



PETRONFT RESOURCES PLC

Annual General Meeting, 26 September 2018



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.

Oil India Limited has a 50% non-operated interest in Licence 61.

Arawak Energy has a 50% non-operated interest in Licence 67.

SIGNIFICANT ACTIVITY AND PROGRESS LAST 12 MONTHS

Work Programme

- Field optimization efforts to reduce decline.
- Winter test production - S-373 delineation well about 200 bopd
- Winter test production – S-375 delineation well about 90 bopd
- Cheremshanskaya No. 4 successful delineation well – open hole test of two intervals prorates to about 400 bfpd.
- Cased-hole testing underway

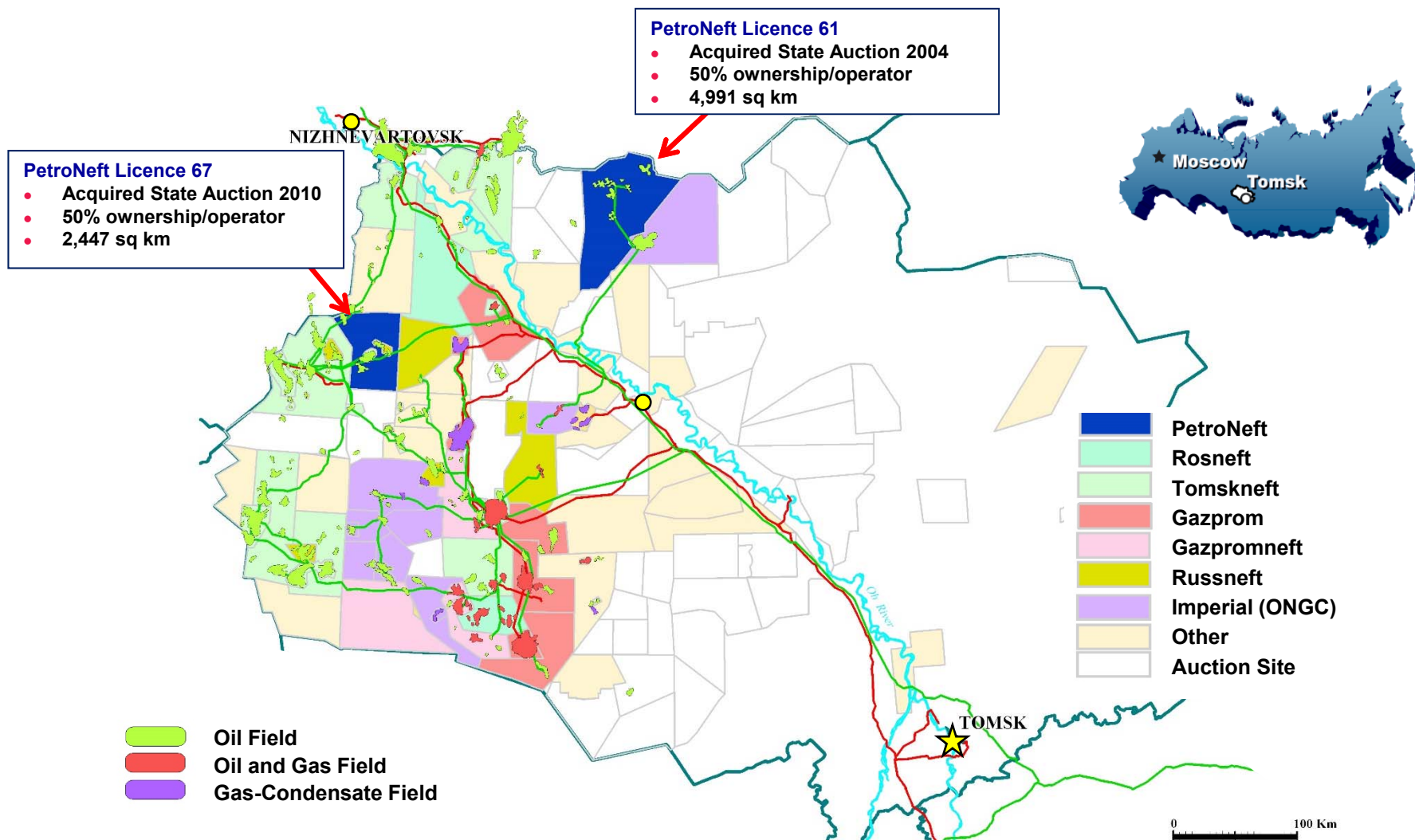
Production

- Current production about 1,800 bopd gross
- Excellent results from South Arbuzovskoye horizontal wells
- 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
- West Lineynoye "L-8 Lobe", Sibkrayevskoye, Emtorskaya and Cheremshanskoye 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 million bbls and 3P/P4 reserves of > 300 million bbls
- Significant reserves upside potential following successful C4 well
- **Testing the market with a view to selling L61 and/or L67**

TOMSK OBLAST



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



Work Programme



2018

- Q1 - Winter test production S-373 and S-375s wells
- West Lineynoye “L-8” Lobe project” prioritized based on good Hz well results at Arbuzovskoye and existing infrastructure
- Drilled successful Cheremshanskoye No. 4 well in Licence 67
- On going corporate development activity has slowed based on good C-4 results
- Test Russian market regarding selling of Licence 61 and Licence 67

2019 and beyond

- Complete asset sale process for Licence 61 and/or Licence 67
- Progress West Lineynoye “L-8 Lobe Development”
- Q1 - Winter test production S-373 and S-375s
- Exploration and delineation of other targets such as Emtorskaya, Traverskaya and Tuganskoye



LICENCE 67

Cheremshanskoye No. 4 Well





Licence 67 3D Seismic 2014

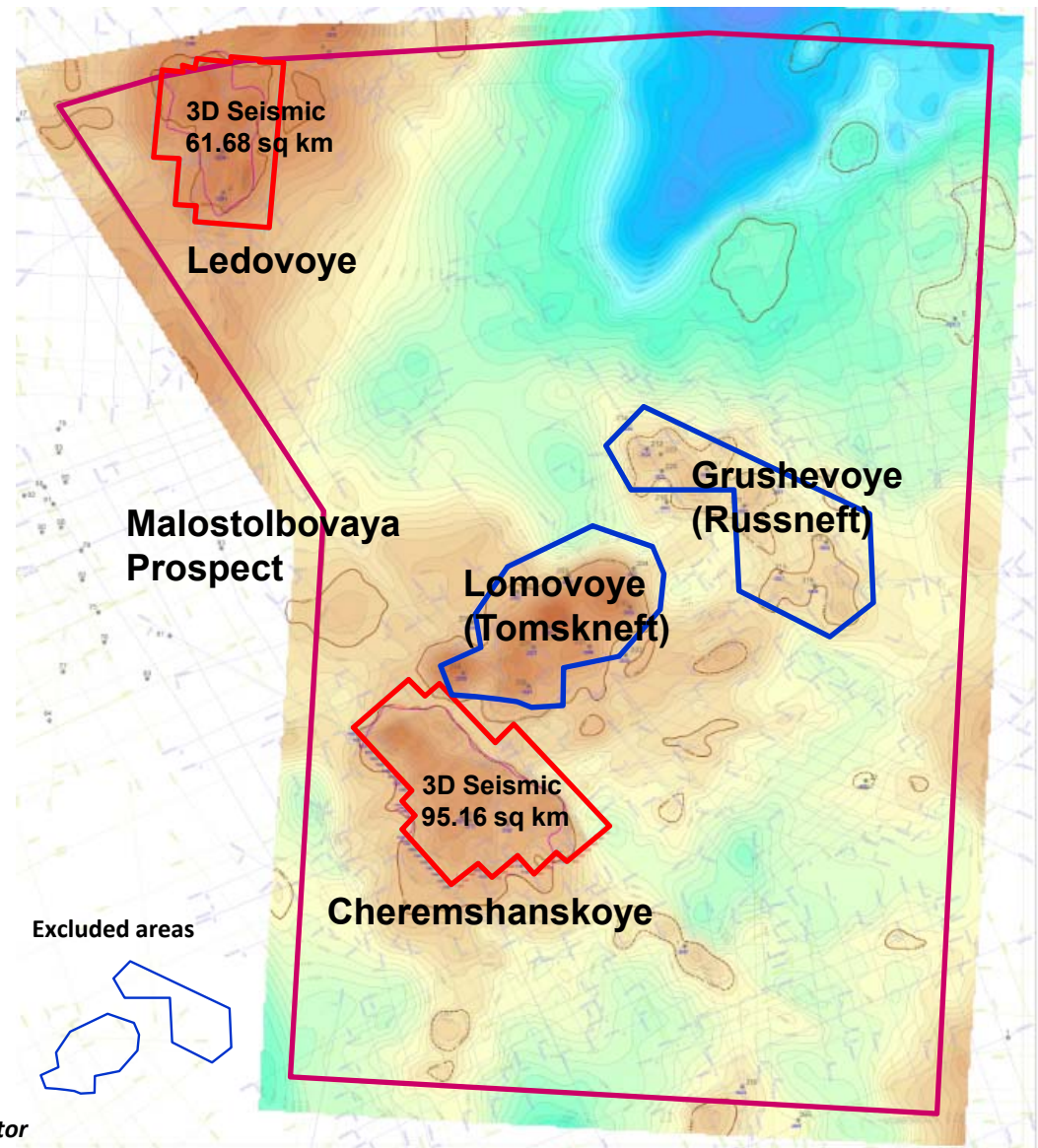


Major Activities 2014/2015

- 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

Current Status

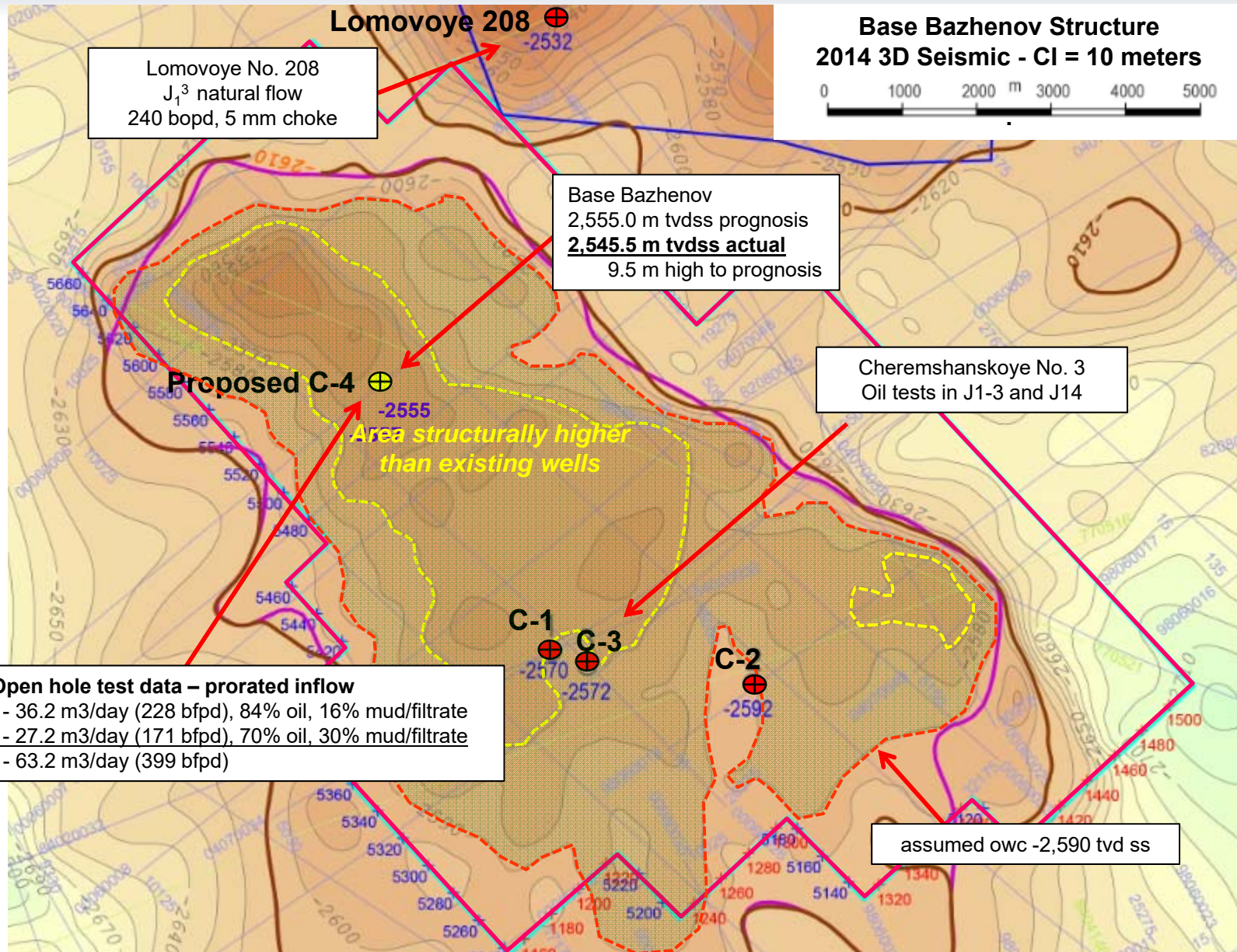
- Drilling of Cheremshanskoye No. 4 well in 2018
- P3 > 40 million bbls, 3D seismic, large area updip from well that tested oil in two intervals
- Very successful well – cumulative flow of open hole tests J1-1 and J1-3 intervals – 399 bfpd
- Way Forward Options under review



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

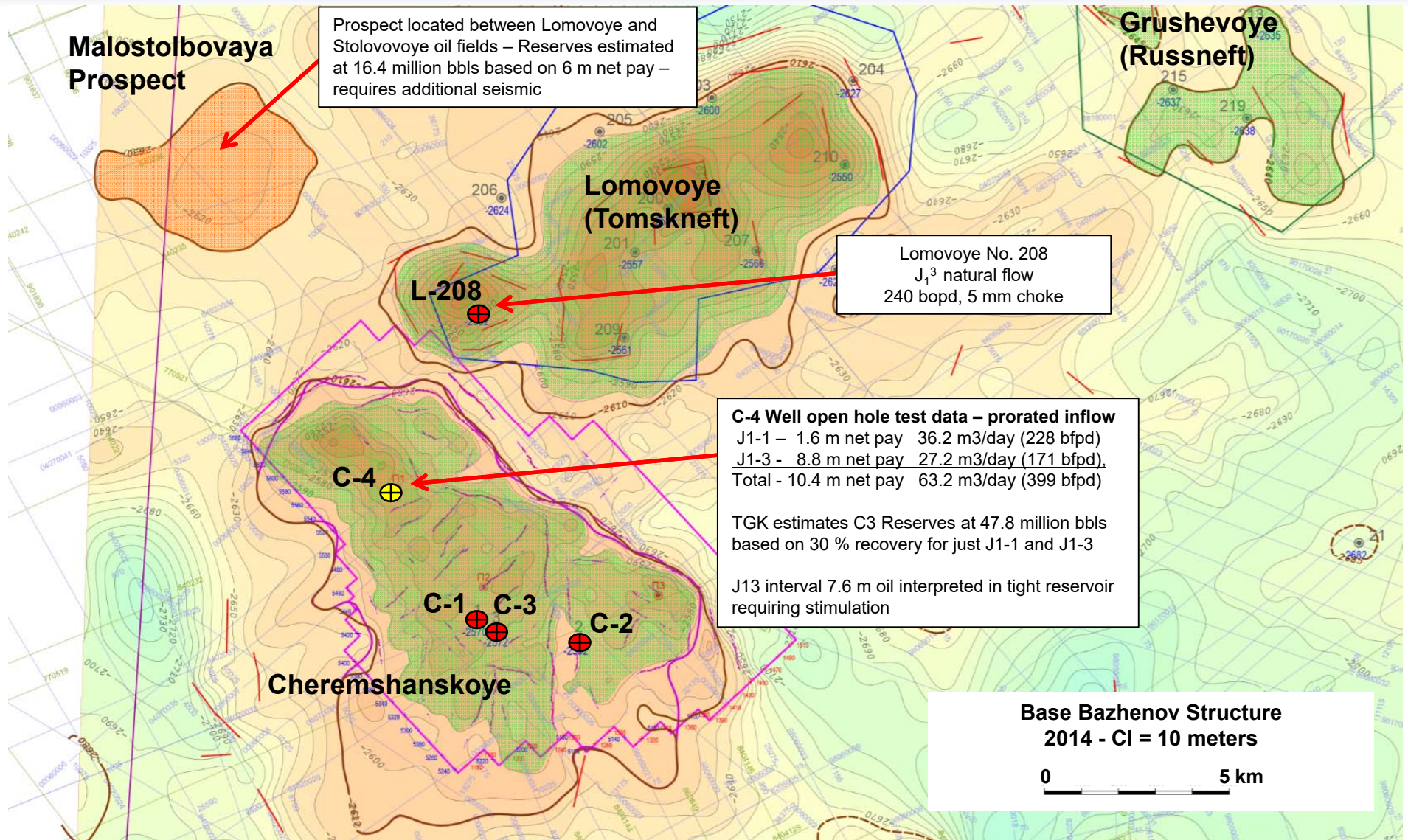


Cheremshanskoye Oil Field





Cheremshanskoye and Malostolbovaya





LICENCE 61

Work Programme





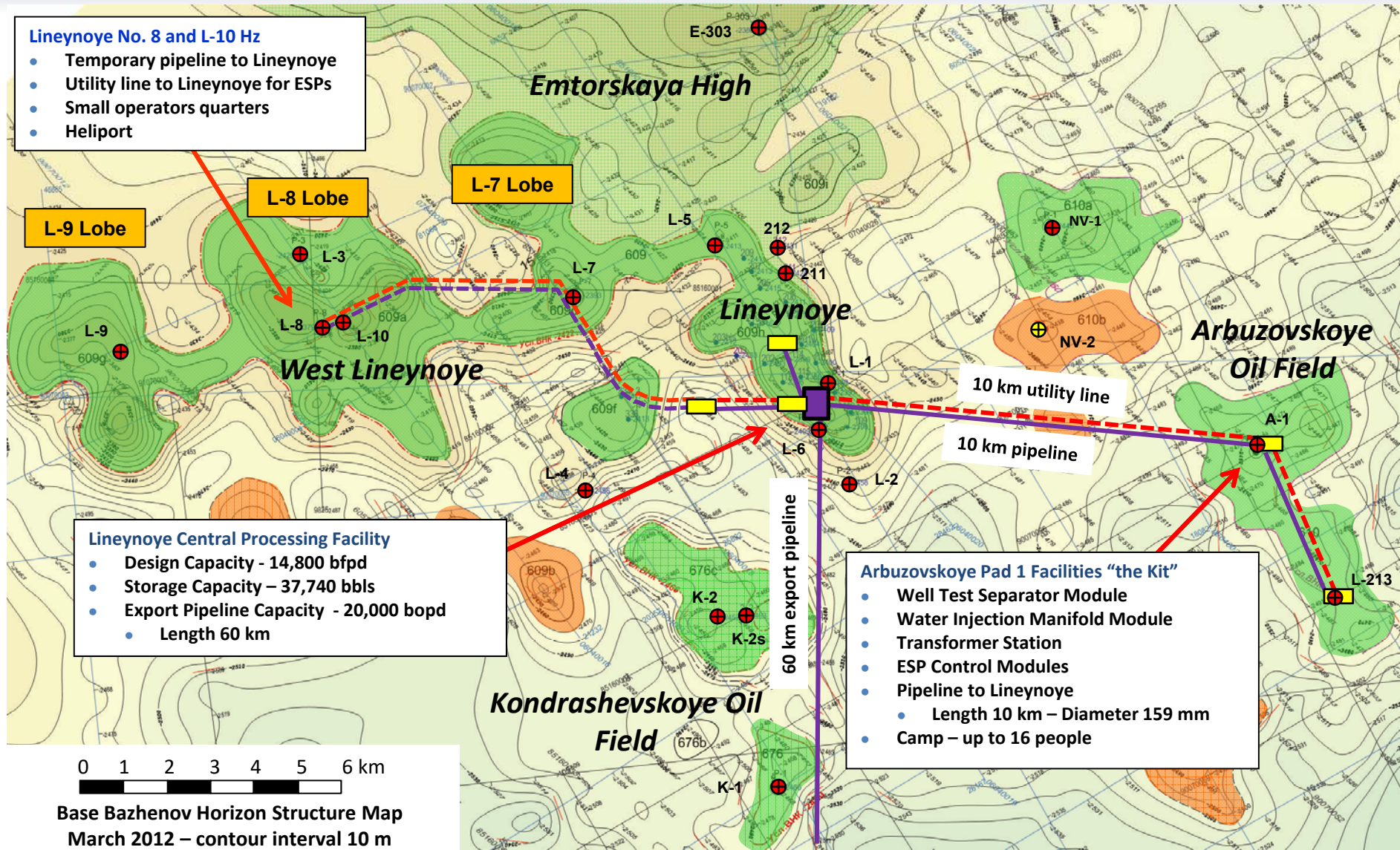
LICENCE 61

Infrastructure





Licence 61 Northern Infrastructure



ALL MAJOR INFRASTRUCTURE IN PLACE





DEVELOPMENTS

Arbuzovskoye, Lineynoye "L-8" Lobe, Sibkrayevskoye
Build on Lesson's Learned

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





Arbuzovskoye Development

Northern Lobe Development – 2012 - 2015

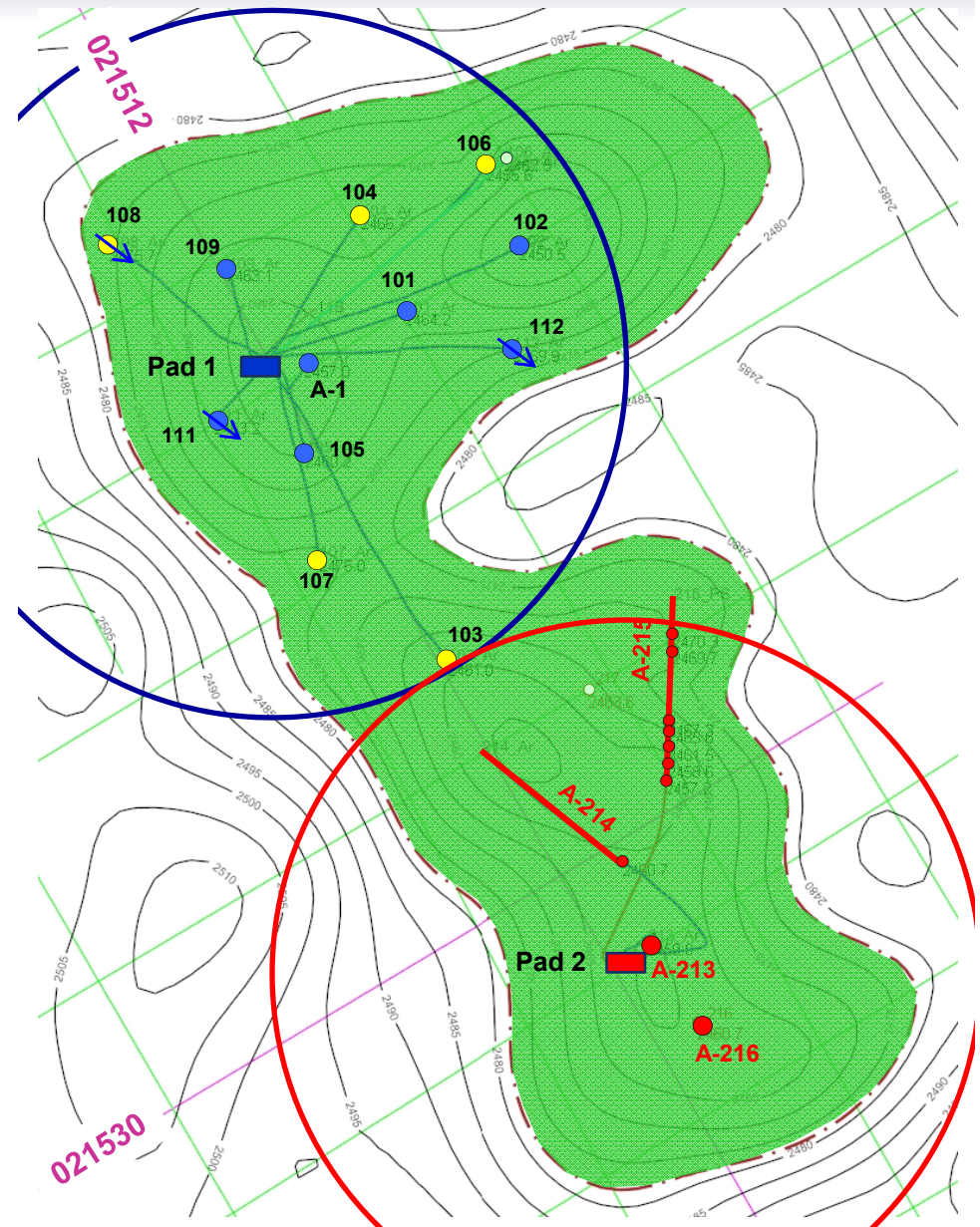
- Pilot production commenced on Pad 1 in Jan 2012 with Well A-1 brought online at >300 bopd
- 5 wells brought onstream winter 2012/13 (blue wells)
- Additional 5 wells drilled on Pad 1 during 2014/15 (yellow). All 5 wells successful.

Southern Lobe Development - 2016 (red wells)

- Based on Tungolskoye Hz well experience
- 2 vertical and 2 horizontal wells with 1,000 m horizontal segments were drilled based on the experience gained at Tungolskoye.
- Pad 1 – 11 development wells – \$12.2 million – total Initial Production rate of 1,965 bopd
- Pad 2 – 4 development wells - \$6.0 million – total Initial Production rate of 2,120 bopd

The use of horizontal wells made the Pad 2 development much more efficient than the Pad 1 development. Continued good performance in 2018.

Top J1-1 Reservoir – 15 June 2016.





West Lineynoye "L-8 Lobe" Development

Lineynoye No. 8 and L-10 Hz

- Temporary pipeline to Lineynoye
- Utility line to Lineynoye for ESPs
- Small operators quarters
- Heliport

L-9 Lobe

L-8 Lobe

L-7 Lobe

West Lineynoye

Emtorskaya High

Lineynoye

Arbuzovskoye Oil Field

Kondrashevskoye Oil Field

Lineynoye "L-8 Lobe" Development

- Based on Hz well experience from Arbuzovskoye Pad 2 and Tungolskoye
- 4 Hz wells with up to 1,000 m Hz segments
- Targeting 10 million bbls
- Low risk – superior economics
- Contingent of Financing
- Follow-up locations at L-9, L-7 and Emtorskaya high

Arbuzovskoye Pad 2 Development

- Built on Tungolskoye experience
- Very successful using a mix of Hz and deviated wells
- Significantly reduced costs vs Pad 1
- Enhanced production

0 1 2 3 4 5 6 km

Base Bazhenov Horizon Structure Map
March 2012 – contour interval 10 m



Sibkrayevskoye Development



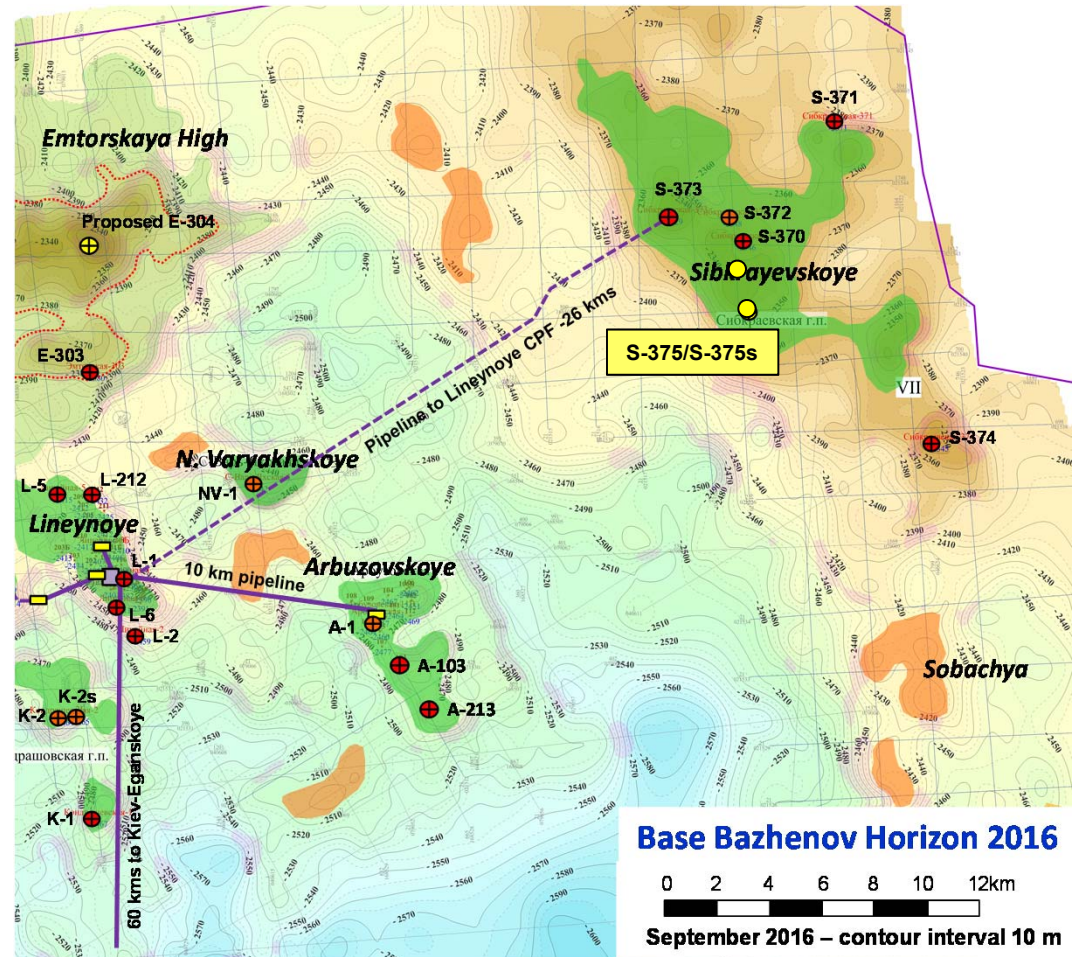
Major discovery

Four wells drilled in prior years

- Wells S-370 & S-371 drilled in early 1970s
- PN drilled well S-372 in 2011 parallel to S-370. Confirmed 12.3 m missed pay, 170 bopd open hole test, 37° API
- RS 2P reserves 53 million bbls (2013)
- Well S-373 – Net pay 11.5 m - 97 bopd natural flow, equates to over 200 bopd with ESP

2017 Work Activities

- Well S-373 – long term production test Q1 – stable flow at 200 bopd on ESP
- Drilled well S-375 & S-375s – mixed result
- S-375s – 14.8 m net pay – initial test 150 bopd on ESP





EXPLORATION POTENTIAL

Emtorskaya, Traverskaya, Tuganskaya Prospects



Typical Exploration Drilling Rig
URALMASH BU 3D 76



Licence 61 – Exploration Potential

Oil Fields / Prospects / Potential Prospects

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

Initial Focus on Northern Area

Sibkrayevskoye New Oil Field Discovery

- S-375s being tested
- Development Plan being updated

Arbuzovskoye New Development

- 2P Reserves 9.0 million bbls
- Under development

Tungolskoye Oil Field

- 2P Reserves 5.9 million bbls
- T-5 Horizontal well

Followed by Southern Area

North Sea Block

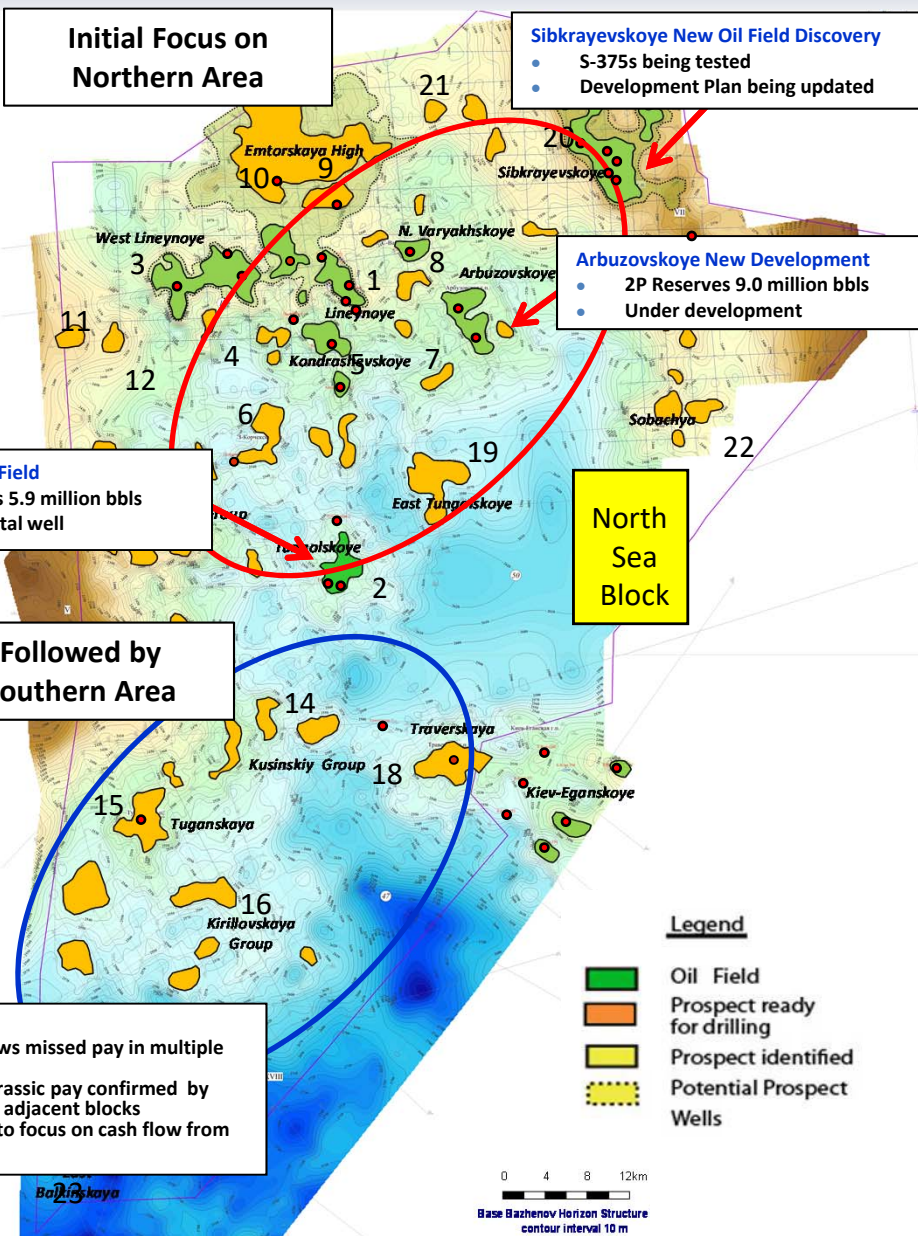
Southern Prospects

- Log Reinterpretation shows missed pay in multiple horizons – C, UJ, M/LJ
- Cretaceous and Lower Jurassic pay confirmed by well tests in immediately adjacent blocks
- Exploration delayed due to focus on cash flow from Northern Developments

Legend

- Oil Field
- Prospect ready for drilling
- Prospect identified
- Potential Prospect Wells

0 4 8 12km
Base Bazhenov Horizon Structure
contour interval 10 m





Overview of Key Prospects L61



Numerous prospects north and south...

PetroNeft's Exploration focus has been thus far directed towards the Northern Portion of Licence 61 where newly discovered fields can quickly and cheaply be tied-in to the Central Processing Facility at Lineynoye:

Northern Area

- **Emtorskaya High** – low risk continuation of the Lineynoye oil field to the north at the Upper Jurassic J1-1 reservoir. Re-interpretation of Soviet wells indicates potential missed pay. Crest of structure is 65 m higher than Lineynoye. Sibneftegeofizika calculated C3 > 100 million bbls.
- **Sobachya** – potentially large lead on trend with Sibkrayskoye oil field. New seismic confirms structure. Estimated potential > 20 million bbls.

➤ Southern Area

- **Traverskaya** – Low risk structure adjacent to Kiev-Eganskoye oil field. Log reinterpretation shows potential missed pay in C, UJ and MJ intervals. Core of J1-1 interval has oil shows. Reservoir quality and thickness of J1-1 reservoir may increase based on 2013 seismic study. Potential reserves > 20 million bbls
- **Tuganskaya** – Log reinterpretation shows missed pay at Cretaceous and Middle Jurassic levels. Potential reserves > 40 million bbls
- **Kirillovskaya Group** – Group of structures located in drainage area immediately out of the basin. Multiple pays with significant reserve potential >100 million bbls

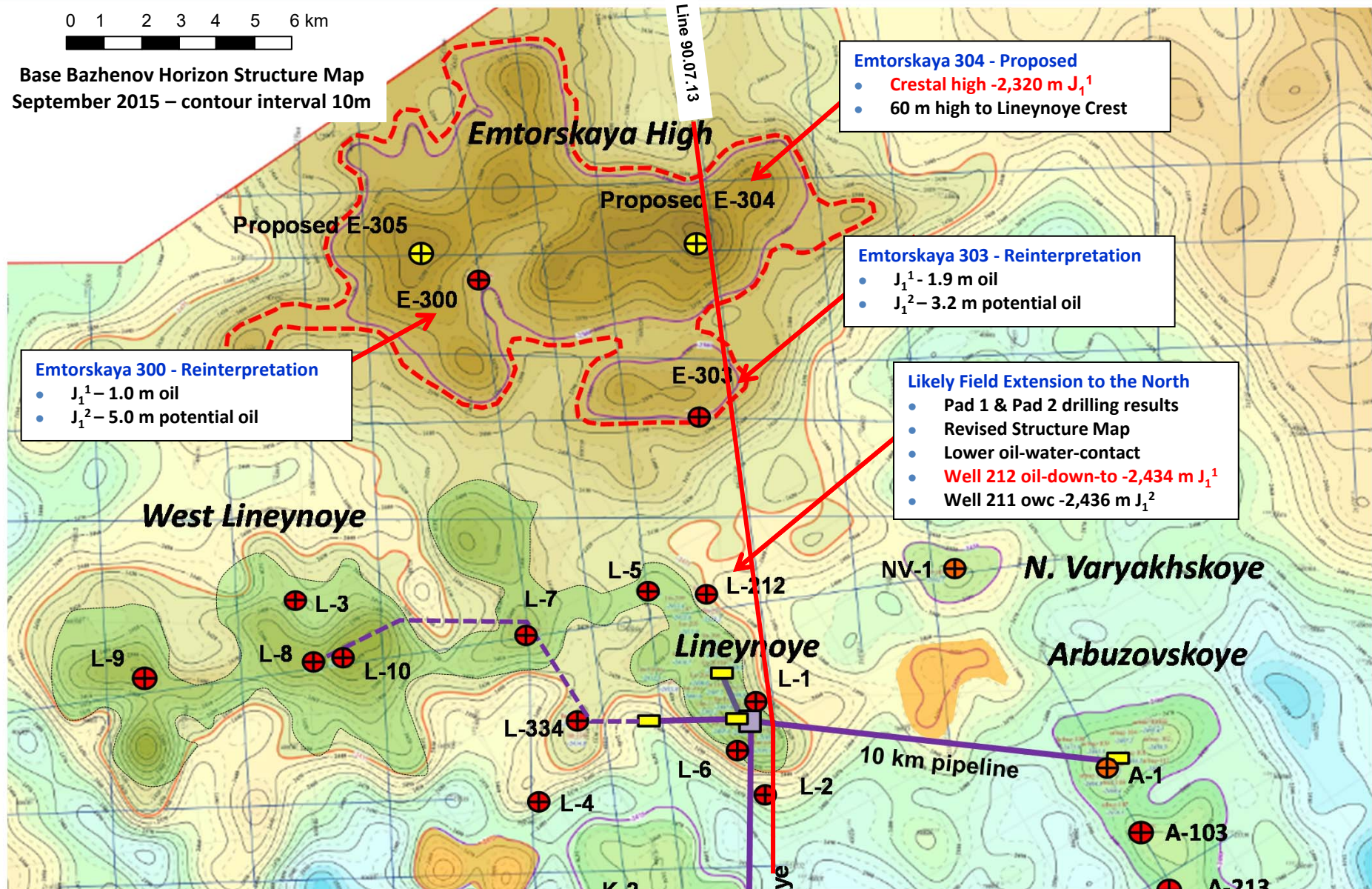


Lineynoye and Emtorskaya High 2015



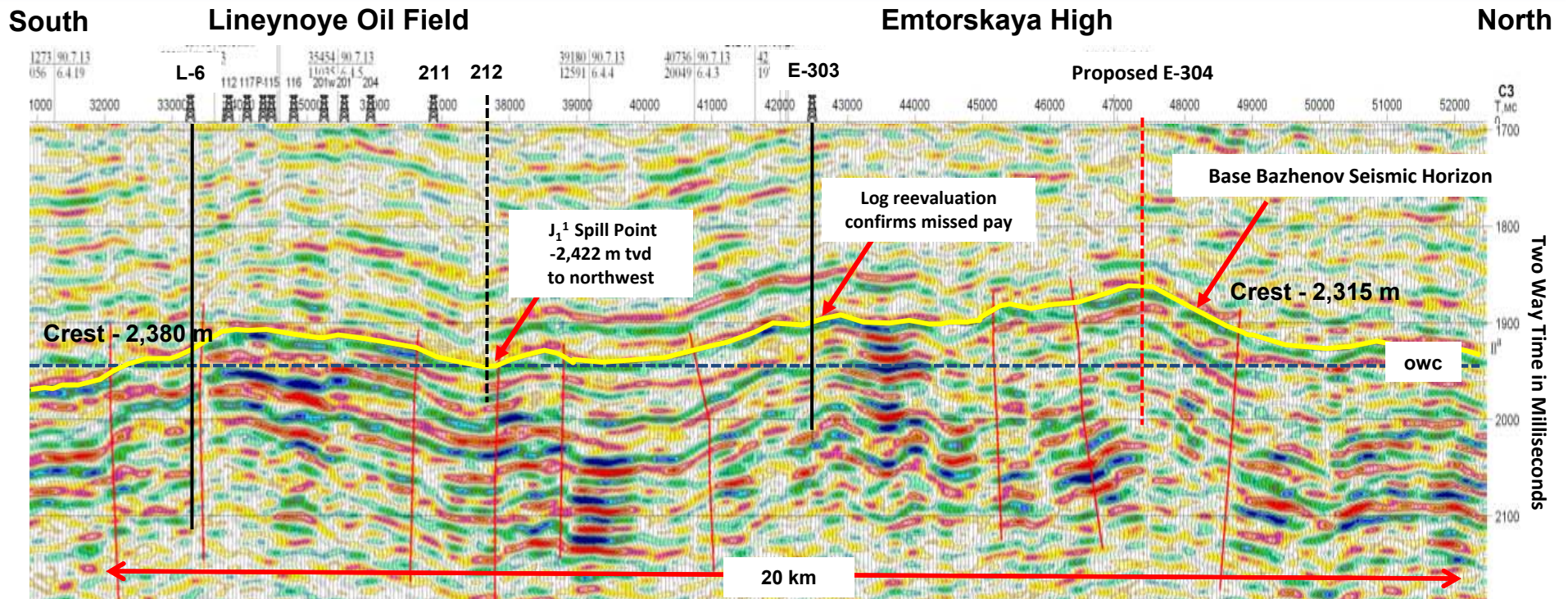
0 1 2 3 4 5 6 km

Base Bazhenov Horizon Structure Map
September 2015 – contour interval 10m





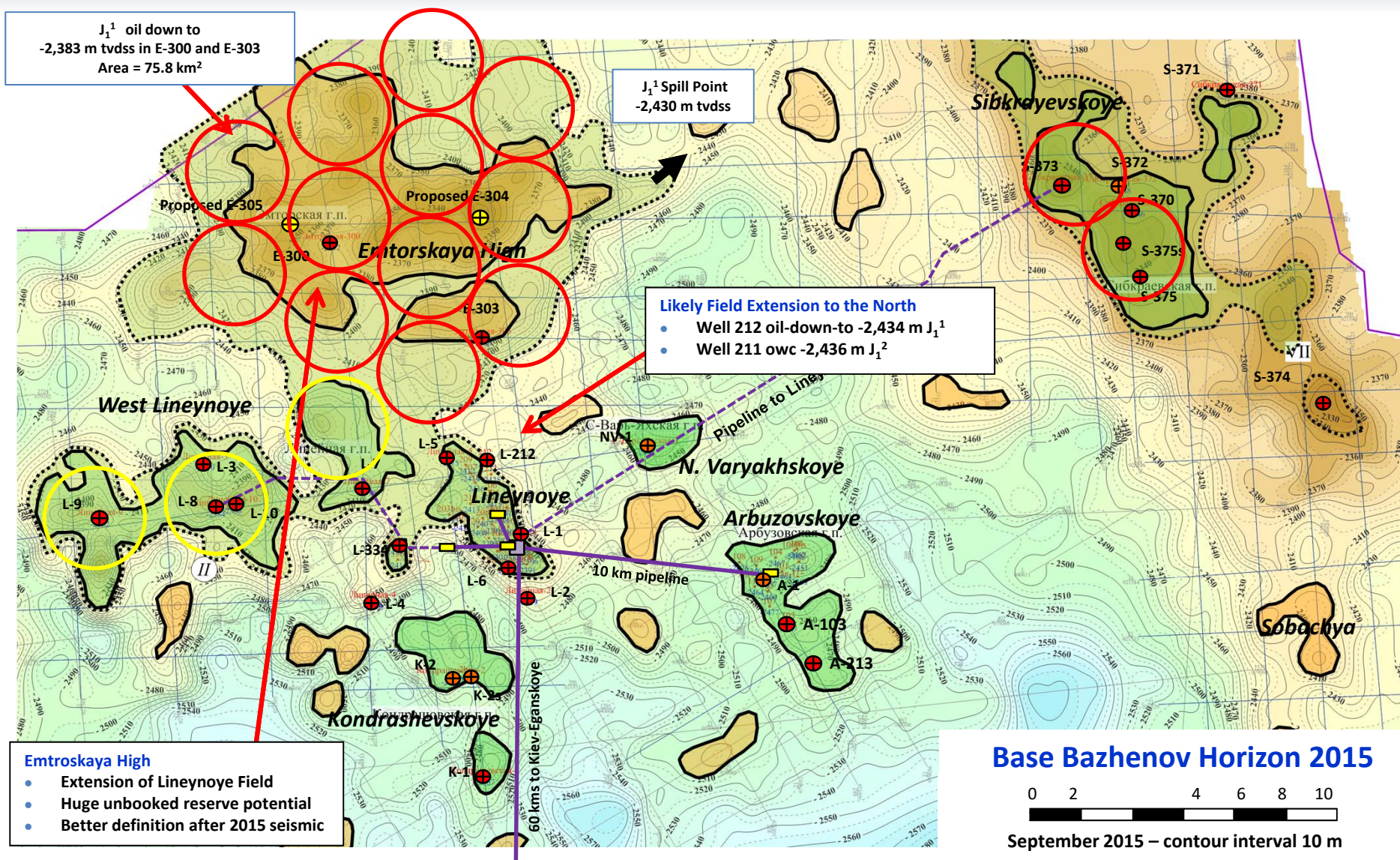
Seismic Line 90.7.13



- Lineynoye drilling programme determined the oil-water-contact to be about -2,435 m tvd.
- This indicated that the structure was filled with hydrocarbons below the spill point of -2,422 m and that Lineynoye and Emtorskaya are one continuous oil field at the J1-1 interval. Emtorskaya is both larger in area and higher structurally than Lineynoye (65 m).
- Emtorskaya wells E-300 and E-303 were reinterpreted and oil was interpreted in the J1-1 interval and potentially in the J1-2 interval in both wells.
- The 2015 seismic programme confirmed 75 sq km of structure higher than wells E-300 and E-303



Lineynoye and Emtorskaya





INVESTMENT HIGHLIGHTS





Summary – 2018 Activities



2018 Activities

- L61 - Plans based on Lower Forecast 2018 Oil Prices
 - The Company continues to review and cut costs where possible
 - Extensive review of projects to mitigate risks
 - Lineynoye L-8 Lobe Project as follow-on to successful development of South Arbuzovskoye using horizontal wells for J1-1 interval – low risk - superior economics – contingent of financing
 - Sibkrayevskoye Development to follow – will continue winter production
 - Emtorskaya exploration to come
- L67 - Cheremshanskoye No. 4 successful delineation well
 - Register Russian Reserves
- **Testing the market with a view to selling L61 and/or L67**



Summary – 2018 Activities



Way Forward Strategy – Achieving value for Shareholders

- The geo-political and investment climate for Russia, along with other emerging markets, remains challenging and this combined with the current shareholding structure has resulted in a significant difference between the market capitalization of the company and the true value of its assets.
- In view of this the Company has engaged financial advisers in Russia to test the market and gauge appetite for a sale of Licence 61. Once the testing of the C-4 well at Licence 67 is complete we will consider a similar process for Licence 67.
- While we are only in the early stages of this process for L-61, we have seen a high level of interest from a range of well-financed industry players.
- Given the good result of the C-4 well, we would expect a similar high level of interest in Licence 67. Especially from operators currently active in the immediate area with existing infrastructure and declining production.