



PETRONEFT RESOURCES PLC

Annual General Meeting, 16 September 2016



FORWARD-LOOKING STATEMENTS

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.

SIGNIFICANT ACTIVITY AND PROGRESS LAST 12 MONTHS

Work Programme

- Winter test production S-373 delineation well >200 bopd
- Arbuzovskoye Pad 2 pipeline and utility line 1Q 2016
- Arbuzovskoye Pad 2 development drilling 2 horizontal and 2 vertical wells
- Arbuzovskoye Pad 2 production starting Q2
- Delineation well at Sibkrayevskoye 374
- Seismic interpretation report on 1,000 km new 2D Seismic in northern part of Licence 61 plus 3,800 kms 2D vintage data in Licence 61 and adjacent areas
- Preparation of Sibkrayevskoye Development Plan – Pad 1 development Q1 2017

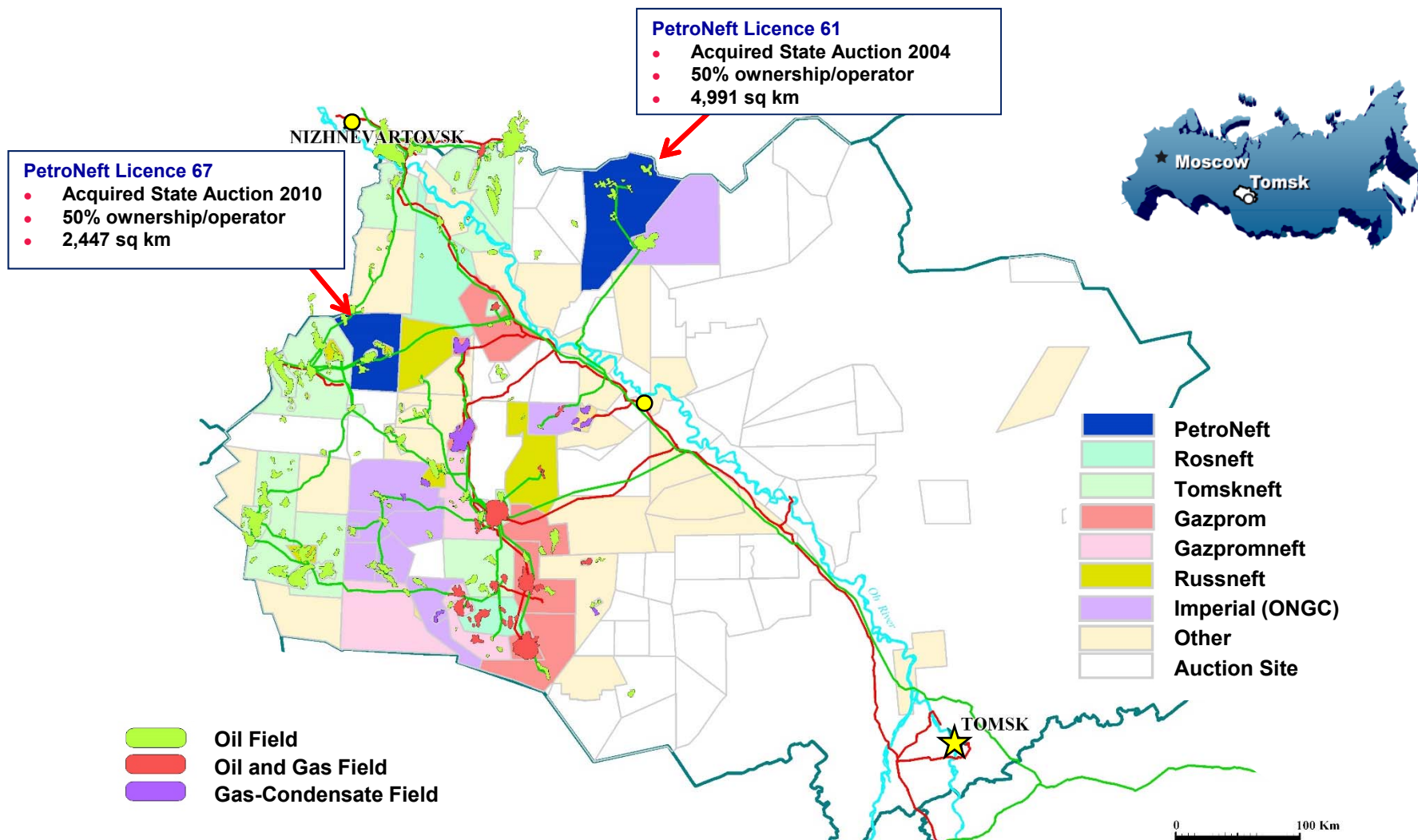
Production

- Current production about 3,300 bopd gross
- Excellent results from Arbuzovskoye Pad 2
- All major infrastructure already in place
- Central Processing Facility at Licence 61 with $\pm 14,800$ bpd design capacity
- Future developments on L61 are incremental in nature with good economics at today's oil price
- Sibkrayevskoye, West Lineynoye and Emtorskoye projects to come.

Exploration & BD

- Strong Reserve Base with material P3/P4 to 2P upgrades possible from future exploration programme
- Net 2P reserves of 65 mmbo and 3P/P4 reserves of > 300 mmbo
- New Business Development structure to investigate opportunities for growth via M&A

TOMSK OBLAST



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



LICENCE 61

Schedule





Major Work Programme 2016 - 2017



2016

South Arbuzovskoye Development Plan

- Pad 2 facilities along with pipeline and utility line to Pad 1 (4 km)
- 2 horizontal and 2 vertical wells with excellent results

Sibkrayevskoye Delineation and Optimization Studies

- Winter test production S-373 – 200 bopd on ESP
- Disappointing S- 374 well - major step out to delineate southern portion of field
- Optimisation studies and approvals for Sibkrayevskoye Development

2017 – being finalized

Sibkrayevskoye Development

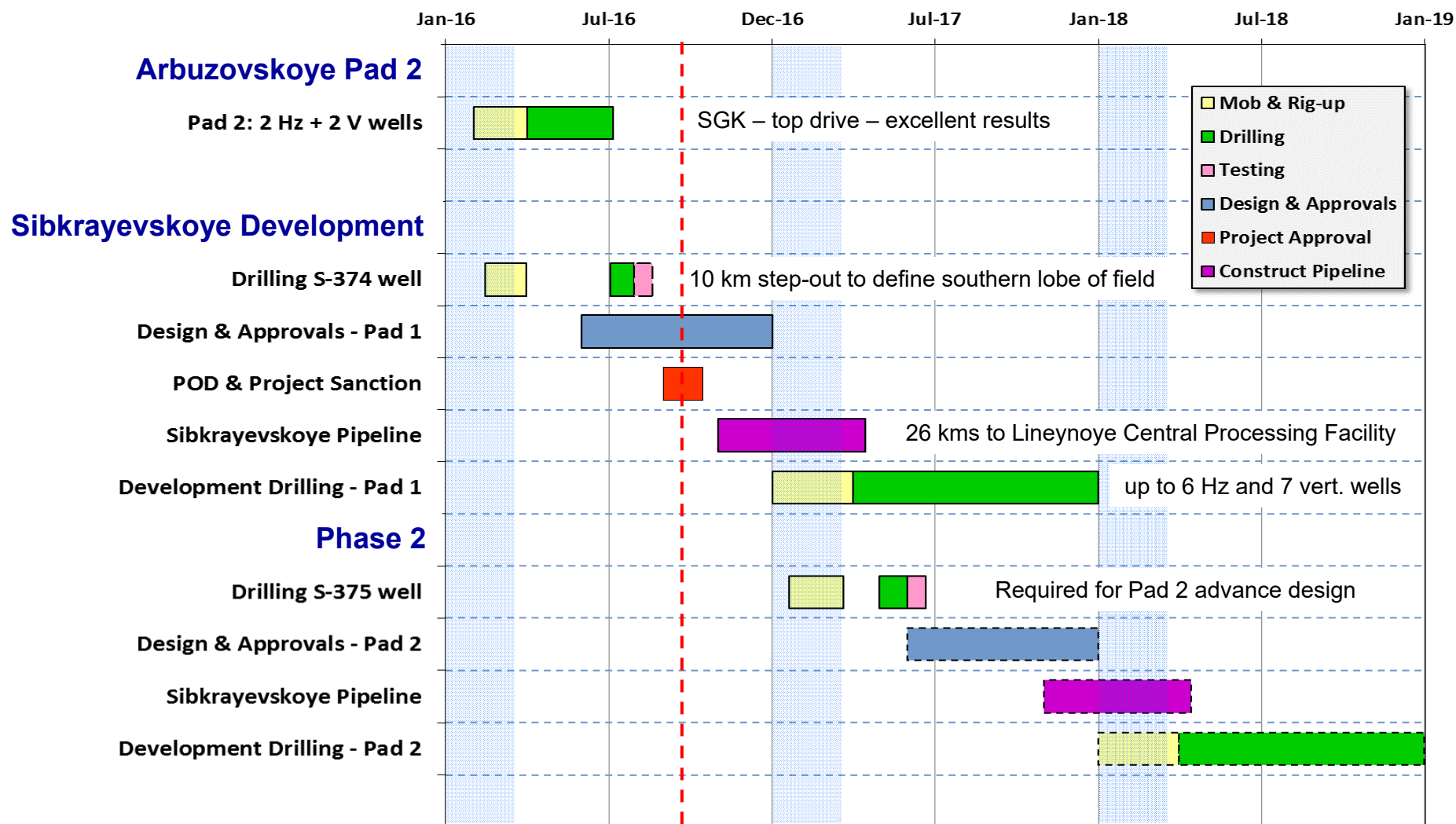
- Development of Pad 1 with up to 7 vertical/slant wells and 6 horizontal wells
- Construction of 26 km pipeline and power line from Pad 1 to Lineynoye CPF Q1
- Commencement of development drilling and production Q2
- S-375 Delineation well in preparation for Pad 2

2018 and later

- Development of up to 5 additional drilling pads at Sibkrayevskoye similar to Pad 1 above
- Exploration and delineation of other targets such as Emtorskaya, Traverskaya and Tuganskoye



Near Term Development Schedule





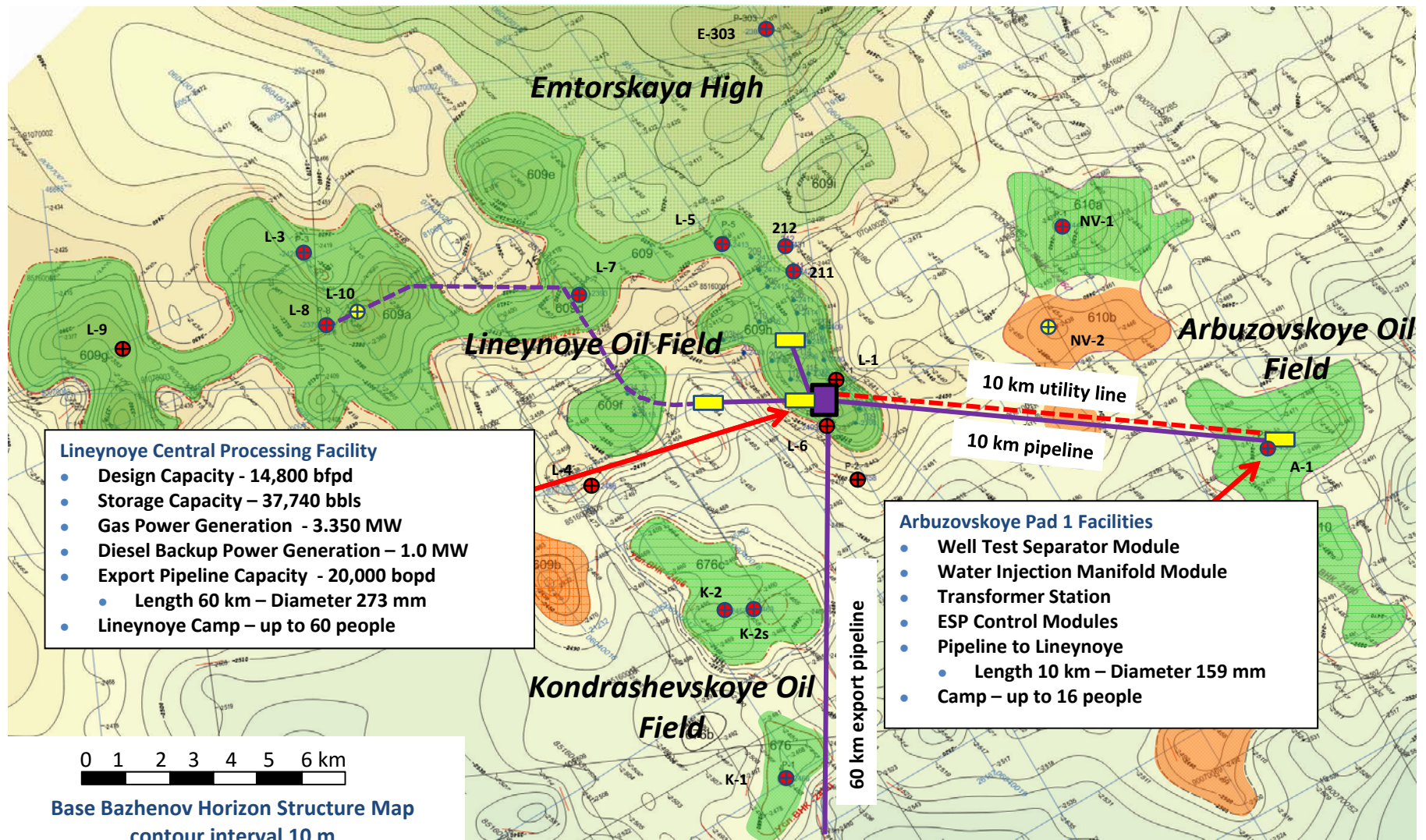
LICENCE 61

Infrastructure





Licence 61 Northern Infrastructure



ALL MAJOR INFRASTRUCTURE IN PLACE





ARBUZOVSKOYE

Pad 2 Drilling Complete



SGK - Production Drilling Rig
URALMASH 3000 EUK cluster drilling rig
with top drive unit



Arbuzovskoye Development

Development has been revised based on drilling

- Pilot production commenced on Pad 1 in Jan 2012 with Well A-1 brought online at >300 bopd
- 5 wells brought onstream winter 2012/13 (blue wells)
- Water injection started with conversion of A-112 (lowest structurally) in April 2013

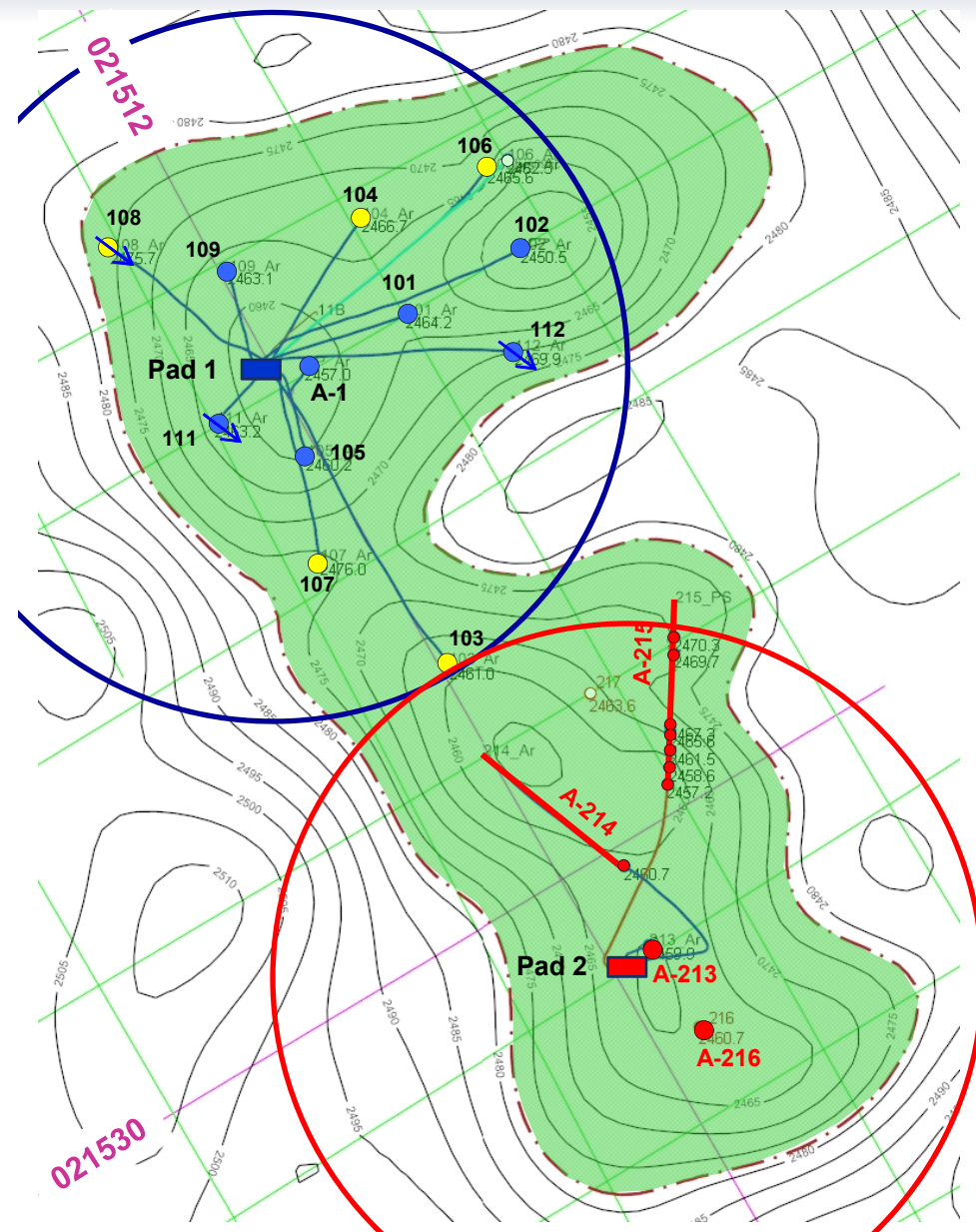
Post OIL Farmout – 2014/2015 (yellow wells)

- Additional 5 wells drilled on Pad 1 during 2014/15. All 5 wells successful. Likely OWC at 2479.3 m.
- Well 9s (A-103) strategically located to the south to maximise information gathering for Pad 2 well locations. Well was 15 m high to prognosis. Confirmed reservoir and oil saturation to the south.
- Seismic acquired along axis of southern lobe in Q1 2015 to better define structure for potential horizontal well development

Southern Lobe Development - 2016 (red wells)

- Initial well on Pad 2 is A-213 which was a mandatory vertical delineation well with core at to book C1 reserves
- 2 vertical and 2 horizontal wells with 1,000 m horizontal segments were drilled

Top J1-1 Reservoir – 15 June 2016.





Arbuzovskoye Pipeline Construction Feb 2016



- Screwing together of tubing joints with workover rig
- Welding of made up tubing joints

Pipeline – Pad 2 to Pad 1

- Diameter - 89 mm
- Length 4.28 km





Arbuzovskoye Pad 1 “The Kit”

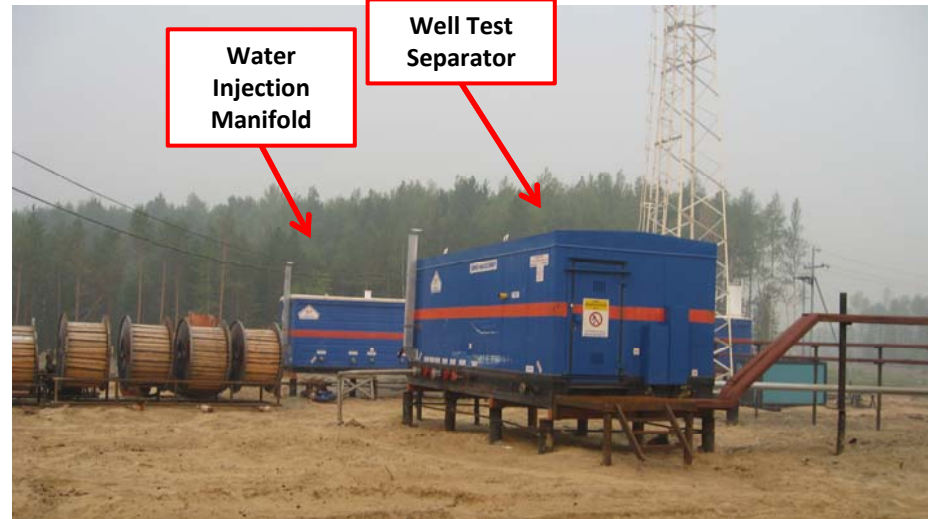


Living Quarters
& Canteen



Drilling
Camp

Test Separator
W.Inj. Manifold
Transformers



Water
Injection
Manifold

Well Test
Separator



Arbuzovskoye Pad 2





Summary – 2016 Major Works



Arbuzovskoye Development – Detailed Summary

- Arbuzovskoye Reserves
 - New seismic and well data shows South Arbuzovskoye structurally higher/larger
 - Ryder Scott new 2P reserves equal 9.0 million bbls up from 6.5 million bbls
 - PetroNeft (Stimul-T) C1+C2 = 12.4 million bbls for J1-1 at 30% recovery.
- Arbuzovskoye Pad 2 Infrastructure
 - Oil pipeline and utility line to Pad 1 completed and commissioned Q1 2016
 - Infrastructure kit installed (well test separator, transformer station, ESP control module, etc.)
- Arbuzovskoye Pad 2 Wells
 - 2 horizontal and 2 deviated (vertical) wells (2016)
 - A-213 Vertical Producer/Injector completed
 - Oil in both J1-1 and J1-2 intervals (core and revised log interpretation)
 - J1-2 stabilized on ESP at 27 m³/d (170 bopd)
 - J1-1 added later – combined flow currently about 300 bopd
 - A-214 Horizontal Producer
 - Drilled and completed – total net pay = 931 m
 - Initial production about 900 bopd – currently about 700 bopd
 - Best well drilled to date in Licence area



Summary – 2016 Major Works



Arbuzovskoye Development (continued)

- A-215 Horizontal Producer
 - Drilled and completed – total net pay = 809 m
 - Initial production about 700 bopd – currently about 550 bopd
- A-216 Deviated (vertical) Producer/Injector
 - Oil in both J1-1 and J1-2 intervals – 11.4 m net pay
 - Initial production about 175 bopd – water cut is now increasing due to coning
 - Looking at workover options to decrease water cut

The drilling of the Pad 2 wells built on the horizontal drilling experience gained at Tungloskoye

- The Pad 1 development was economic, however the Pad 2 development was much more efficient for example:
- Pad 1 – 11 development wells – total Initial Production rate of 1,965 bopd
- Pad 2 – 4 development wells – total Initial Production rate of 2,120 bopd
- **The experience gained at Arbuzovskoye Pad 2 will be transferred to Sibkrayevskoye**



Horizontal Well Statistics



Well No.	T-503	T-502	A-214	A-215
Depth of landing section	2969.0 m	2976.1 m	3007.8 m	3037.0 m
168 mm casing shoe	2967.5 m	2975.1 m	3002.1 m	3031.7 m
Start of drilling horizontal segment	27.06.15 02:42	12.08.15 10:11	10.05.16 00:30	5.06.16 22:00
Total depth	3970.0 m	3958.1 m	4008.0 m	4038.4 m
End of drilling horizontal segment	01.07.15 15:47	16.08.15 17:30	14.05.16 18:40	12.06.16 7:10
Length horiz. segment from csg. shoe	1002.5 m	983.0 m	1005.9 m	1006.7 m
Duration of horizontal segment drilling	4.55 days	4.29 days	4.76 days	6.89 days
Daily average drilling rate	220 m/day	228 m/day	210.3 m/day	145.3 m/day
Target reservoir	J1-1	J1-1	J1-1, J1-2	J1-1
NTG, (100% sandstone)	720 m (72.7%)	810 m (82.5%)	880 m (92.0%)	
NTG, (≥ 90% sandstone)	810 m (81.8%)	842.5 m (85.8%)	950 m (99.0%)	831
Net Pay (pipe-conveyed logs)	663 m	624 m	931 m	809
14 day ave. after cleanup	499 bopd	481 bopd	883 bopd	642 bopd
Near-bit GE	x	✓	✓	✓
GR Image	x	x	✓	✓

- Experience gained at Tungolskoye was transferred to Arbuzovskoye Pad 2
- Experience gained at Arbuzovskoye Pad 2 will be transferred to Sibkrayevskoye



Arbuzovskoye Pad 1



September 2012
Arbuzovskoye Pad 1
Typical Production Drilling Rig
URALMASH 3000 EUK cluster drilling rig



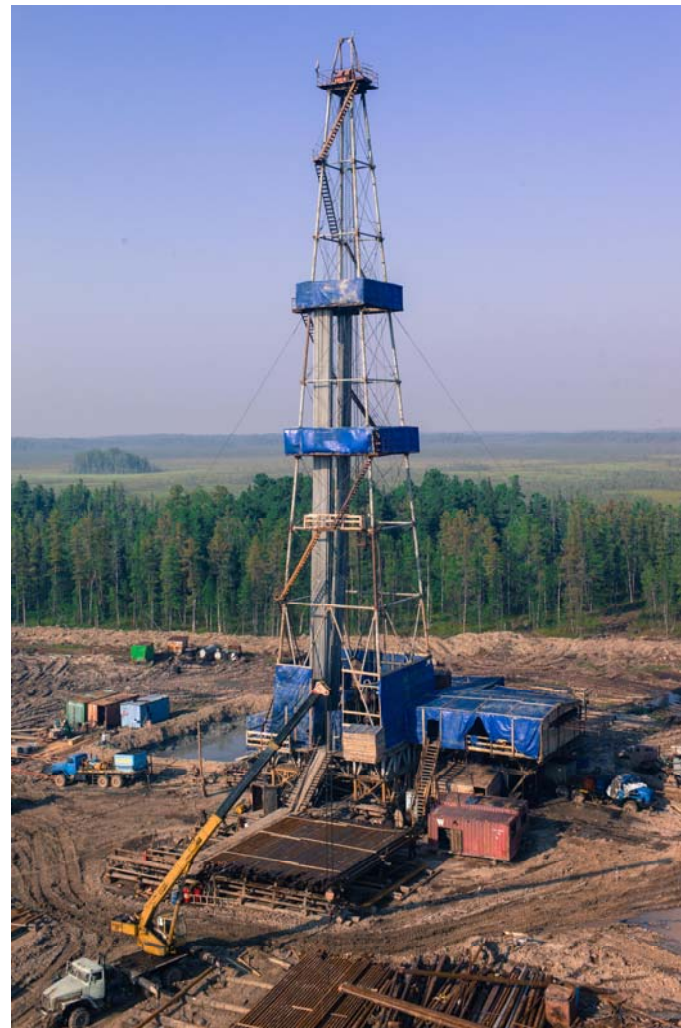
May 2016
Arbuzovskoye Pad 1
Pad Reclamation
following completion of production
drilling operations



SIBKRAYEVSKOYE

1,000 km 2D seismic acquisition 2014-15

S-374 Exploration Well 2016





Sibkrayevskoye Oil Field



Major discovery – expected on-stream 2017

Four wells drilled in prior years

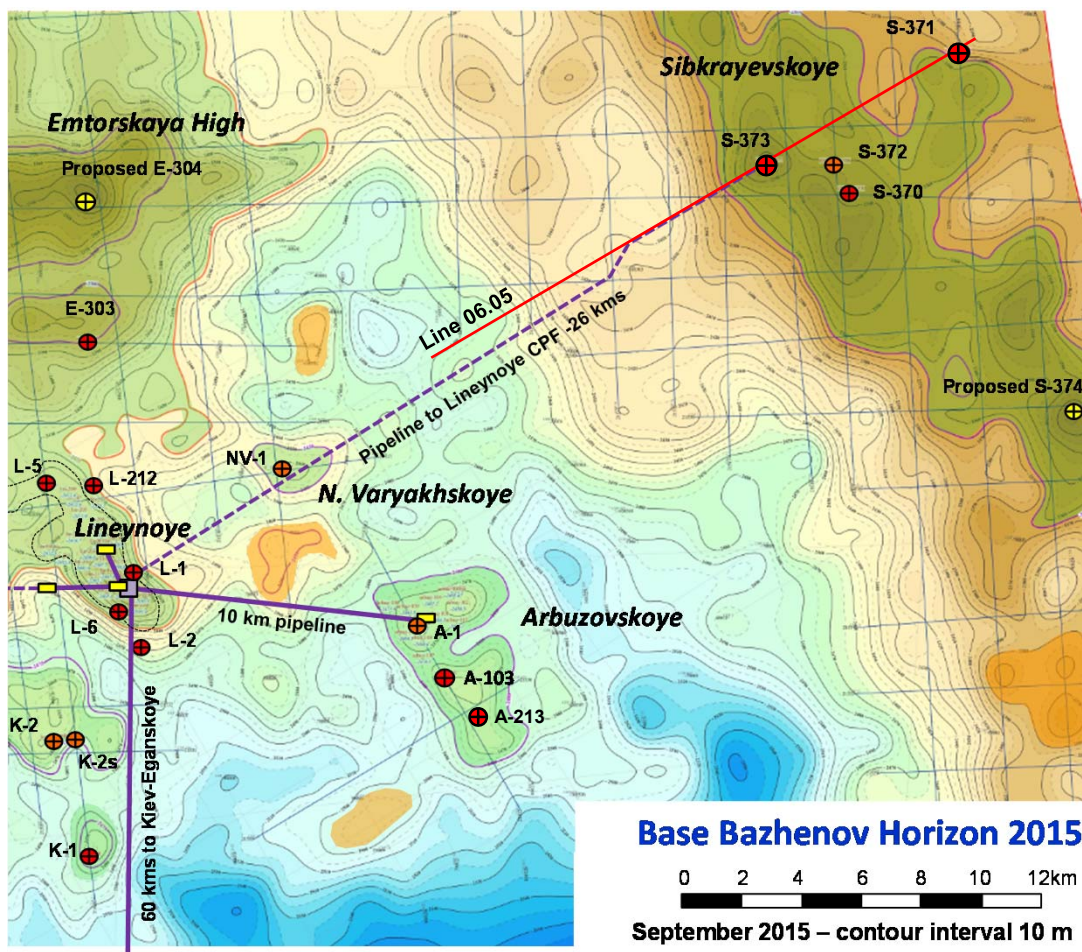
- Wells S-370 & S-371 drilled in early 1970s
- PetroNeft drilled Well S-372 in 2011 parallel to S-370
- Net pay 12.3 m (confirmed 8.2 m of “missed pay” in S-370)
- Open hole inflow test 170 bopd, 37° API
- RS 2P reserves 53 million bbls (2013)

2015 Work Activities

- Well S-373 - completed May 2015 – Net pay 11.5 m - 97 bopd natural flow on 5 mm choke – equates to about 283 bopd with ESP
- Additional 2D Seismic acquisition in Q1 2015
- Significant increase in size of structure with further upside possible

2016 Work Activities

- Well S-373 – long term production test Q1
- Drill Well S-374 – further delineation of field
- Engineering Studies for Development
- Development Decision





Seismic Line 06.05

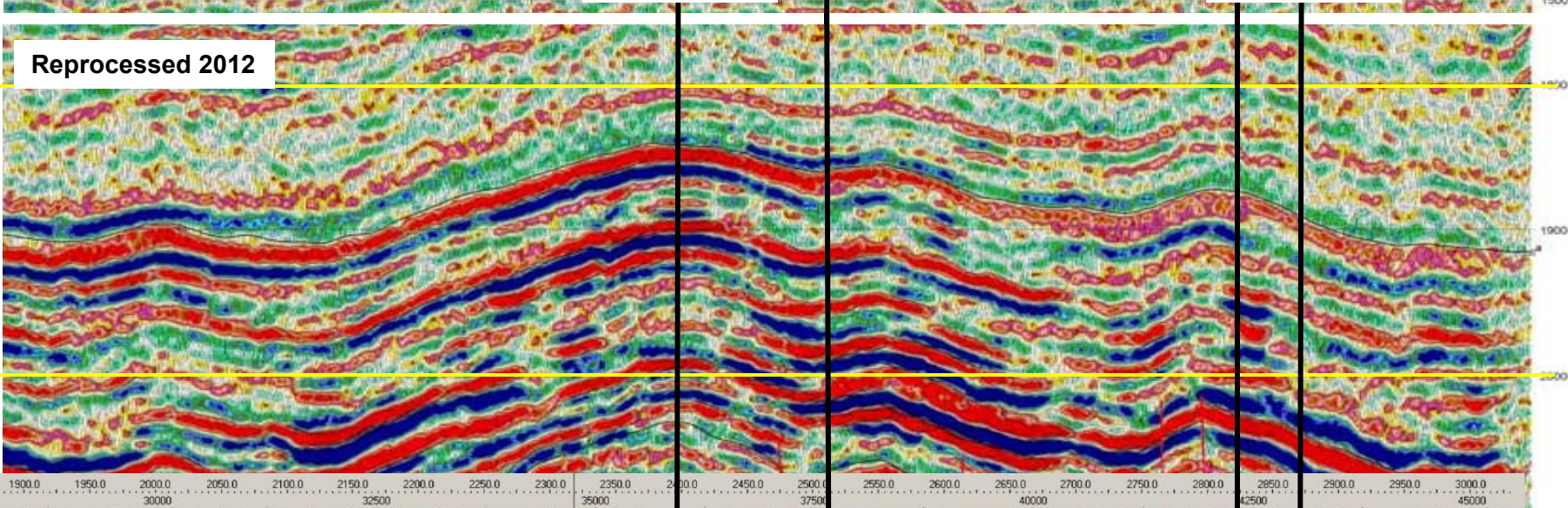


Sibkrayevskoye
No 373

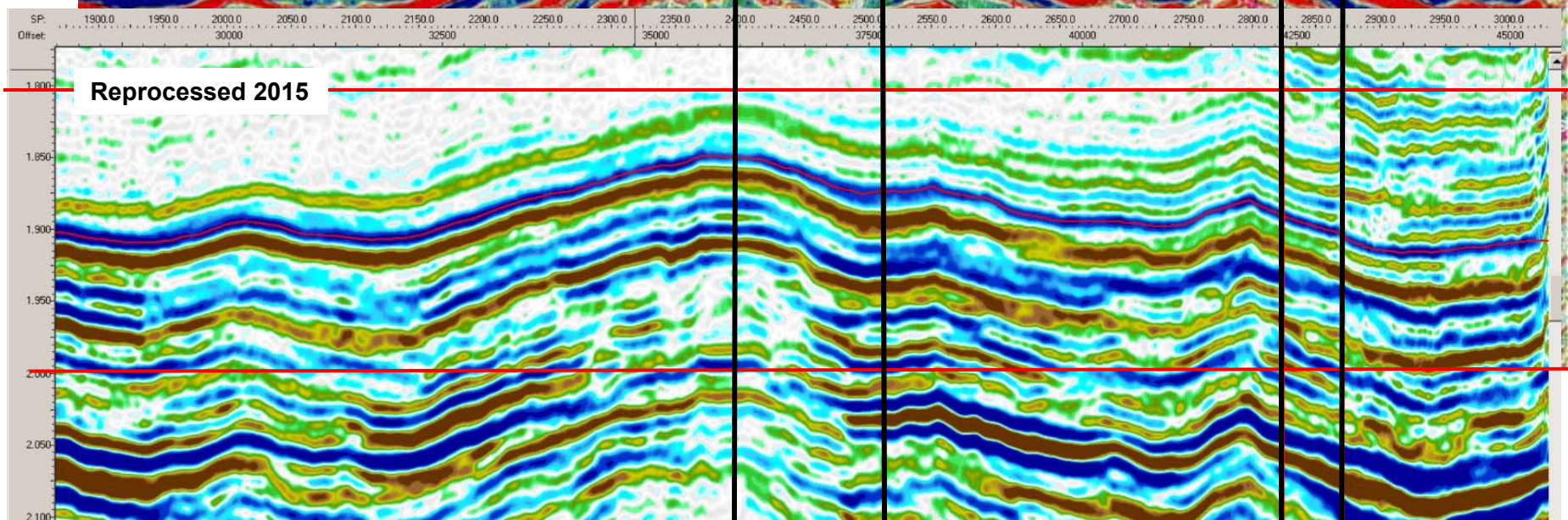
Sibkrayevskoye
No 371

CB
T.MC
1500

Reprocessed 2012



Reprocessed 2015



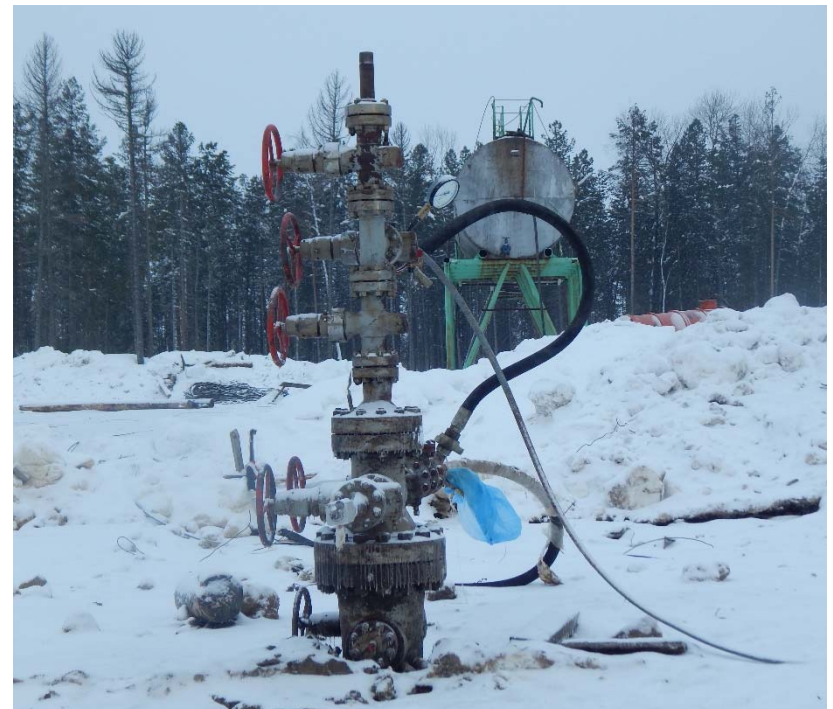


Sibkrayevskoye 373 Winter Production 2016



- Diesel Fuel Tank
- Diesel Generator Module
- ESP Control Module

- S-373 Well Head
- ESP Cable
- Temporary Flowline to Storage Tank





Sibkrayevskoye 373 Winter Production 2016



- Living Quarters, Diesel Fuel Tank, Diesel Generator Module and ESP Control Module
- Recently dismantled exploration rig modules in background



Sibkrayevskoye 373 Winter Production 2016



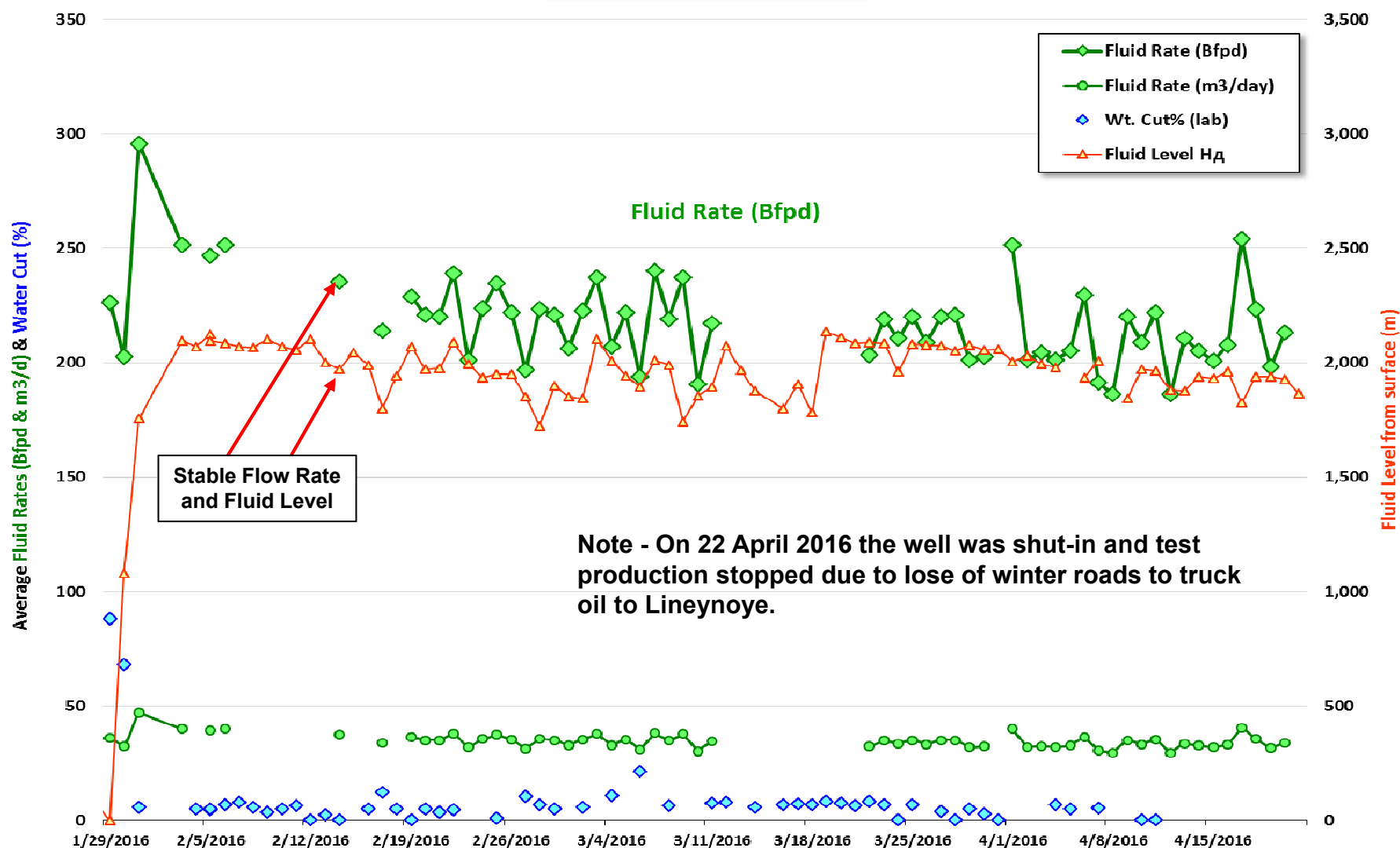
- Raised Oil Storage Tank (capacity: 75 m³ – 472 bbls)
- Loading of Vacuum Truck (capacity: 9 m³ – 57 bbls)
- Truck oil to Lineynoye CPF – about 26 kms
- Winter test production stabilized at > 200 bopd for 3 months



S-373 – Winter Test Production 2016








S-373 Well Performance



Sibkrayevskoye Conceptual Development

Legend

-  Existing wells
-  Delineation wells
-  Vertical/Slant wells
-  Horizontal wells
-  Pad Number

Sibkrayevskoye Development Concept

- 50 plus million bbls
- Up to 5 development Pads
- Initial 2 pads highlighted in Red
- Reserves at pad 1 & 2 ~ 20 million bbls each

Pad Well Design

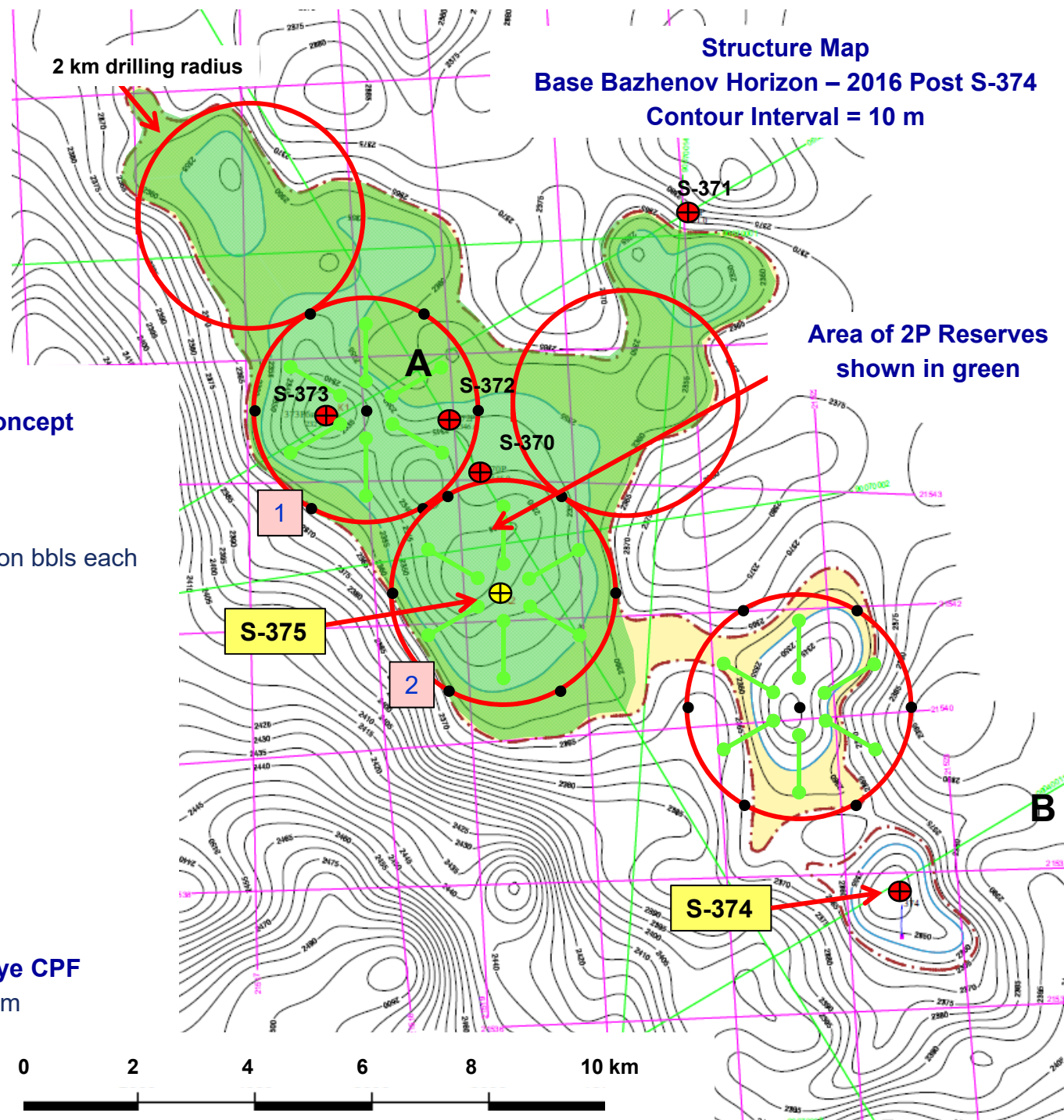
- Similar to Tungolskoye Pad 1
- 5-6 horizontal wells
- 5-7 vertical wells
- 1,000 m horizontal segments

Pad Facilities Design “the Kit”

- Well Test Separator Module
- Water Injection Manifold Module
- Transformer Station
- ESP Control Modules
- Camp – up to 16 people

Pipeline & Utility line to Lineynoye CPF

- Length 26 km – Diameter 159 mm





Summary – 2016 Major Works



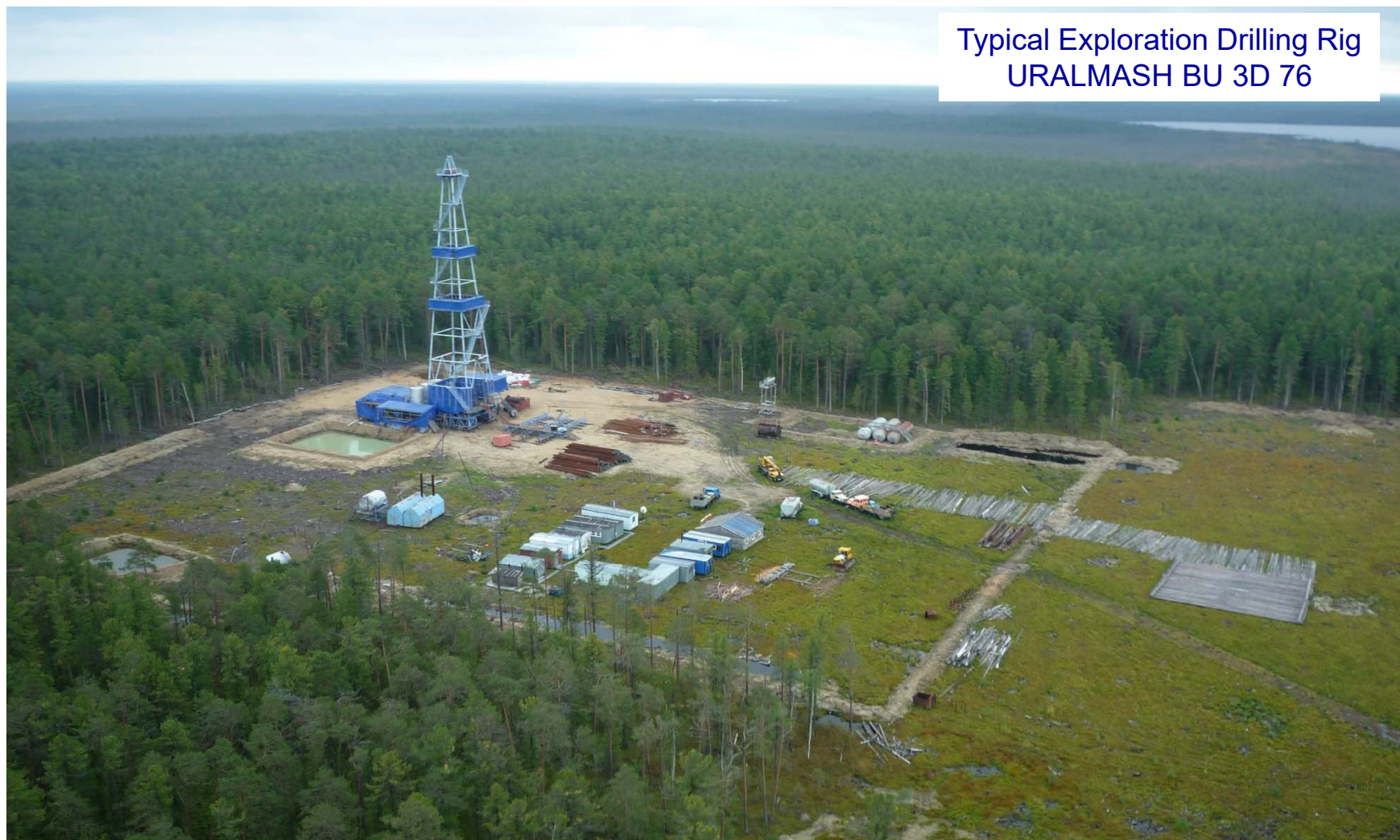
Sibkrayevskoye Development

- Winter test production of S-373 well
 - 29 January through 22 April, 2016
 - Stable production on ESP above 200 bopd with essentially no water
 - Confirms productivity calculated from original cased hole testing
- S-374 Vertical well
 - Drilled on southern most lobe of structure 10 km from existing wells
 - Thick J1-2 reservoir interval (10 m) in other wells was reduced to two thin sandstones of about 2 m thickness each.
 - Interval low to prognosis but above owc – minimal inflow 1.0 m³/d mineralized water with no indications of hydrocarbons
 - While this is a disappointing result as it removes some of the upside from the Sibkrayevskoye oil field, it does not change our plans to develop the field and should not affect the current 2P reserves of 59 million bbls defined by 4 wells in the northern part of the field. This remains a very significant field with robust economics at today's oil prices.
- We are currently working on the necessary studies, permits and approvals to sanction Pad 1 development of Sibkrayevskoye which is still due to commence in 2017.
- The S-374 well is one of two obligatory exploration wells under the current 5-year exploration programme for Licence 61 which runs to May 2020.



EMTORSKAYA

Future Exploration Prospect



Typical Exploration Drilling Rig
URALMASH BU 3D 76



L61 - Major Seismic Activities



Licence 61 - Major Seismic Activities

Acquired Licence via 2004 State Auction:

- 4,991 square kilometers
- 14 prior wells drilled in the Soviet era
- 2,654 kms of vintage 2D seismic data (1985/1990)
- 2 discovered fields at Lineynoye and Tungolskoye

Since acquisition, PetroNeft has:

2005 – Tomsk Geophysical Company (TGK)

- Reprocessed and interpreted 2,654 kms of vintage 2D seismic data

2005/2006 – Stravapol Geophysical Company/TGK

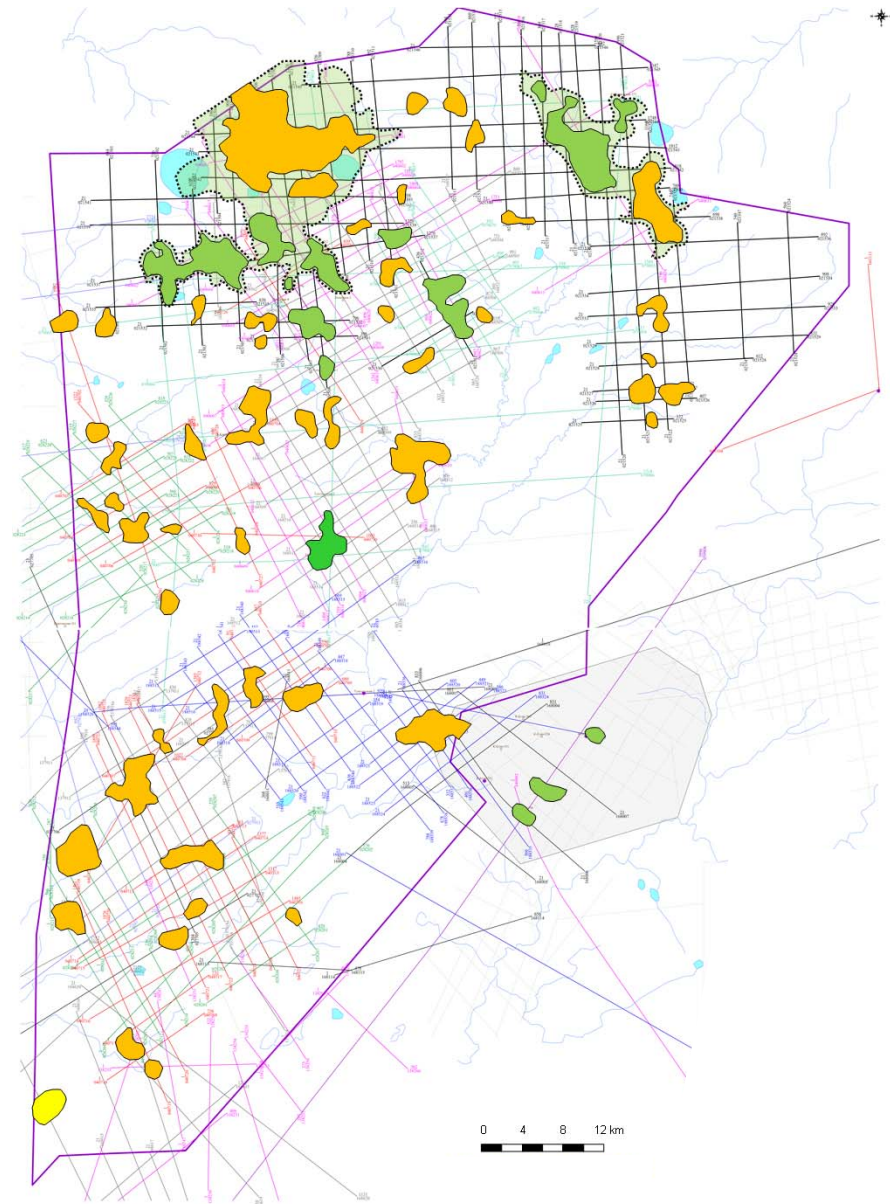
- Acquired 1,055 line kms of new 2D seismic data
- Reprocessed and reinterpreted all seismic and well data

2012/2013 – Tomsk Geophysical Company

- Reprocessed and reinterpreted 800 kms 2D seismic data and 16 wells in the Tungolskoye/Kiev-Eganskoye area

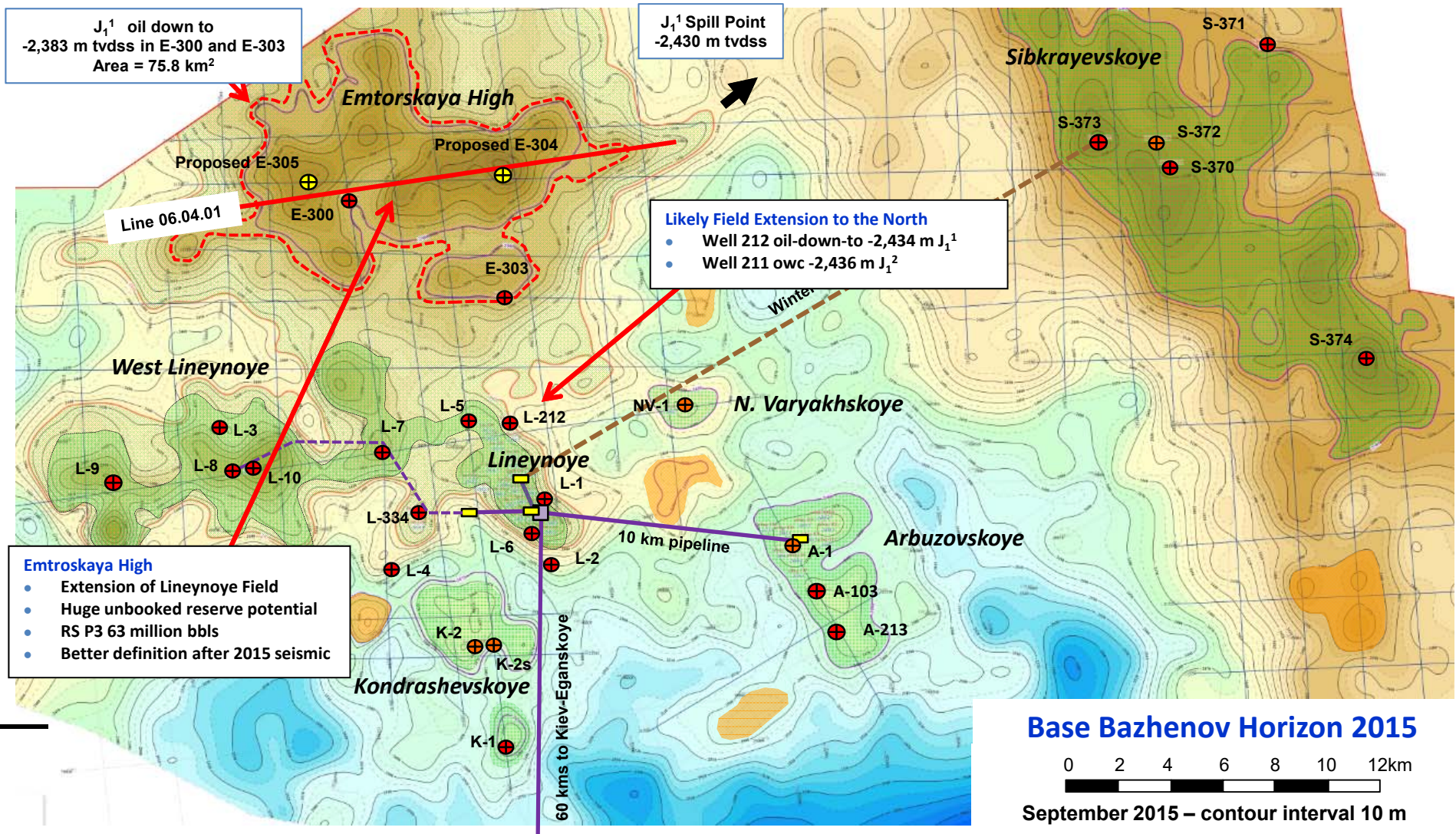
2015/2016 – PITC Geofizika/Sibneftegeofizika

- Acquired 1,000 line kms of new 2D seismic data in northern part of Licence 61
- Reprocessed and reinterpreted an additional 3,800 kms 2D seismic in Licence 61 and adjacent areas



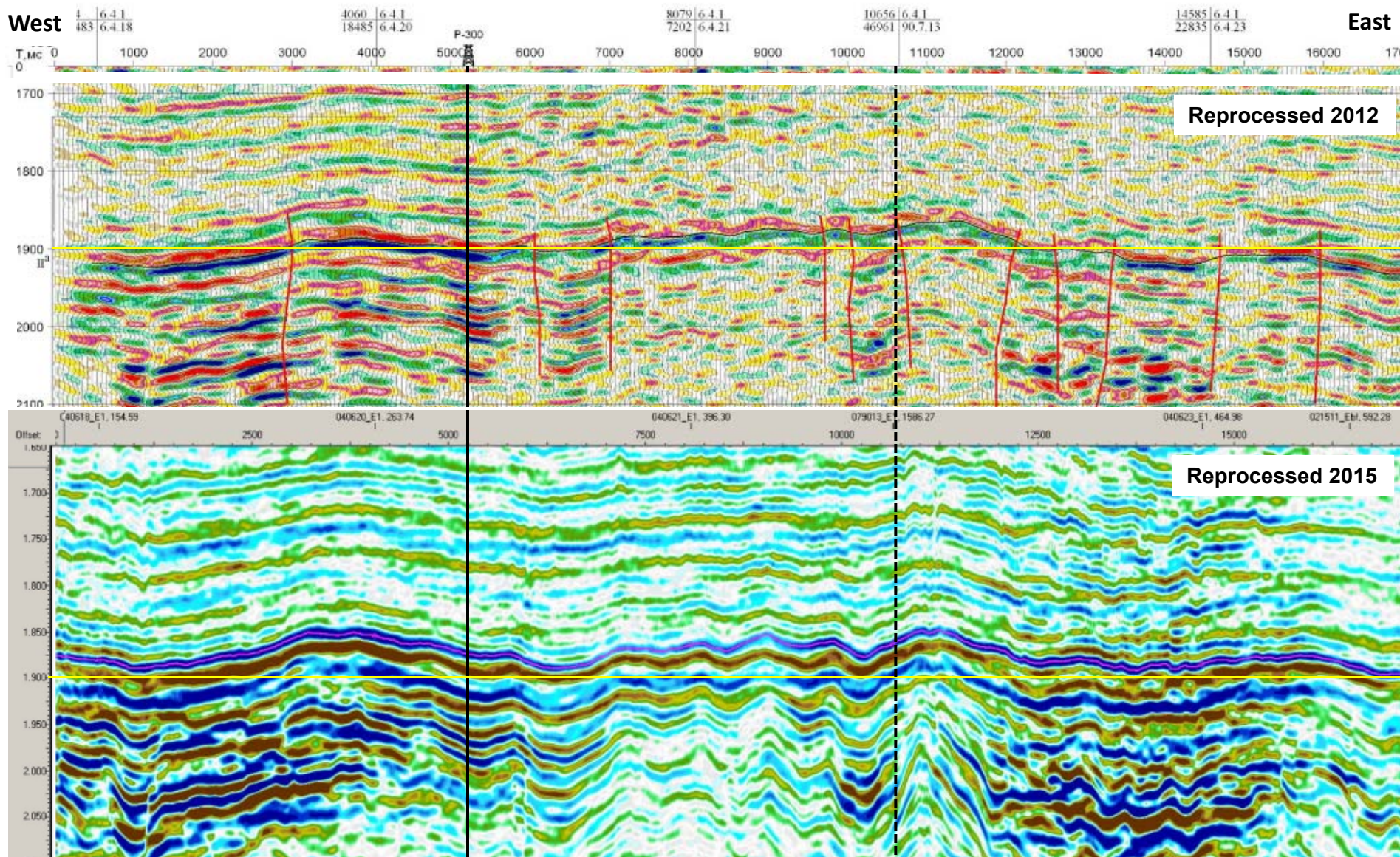


Lineynoye and Emtorskaya High 2015





Emtorskoye High – Line 06.04.01





LICENCE 67



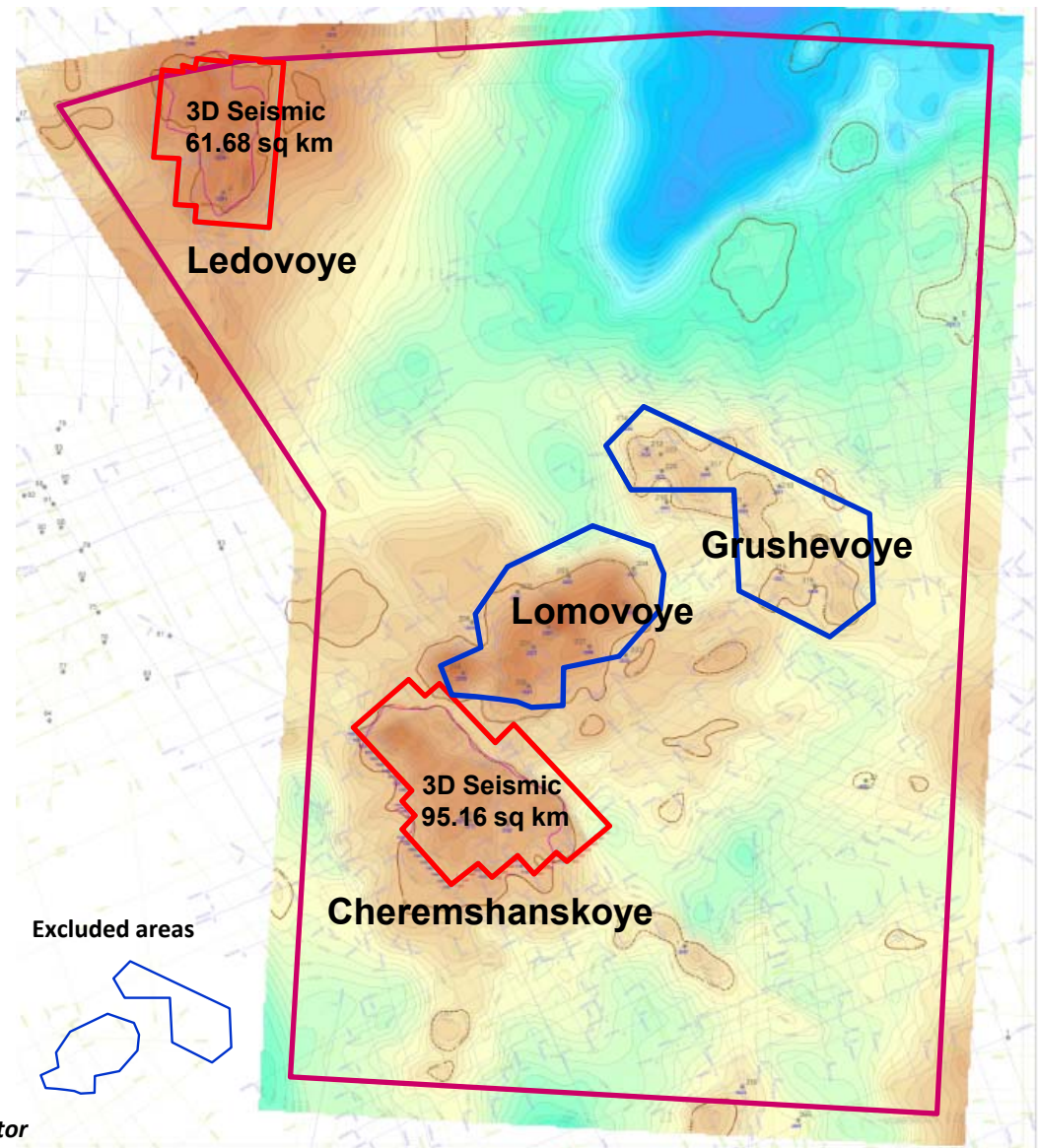


Licence 67 3D Seismic 2014



Major Activities 2014/2015

- Ledovoye 3D Seismic
 - 61.68 sq km
- Cheremshanskoye 3D Seismic
 - 95.16 sq km
- Acquisition – primarily Q1 2014 – PITC Geofizika
- Processing and Interpretation – Tomsk Geophysical Company
- Final Report – December 2014
- Currently reviewing way forward options with JV Partner



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



INVESTMENT HIGHLIGHTS





Summary



Production Growth

- Producing asset with major infrastructure in place
- Producing from less than 25% of our reserve base – currently about 3,300 bopd (gross)
- Focus on near term production growth and cash flow
- Field being brought into production
 - South Arbuzovskoye high flow rates achieved
- Quality Northern fields still to bring to production in near term:
 - Sibkrayevskoye 58.9 mm bbls of 2P reserves
 - Emtorskaya High 63.9 mm bbls of P3 updip from interpreted missed pay in 2 wells

Exploration and Reserve Upside

- Strong Reserve Growth; very significant reserve additions from exploration to date
- Prospects still to explore especially in southern area.
 - Traverskaya Potential reserves > 20 mm bbls - oil in core, missed pay on logs
 - Tuganskaya Potential reserves > 45 mmbbls – missed pay on logs
- New reserve report as at end 2015 – RS 2P equals 102.9 million bbls gross for L-61
- Horizontal well results and new seismic provide solid inventory of future of projects



Summary



Way Forward Strategy

- Given the current low oil price environment
 - The Company continues to review and cut costs where possible
 - Carried out an extensive review of projects in current low oil price environment
- Decision to go forward with only the South Arbuzovskoye Development in 2016
 - Low capex incremental project with high flow rates
 - Good economics in low oil price environment – successfully executed
- Delay the start of Sibkrayevskoye Development for one year until Q1 2017
 - Use delay to further optimize the development plan
 - Drilled S-374 well in 2016 as significant 10 km step-out – dry hole
 - While this is a disappointing result as it removes some of the upside from the Sibkrayevskoye oil field, it does not change our plans to develop the field and should not affect the current 2P reserves of 59 million bbls defined by 4 wells in the northern part of the field.
 - This remains a very significant field with good economics at today's oil prices.
- Restructured Business Development
 - Additional emphasis on M&A as growth opportunity in current market
 - Reviewing a number of opportunities