



**PetroNeft Resources plc**  
**Exploration Development & Production in Russia and the FSU**

**Equity Marketing Presentation**  
**June 2007**

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# Offering Summary

## Offer Details

- ☐ Raising approximately US\$15 million
- ☐ 100% primary issue
- ☐ Joint bookrunners: Davy and Natixis Bleichroeder

## Use of Proceeds

- ☐ Fund 2007/2008 Winter Work Program
- ☐ Exploration, Delineation and Pre-Project Activities
- ☐ General Administration Costs

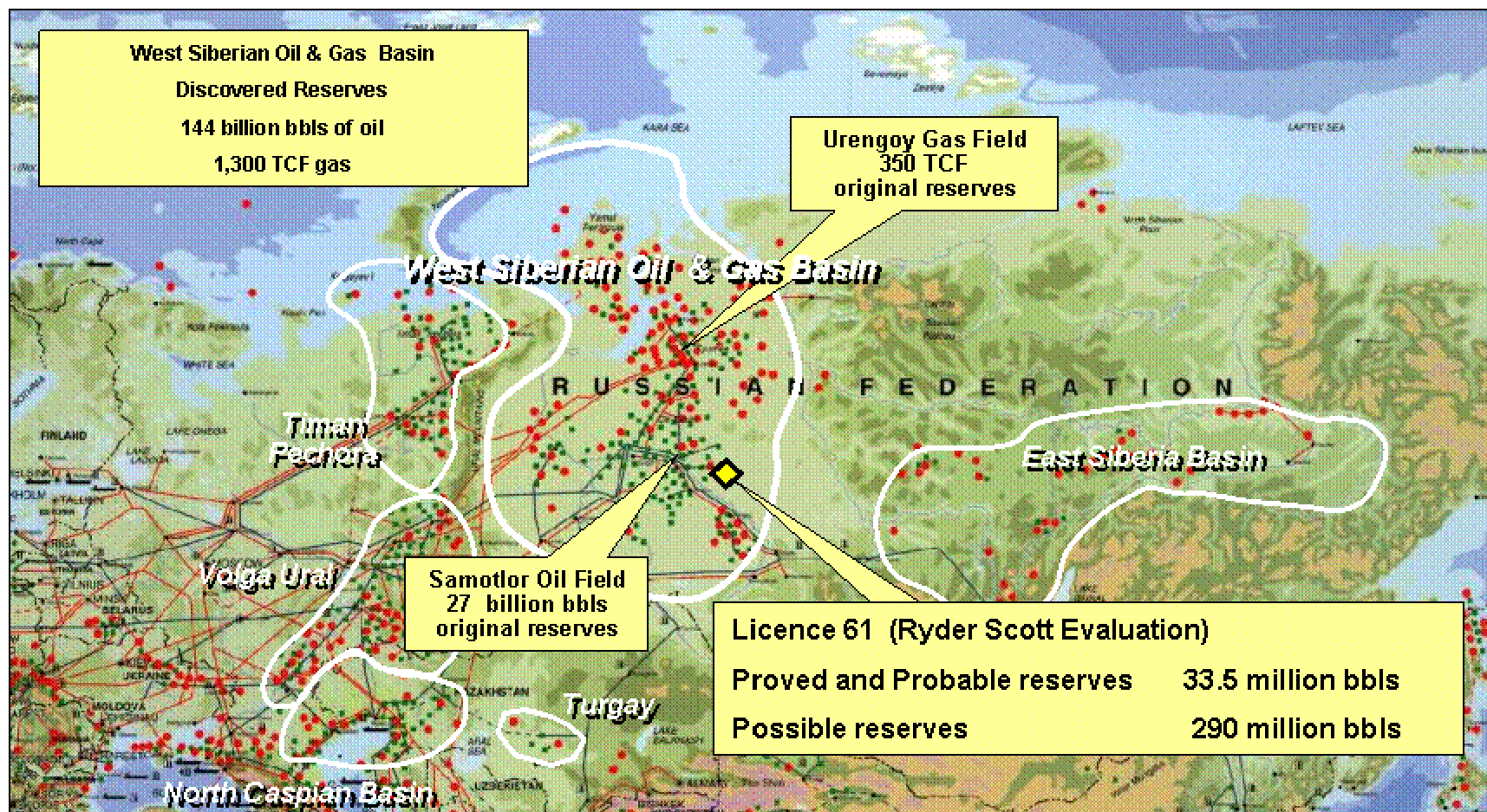
## Anticipated Timing

- ☐ 9 July: Commence Bookbuild
- ☐ 10 July: Confirm price and allocation
- ☐ 10 July: Distribute Placing letters
- ☐ 13 July: Settlement
- ☐ 13 July: Placing Shares admitted to trading on AIM and IEX

# Investment Highlights

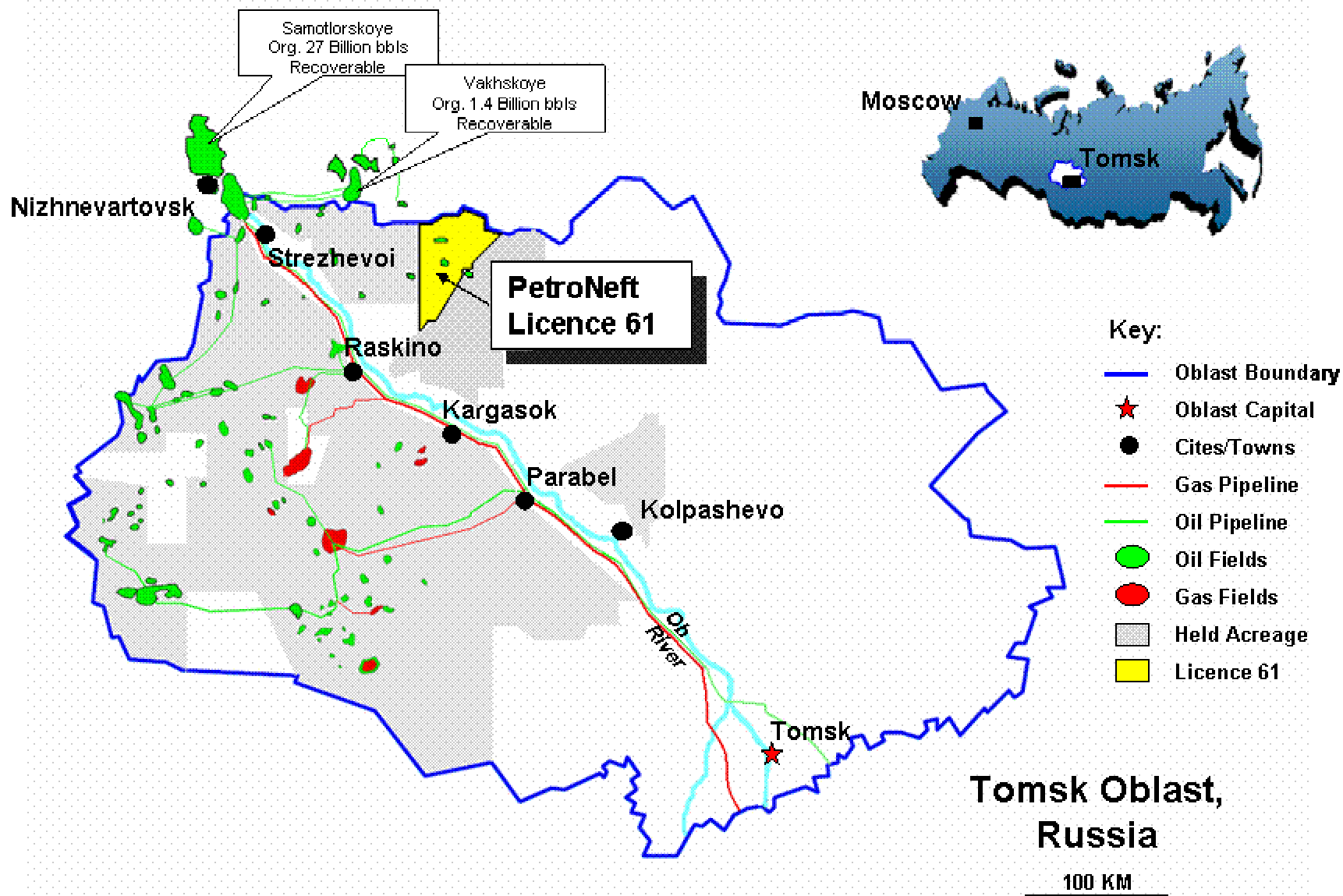
- Established 2005 to acquire and develop hydrocarbon acreage in Russia and FSU
- Company's Licence Area covers 4,991 km<sup>2</sup> in Tomsk Oblast, Western Siberia
- AIM and IEX IPO in September 2006 - Current mkt cap about \$200 million
- Management team combines international hydrocarbon evaluation, production and transactional knowledge with experienced Russian management team
- Two proven oil fields (Lineynoye and Tungolskoye) with major upside potential
- Ryder Scott Petroleum Consultants estimate (as at September 2006) 33.5 million barrels (2P reserves) and 291 million barrels (3P reserves)
- Ryder Scott values 2P reserves at \$3.81 per barrel
  - 8% discount rate
  - domestic crude \$29.00 per barrel w/o VAT
  - export crude \$53.00 per barrel
- First oil planned for 2009

# Regional Location Map



Source – USGS

# Tomsk Oblast



# Key Growth Drivers: Develop; Explore; Acquire

## Monetise the Lineynoye & Tungolskoye Oil Fields

- Fast track to development & production of 33.5 million bbls 2P reserves
- 2006/07 Winter Drilling Programme:
  - Lineynoye No. 6 delineation well – successfully tested
  - Tungolskoye No. 4 delineation well - testing
- Development Plan to be sanctioned by September 2007
- Target Export Pipeline production 2009

## Determine full upside potential of Licence 61 Core Area

- Reprocessing and Reinterpretation of existing well and seismic data
- Acquisition of new high resolution 2D seismic data – 1,055 kms
- Active Exploration Programme:
  - 20+ prospects identified and 5 potential prospects undergoing further evaluation
  - Third well in 2006/07 programme: West Lineynoye Prospect - 67 million bbls P3 – unrisked – spudded on 18 June
  - Three additional wells planned 2007/08

## Consider further Asset Acquisitions

- Continued Evaluation of New Ventures within Russia and FSU
  - New Projects must fit strict acquisition parameters



# Board of Directors

## Dennis C. Francis

- Chief Executive Officer and co-founder
- Headed Marathon's Business Development Activities in Russia from 1989 to 2003

## David E. Sanders

- Executive Director, Secretary and General Counsel and co-founder
- 15 years' experience doing business in Russia, Sakhalin II Project, Priobskoye, KMOC

## Desmond J. Burke

- Executive Director – Planning and Investor Relations
- 30 years' minerals industry experience & 20 years' experience in international equity markets

## G. David Golder

- Non-Executive Chairman
- 34 years' industry experience with Marathon Oil Company, Sakhalin Energy and others

## Thomas G. Hickey

- Non-Executive Director
- Chief Financial Officer and Director of Tullow Oil plc

## Vakha A. Sobraliev

- Non-Executive Director
- 30 years' experience in West Siberian Petroleum Industry – GD Tomskburneftgaz, LLC

# Experienced Russian Management Team

## Alexey Balyasnikov (Moscow)

- General Director of Stimul-T
- 32 years' experience in Russian oil and gas business
- Former Head of Representation for Marathon Oil in Moscow

## Alexander Frenovsky (Tomsk)

- Executive Director of Stimul-T
- 34 years' experience in Russian oil and gas industry
- Former General Director and Chief Engineer – JSC Tomskneftegazgeologia
- Directly participated in the development of 15 oil fields in the Tomsk Oblast
- State medals for “Development of the Subsurface” of Western Siberia

## Nikolay Karapuzov (Tomsk)

- Chief Geophysicist/Geologist of Stimul-T
- 35 years' experience in Russian oil and gas industry
- Former Chief Geophysicist/Geologist – JSC Tomskneftegazgeologia
- Directly participated in discovery of 17 oil fields in the Tomsk Oblast
- Awarded title “Honourable Geologist of Russia” by the Russian Government

# Playing the Game in Russia

## Opportunity

- Acquire large volumes of onshore oil at low cost
- Build on Sakhalin, Yukos, KMOC, TNGG, Stimul-T experience
- Build on successful past projects and lessons learned

## Skills & Assets

- Commercial evaluation
- Integrated project mgmt.
- Up/downstream ops.
- Reputation for integrity
- Access to international capital markets

## Relationships

- Are key
- Personal vs. Corp.
- Russian Majors
- Moscow Ministries
- Tomsk Region



# Differentiators

## Versus Foreign Major Oil Companies

- Size and cost structure
- Willingness to work under current tax and licence regime
- Russian experience (familiarity with system and values)
- Willingness to maximize Russian Content

## Versus Foreign Peer Group

- Technical and Commercial Experience in Russian Project Development
- Quality Russian management and low cost operating base

## Versus Russian Small to Medium sized Companies

- Access to Western Financial Markets
- Ready access to Western Technology and Management Processes
- Willingness to listen and create win/win situation
- Willingness to maintain active role for existing owners / managers
- Ability for existing owners to participate in foreign equity

# PetroNeft's Acquisition Strategy

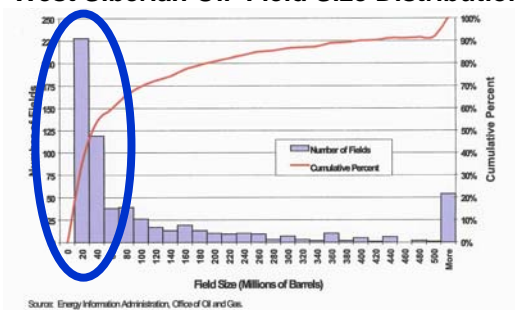
**Strategy: West Siberian Basin is primary current growth area to acquire near term quality P1- P2 Reserves with P3 upside, while evaluating other basins**

- West Siberian Basin is key focus . . . other FSU basins follow.
- Focus on Oil Fields with initially less than 50 million barrels which are below radar of Russian Majors.
- Evaluate Joint Venture and M&A opportunities that meet the required metrics.
- Engage smaller companies that have assets which they might want to divest or jointly develop.
- Participate in Russian Auction and Tender process.
- Using the KMOC, TNGG and Stimul-T models, identify other small Russian companies
  - Low cost operator and ownership of quality reserves
  - Commitment to developing western style alliances, providing added value through access to capital markets outside of Russia and western business processes

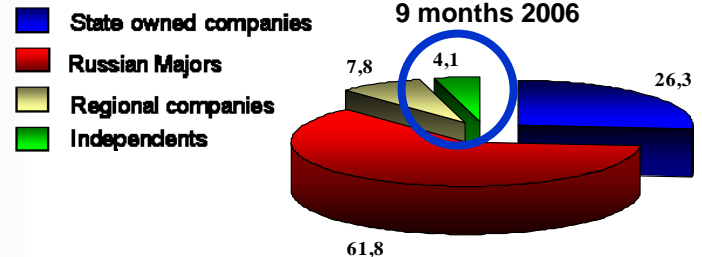
**PetroNeft  
strategy  
targets these  
reserves and  
companies**



**West Siberian Oil Field Size Distribution**



**Percentage of Russian Oil Production  
9 months 2006**



# Operational Progress

## 2006/07 Winter Drilling Programme

- Lineynoye No. 6 delineation well – confirmed 11.2 metres – high quality oil - lower owc – marginal reserves increase likely
- Tungolskoye No. 4 delineation well – confirmed 15.2 metres oil – now testing
- High Impact West Lineynoye No. 7 exploration well – Spudded 18 June - Results in July/August 2007 – possible reserves 67 million bbls

## 2006/07 Seismic Survey

- 540 kms of high resolution 2D data acquired and processed
- Interpretation to be completed by July 2007

## Lineynoye and Tungolskoye Development Plan

- Preliminary Feasibility Study completed early February
- Bank discussions started February 2007
- Economic model has been given to the banks for review
- Export Pipeline design, survey and approvals contract signed May 2007

# Licence 61 - Oil Fields and Prospects Map

## Oil Fields / Prospects / Potential Prospects

### Oil Fields

1. Lineynoye Oil Field
2. Tungolskoye Oil Field
3. West Lineynoye
4. Lineynoye South & Lower
5. Korchegskaya & Upper Korchegskaya
6. Korchegskaya West
7. Korchegskaya North
8. Varyakhskaya
9. Varyakhskaya North & Upper

### Prospects

10. Emtorskaya Crown (1 of 3)
11. Sigayevskaya
12. Sigayevskaya East
13. Kulikovskaya Group (2 of 6)
14. Kusinskiy Group (1 of 3)
15. Tuganskaya Group (1 of 4)
16. Kirillovskaya (1 of 4)
17. Sibkrayevskaya Crown (1 of 2)
18. Tungolskoye East

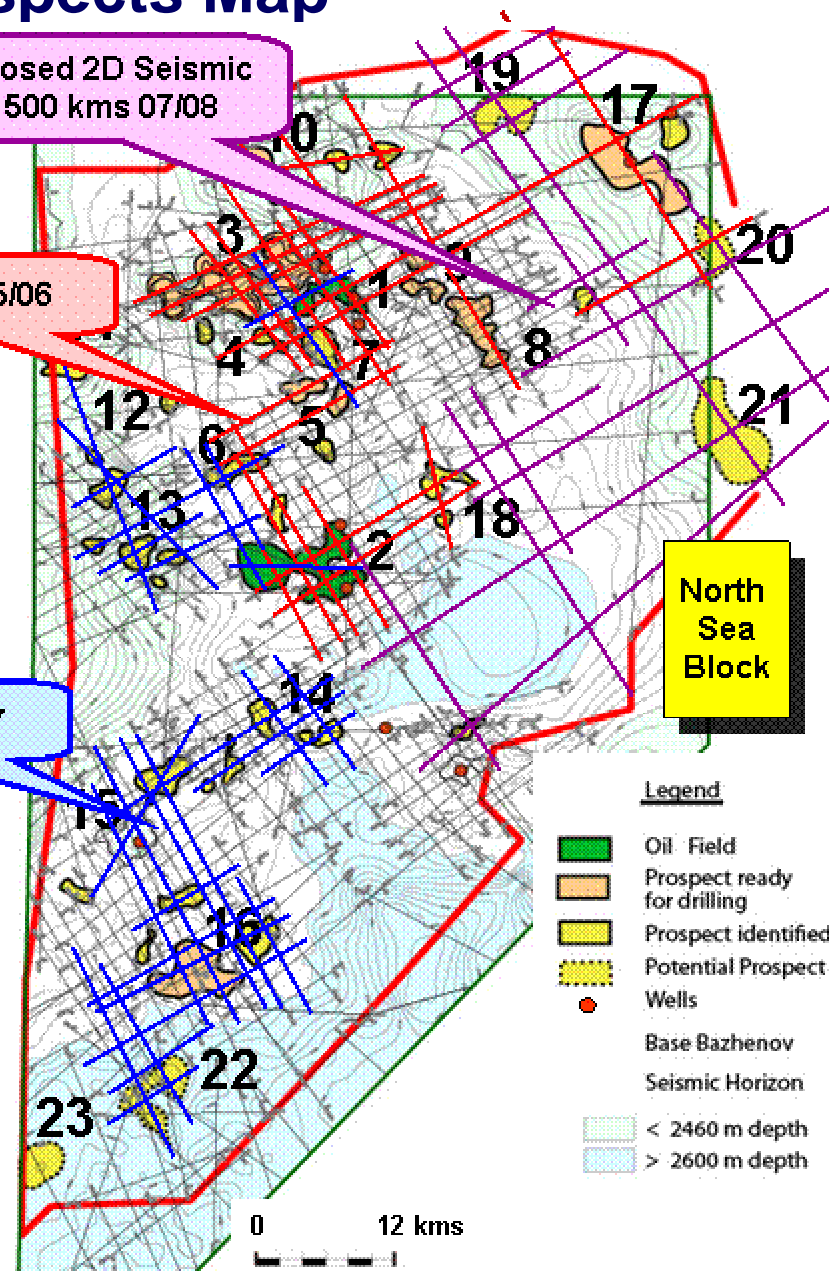
### Potential Prospects (Leads)

19. Emtorskaya North
20. Sibkrayevskaya East
21. Sobachya
22. North Balkinskaya
23. West Balkinskaya

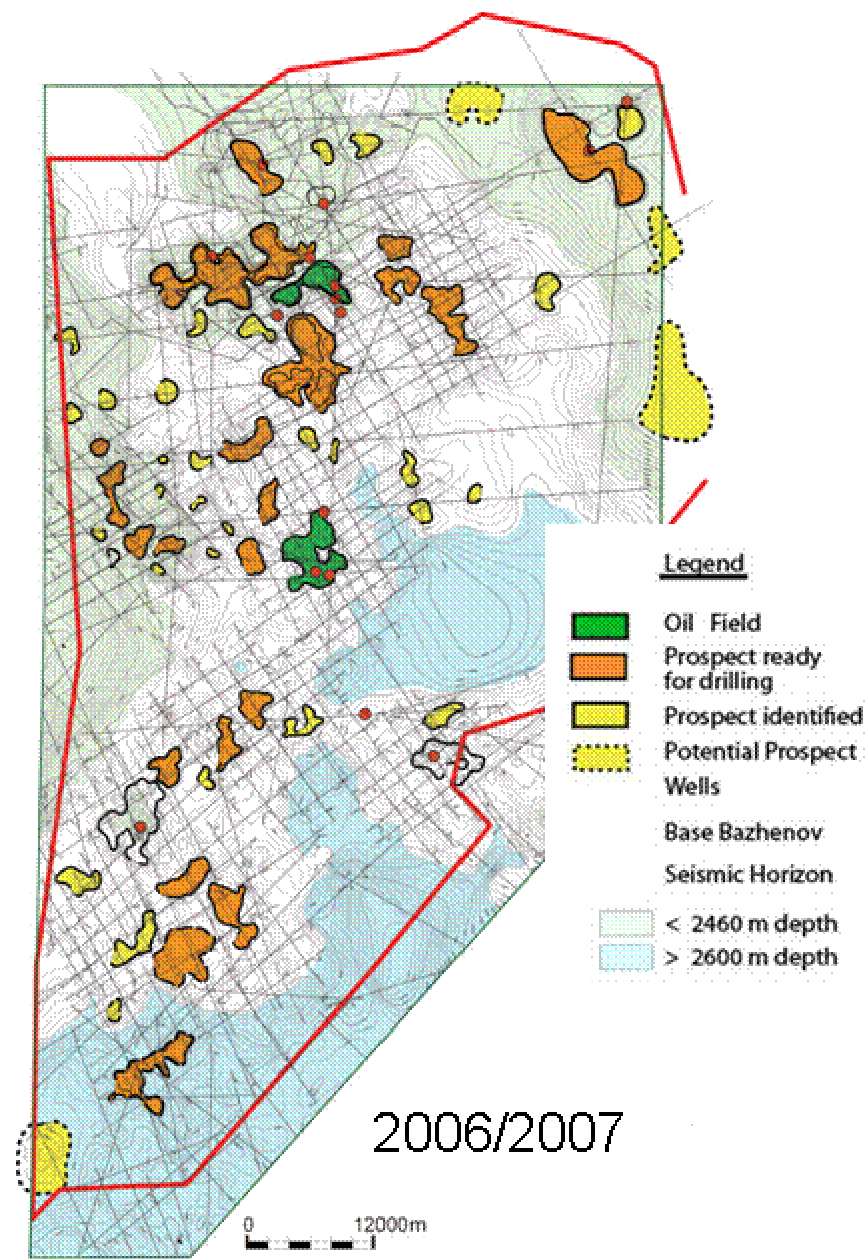
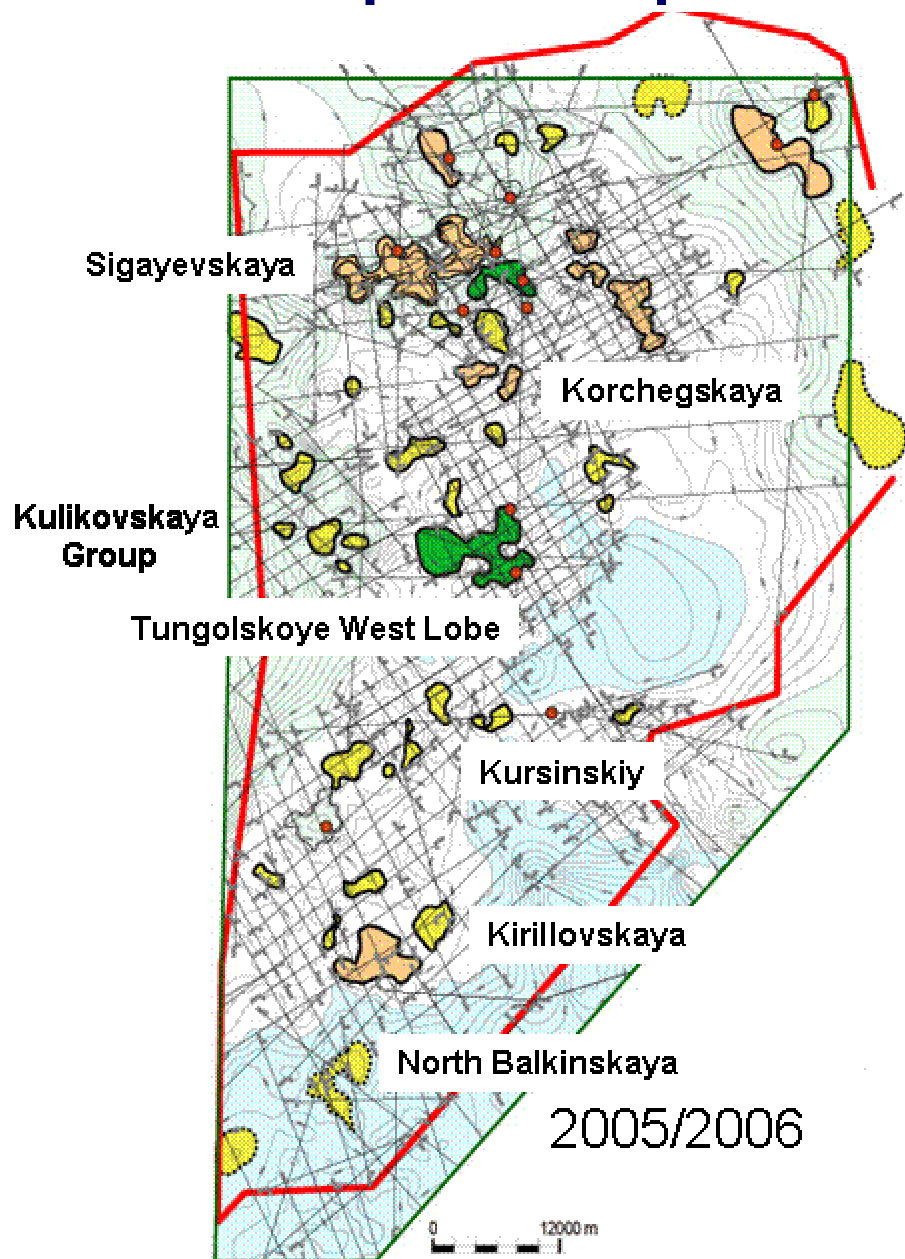
515 kms 05/06

Proposed 2D Seismic  
500 kms 07/08

540 kms 06/07

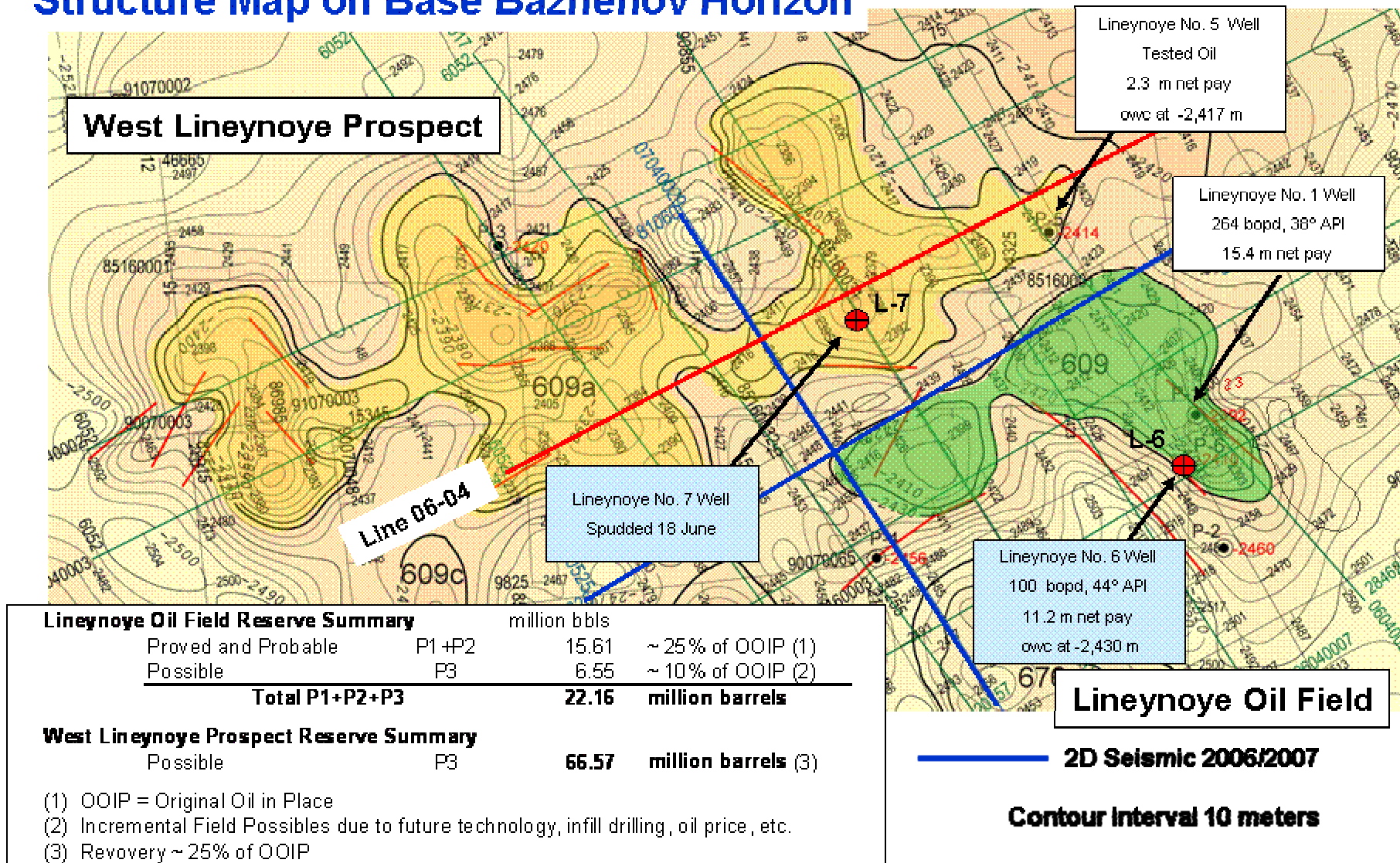


# Initial Prospect Comparison 05/06 versus 06/07 Seismic





# Lineynoye & West Lineynoye Prospect Structure Map on Base Bazhenov Horizon



# West Lineynoye Prospect

Seismic Line 06-04

West

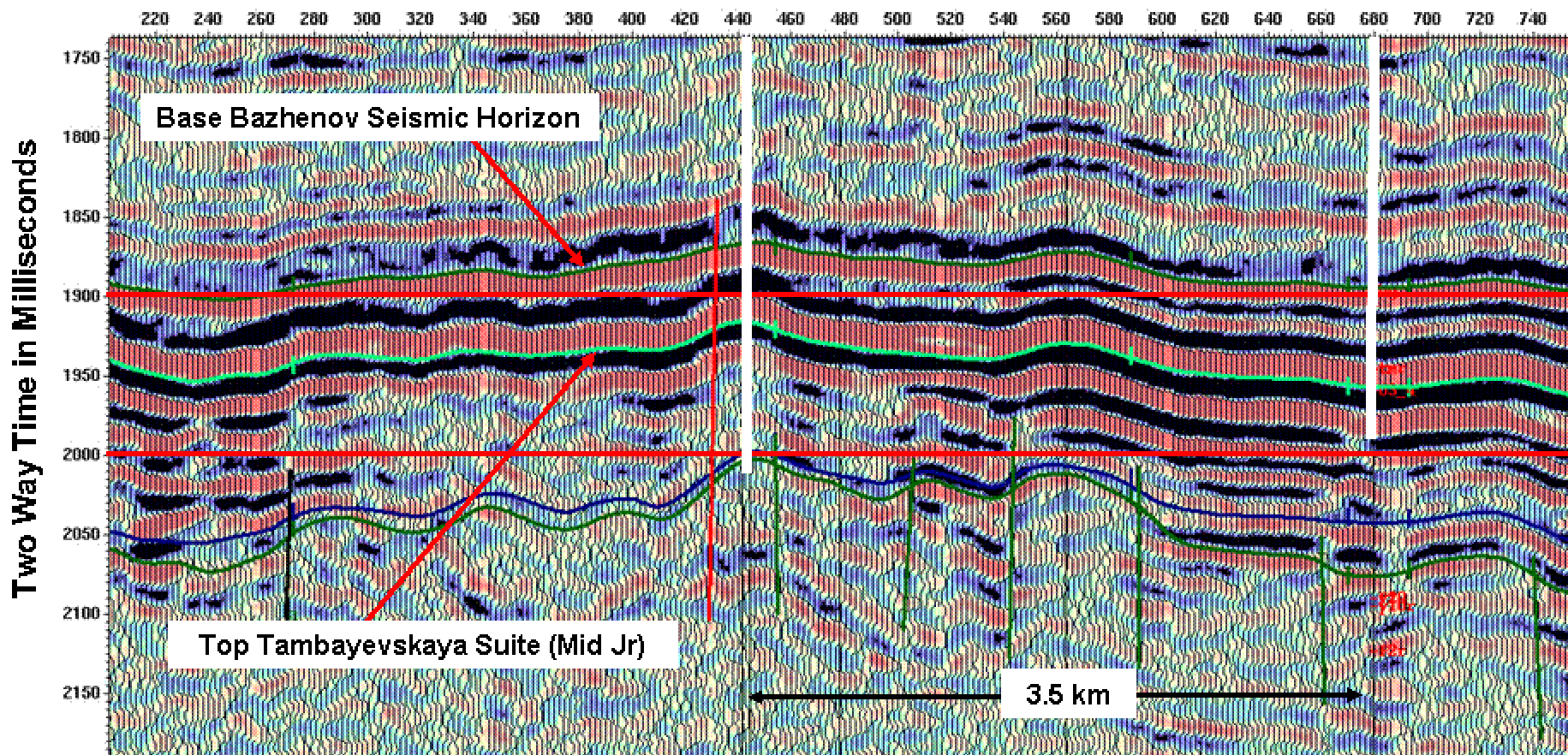
West Lineynoye Prospect

East

060404

# 7

# 5 Projected



# Lineynoye No. 6 – February 2007



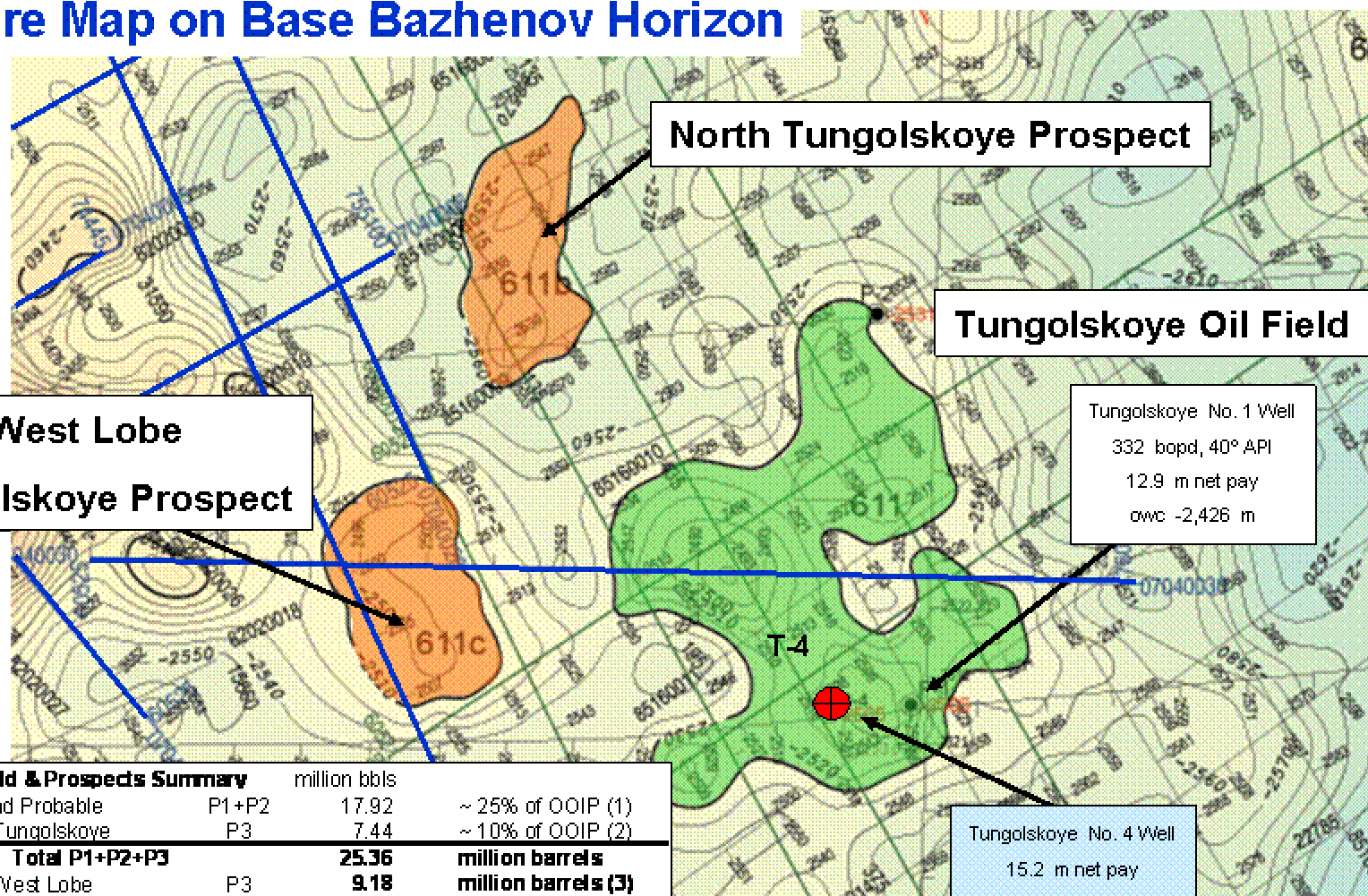
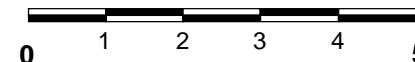
Drilling Rig BU 3D 76



# Tungolskoye Oil Field

## Structure Map on Base Bazhenov Horizon

Kilometers



Tungolskoye Oil Field & Prospects Summary				
			million bbls	
RS	Proved and Probable	P1+P2	17.92	~ 25% of OOIP (1)
RS	Possible Tungolskoye	P3	7.44	~ 10% of OOIP (2)
<b>Total P1+P2+P3</b>			<b>25.36</b>	<b>million barrels</b>
PN	Possible West Lobe	P3	<b>9.18</b>	<b>million barrels (3)</b>
PN	Possible North Tungolskoye	P3	<b>8.20</b>	<b>million barrels (3)</b>

- (1) OOIP = Original Oil in Place, RS Ryder Scott estimate, PN PetroNef estimate  
 (2) Incremental Field Possibles due to future technology, infill drilling, oil price, etc.  
 (3) Recovery ~ 25% of OOIP

**2D Seismic 2006/2007**

**Contour Interval 10 meters**

# Reserve Movement versus Work Programme

New Index No.	Source of Funds		1st Private Placement \$6.55 million						2nd Private Placement \$ 8 million - Jan. 06			AIM Fundraising \$15.5 million - Sept. 06			
	Licence 61 Reserve Movements versus Work Programme														
	Current Field/Prospect/Lead		Actual June 05 after purchase			Actual Nov. 05 after reprocessing seismic/well data			Actual Sept. 05 after 515 km new seismic May 06			Projected Sept. 07 after drilling 3 wells			
			PetroNeft Screening			Ryder Scott - Nov. 05			Ryder Scott - September 06			Ryder Scott - September 06			
P1+P2 mm bbls			P3 mm bbls	P4 mm bbls	P1+P2 mm bbls	P3 mm bbls	P4 mm bbls	P1+P2 mm bbls	P3 mm bbls	P4 mm bbls	P1+P2 mm bbls	P3 mm bbls	P4 mm bbls		
	Existing Fields														
1	Lineynoye Field		13.17			9.34			15.61	6.55		15.61	6.55		
2	Tungolskoye Field with West Lobe		8.03			18.55			17.92	30.54		17.92	30.54		
	Identified Prospects														
3	Lineynoye A	West Lineynoye		3.89			1.60								
3	Lineynoye B			5.19			14.72			66.57		66.57			
3	Lineynoye C			0.00			20.87								
4	Lineynoye South (D)			0.00			3.19				2.92			2.92	
4a	Lineynoye Low									3.33			3.33		
5	Korchegskaya			14.59			18.51			4.76			4.76		
5a	Middle Korchegskaya									2.91			2.91		
6	West Korchegskaya			11.68			16.46			10.39			10.39		
7	North Korchegskaya									11.92			11.92		
8	Varyakhskaya			41.51			15.20			19.12			19.12		
9	North Varyakhskaya A			9.08			2.60			5.95			5.95		
9a	Upper Varyakhskaya									2.57			2.57		
10	Emtorskaya Crown				15.57			19.86		14.34			14.34		
11	Sigayevskaya Structure			51.89			17.23			17.44			17.44		
12	East Sigayevskaya									1.91			1.91		
13	Kulikovskaya Complex			9.08			17.08			9.10			9.10		
13a	Kulikovskaya North (South Sigayevskaya)			0.00			6.69			8.86			8.86		
14	Kusinskiy Crown			3.89			11.32			5.16			5.16		
15	Tuganskaya									10.75			10.75		
16	Kirillovskaya			3.89			10.26			20.43			20.43		
17	Sibkrayevskaya Crown				0.00			10.68		23.33			23.33		
18	East Tungolskoye A				0.00			17.89		11.83			11.83		
	Potential Prospect/Lead (Exploration Resource) **														
	East Tungolskoye B				0.00			13.95							
19	North Emtorskaya				0.00			13.88			13.78		13.78		
20	Sibkrayevskaya East										17.21		17.21		
21	Sobachya				0.00			19.03			36.01		36.01		
22	North Balkinskaya (South Kirillovskaya)				0.00			25.20			19.94		19.94		
23	West Balkinskaya										12.96		12.96		
	Total		21.20	154.69	15.57	27.89	155.73	120.49	33.54	290.67	99.90	100.11	224.10	99.90	

\*\* Requires additional seismic data to move to Identified Prospect Status

Bold number indicates that prospect is prepared for drilling

**P1+P2** proved + probable reserves

**P3** possible reserves - unrisks - structure confirmed by seismic data

**P4** potential reserves - unrisks - requires additional seismic data

# Next Steps

## 2006/07 Winter Drilling Programme

- Complete testing of delineation well on Tungolskoye Oil Field – final results in July
- Complete high impact exploration well on West Lineynoye Prospect – results in July/August

## 2006/07/08 Winter Field Development Programme

- Pipeline design, survey and approvals including environmental impact
- Finalise development plan and sanction project - September 2007
- Agree debt facility for development programme
- Tender for pipeline procurement and construction

## 2007/08 Winter Exploration & Delineation Programme

- Use 2006/2007 results to define winter exploration programme of seismic and drilling targets
- Three rigs already mobilised and in position to operate – turnkey contracts being finalised

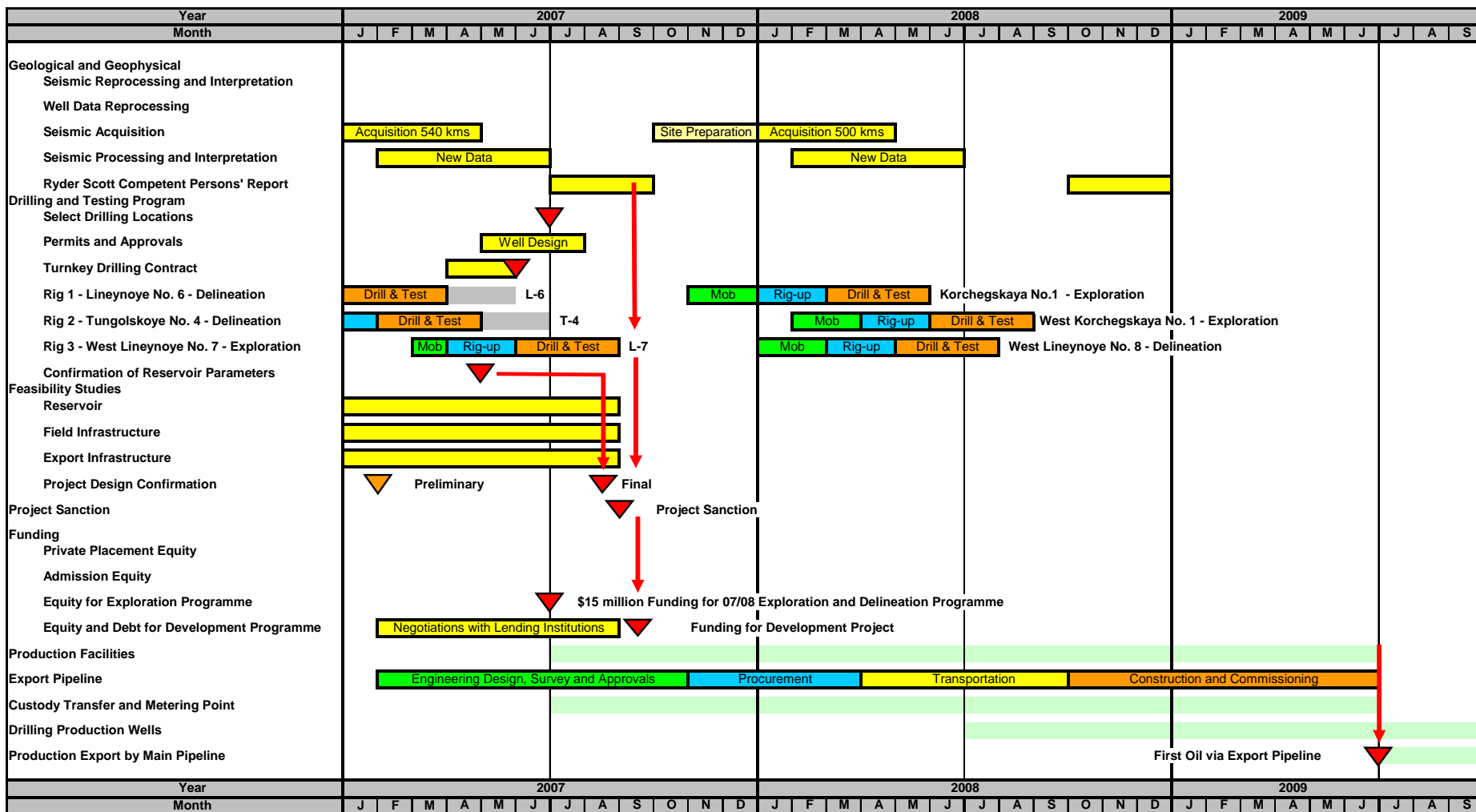
## 2008/09 Winter Field Development Programme

- Construction of pipeline to link Lineynoye and Tungolskoye Oil Fields to Transneft
- Commence field development operations, including development drilling, in both fields

## Business Development

- Continuous evaluation of acquisition prospects to complement organic growth

# Licence 61 – Project Schedule through June 2009



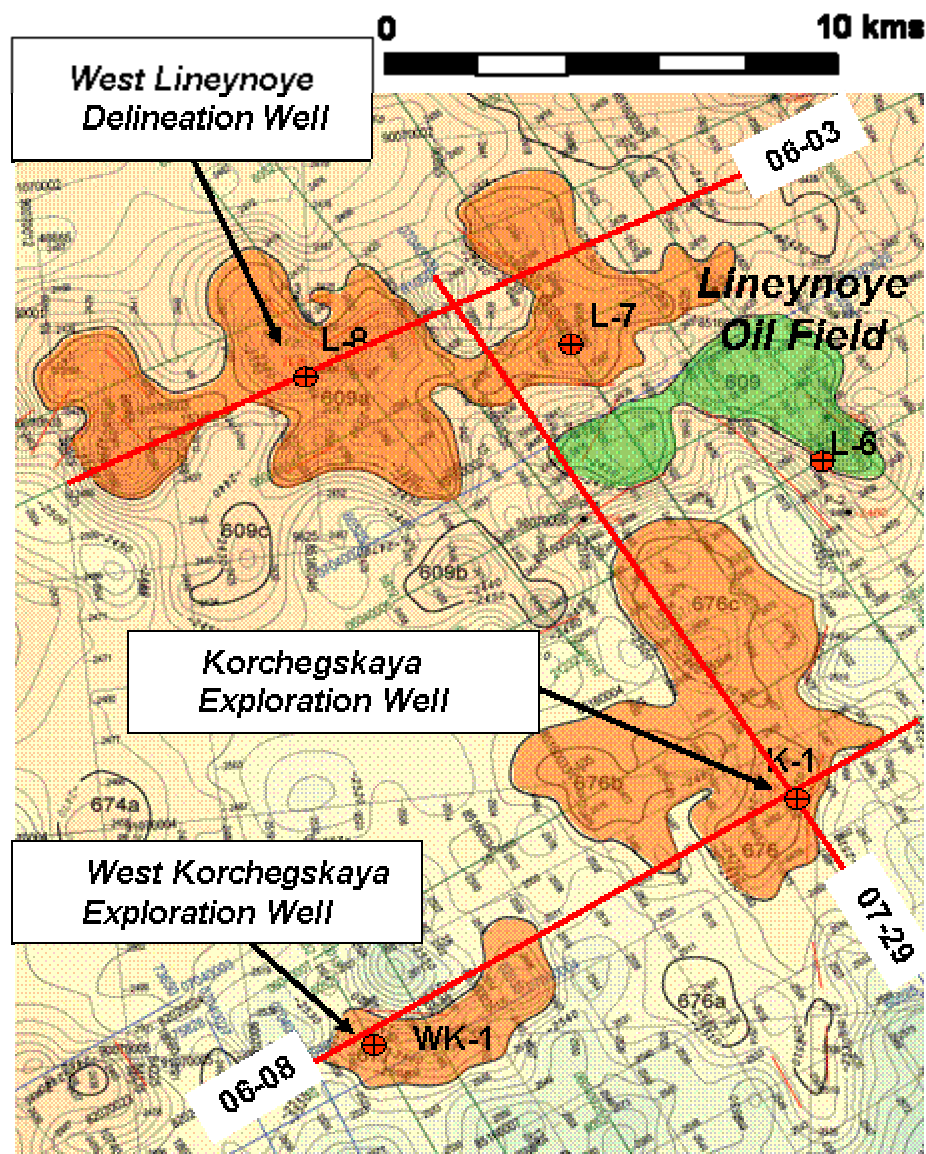
Major Dependencies



# 2007/2008 Drilling Programme

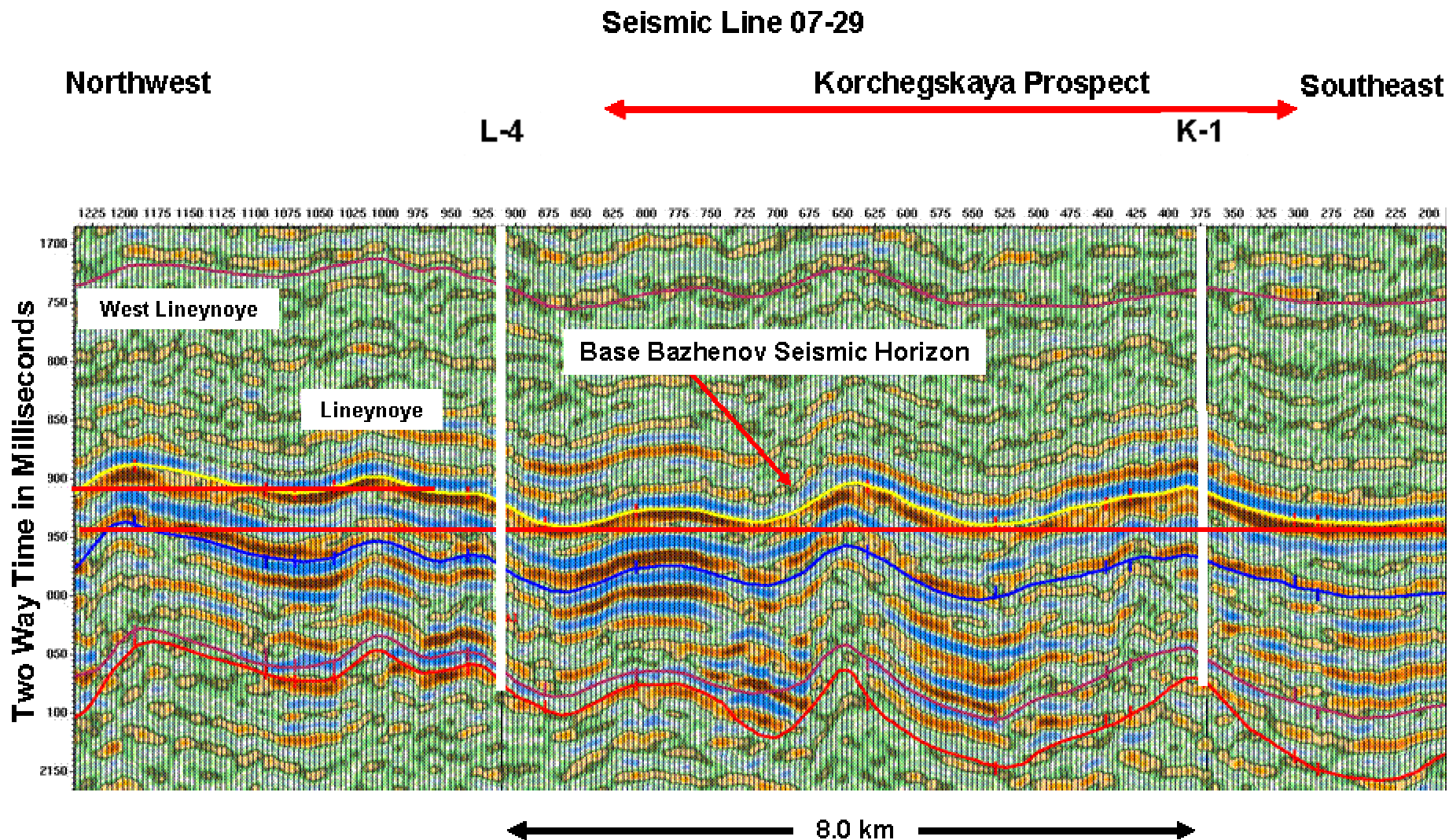
## Three Well Programme

- **Utilise existing Drilling Rigs**
- **Turnkey Contract**
- **Two low risk exploration wells in Tungolskoye-Lineynoye productive oil fareway**
- **Korchegskaya Prospect**
  - 43 million bbls P3 PetroNeft estimate
- **West Korchegskaya Prospect**
  - 10 million bbls P3 Ryder Scott
- **West Lineynoye Delineation**
  - Input data for Development
- **Ready tie-in to planned Lineynoye and Tungolskoye Field development infrastructure**





# Korchegskaya Prospect



# Korchegskaya Prospect

Southwest

Seismic Line 06-08

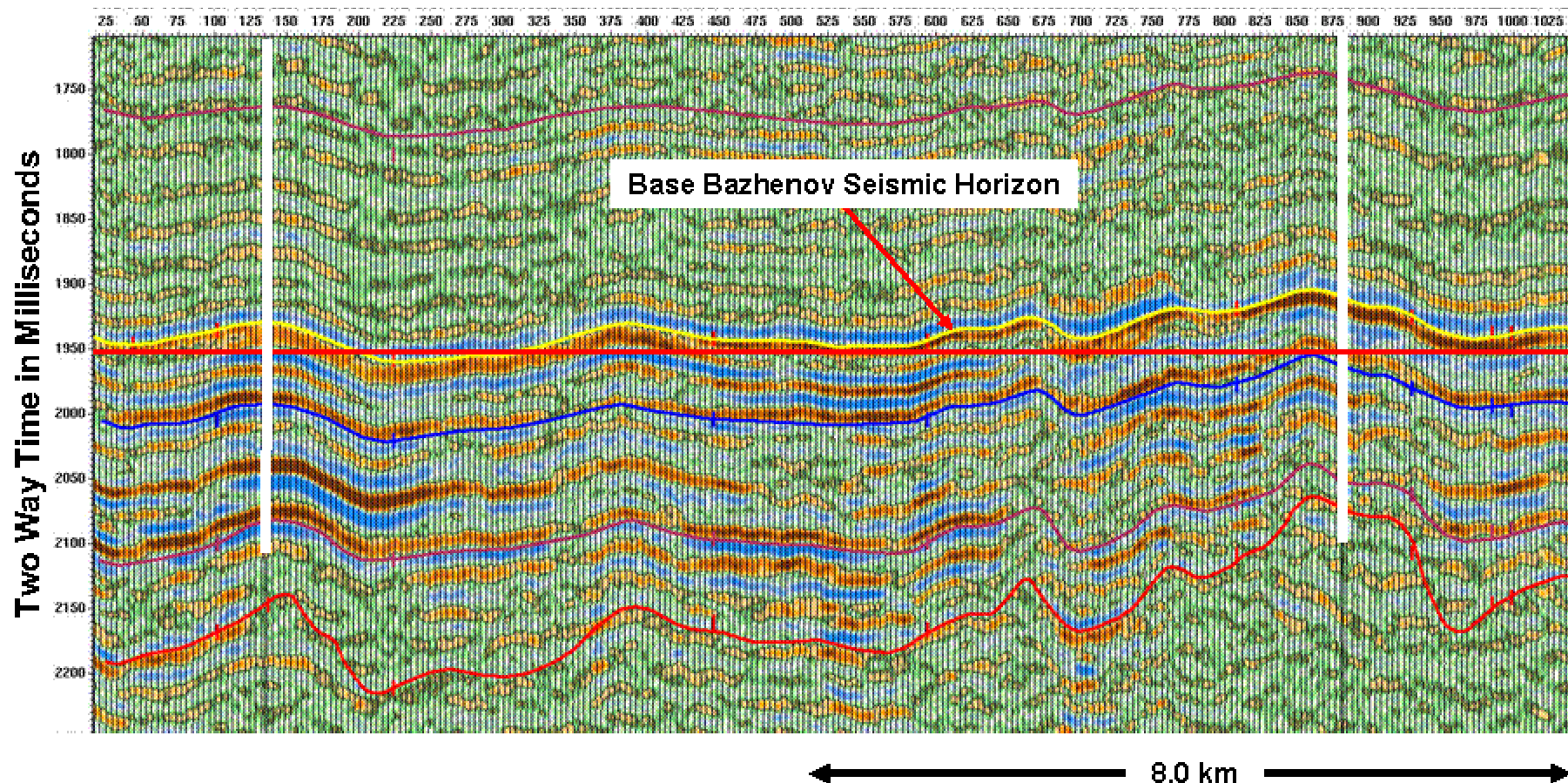
Northeast

West Korchegskaya  
Prospect

Korchegskaya Prospect

WK-1

K-1



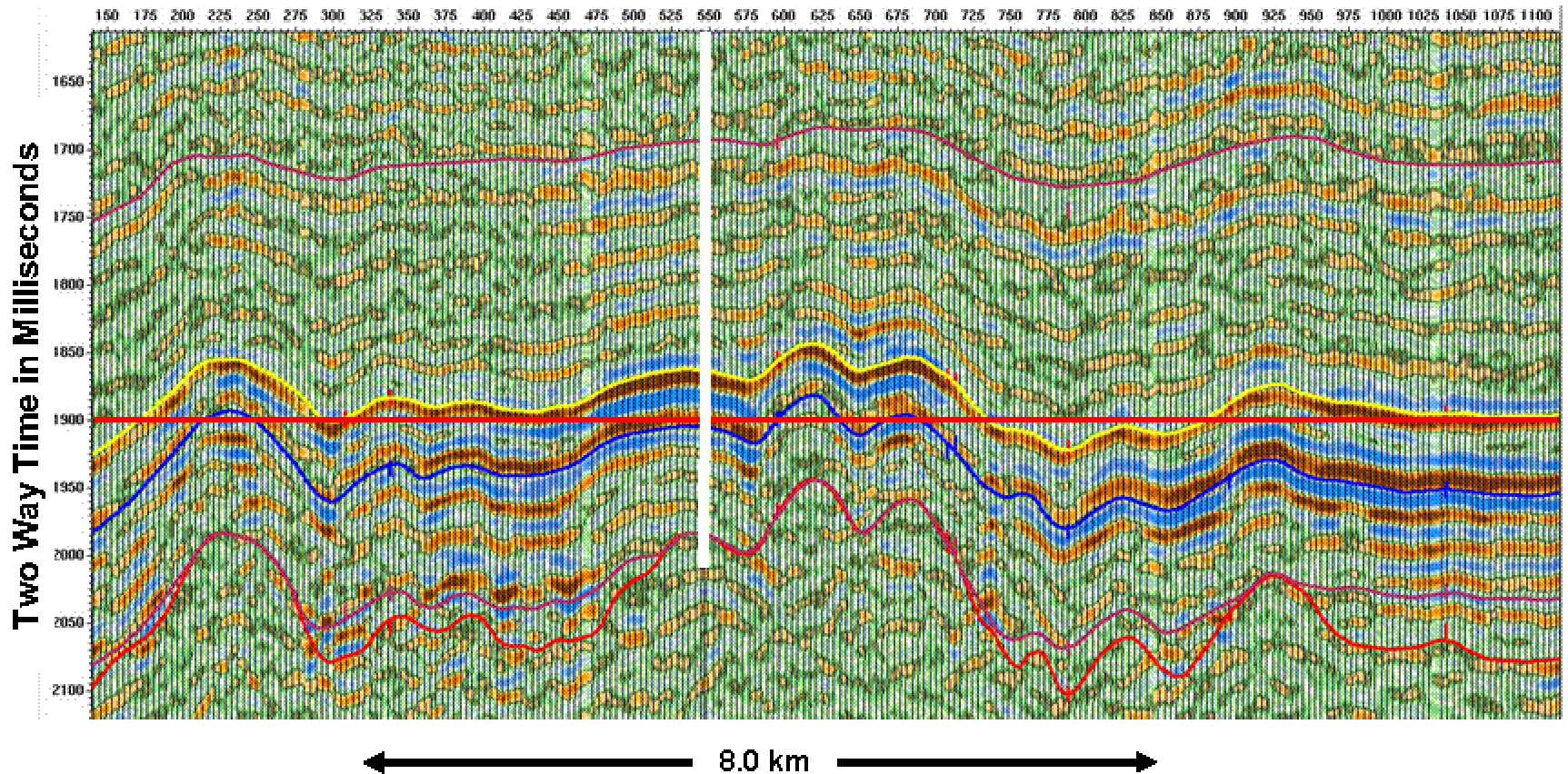
# West Lineynoye No. 8

Seismic Line 06-03

**West Lineynoye Delineation**  
L-8

Southwest

Northeast



# June 2007 Equity Placement Work Scope Summary

Raise approximately \$15 million for 2007/08 Exploration, Delineation and PreProject Activities

- **Winter 2007/08 Drilling Programme**

- Turnkey contract being finalised for three wells with OOO Nizhnevartovskeservis
- Korchevskaya - Exploration – Possible reserves 43 million barrels (P3) PN estimate
- West Korchevskaya – Exploration – Possible reserves 10 million barrels (P3) RS
- West Lineynoye – Delineation Well – add Proved reserves (P1) - optimise Development Plan

- **Seismic Acquisition Winter 2007/2008**

- Deferred until 2008/2009 due to high costs (200 kms may still be possible)
- 500 line kms of high resolution CDP-2D field seismic survey
- Delineation of Potential Prospects in Eastern portion of Licence area

- **Pipeline Engineering Design, Survey and Approvals Contract**

- Contract with ECT Service LLC signed on May 7<sup>th</sup>
- Critical path for June 2009 production

- **Lineynoye No. 1 well workover**

- Long term production test

- **Infrastructure Construction Winter 2007/08**

- Bridge and Road Construction to facilitate Field Access and Pipeline Mobilisation

- **General Administration Costs**

# Summary

- **Monetise Lineynoye and Tungolskoye Oil Fields**
  - Lineynoye No. 6 successfully completed and Tungolskoye No. 4 testing (33.5 million bbls 2P)
  - Development Study in Progress
- **Determine full Exploration upside of Licence Area**
  - Over 20 prospects and 5 potential prospects identified
  - Lineynoye No. 7 spudded 18 June – high impact West Lineynoye Prospect (67 million bbls P3)
  - Three exploration/delineation wells planned for 2007/2008 Winter Season (53 million bbls P3 plus development optimisation)
- **Match Organic Growth with Strategic Acquisition Programme**
  - Identify new licences / basins that match stated acquisition criteria
- **Company well positioned for further growth as “Knowledgeable Investor”**
  - Technical, Transactional, Financial and Management Expertise
- **Expand Management and Operational Team as required**

# PetroNeft Resources plc - Share Structure

## IPO 27<sup>th</sup> September 2006

- Raised US\$ 15.5 million
  - 100% primary issue
  - AIM Market – London Stock Exchange (PTR)
  - IEX Market – Irish Stock Exchange (P8ET)
- Initial Market Cap US \$ 66 million
- 48% Free Float
  - All Directors participated in Placing
  - Directors' lock-in for 12 months
- Shares in Issue 176,625,258

## Major Shareholders 30<sup>th</sup> April 2007

- |                           |        |
|---------------------------|--------|
| • RAB Octane Fund Limited | 21.29% |
| • Davycrest Nominees Ltd  | 18.54% |
| • Vidacos Nominees Ltd    | 6.69%  |
| • Directors               | 32.00% |

# Contacts

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**AIM Market – London Stock Exchange (PTR)**

**IEX Market – Irish Stock Exchange (P8ET)**

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