

PetroNeft Resources plc

Interim Results for the six month period ended 30 June 2006

PetroNeft Resources plc ('PetroNeft' or 'the Company'), owner and operator of Licence 61, Tomsk Oblast, Russian Federation is pleased to report its half year results for the six month period ended 30 June 2006. This is the first communication to shareholders as a publicly traded company.

Highlights

- Completion of project to reprocess and reinterpret all previous 2D seismic (2,654 line kms) and well log (14 wells) data.
- Acquisition and interpretation of 515 line kms of new high resolution 2D seismic data.
- Revised Competent Persons' Report by Ryder Scott establishes Proved and Probable (P1 + P2) reserves at 33.5 million bbls in two know oil fields, Lineynoye and Tungolskoye.
- Possible (P3) reserves estimated by Ryder Scott at 290 million bbls in 20 prospects.
- All drilling and seismic contracts in place for 2006/2007 winter season. Three wells will be drilled, one delineation well each on the existing oil fields and one exploration well on the high potential West Lineynoye Prospect.
- Successfully raised US\$ 23.5 million by way of two private placings.
- Admission to AIM and IEX Markets completed on 27 September 2006.

Dennis Francis, Chief Executive Officer of PetroNeft Resources plc commented:

'Operationally it has been a busy year with many significant accomplishments highlighted by the Company's admission to the AIM and IEX Markets. We are delighted to have received such positive backing from the capital markets for our oversubscribed equity fundraising. These funds will be used to execute a three well operational programme designed to prove up our reserves base and take the first step towards production.'

'Tomsk Oblast is a world class petroleum province, with high quality local personnel and infrastructure in place on the ground. We firmly believe that our unique combination of experienced international management, top quality local operational staff and supportive shareholders provides us with a strong base for a successful future.'

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The information contained in this announcement has been reviewed and verified by Mr. Dennis Francis, Director and Chief Executive Officer of PetroNeft, for the purposes of the Guidance Note for Mining, Oil and Gas Companies issued by the London Stock Exchange in March 2006. Mr. Francis holds a B.S. Degree in Geophysical Engineering and a M.S. Degree in Geology from the Colorado School of Mines. He has also graduated from the Harvard University Program for Management Development. He is a member of the American Association of Petroleum Geologists and the Society of Exploration Geophysicists.

Chairman's Statement

It has been 18 months since the concept of PetroNeft Resources plc was developed and started to become a reality. Now the company is fully structured and funded for the 2006/2007 work programme, has a clearly defined path to production from its two proven oilfields, has an exploration schedule to expand the reserve base, and has been admitted to the London AIM Market and Irish IEX Market.

The basis for the success of any company are excellent projects, outstanding staff and the ability to efficiently finance and execute its activities to provide value for shareholders. These are now in place at PetroNeft and we can look forward to an exciting future as we develop the company's assets.

Operations - Licence 61, Tomsk Oblast, Russian Federation

PetroNeft Resources plc, through its wholly owned Russian subsidiary Stimul-T, holds 100% interest in an exploration and production licence ("Licence 61") in the Tomsk Oblast in Western Siberia. Licence 61 covers an area of 4,991 sq. kms., equivalent in size to approximately 24 UK North Sea blocks. Licence 61 contains two proven oil fields, Lineynoye and Tungolskoye, that were discovered by a State Exploration Enterprise in the early 1970s. The Company views Licence 61 as a "Core Area", with oil production potential for a long period of time from both proven oil fields and other identified exploration prospects.

Since acquiring Licence 61 the Company has reprocessed and reinterpreted 2,650 line kms of previous 2D seismic data using modern technology. In addition the well logs from 14 previous wells drilled on Licence 61 have been digitised and reinterpreted. The Company also acquired a further 515 line kms of 2D seismic data in the winter season 2005/2006. All of this new, reprocessed and reinterpreted data was used by Ryder Scott Company Petroleum Consultants as the basis for their reserve evaluation of Licence 61.

Bringing all of the previous data on Licence 61 together into a cohesive and comprehensive package, followed by, the acquisition and integration of new seismic data, has defined a clear programme of work into the future. This programme is designed to achieve both early production and the expansion of recoverable reserves through exploration.

The work programme for the winter season of 2006/2007 has already commenced. A new 500 line km 2D seismic survey is underway. The mobilisation of two drilling rigs began in February. Construction is underway to allow the drilling of a delineation well on the Lineynoye Oil Field beginning in January 2007. A second well, on the Tungolskoye Oil Field, will commence in February, and a third well, on the high potential West Lineynoye Prospect, estimated to contain 67 million bbls of oil, will begin in May/June 2007. A full Production Feasibility Study has also commenced and will be completed in July 2007, when a decision to sanction the development project will be made.

In addition to its activities to commercialise the existing discoveries on Licence 61, the drilling of the West Lineynoye Prospect also gives the Company a relatively low risk opportunity to triple its proved and probable reserve base from 33.5 million barrels to approximately 100 million barrels of oil. The amount of leverage that this one well, drilled on the first of more than twenty seismically identified structures with significant hydrocarbon potential on Licence 61, could have on the Company's reserve base is rare for the industry. It further illustrates how eventful, and hopefully successful, the year ahead will be for PetroNeft.

While the Company's focus remains on the development of Licence 61, we continue to review other assets and projects that could enhance the Company's reserve base and operations.

Admission to AIM & IEX markets

As a private company prior to the recent placing and admission to trading on the AIM and IEX markets, PetroNeft raised a total of US\$8 million. An additional US\$15.5 million was raised at admission, which has put the company on a sound financial footing and provided funding for the next year of operations. It has transformed the Company into one that has a strong institutional shareholder base and sets the framework on which the future financing of the Company will be organised.

Outlook

The first 18 months of our company's life has been an exciting time and the next 12 months promises to be equally exciting. By July of 2007 it is hoped that the company will be able to take the decision to begin field and infrastructure development, leading to production in 2008. Taking an exploration asset like ours to start of production is not an easy task and requires considerable expertise, hard work and team effort to do well. The company is fortunate to have assembled an experienced management team that has successfully been through this process many times both inside and outside of Russia.

I would like to thank shareholders for their support of the company to date and look forward to reporting on our progress over the coming months and years.

G. David Golder
Chairman
23 October 2006

Annual Report and notice of AGM

The Company has sent its Annual Report, incorporating a notice of AGM, to shareholders. The AGM is convened to be held at Herbert Hotel, Dublin 4, Ireland at 11.00 am on Friday 10 November 2006.

Pursuant to Rule 20 of the AIM and IEX Rules, a copy of the Annual Report is available for inspection, for a period of at least one month from the date of this announcement, at www.petronet.com.

Petronet Resources plc

Consolidated Income Statement

Interim to 30 June 2006

	<i>(unaudited)</i> 6 Months to 30 June 2006 US\$	<i>(audited)</i> Period ended 31 December 2005 US\$
Turnover	25,262	-
Administrative expenses	(544,168)	(241,331)
Operating Loss	<u>(518,906)</u>	<u>(241,331)</u>
Interest payable and similar charges	(13,720)	(19,083)
Retained loss for the period	<u>(532,626)</u>	<u>(260,414)</u>
Loss per share		
Basic	(0.49 c)	(0.29 c)

Petroneft Resources plc

Consolidated Balance Sheet

As at 30 June 2006

(unaudited)

	<i>(unaudited)</i> As at 30 June 2006 US\$	<i>(audited)</i> As at 31 December 2005 US\$
Non-Current assets		
Property, plant and equipment	263,997	169,937
Other intangible assets	8,334,053	6,093,657
	<u>8,598,049</u>	<u>6,263,594</u>
Current Assets		
Trade and other receivables	1,980,116	451,323
Cash and cash equivalents	2,836,407	256,208
	<u>4,816,523</u>	<u>707,531</u>
Total Assets	<u><u>13,414,572</u></u>	<u><u>6,971,125</u></u>
Equity and Liabilities		
Capital and Reserves		
Called up share capital	1,605,845	1,052,260
Share premium account	12,137,363	4,861,880
Profit and loss account	(793,040)	(260,414)
	<u>12,950,169</u>	<u>5,653,726</u>
Equity attributable to equity holders of the parent	<u>12,950,169</u>	<u>5,653,726</u>
Current Liabilities		
Trade and other payables	464,403	1,317,399
Total Liabilities	464,403	1,317,399
Total Equity and Liabilities	<u><u>13,414,572</u></u>	<u><u>6,971,125</u></u>

Petronet Resources plc

Cash Flow Statement
Interim to 30 June 2006

	(unaudited) 6 Months to 30 June 2006 US\$	(audited) Period ended 31 December 2005 US\$
Net loss before interest and income tax	(518,906)	(241,331)
Adjustments for:		
Depreciation for – Property, plant and equipment	5,451	910
Operating profit before working capital changes	<u>(513,455)</u>	<u>(240,421)</u>
Increase in trade receivables	(1,528,793)	(451,323)
(Decrease)/Increase in trade payables	(852,996)	1,317,399
Cash generated from operations	<u>(2,895,243)</u>	<u>625,655</u>
Interest paid	(13,720)	(19,083)
Net cash flow from operating activities	<u>(2,908,963)</u>	<u>606,572</u>
Investing activities		
Purchase of Property, plant and equipment	(99,510)	(170,847)
Purchase of other intangible assets	(2,240,396)	(6,093,657)
Net cash used in investing activities	<u>(2,339,906)</u>	<u>(6,264,504)</u>
Cash flows from financing activities		
Proceeds from issue of share capital	7,829,069	5,914,140
Net cash received from financing activities	<u>7,829,069</u>	<u>5,914,140</u>
Net increase in cash and cash equivalents	2,580,199	256,208
Cash and Cash equivalents at the beginning of the period	256,208	
Cash and Cash equivalents at the end of the period	<u><u>2,836,407</u></u>	<u><u>256,208</u></u>

Notes to the Interim Statement

- The results for the six-month period ended 30 June 2006 are not audited nor reviewed.
- The financial information has been prepared on a consistent basis and using the same accounting policies as the audited financial statements for the year ended 31 December 2005.

Forward Looking Statements

This announcement contains forward-looking statements. These statements relate to the Company's future prospects, developments and business strategies. Forward-looking statements are identified by their use of terms and phrases such as "believe", "could", "envisage", "potential" "estimate", "expect", "may", "will" or the negative of those, variations or comparable expressions, including references to assumptions.

The forward-looking statements in this announcement are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements. These forward-looking statements speak only as at the date of this announcement.

End

23 October 2006