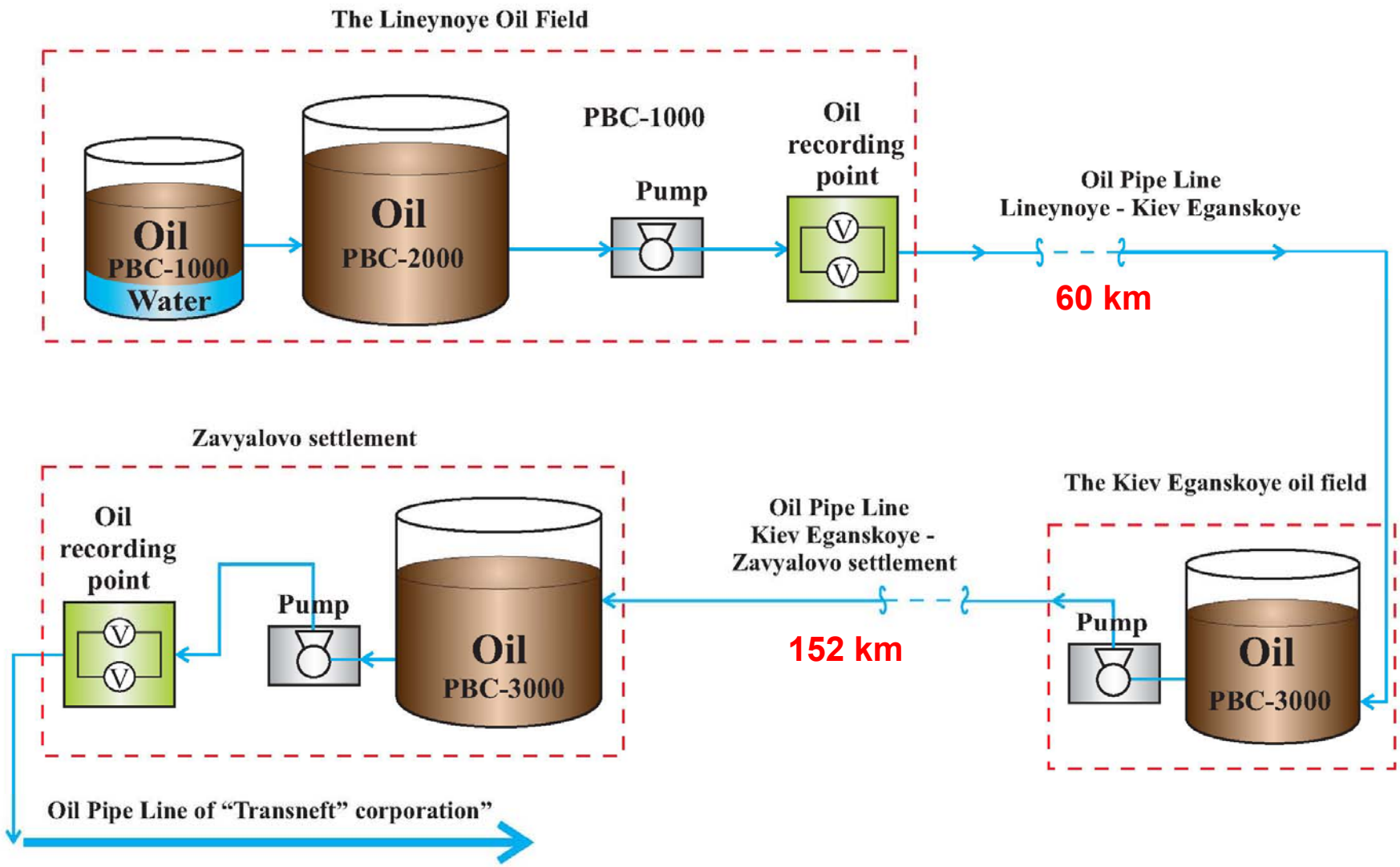


Export Pipeline – Infrastructure

- **Pipeline Infrastructure**
  - Length 60 km, Diameter 273 mm
  - Capacity ~20,000 bopd
  - Burial depth ~1 metre (5 m below rivers)
  - 9 pipeline isolation valves
  - 3 helicopter pads
  - 2 pipeline T's for future connections
- **Pipeline Monitoring Procedure**
  - The Company has an Emergency Response Plan in place and approved by the Russian authorities in event of an emergency.
  - There is a pipeline inspection monitoring programme in place that includes ongoing monitoring of and control of oil flow and pressure changes in the pipeline. There is also a weekly visible inspection programme of the entire pipeline route.
  - In the event of an shut-down there are 9 isolation valves located along the pipeline to mitigate any emergency.



Oil Transportation Scheme



Infrastructure – Communications