29 June 2012

PetroNeft Resources plc
("PetroNeft" or the "Group" or the "Company")

2011 Final Results
Operations Update

PetroNeft (AIM: PTR) owner and operator of Licences 61 and 67, Tomsk Oblast, Russian Federation, is pleased to report its final results for the year ended 31 December 2011 and to provide an operations update. In addition, PetroNeft announces that the Company's Annual Report and Accounts for the year ended 31 December 2011 and Notice of AGM will be posted to shareholders today (29 June 2012) and is now available online at the Company's website www.petroneft.com.

Operational Highlights

- Average production of 2,049 bopd.
- Group 2P reserves increase 36% to 131.7 mmbbls.
- Group P1 reserves increase 50% to 20.0 mmbbls.
- Sibkrayevskoye discovery in August 2011 was the largest single discovery made by PetroNeft to date. It contains 49.8 mmbbls of 2P reserves.
- Expanding the central processing facility capacity at Licence 61 to 14,800 bfpd.

Financial Highlights

- First full year of production with 748,079 barrels produced, up from 189,508 in prior year.
- Capital expenditure of US$52 million.
- Improved Macquarie Debt facility agreed in April 2011.
- New US$15 million loan facility with Arawak Energy agreed in May 2012.

June 2012 Operations Update

- Arbuzovskoye No.1 well producing at 350 bopd without fracture stimulation.
- Current total production steady at 2,200 bopd exclusive of wells temporarily shut-in for pressure transient testing.

The Arbuzovskoye No. 1 discovery well is now in production and has been producing with an electric submersible pump at a rate of about 350 bopd since mid-May 2012. So far it has shown essentially no decline and a water cut of less than 2%. This is comparable to the best wells drilled at Pad 1 at the Lineynoye oil field, prior to fracture stimulation, and is in line with the excellent test results achieved on this well when it was first drilled in November 2010.

It is expected that a drilling crew will arrive on site at Arbuzovskoye in the coming weeks to commence drilling new production wells, the first of which we expect to bring into production in Q3 of this year.

Dennis Francis, Chief Executive Officer of PetroNeft Resources plc, commented:
"Overall, 2011 was a busy year with mixed results. PetroNeft's first full year of production and its largest ever work programme resulted in great exploration success but disappointing productivity. However, production levels have been stabilised and we are delighted with the rate being achieved from the Arbuzovskoye No. 1 well at present which bodes well for future production at the field and for our future cash flows.

Positioning the Group well financially in the years ahead such that it can fully exploit the many opportunities available to it is of crucial importance. To this end, we have initiated discussions with a range of strategic investors about possible farm-outs, long term off-take agreements and potential equity or asset investments which in the long term would strengthen the Group's financial position. "

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PetroNeft Resources plc

Final Results

for the year ended 31 December 2011

PetroNeft Resources plc

Chairman's Statement

A busy but mixed year
2011 was a busy year. It was PetroNeft's first full year of production and saw its largest ever work programme with 14 production wells and five exploration and delineation wells. Whilst we had great success with our exploration wells the production wells were disappointing despite having shown initial promise.

Production
14 new production wells were drilled at the Lineynoye oil field, 12 at Pad 2 and two at Pad 3. A programme of hydraulic fracturing was carried out on ten of these wells in November 2011. The initial response was positive and the field peaked at 3,000 bopd in December; however, production from the Pad 2 wells decreased rapidly and has now stabilised at around 2,200 bopd.

The Pad 1 wells which were drilled in 2010 responded very quickly to the pressure maintenance programme that we initiated in June 2011. There are currently three injection wells on Pad 1 and the production decline has now halted in many wells and in some cases started to reverse. We will convert additional Pad 2 wells to water injection wells in the coming months with the aim of restoring some of the reservoir pressure and increasing production.

The next field in our development programme is Arbuzovskoye where we plan to drill up to ten production wells in 2012. The Arbuzovskoye No. 1 exploration well is now producing about 350 bopd which is an excellent rate prior to fracture stimulation. This also confirms that we should not see similar issues to Lineynoye Pad 2 at Arbuzovskoye.

Reserves growth
The Company drilled five exploration and delineation wells in 2011, all of which were successful. We are especially delighted with the new discoveries at Sibkrayevskoye and Cheremshanskoye which we feel will prove to be major oil fields with further seismic and well delineation. These are both especially important discoveries as they prove our strategy of following up on previously drilled structures by re-interpreting old well data using modern software and techniques to identify by-passed pay.

Independent reserve auditor Ryder Scott has completed an assessment of PetroNeft's petroleum reserves and resources on Licence 61 as at 1 January 2012. As a result, total proved and probable ("2P") reserves net to PetroNeft, including our share of Licence 67, have risen by 36% from 96.9 million bbls to 131.7 million bbls. Total proved reserves ("P1") have increased by 50% from 13.3 million bbls to 20.0 million bbls in spite of the results with the Lineynoye Pad 2 wells.

Ryder Scott did not update the reserves in Licence 67 at the end of 2011 as all of the well testing was not completed. Studies are now underway to better define the three new oil pools discovered at Cheremshanskoye and two oil pools at Ledovoye.

PetroNeft Resources plc

Chairman's Statement (continued)

Key Financial Metrics

	2011 US$	2010 US$
Revenue	29,031,693	5,155,646
Cost of sales	(25,598,616)	(4,284,181)
Gross profit	3,433,077	871,465
Gross margin	12%	17%
Administrative expenses		
Overheads	(5,848,021)	(5,601,591)
Share-based payment expense	(1,108,446)	(460,500)
Other foreign exchange gain	159,244	285,038
	(6,797,223)	(5,777,053)
Foreign exchange loss on intra-group loans	(5,114,345)	(137,054)
Impairment of oil and gas properties	(5,000,000)	-
Finance revenue	59,854	126,595
Finance costs	(2,501,070)	(1,356,918)
Income tax expense	(1,491,320)	(852,429)
Loss for the year attributable to equity holders of the Parent	(17,913,356)	(7,125,394)
Capital expenditure in the year	52,136,170	41,646,953
Net proceeds of equity share issues	-	40,793,563
Bank and cash balance at year end (including restricted cash)	6,030,005	25,281,881

Net Loss

The net loss for the year increased to US$17,913,356 from US$7,125,394 in 2010. The main reason for the increase in the net loss is the impairment of oil and gas properties of US$5,000,000 and an increase of US$4,977,291 in foreign exchange loss on US Dollar denominated loans from PetroNeft to its wholly owned subsidiary, Stimul-T whose functional currency is the Russian Rouble. This loss arises due to the weakening of the Russian Rouble against the US Dollar in the last year. Administrative expenses were consistent with 2010 while the share-based payment expense increased from US$460,500 to US$1,108,446 primarily because of a full year's charge relating to share options which were issued in December 2010.

Revenue, Cost of Sales and Gross Margin

Revenue from oil sales was US$29,031,693 for the year (2010: US$5,155,646). Cost of sales includes depreciation of US$3,968,704 (2010: US$530,235). We would expect the gross margin to improve in future periods as our facilities and field operations are fully staffed and can handle additional production from the Arbuzovskoye oil field under the current cost structure. We produced 748,079 barrels of oil (2010: 189,508 barrels) in the year and sold 719,422 barrels of oil (2010: 158,295 barrels) of oil achieving an average oil price of US$40.35 per barrel (2010: US$32.57 per barrel). The increase in production and barrels sold is a result of 2011 being the first year of all round production for the Group. All of our oil was sold on the domestic market in Russia.

Chairman's Statement (continued)

Finance Costs
Finance costs of US$2,501,070 (2010: US$1,356,918) relate to interest on loans, arrangement fees in relation to the loan facilities and the unwinding of discount on the decommissioning provision. The reason for the increase is the increased drawdown on debt facilities during the year.

Finance Revenue
Finance revenue of US$59,854 (2010: US$126,595) primarily arises from interest earned on bank deposits.

Taxation
The current tax charge arises on interest earned from bank deposits. The deferred tax charge arises on interest earned by PetroNeft on loans to its wholly owned subsidiary Stimul-T.

Capital Investment
Several major capital projects were completed in 2011 and further significant investment is planned in 2012. 2011 projects included:

- Drilling and completion of 14 development wells and one water source well at the Lineynoye oil field
- Expansion of oil processing and oil storage facilities at the Lineynoye oil field.
- Drilling and completion of five exploration and delineation wells.

In 2012, funding permitting, the Group intends to invest up to US$20 million principally to develop the Arbuzovskoye oil field which was sanctioned by the Board in November 2011.

Current and Future Funding of PetroNeft
In April 2011 a revised borrowing base loan facility was agreed with Macquarie Bank Limited for up to US$75 million with availability of US$30 million subject to six monthly reviews. To date the availability under the loan facility has remained at US$30 million with the next review due to take place on 30 June 2012.

In May 2012 PetroNeft entered into a new loan facility for US$15 million with our partner Arawak Energy. This loan carries an interest rate of LIBOR plus 6% and 4,000,000 warrants were granted to Arawak. It is a three year loan repayable in one lump sum in May 2015.

The Lineynoye Pad 2 results meant that certain production and cash flow covenants that were part of the Macquarie facility were not met during the year, at and post the year-end. While Macquarie waived these targets at year-end, it meant that it was not possible to increase the amount available under the facility. Also, Macquarie have indicated that they would prefer to reduce the available amount by approximately US$7.5 million, however they are giving the Group time to work this out while continuing to support the ongoing development at Arbuzovskoye. Macquarie supported and agreed to the Arawak additional debt facility and did not seek repayment of their own debt facility as they want to see Arbuzovskoye coming into production as it offers the best option for increasing Group production and cash flows.

These circumstances represent a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern which is described in more detail in Note 2.

Macquarie remain a committed lender and are also the largest shareholder of the Company and are prepared to give us time to allow the Arbuzovskoye field come into production thereby allowing either an increase in the available amount under the loan agreement as more reserves move to the proved reserves category, or some repayment of the loan facility out of the resulting cash flows.

The Group is also in discussions with a range of strategic investors about possible farm-outs, long term off-take agreements and potential equity or asset investments which would strengthen the Group's financial position.

Chairman's Statement (continued)

Business development
The principal near-term objective of the Group remains the development of the northern oil fields on Licence 61. However, we have not lost sight of our longer term objective of securing assets outside of Licence 61 to provide growth for the future.

The acquisition of Licence 67 (Ledovy) in January 2010 was a first step in this growth. Licence 67 was acquired under the August 2008 Area of Mutual Interest ("AMI") with Arawak where they have exercised their right to acquire 50% of the Licence. Licence 67 has now provided collateral in a new US$15 debt financing with Arawak and on 30 May 2012, PetroNeft entered into a new three-year AMI with Arawak. Under the agreement the two companies will continue to jointly pursue new opportunities in Western Siberia, building on the success of the previous AMI agreement that ran for three years to August 2011.

We have a good working relationship with Arawak and look forward to working with them to develop Licence 67 and acquire new assets under the AMI. We continue to actively examine a number of acquisition opportunities in the Tomsk region and elsewhere in Russia and will update shareholders in more detail at the appropriate time.

Corporate development
We have now transitioned from an exploration company to an exploration and production company. The management structure in Tomsk has been revised over the past couple of years with as a result most new positions being filled by excellent candidates from within our own organisation. We intend to operate the new Arbuzovskoye field with our existing workforce. The Group headcount now stands at 174 employees.

I would like to thank all of our employees for their dedication to the Company and their hard work in 2011.

Summary
Overall, 2011 was a busy year with mixed results. PetroNeft's first full year of production and its largest ever work programme resulted in great exploration success but disappointing productivity in the Pad 2 production wells.

PetroNeft has moved quickly to understand the production issues at Pad 2 and I am confident we can avoid similar problems at Arbuzovskoye and Sibkrayevskoye which are the next two major developments.

With the Arbuzovskoye and Sibkrayevskoye oil fields the Group can generate significant cash in the coming years that should enable it to expand its oil reserve base both through exploration and delineation in current licence areas and through business development opportunities in Tomsk and further afield in Russia.

PetroNeft is fortunate to have a highly experienced and dedicated team whose knowledge and experience have enabled us to meet the array of challenges facing the Group in recent years. I am confident that this team will enable PetroNeft to continue to add shareholder value.

Annual report and AGM
The annual report will be mailed to shareholders and published on the Company's website on 29 June 2012. The annual general meeting will be held in Dublin on 19 September 2012.

Finally, I know that I speak for all the Directors, management and staff of the Group in giving sincere thanks to our shareholders, both old and new, for your continued support through the past year.

David Golder
Non-Executive Chairman

PetroNeft Resources plc

Consolidated Income Statement

For the year ended 31 December 2011

	Note	2011 US$	2010 US$
Continuing operations			
Revenue		29,031,693	5,155,646
Cost of sales		(25,598,616)	(4,284,181)
Gross profit		**3,433,077**	**871,465**
Administrative expenses		(6,797,223)	(5,777,053)
Impairment of oil and gas properties	*6*	(5,000,000)	-
Exchange loss on intra-Group loans		(5,114,345)	(137,054)
Operating loss		**(13,478,491)**	**(5,042,642)**
Profit on disposal of subsidiary undertaking	*5*	223,222	-
Loss on disposal of oil and gas properties	*6*	(391,188)	-
Share of joint venture's net loss	*9*	(334,363)	-
Finance revenue		59,854	126,595
Finance costs		(2,501,070)	(1,356,918)
Loss for the year for continuing operations before taxation		**(16,422,036)**	**(6,272,965)**
Income tax expense		(1,491,320)	(852,429)
Loss for the year attributable to equity holders of the Parent		**(17,913,356)**	**(7,125,394)**
Loss per share attributable to ordinary equity holders of the Parent			
Basic and diluted - *US dollar cent*	*4*	**(4.30)**	**(1.97)**

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011

	2011 US$	2010 US$
Loss for the year attributable to equity holders of the Parent	**(17,913,356)**	**(7,125,394)**
Currency translation adjustments	(1,802,179)	(33,696)
Total comprehensive loss for the year attributable to equity holders of the Parent	**(19,715,535)**	**(7,159,090)**

PetroNeft Resources plc

Consolidated Balance Sheet

as at 31 December 2011

	Note	2011 US$	2010 US$
Assets			
Non-current Assets			
Oil and gas properties	6	92,697,976	62,143,801
Property, plant and equipment	7	1,925,938	1,674,216
Exploration and evaluation assets	8	24,552,717	21,391,491
Equity-accounted investment in joint venture	9	3,851,880	-
		123,028,511	**85,209,508**
Current Assets			
Inventories		1,856,813	907,947
Trade and other receivables		2,810,459	8,064,978
Cash and cash equivalents	10	1,030,005	22,781,881
Restricted cash	10	5,000,000	2,500,000
		10,697,277	34,254,806
Assets held for sale	5	-	2,020,678
		10,697,277	**36,275,484**
Total Assets		**133,725,788**	**121,484,992**
Equity and Liabilities			
Capital and Reserves			
Called up share capital		5,636,142	5,624,840
Share premium account		122,431,629	122,082,388
Share-based payment reserve		4,894,985	3,641,064
Retained loss		(43,791,153)	(25,877,797)
Currency translation reserve		(7,630,511)	(5,828,332)
Other reserves		336,000	336,000
Equity attributable to equity holders of the Parent		**81,877,092**	**99,978,163**
Non-current Liabilities			
Provisions		1,147,988	743,670
Deferred tax liability		3,157,557	1,636,475
		4,305,545	**2,380,145**
Current Liabilities			
Trade and other payables		12,938,593	5,401,479
Interest-bearing loans and borrowings	11	34,604,558	13,725,205
		47,543,151	**19,126,684**
Total Liabilities		**51,848,696**	**21,506,829**
Total Equity and Liabilities		**133,725,788**	**121,484,992**

Consolidated Statement of Changes in Equity

For the year ended 31 December 2011

	Share capital US$	Share premium US$	Share-based payment and other reserves US$	Currency translation reserve US$	Retained loss US$	Total US$
At 1 January 2010	**4,724,013**	**81,328,170**	**2,704,929**	**(5,794,636)**	**(18,752,403)**	**64,210,073**
Loss for the year	-	-	-	-	(7,125,394)	(7,125,394)
Currency translation adjustments	-	-	-	(33,696)	-	(33,696)
Total comprehensive loss for the year	-	-	-	(33,696)	(7,125,394)	(7,159,090)
New share capital subscribed	872,841	42,307,945	-	-	-	43,180,786
Transaction costs on issue of share capital	-	(2,387,223)	-	-	-	(2,387,223)
Share options exercised	27,406	813,714	-	-	-	841,120
Remuneration and other emoluments paid in shares	580	19,782	-	-	-	20,362
Share-based payment expense	-	-	460,500	-	-	460,500
Share-based payment expense - Macquarie warrants	-	-	811,635	-	-	811,635
At 31 December 2010	**5,624,840**	**122,082,388**	**3,977,064**	**(5,828,332)**	**(25,877,797)**	**99,978,163**
At 1 January 2011	**5,624,840**	**122,082,388**	**3,977,064**	**(5,828,332)**	**(25,877,797)**	**99,978,163**
Loss for the year	-	-	-	-	(17,913,356)	(17,913,356)
Currency translation adjustments	-	-	-	(1,802,179)	-	(1,802,179)
Total comprehensive loss for the year	-	-	-	(1,802,179)	(17,913,356)	(19,715,535)
Share options exercised	11,302	349,241	-	-	-	360,543
Share-based payment expense	-	-	1,108,446	-	-	1,108,446
Share-based payment expense - Macquarie warrants	-	-	145,475	-	-	145,475
At 31 December 2011	**5,636,142**	**122,431,629**	**5,230,985**	**(7,630,511)**	**(43,791,153)**	**81,877,092**

Consolidated Cash Flow Statement

For the year ended 31 December 2011

	Note	2011 US$	2010 US$
Operating activities			
Loss before taxation		**(16,422,036)**	**(6,272,965)**
Adjustment to reconcile loss before tax to net cash flows			
Non-cash			
Depreciation		4,293,949	811,949
Impairment of oil and gas properties		5,000,000	-
Loss on disposal of oil and gas properties		391,188	-
Profit on disposal of subsidiary undertaking		(223,222)	-
Share of loss in joint venture		334,363	-
Share-based payment expense		1,108,446	460,500
Write off of leasehold land payments		-	176,825
Remuneration and other emoluments paid in shares		-	20,362
Finance revenue		(59,854)	(126,595)
Finance costs		2,501,070	1,356,918
Working capital adjustments			
Decrease/(increase) in trade and other receivables		3,372,948	(3,444,866)
Increase in inventories		(646,118)	(808,561)
Increase in trade and other payables		6,285,719	2,944,919
Income tax paid		(68,029)	-
Net cash flows received from/(used in) operating activities		**5,868,424**	**(4,881,514)**
Investing activities			
Purchase of oil and gas properties		(32,967,288)	(32,006,996)
Advance payments to contractors		(199,568)	(3,883,284)
Purchase of property, plant and equipment		(570,396)	(217,524)
Disposal of property, plant and equipment		-	1,154
Exploration and evaluation payments		(6,629,469)	(3,736,142)
Investment in joint venture undertaking		(3,850,000)	-
Increase in restricted cash		(2,500,000)	(2,500,000)
Interest received		55,861	161,961
Net cash used in investing activities		**(46,660,860)**	**(42,180,831)**

PetroNeft Resources plc

Consolidated Cash Flow Statement (continued)

		2011 US$	2010 US$
Financing activities			
Proceeds from issue of share capital		-	43,180,786
Transaction costs of issue of shares		-	(2,387,223)
Proceeds from exercise of options		360,543	841,120
Proceeds from loan facilities		37,000,000	16,000,000
Transaction costs on loans and borrowings		(472,696)	(584,467)
Repayment of loan facilities		(16,212,000)	(1,788,000)
Interest paid		(1,729,447)	(835,467)
Net cash received from financing activities		**18,946,400**	**54,426,749**
Net (decrease)/increase in cash and cash equivalents		**(21,846,036)**	**7,364,404**
Translation adjustment		94,160	(309,002)
Cash and cash equivalents at the beginning of the year		22,781,881	15,726,479
Cash and cash equivalents at the end of the year	*10*	**1,030,005**	**22,781,881**

Notes to the Final Results
For the year ended 31 December 2011

1. Basis of Accounting and Presentation of Financial Information

While the financial information included in this announcement has been prepared in accordance with the Group's accounting policies under International Financial Reporting Standards (IFRS) as adopted by the European Union, this announcement does not itself contain sufficient information to comply with IFRS. The Company is distributing the full financial statements that comply with IFRS on 29 June 2012.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2011 or 2010, but is derived from those accounts. Statutory accounts for 2010 have been delivered to the Registrar of Companies and those for 2011 will be delivered following the Company's annual general meeting. The auditors have reported on those accounts. Both reports were unqualified, but the 2011 report did draw attention to going concern issues as described in note 2 below by way of emphasis of matter.

Adoption of new IFRS

The Group has adopted the following new and amended IFRS and IFRIC interpretations in respect of the 2011 financial year-end:

	Effective date
IAS 24 Related Party Disclosures (Amendment)	1 January 2011
IAS 32 Financial Instruments – Presentation (Amendment)	1 February 2010
IFRIC 14 Prepayments of a Minimum Funding Requirement (Amendment)	1 January 2011

There were no significant changes necessary arising from the above amendments to the Group during the year.

2. Going concern

In April 2011 a revised borrowing base loan facility was agreed with Macquarie Bank Limited ("Macquarie") for up to US$75 million, with US$30 million immediately available subject to six monthly reviews. Refer to note 11 for further detail. To date the availability under the borrowing base loan facility has remained at US$30 million with the next review due to take place on 30 June 2012.

In May 2012 PetroNeft entered into a new loan facility for US$15 million with our partner Arawak Energy Russia B.V. ("Arawak"). Refer to note 11 for further details. This loan carries an interest rate of LIBOR plus 6%. 4,000,000 warrants were granted to Arawak as part of this loan facility. The Arawak loan facility is a three year loan repayable in one lump sum in May 2015.

The Lineynoye Pad 2 results meant that certain production and cash flow covenants that were part of the Macquarie facility were not met during, at and post the year-end. While Macquarie waived these covenants at the year-end, it meant that it was not possible to increase the amount available under the borrowing base loan facility. Macquarie supported and agreed to the Arawak additional loan facility and did not seek repayment of their base loan facility as Macquarie prefer to see Arbuzovskoye coming into production as it offers the best option for increasing Group production and cash flows.

Although Macquarie remains a supportive lender and key shareholder, they have indicated, absent any alternative funding option, their preference that the debt be reduced by about US$7.5 million over the next 12 months. However they did not seek a repayment out of the proceeds of the Arawak loan facility and remain supportive of the Group's plans to bring the Arbuzovskoye oil field into production this year particularly in light of the recent rates achieved from the Arbuzovskoye No. 1 well. The Board has a plan to bring the Arbuzovskoye oil field into production in the coming months thereby increasing the Group's long-term cash flows.

Notes to the Final Results
For the year ended 31 December 2011

2. Going concern *(continued)*

The Board remain positive about the resilience of the Group despite the pressures outlined above. The Group has analysed its cash flow requirements through to 31 December 2013 in detail. The cash flow includes estimates for a number of key variables including timing of cash flows of development expenditure, oil price, production rates, and with the ongoing support of its lenders and management of working capital the Directors believe that the Group's cash flow forecasts represent the Group's best estimate of the actual results over the forecast period at the date of approval of the financial statements. The cash flow is stress tested to assess the adverse effect arising from reasonable changes in circumstance. It is recognised that the cash flow impact of these changes could result in additional funding being required. The Group is also in discussions with a range of strategic investors about possible farm-outs, long term off-take agreements and potential equity or asset investments which would strengthen the Group's financial position.

These circumstances represent a material uncertainty that may cast significant doubt upon the Group and the Company's ability to continue as a going concern. Nevertheless, after making enquiries, and considering the uncertainties described above, the Directors are confident that the Group and the Company will have adequate resources to continue in operational existence for the foreseeable future. For these reasons, the Directors continue to adopt the going concern basis in preparing the annual report and accounts.

Accordingly, these financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Group or Company was unable to continue as a going concern.

3. Segment information

At present the Group has one reportable operating segment, which is oil exploration and production. As a result, there are no further disclosures required in respect of the Group's reporting segment.

The risk and returns of the Group's operations are primarily determined by the nature of the activities that the Group engages in, rather than the geographical location of these operations. This is reflected by the Group's organisational structure and the Group's internal financial reporting systems.

Management monitors and evaluates the operating results for the purpose of making decisions consistently with operating profit or loss in the consolidated financial statements.

Geographical segments
All of the Group's sales are in Russia. Substantially all of the Group's capital expenditures are in Russia.

Non-current assets
Assets are allocated based on where the assets are located:

	2011 US$	2010 US$
Russia	123,019,068	85,200,373
Ireland	9,443	9,135
	123,028,511	**85,209,508**

4. Loss per Ordinary Share

Basic loss per Ordinary Share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of Ordinary Shares outstanding during the year.

Basic and diluted earnings per Ordinary Share are the same as the potential Ordinary Shares are anti-dilutive.

	2011 US$	2010 US$
Numerator		
Loss attributable to equity shareholders of the Parent for basic and diluted loss	(17,913,356)	(7,125,394)
	(17,913,356)	**(7,125,394)**
Denominator		
Weighted average number of Ordinary Shares for basic and diluted earnings per Ordinary Share	416,224,994	361,023,606
Diluted weighted average number of shares	**416,224,994**	**361,023,606**
Loss per share:		
Basic and diluted - *US dollar cent*	**(4.30)**	**(1.97)**

The Company has instruments in issue that could potentially dilute basic earnings per Ordinary Share in the future, but are not included in the calculation for the reasons outlined below:

- Employee Share Options –These potential Ordinary Shares are anti-dilutive for the years ended 31 December 2011 and 2010.
- Warrants – At 31 December 2011, 6,700,000 (2010: 6,200,000) Ordinary Shares are subject to warrants being exercised. These potential Ordinary Shares are anti-dilutive for the years ended 31 December 2011 and 2010.

Notes to the Final Results

For the year ended 31 December 2011

5. Assets held for sale

In January 2010, the Group acquired and registered Licence 67. Under the August 2008 Area of Mutual Interest agreement, Arawak Energy exercised their option to participate as a 50% partner in the development of Licence 67, which will be operated by PetroNeft. PetroNeft Resources Plc entered into an agreement with Arawak to jointly own and control a holding company (Russian BD Holdings B.V.) which holds all of the shares of LLC Lineynoye, an entity involved in oil and gas exploration and the registered holder of Licence 67. The legal agreements and documentation relating to the jointly controlled entity were completed in September 2011 when the assets were transferred to the jointly controlled entity. At 31 December 2010, assets in connection with Licence 67 were classified as held for sale.

On 9 September 2011, Russian BD Holdings B.V., which was previously a 100% subsidiary of PetroNeft, became a jointly controlled entity, resulting in a profit on disposal on consolidation of US$223,222 comprised as follows:

Profit on disposal of subsidiary undertaking

	2011 US$
Fair value of net assets subsequent to disposal	445,748
Book value of net assets prior to disposal	222,526
	223,222

Notes to the Final Results

For the year ended 31 December 2011

6. Oil and gas properties

	Wells US$	Equipment and facilities US$	Pipeline US$	Total US$
Cost				
At 1 January 2010	15,408,490	737,610	11,036,987	27,183,087
Additions	19,999,210	12,816,849	3,244,417	36,060,476
Transfer from property, plant and equipment	-	48,884	-	48,884
Translation adjustment	(194,658)	(49,843)	(107,368)	(351,869)
At 1 January 2011	**35,213,042**	**13,553,500**	**14,174,036**	**62,940,578**
Transfer from exploration and evaluation assets	**2,803,399**	**111,368**	**-**	**2,914,767**
Additions	**30,033,170**	**13,846,905**	**51,406**	**43,931,481**
Disposals	**(19,843)**	**(127,661)**	**(249,045)**	**(396,549)**
Translation adjustment	**(4,418,308)**	**(1,826,123)**	**(660,975)**	**(6,905,406)**
At 31 December 2011	**63,611,460**	**25,557,989**	**13,315,422**	**102,484,871**
Depreciation				
At 1 January 2010	16,316	1,510	-	17,826
Charge for the year	535,613	217,360	31,590	784,563
Translation adjustment	(1,862)	(2,820)	(930)	(5,612)
At 1 January 2011	**550,067**	**216,050**	**30,660**	**796,777**
Charge for the year	**3,476,558**	**816,099**	**96,576**	**4,389,233**
Impairment	**5,000,000**	**-**	**-**	**5,000,000**
Disposals	**(500)**	**(4,126)**	**(735)**	**(5,361)**
Translation adjustment	**(314,243)**	**(69,603)**	**(9,908)**	**(393,754)**
At 31 December 2011	**8,711,882**	**958,420**	**116,593**	**9,786,895**
Net book values				
At 31 December 2011	**54,899,578**	**24,599,569**	**13,198,829**	**92,697,976**
At 31 December 2010	34,662,975	13,337,450	14,143,376	62,143,801

The net book value at 31 December 2011 includes US$24,395,926 (2010: US$17,288,826) in respect of assets under construction, which are not yet being depreciated.

In November 2011 the Board sanctioned the development of the Arbuzovskoye oilfield. Exploration and evaluation costs of US$2,914,767 in relation to the Arbuzovskoye oilfield were transferred to oil and gas properties.

Expenditure of US$43,931,481 was incurred mainly in connection with the Lineynoye oil field, primarily relating to production wells, the Central Procession Facility (CPF) and oilfield infrastructure.

Loss on disposal of oil and gas properties

During the year, the Group disposed of pipeline and facilities relating to the decommissioning of the Lineynoye No. 1 well and the conversion of the Lineynoye No.6 well to a water injection well resulting in a loss on disposal of US$391,188.

6. Oil and gas properties (*continued*)

Impairment loss
An impairment of US$5 million (2010: US$Nil) was recognised in respect of the Lineynoye oil field. The trigger for the impairment test was primarily the effect of worse than expected production from Pads 2 and 3 at the Lineynoye oil field during the year. In addition, this triggered reduced estimates of the quantities of oil recoverable from this particular field.

In assessing whether impairment is required, the carrying value of an asset or cash-generating unit (CGU) is compared with its recoverable amount. The recoverable amount is the higher of the asset's/CGU's fair value less costs to sell and value in use. Given the nature of the Group's activities, information on the fair value of an asset is usually difficult to obtain unless negotiations with potential purchasers are taking place. Consequently, the recoverable amount used in assessing the impairment charges described below is value in use. The Group generally estimates value in use using a discounted cash flow model.

Key assumptions used in value-in-use calculations for the Lineynoye oil field

The calculation of value in use for the Lineynoye oil field ("CGU") is most sensitive to the following assumptions:

- Production volumes.
- Discount rates.
- Crude oil prices.

Estimated production volumes are based on detailed data for the fields and take into account development plans for the fields agreed by management as part of the long-term planning process and estimated by Ryder Scott Petroleum Consultants in their report on the Group's reserves.

The Group generally estimates value in use for the oil exploration and production CGU using a discounted cash flow model. The future cash flows are discounted to their present value using a pre-tax discount rate of 16% that reflects current market assessments of the time value of money and the risks specific to the asset. This discount rate is derived from the Group's post-tax weighted average cost of capital ("WACC"), with appropriate adjustments made to reflect the risks specific to the asset/CGU and to determine the pre-tax rate. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on its interest bearing borrowings the Group is obliged to service. Segment specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

The long-term forecast Urals blend oil price used of US$80 per barrel is based on management's estimates and available market data.

Notes to the Final Results

For the year ended 31 December 2011

7. Property, Plant and Equipment

	Land and buildings US$	Plant and machinery US$	Motor vehicles US$	Total US$
Cost				
At 1 January 2010	302,641	1,762,039	145,732	2,210,412
Reclassification	800,795	(800,795)	-	-
Additions	1,669	171,706	45,818	219,193
Transfer to oil and gas properties	-	-	(48,884)	(48,884)
Disposals	-	-	(17,869)	(17,869)
Translation adjustment	(5,390)	(13,086)	(1,200)	(19,676)
At 1 January 2011	**1,099,715**	**1,119,864**	**123,597**	**2,343,176**
Additions	-	745,073	-	745,073
Translation adjustment	(52,992)	(116,255)	(5,927)	(175,174)
At 31 December 2011	**1,046,723**	**1,748,682**	**117,670**	**2,913,075**
Depreciation				
At 1 January 2010	25,551	375,201	33,552	434,304
Charge for the year	64,365	176,496	15,045	255,906
Disposals	-	-	(16,715)	(16,715)
Translation adjustment	(444)	(3,804)	(287)	(4,535)
At 1 January 2011	**89,472**	**547,893**	**31,595**	**668,960**
Charge for the year	66,787	288,205	27,149	382,141
Translation adjustment	(10,008)	(50,117)	(3,839)	(63,964)
At 31 December 2011	**146,251**	**785,981**	**54,905**	**987,137**
Net book values				
At 31 December 2011	**900,472**	**962,701**	**62,765**	**1,925,938**
At 31 December 2010	1,010,243	571,971	92,002	1,674,216

Notes to the Final Results

For the year ended 31 December 2011

8. Exploration and evaluation assets

	Exploration & Evaluation Expenditure US$
Cost	
At 1 January 2010	18,217,242
Additions	5,367,284
Reclassified as assets held for sale	(2,020,678)
Translation adjustment	(172,357)
At 1 January 2011	**21,391,491**
Additions	7,459,616
Reclassification to oil and gas properties	(2,914,767)
Translation adjustment	(1,383,623)
At 31 December 2011	**24,552,717**
Net book values	
At 31 December 2011	**24,552,717**
At 31 December 2010	21,391,491

Exploration and evaluation expenditure represents active exploration projects. These amounts will be written off to the Consolidated Income Statement as exploration costs unless commercial reserves are established, or the determination process is not completed and there are no indications of impairment. The outcome of ongoing exploration, and therefore whether the carrying value of these assets will ultimately be recovered, is inherently uncertain.

In accordance with IFRS 6, once commercial viability is demonstrated the capitalised exploration and evaluation costs are transferred to oil and gas properties or intangibles, as appropriate after being assessed for impairment.

Additions in 2011 relate mainly to drilling of exploration wells in the Sibkrayevskaya and North Varyakhskaya prospects and the Kondrashevskoye oilfield.

Notes to the Final Results
For the year ended 31 December 2011

9. Equity-accounted investment in joint venture

PetroNeft Resources plc has a 50% interest in Russian BD Holdings B.V., a jointly controlled entity which holds 100% of LLC Lineynoye, an entity involved in oil and gas exploration and the registered holder of Licence 67. The interest in this joint venture is accounted for using the equity accounting method. Russian BD Holdings B.V. is incorporated in the Netherlands and carries out its activities in Russia.

	Share of net assets 2011 US$
At 1 January 2011	-
Subsidiary undertaking becoming joint venture (note 5)	445,748
Investment	3,850,000
Retained loss	(334,363)
Translation adjustment	(109,505)
At 31 December 2011	**3,851,880**

Summarised financial statement information prepared in accordance with IFRS of the equity-accounted joint venture entity is disclosed below:

Summarised financial statements of equity-accounted joint venture (50% share)

	2011 US$
Sales and other operating revenues	-
Operating expenses	(176,278)
Foreign exchange loss	(149,640)
Finance revenue	1,408
Finance costs	(9,496)
Loss before taxation	**(334,006)**
Taxation	(357)
Loss for the period	**(334,363)**

	2011 US$
Current assets	3,906,526
Non-current assets	532,830
Total assets	**4,439,356**
Current liabilities	(581,340)
Non-current liabilities	(6,136)
Total liabilities	**(587,476)**

Notes to the Final Results
For the year ended 31 December 2011

10. Cash and Cash Equivalents and Restricted Cash

	2011 US$	2010 US$
Cash at bank and in hand	1,030,005	22,781,881
Restricted cash	5,000,000	2,500,000
	6,030,005	**25,281,881**

At 31 December 2011 restricted cash amounting to US$5 million is being held in a Macquarie Debt Service Reserve Account ("DSRA"). This account is part of the security package held by Macquarie and may be offset against the loan in the event of a default on the loan or by agreement between the parties.

Bank deposits earn interest at floating rates based on daily deposit rates. Short-term deposits are made for varying periods of between one day and one month depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

11. Loans and borrowings

	Effective interest rate %	Maturity	2011 US$	2010 US$
Interest bearing				
Macquarie Bank - US$30,000,000 loan facility	17.21%	30 November 2011	-	13,725,205
Macquarie Bank - US$75,000,000 loan facility	9.51%	31 May 2014	29,628,011	-
Arawak - US$5,000,000 loan facility	9.11%	31 May 2012	4,976,547	-
			34,604,558	**13,725,205**
Contractual undiscounted liability			**35,000,000**	**14,212,000**

Macquarie loan facility

On 28 May 2010 the Group agreed a loan facility agreement for up to US$30 million with Macquarie to re-finance an existing facility of US$5 million. In April 2011, PetroNeft signed a revised borrowing base loan facility agreement with Macquarie for up to US$75 million. The initial borrowing base was set at US$30 million and remains at this level.

Under the various loan agreements Macquarie was granted 6.7 million warrants at various strike prices and with various expiry dates. There was also a 1% cash arrangement fee associated with the new loan facility in 2011.

On the basis that Macquarie committed significant technical, engineering and legal resources to negotiating and agreeing the loan facility and subsequent draw downs, the warrants granted to Macquarie were in lieu of arrangement fees. The costs of the warrants fall within the scope of IFRS 2 *Share-based Payment*. This share-based payment expense constitutes a transaction cost under IAS 39 *Financial Instruments: Recognition and Measurement* and is included in the initial carrying amount of the loan facility and amortised over the duration of the loan. The total share-based payment expense in connection with warrants granted to Macquarie during the year amounted to US$0.1 million (2010: US$0.8 million) of which an amount of US$350,536 was expensed to the income statement in 2010 upon extinguishment of the existing loan facility.

Total transaction costs, including share-based payment expense connected with the warrants granted, incurred in 2011 amounted to US$0.6 million (2010: US$1.0 million) and are applied against the proceeds. The effective interest rate will be applied to the liability to accrete the transaction costs over the period of the loan.

Borrowing costs relating to drilling of development wells and construction of other oil and gas properties of US$745,000 were capitalised within oil and gas properties during 2010. Only borrowing costs incurred up to September 2010 (start of production) were capitalised.

Certain oil and gas properties (wells, central processing facility, pipeline) together with shares in WorldAce Investments Ltd, shares in Stimul-T, certain bank accounts and inventories are pledged as a security for the Macquarie loan facility agreement.

During the year the Group was in breach of certain financial and non-financial covenants and conditions subject to the loan agreement, relating primarily to receipt of certain amount of cash by sale of oil, certain financial ratios and registration of pledge over certain assets of the Group in favour of Macquarie and submitting the documents. These conditions were waived by Macquarie in a letter prior to the year-end, such that the Group was not in breach as at the year-end. However as the waiver did not extend to more than 12 months after the year-end, all of the Macquarie debt is classified as repayable within one year.

Notes to the Final Results
For the year ended 31 December 2011

11. Loans and borrowings (*continued*)

Arawak Energy Russia B.V. loan facility

The US$5 million loan from Arawak Energy Russia B.V. was a general purpose short-term bridge loan in advance of a larger three year-term loan completed in May 2012. It is repayable on 31 May 2012 out of the proceeds of the three-year loan. Total transaction costs, incurred in 2011 amounted to US$33,535 and are applied against the proceeds. The initial short term bridge loan was unsecured but the new three year term loan signed in May 2012 is secured on PetroNeft's 50% interest in Russian BD Holdings B.V.

12. Related party disclosures

Transactions between PetroNeft Resources plc and its subsidiaries, Stimul-T, Granite, Pervomayka, Dolomite, World Ace Investments have been eliminated on consolidation. Details of transactions between the Group and other related parties are disclosed below.

In 2009 Stimul-T entered into a contract with LLC Tomskburneftegaz ("TBNG") for the drilling of nine wells in Pad 1 of the Lineynoye oilfield. Under this contract TBNG assumed substantially all liabilities in relation to the health and safety, environmental and other risks associated with drilling operation. The total value of the contract was up to US$9.5 million. Payments of US$253,377 (2010: US$8,243,900) were made during 2011 in relation to this contract. As at 31 December 2011 the outstanding amount payable to TBNG under this contract is US$Nil (2010: US$77,309). Vakha Sobraliev, a Director of PetroNeft, is the principal of TBNG. The contract was complete at 31 December 2011.

In 2010 Stimul-T entered into several contracts with TBNG for the drilling of wells at the Lineynoye oilfield, Arbuzovskaya prospect and Kondrashevskoye oilfield. Under these contracts TBNG assumes substantially all liabilities in relation to the health and safety, environmental and other risks associated with drilling operation. The total value of these contracts is US$31.2 million. Payments of US$17,691,713 were made during 2011 (2010: US$3,531,546) in relation to these contracts. As at 31 December 2011 the outstanding amount payable to TBNG is US$4,363,261 (2010: US$455,587). No advance payments are shown as at 31 December 2011 (2010: US$1,943,729).

In 2011 Stimul-T entered into a contract with TBNG for the drilling of well #1 at the North Varyakhskoye prospect. This is a "turnkey" contract. Under this contract TBNG assumes substantially all liabilities in relation to the health and safety, environmental and other risks associated with drilling operation. The total value of the contract is US$2.5 million. Payments of US$2,038,585 were made during 2011 (2010: US$Nil) in relation to this contract. As at 31 December 2011 the outstanding amount payable to TBNG is US$Nil (2010: US$Nil).

An amount of US$172,577 (2010: US$Nil) was paid to TBNG during 2011 for dismantlement of equipment at various locations within Licence 61. US$Nil (2010: US$Nil) is outstanding to TBNG at 31 December 2011.

An amount of US$73,883 (2010: US$145,607) was received from TBNG during 2011 in relation to shared use of helicopter services, where the service provider billed the entire amount to Stimul-T, and for the sale of materials and other minor transactions with TBNG. A balance of US$44,805 (2010: US$13,918) is outstanding from TBNG at 31 December 2011.

A total of US$185,412 (2010: US$81,182) is outstanding to other parties, related to Vakha Sobraliev, a Director of PetroNeft for repair works on wells and transportation services. An amount of US$2,592 (2010: US$Nil) is shown as advance payments. Payments of US$1,292,074 (2010: US$444,644) were made to these entities during the year.

The Group provided various goods and services to the jointly controlled entity, Russian BD Holdings B.V. and its wholly-owned subsidiary LLC Lineynoye during 2011 amounting to US$2,165,377, and an amount of US$520,921 is outstanding from these entities at 31 December 2011.

12. Related party disclosures (*continued*)

The Group has an indirect 50% interest in Lineynoye which in turn is 100% owned by the jointly controlled entity Russian BD Holdings B.V.

In 2011 Lineynoye entered into a contract with TBNG for the drilling of well No. 3 of the Cheremshanskaya prospect and well No. 2a of the Ledovoye oilfield. This is a "turnkey" contract. Under this contract TBNG assumes substantially all liabilities in relation to the health and safety, environmental and other risks associated with drilling operation. The total value of the contract is US$4.6 million. Payments of US$3,461,009 were made during 2011 (2010: US$Nil) in relation to this contract. As at 31 December 2011 the outstanding amount payable to TBNG is US$549,178 (2010: US$Nil).

The following transactions occurred between Lineynoye, Russian BD Holdings B.V. and the Company:

	Lineynoye US$	Russian BD Holdings B.V. US$
At 1 January 2010	**1,186,113**	**-**
Advanced during year	843,006	-
Interest accrued in year	116,569	-
At 31 December 2010	**2,145,688**	**-**
Advanced during year	3,350,000	-
Transactions during year	-	521,639
Interest accrued in year	112,035	-
Repaid during year	(5,288,118)	(463,313)
Translation adjustment	(88,955)	-
Balance 31 December 2011	**230,650**	**58,326**

Up to 9 September 2011 both of the above companies were 100% subsidiaries of PetroNeft, however the above numbers reflect all transactions in 2010 and 2011.

Remuneration of key management
Key management comprise the Directors of the Company, the Vice President of Business Development and Operations, the General Director and the Executive Director of the Russian subsidiary Stimul-T, along with both the Chief Geologist and Chief Engineer of Stimul-T. Their remuneration during the year was as follows:

	2011 US$	2010 US$
Compensation of key management	**1,730,623**	1,755,774
Contributions to defined contribution pension plan	**40,677**	10,615
Share-based payment expense	**512,727**	264,099
	2,284,027	**2,030,488**

Notes to the Final Results

For the year ended 31 December 2011

12. Related party disclosures (*continued*)

Transactions with subsidiaries

The Company had the following transactions with its subsidiaries during the years ended 31 December 2011 and 2010:

	Stimul-T	Granite Construction	Dolomite	Pervomayka	Worldace Investments
	US$	US$	US$	US$	US$
Loans					
At 1 January 2010	**28,026,868**	**-**	**-**	**-**	**105,157**
Advanced during year	31,866,972	810,000	10,050,000	-	8,501,342
Technical and management services provided	232,828	-	-	-	-
Interest accrued in year	3,115,747	8,776	67,000	-	-
Repaid during year	-	-	(10,117,000)	-	-
At 31 December 2010	**63,242,415**	**818,776**	**-**	**-**	**8,606,499**
Advanced during year	25,450,000	500,000	-	-	7,304,909
Technical and management services provided	206,242	-	-	-	-
Interest accrued in year	5,907,541	129,207	-	-	-
Repaid during year	(1,250,000)	-	-	-	-
Translation adjustment	(882,905)	-	-	-	(8,992)
At 31 December 2011	**92,673,293**	**1,447,983**	**-**	**-**	**15,902,416**
Capital contributions					
Capital contributions 2010	-	40,432	314	13,739	-
Capital contributions 2011	-	130,000	-	-	-

13. Important Events after the Balance Sheet Date

In May 2012 PetroNeft signed a new three year loan facility agreement with Arawak for US$15 million. This loan carries an interest rate of LIBOR plus 6%. 4,000,000 warrants were granted to Arawak as part of this loan facility. Also in May 2012 PetroNeft entered into a new three year Area of Mutual Interest (“AMI”) agreement with Arawak on similar terms to the previous AMI which expired in August 2011.

14. Approval of financial statements

The financial statements were approved, and authorised for issue, by the Board of Directors on 25 June 2012.

GLOSSARY

1P	Proved reserves according to SPE standards.
2P	Proved and probable reserves according to SPE standards.
3P	Proved, probable and possible reserves according to SPE standards.
AGM	Annual General Meeting.
AIM	Alternative Investment Market of the London Stock Exchange.
AMI	Area of Mutual Interest
API Gravity	A specific gravity scale developed by the American Petroleum Institute ("API") for measuring the relative density of various petroleum liquids, expressed in degrees.
Arawak	Arawak Energy Russia B.V.
bbl	Barrel.
bfpd	Barrels of fluid per day.
boe	Barrel of oil equivalent.
bopd	Barrels of oil per day.
C1	Proved resources according to Russian standards.
C2	Probable resources according to Russian standards.
C3	Possible resources according to Russian standards.
Company	PetroNeft Resources plc.
CSR	Corporate and Social Responsibility.
Custody Transfer Point	Facility/location at which custody of oil transfers to another operator.
DST	Drill stem test
ESM	Enterprise Securities Market of the Irish Stock Exchange.
ESPO pipeline	East Siberia-Pacific Ocean pipeline which is expected to be completed in 2012.
Exploration resources	An undrilled prospect in an area of known hydrocarbons with unequivocal four-way dip closure at the reservoir horizon.
Hydraulic fracturing, fracture stimulation	The process of cracking open the rock formation around a well bore to increase productivity.
Group	Company and its subsidiary undertakings.
HSE	Health, Safety and Environment.
IAS	International Accounting Standard.
IFRIC	IFRS Interpretations Committee.
IFRS	International Financial Reporting Standard.
km	Kilometres.
km^2/ sq km	Square kilometres.
KPI	Key Performance Indicator.
Licence 61	The Group's Exploration and Production Licence in the Tomsk Oblast, Russia. It contains seven known oil fields, Lineynoye, Tungolskoye, West Lineynoye, Arbuzovskoye, Kondrashevskoye, Sibkrayevskoye and North Varyakhskoye and 27 Prospects and Leads that are currently being explored.
Licence 67	The Group's Exploration and Production Licence in the Tomsk Oblast, Russia. It contains two existing drilled structures, Ledovoye and Sklonavaya, that have previously tested oil.
Lineynoye	Limited Liability Company Lineynoye, a wholly owned subsidiary of Russian BD Holdings B.V., registered in the Russian Federation.
Macquarie	Macquarie Bank Limited
m	Metres

GLOSSARY (continued)

mmbbls	Million barrels.
mmbo	Million barrels of oil.
Oil pay	A formation containing producible hydrocarbons
P1	Proved reserves according to SPE standards.
P2	Probable reserves according to SPE standards.
P3	Possible reserves according to SPE standards.
Pervomayka	Limited Liability Company Pervomayka, a wholly owned subsidiary of PetroNeft, registered in the Russian Federation.
PetroNeft	PetroNeft Resources plc.
Russian BD Holdings B.V.	Russian BD Holdings B.V., a company owned 50% by PetroNeft and registered in the Netherlands
SPE	Society of Petroleum Engineers.
Spud	To commence drilling a well.
Stimul-T	Limited Liability Company Stimul-T, a wholly owned subsidiary of PetroNeft, based in the Russian Federation.
TSR	Total Shareholder Return.
VAT	Value Added Tax.
WAEP	Weighted Average Exercise Price.