



# PETRONEFT RESOURCES PLC

Oil Barrel Presentation, 2 December 2014



# FORWARD-LOOKING STATEMENTS

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**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.**

# COMPANY OVERVIEW

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## Overview

- Established in 2005 to build a diversified E&P business in Russia
- Motivated management team with proven experience of exploration, production and corporate development in Russia and abroad
- Company's Licence Areas (Licences 61 & 67) cover 7,438 km<sup>2</sup> in Tomsk Oblast, Western Siberia
- Farmout of 50% of Licence 61 to Oil India completed in July 2014

## Work Programme

- Drilling recommenced in late August
- First horizontal well at Tungolskoye No. 5 location
- 3 to 5 wells at Arbuzovskoye Pad 1
- Seismic acquisition at Sibkrayevskoye and Emtorskaya
- Delineation well at Sibkrayevskoye
- Tungolskoye planned production starting from 2015

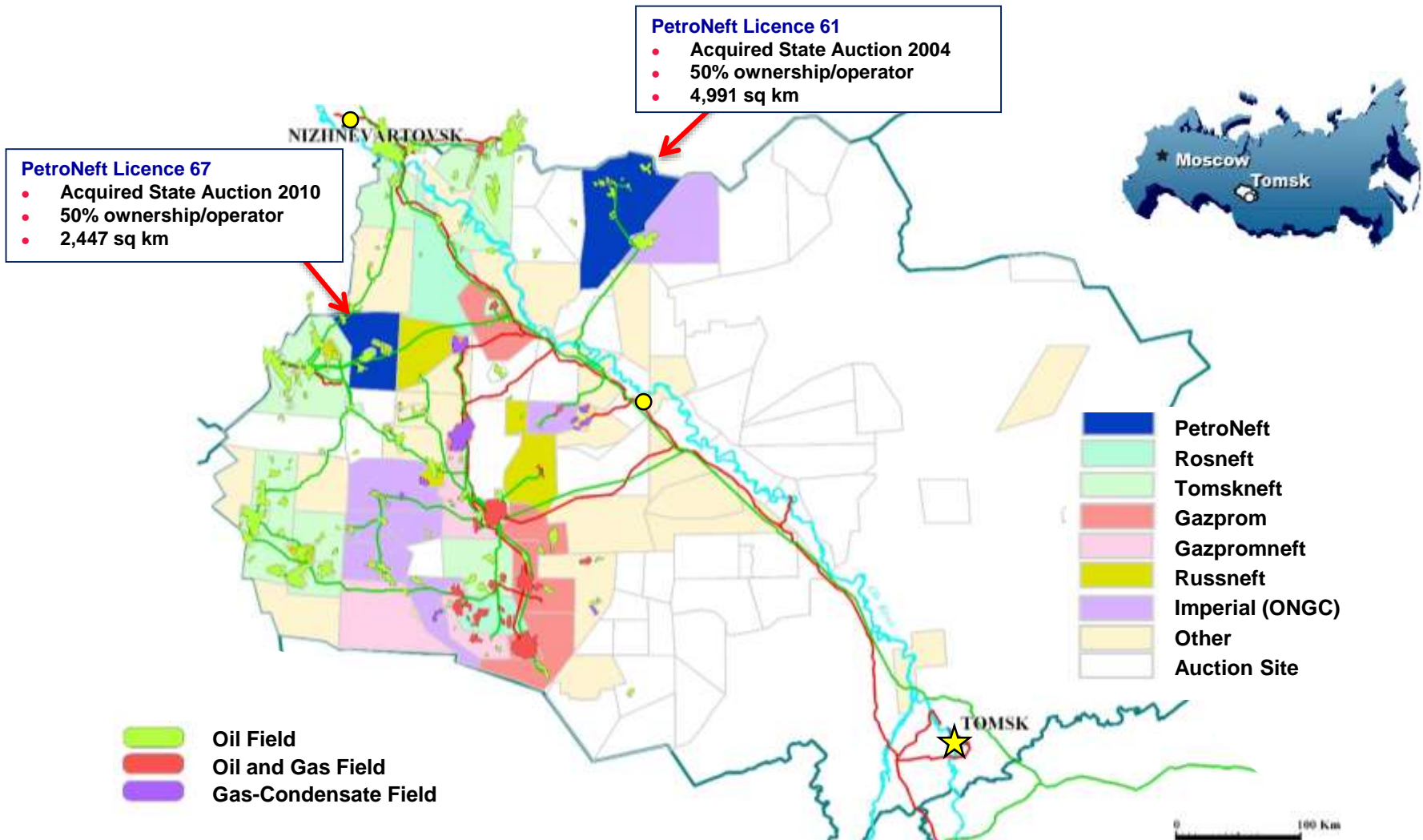
## Production

- Currently producing from two oil fields
- All major infrastructure already in place
- Central Processing Facility at Licence 61 with ±14,800 bpd design capacity
- Future developments on L61 are incremental in nature with robust economics

## Exploration

- Strong Reserve Base with material P3/P4 to 2P upgrades possible from future exploration programme
- Net 2P reserves of 72 mmbo and 3P/P4 reserves/resources of > 300 mmbo (end 2013 post OIL farmout)
- Russian State (GKZ) Reserve update for Licence 67 in early 2015 based on 3D seismic results

# TOMSK OBLAST



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





# LICENCE 61

Farmout of 50% to Oil Limited Limited



# MAJOR COMMITTED WORK PROGRAMME

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## The Licence 61 Farmout

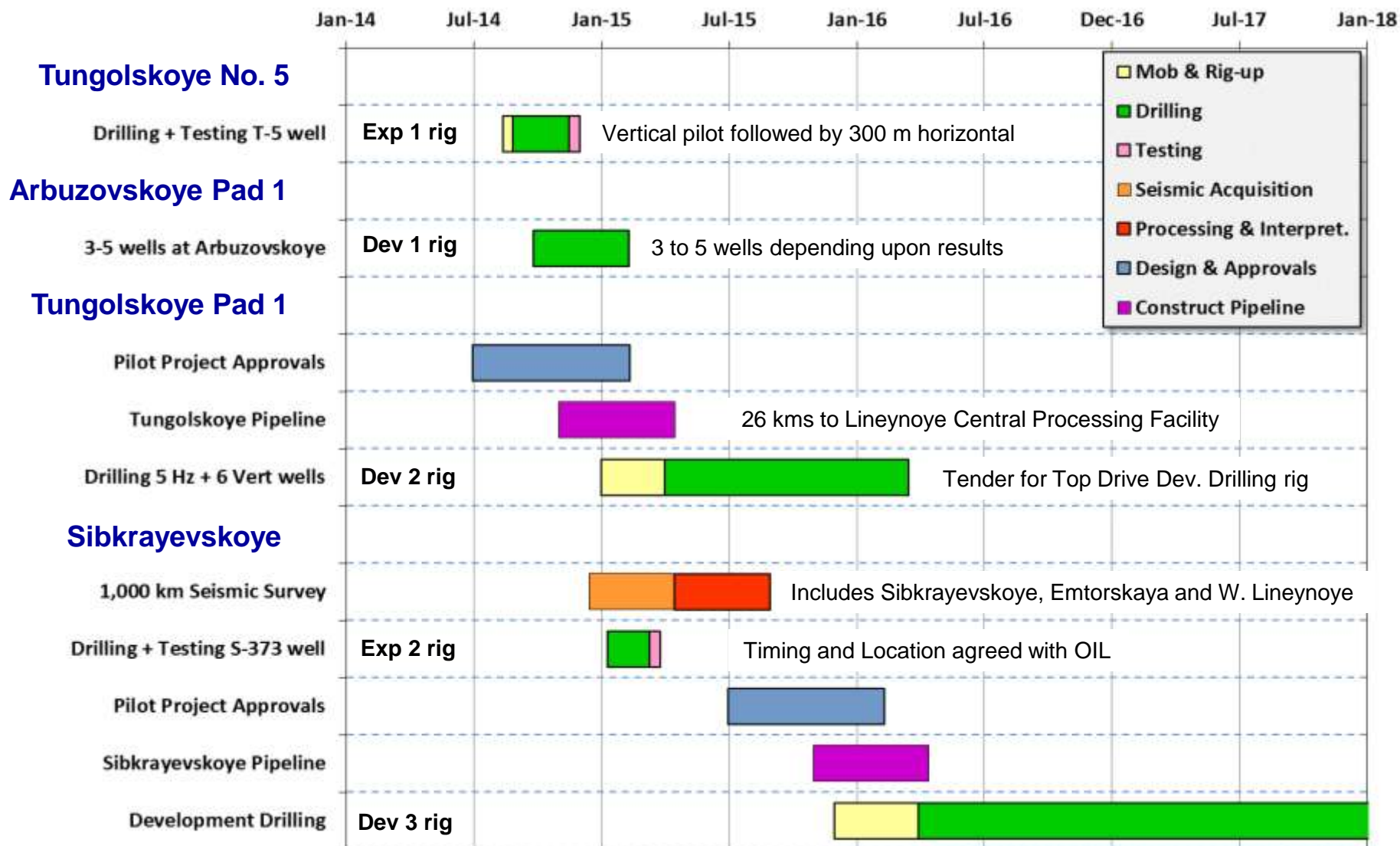


- Total investment by Oil India of up to US \$85 million
- US \$35 million upfront cash payment received
- US \$45 million of exploration and development expenditure on Licence 61.
  - Supports development of new fields at Licence 61
  - Until the US \$45 million is fully invested PetroNeft will not be obliged to invest any additional funds for Licence 61 exploration and development
- US \$5 million performance bonus, contingent upon gross production from the Sibkrayevskoye Field reaching 7,500 bopd within the next 5 years
- PetroNeft remains responsible for all operations
- Positions PetroNeft and Oil India to fully exploit the potential of Licence 61

## Since 3 July 2014 Closing . . . .

- The Working Group composed of technical and financial experts has been put in place
- Major work programme and budget items for 2014 and 2015 has been agreed subject to drilling results
- The work programme has been rigorously reviewed, discussed, and the value proposition is a shared one

# DEVELOPMENT SCHEDULE FORECAST







# LICENCE 61

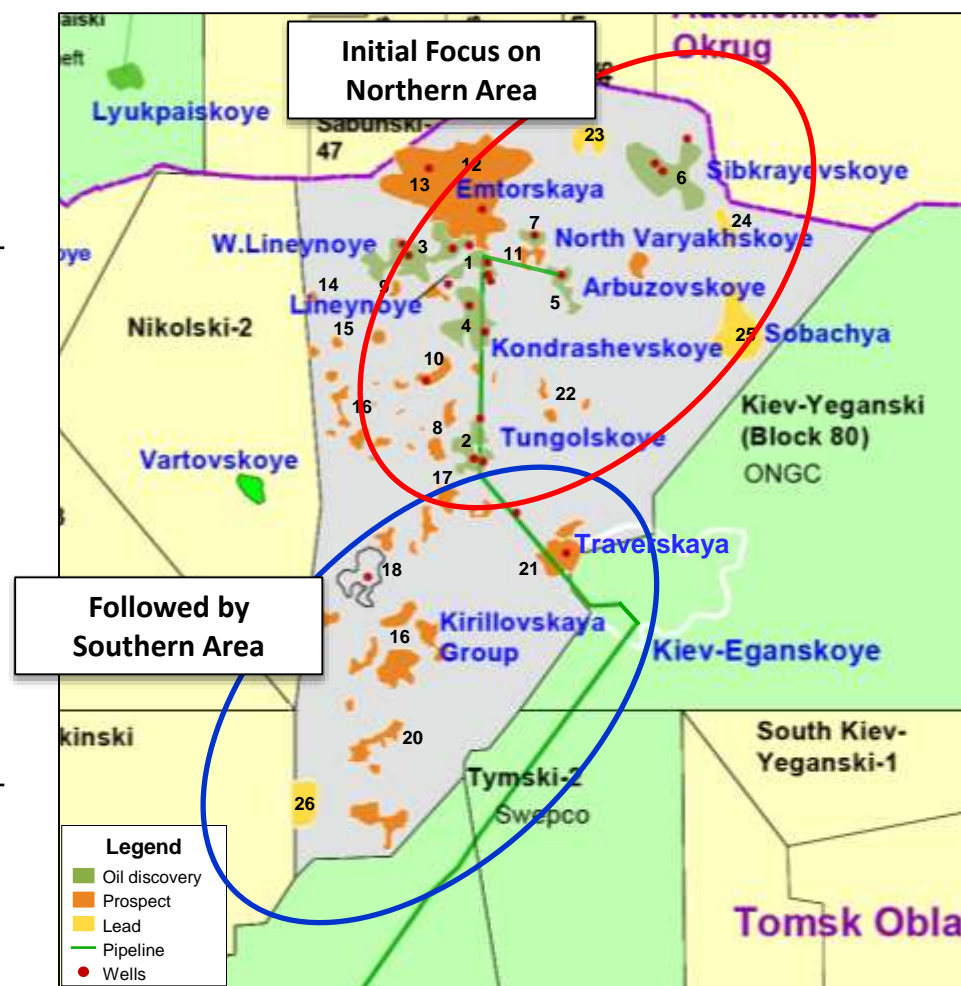




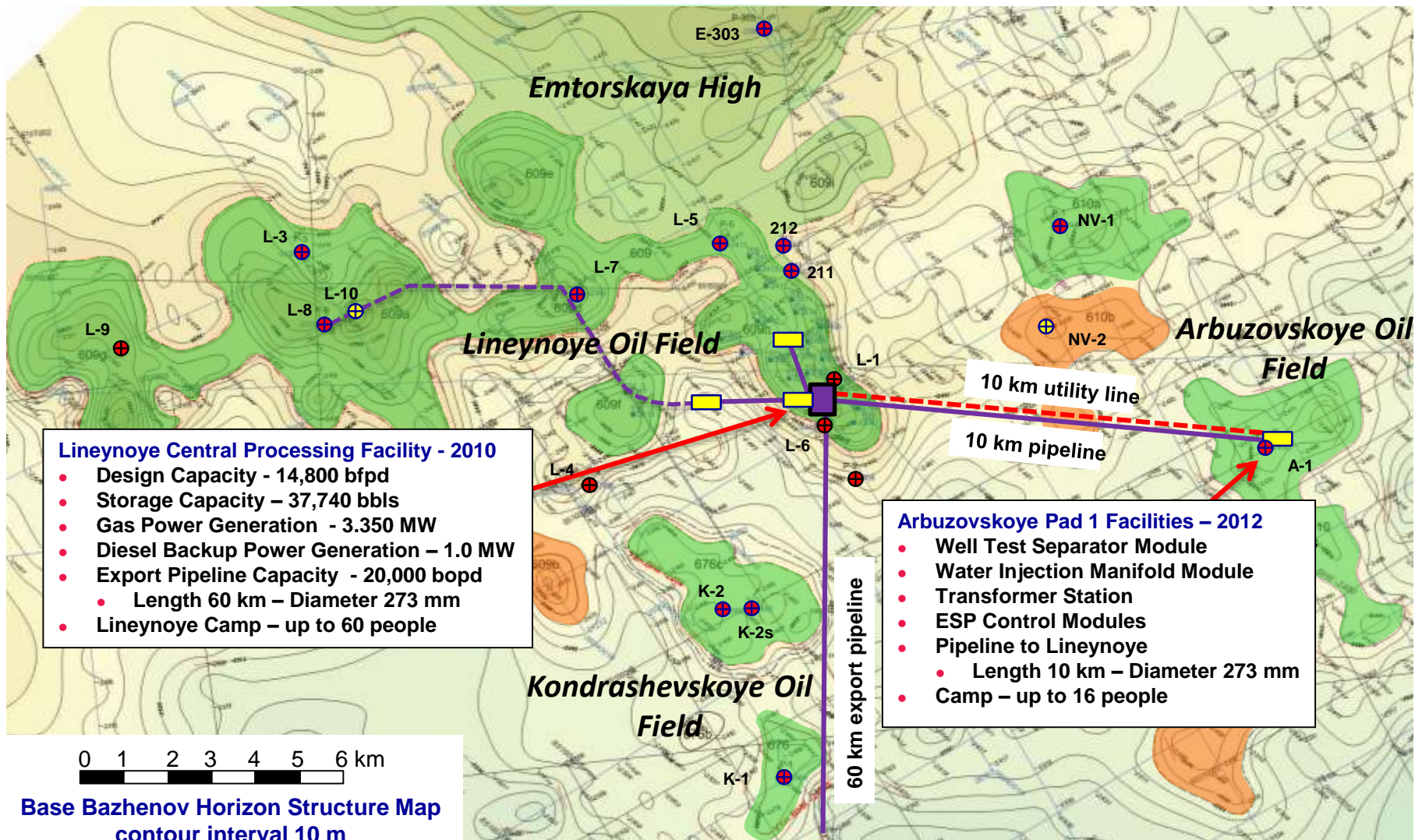
# LICENCE 61 – OIL FIELDS AND PROSPECTS

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

Map of Fields and Prospects



# LICENCE 61 NORTHERN INFRASTRUCTURE





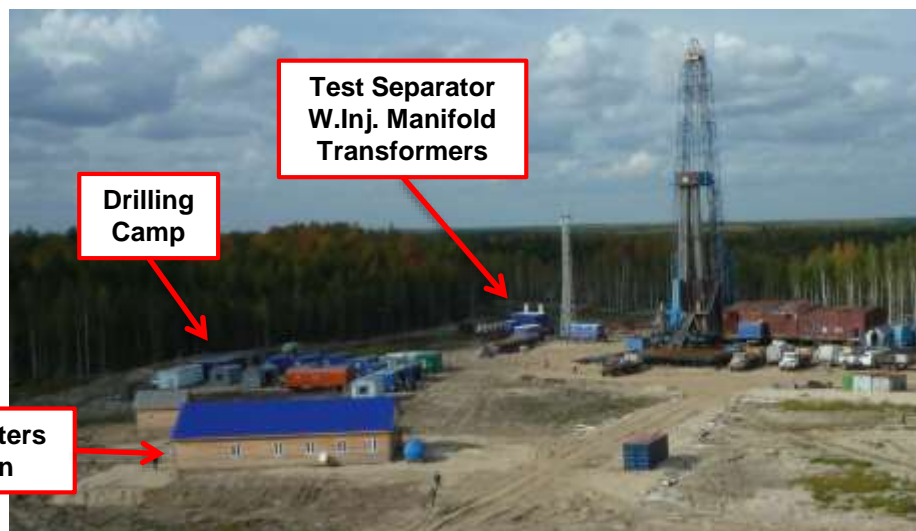
# ALL MAJOR INFRASTRUCTURE IN PLACE



# ARBUZOVSKOYE PAD 1 – “THE KIT”

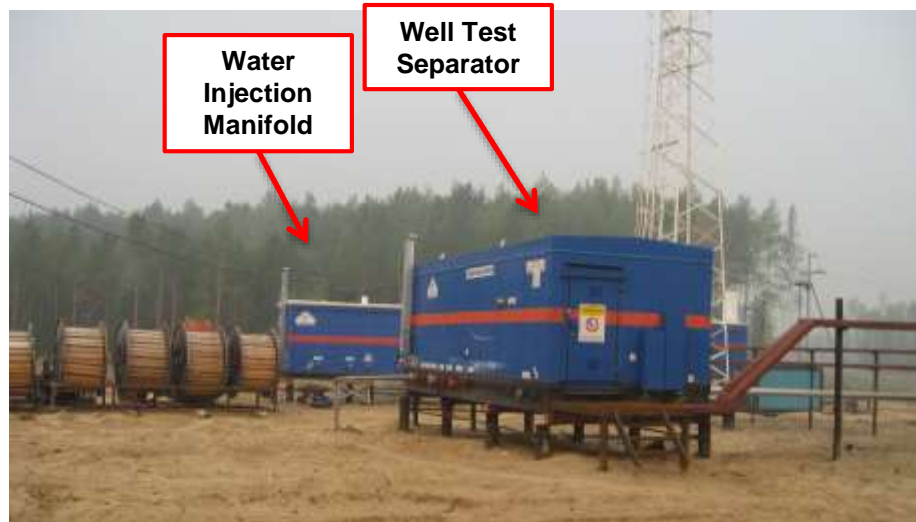


Living Quarters  
& Canteen



Drilling  
Camp

Test Separator  
W.Inj. Manifold  
Transformers



Water  
Injection  
Manifold

Well Test  
Separator



# ARBUZOVSKOYE – PROPOSED DRILLING SEQUENCE

## Arbuzovskoye Pad 1 - Drilling Sequence

Initial 6 wells on Pad 1 (shown in red) were located to better define the stratigraphy and structure of the field

### Next 3 wells agreed by Working Group:

**Location B (A-106)** – low risk well with reservoir above oil-down-to adjacent to A-102 the best production well. Confirmed structure and net oil pay of 5.3 m as projected.

**Location A (9S) (A-103)** - maximum reach step-out to the south to better define the owc and prospectivity of the southern half of the structure.

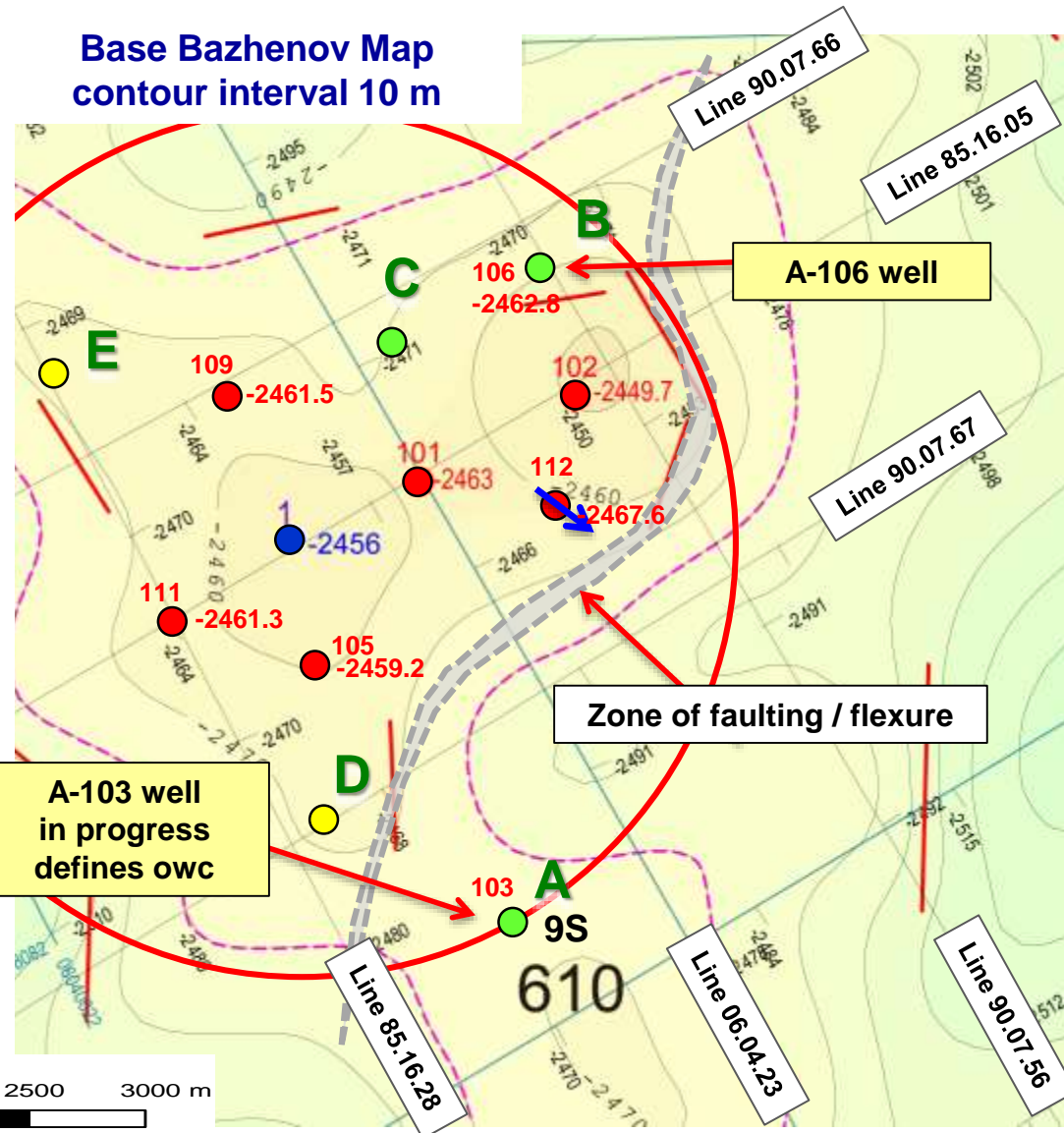
**Location C** – low risk well with reservoir above oil-down-to located as initial producer and later injector

### Two additional wells to be agreed following Location C above:

**Location D** – low risk well with reservoir above oil-down-to located as initial producer

**Location E** – low risk well with reservoir above oil-down-to loc:

Base Bazhenov Map  
contour interval 10 m



# TUNGOLSKOYE NO. 5

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# TUNGOLSKOYE DEVELOPMENT

## 2012/2013 programme:

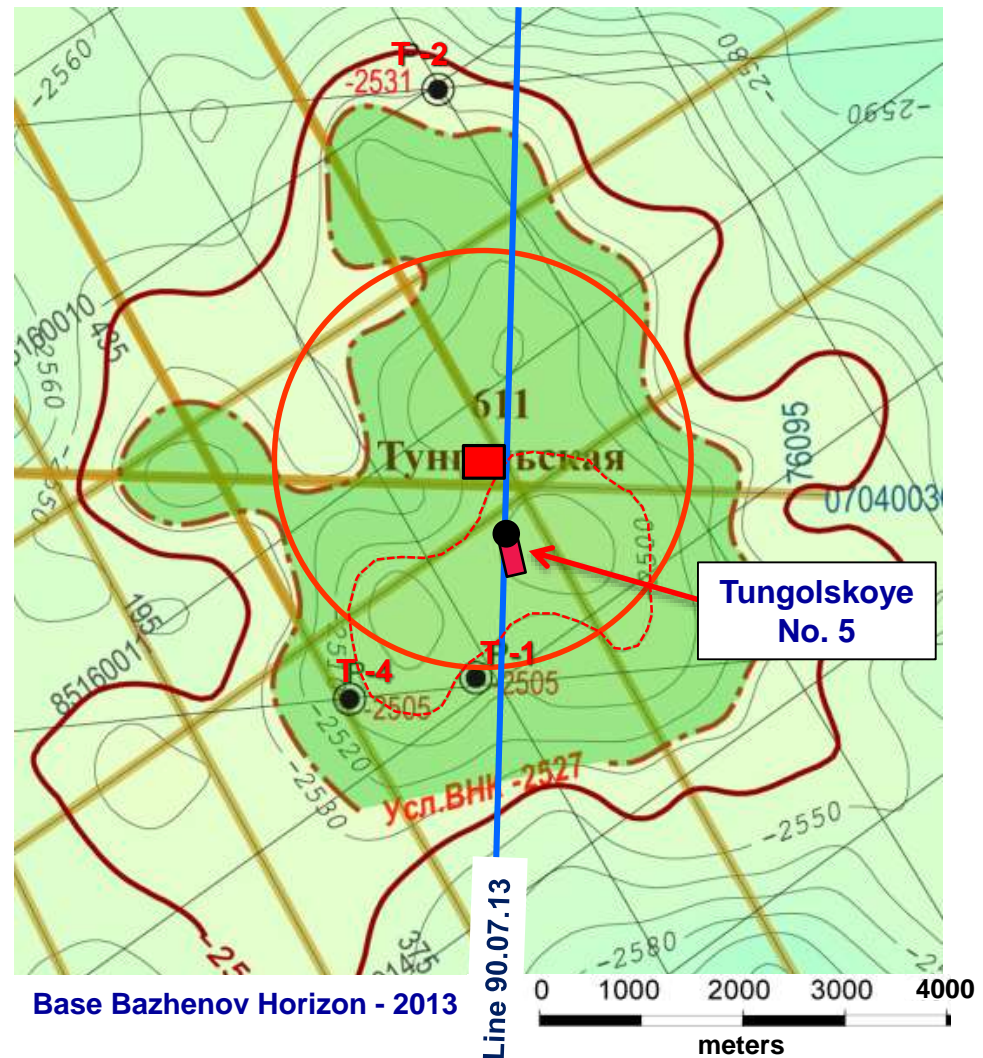
- TGK re-processing and re-evaluation of well and seismic data
- Significant portion of structure updip from T-1 and T-4 wells which had over 10 m net pay

## 2014 programme:

- Q1 mobilise rig for T-5 well
- Drill, core and test T-5 well with horizontal segment using Baker Hughes
- Russian State Reserve (GKZ) approval
- Pilot Production Project (CDC) approval

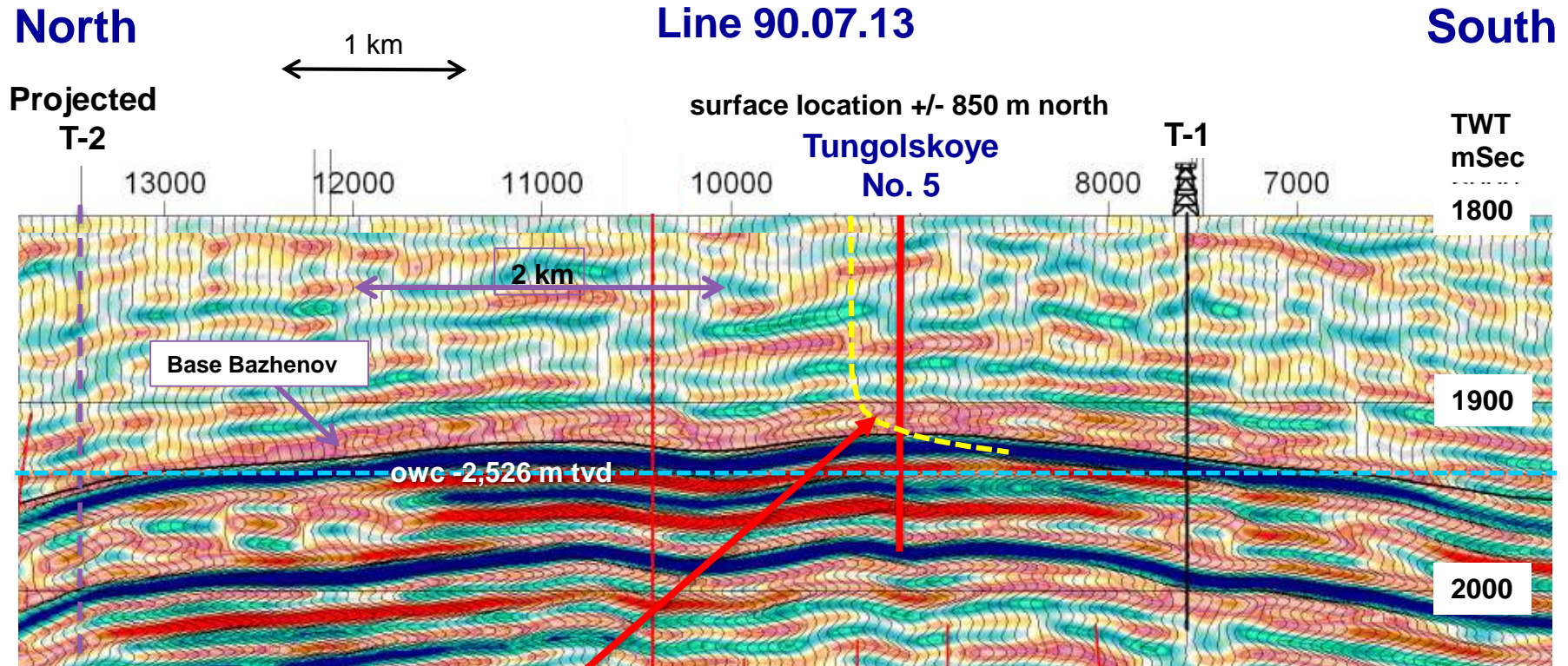
## Potential 2015 programme:

- Construction of 26 km pipeline from Lineynoye Central Processing Facility – Q1
- Construction of Pad 1 and mobilisation of development drilling rig and supplies – Q1
- Commence drilling from Pad 1 – Q2





# TUNGOLSKOYE NO. 5 DELINEATION WELL

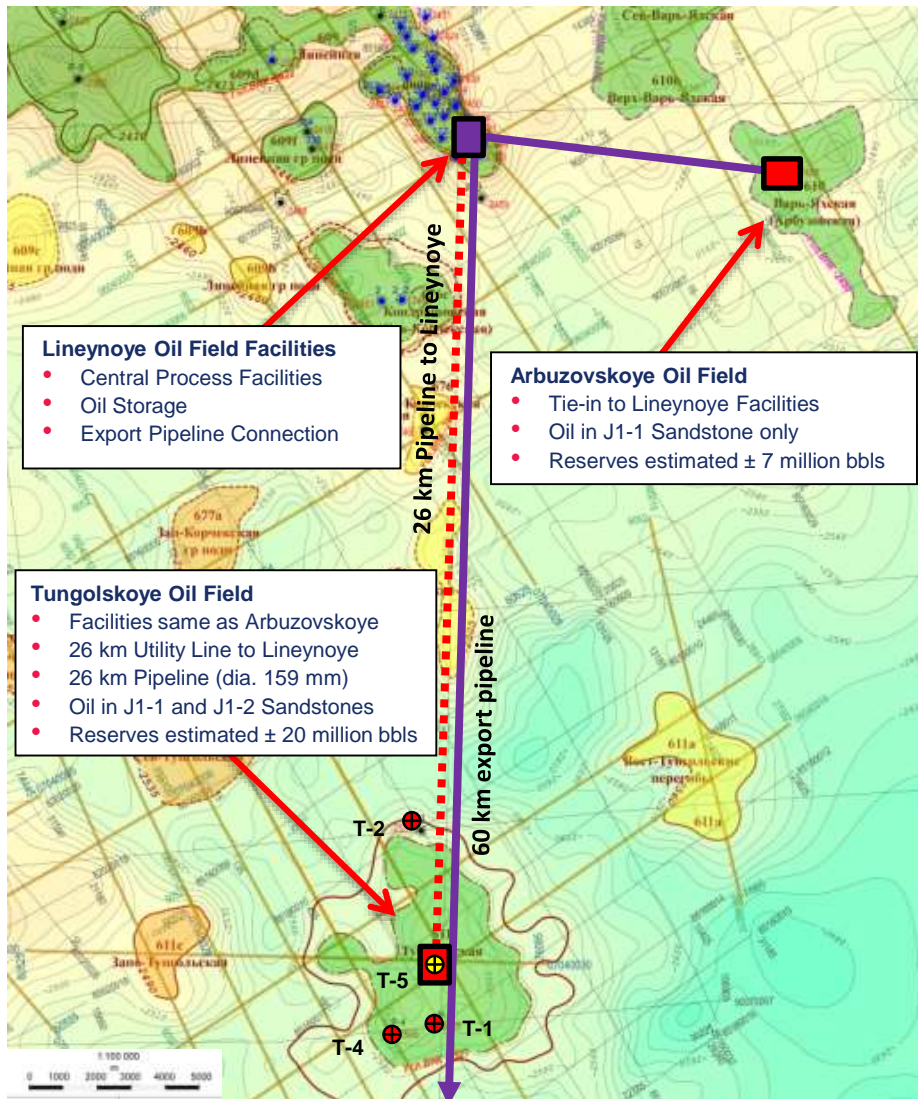


## Tungolskoye No. 5 Objectives

- Select pad location for subsequent field development
- Drill well near crest of structure to confirm latest TGK structural interpretation
- Drill initial vertical hole in reservoir with core and open hole test, followed by sidetrack with 300 m horizontal section to test impact on flow rates – Baker Hughes to drill horizontal section



# TUNGOLSKOYE POTENTIAL DEVELOPMENT OPTION



## Risk Mitigation

- Confirm structure and reservoir with T-5 well
- Confirm flow test in 300 m horizontal segment
- Potential for horizontal wells to greatly reduce the cost and time required for development



Base Bazhenov Horizon

# SIBKRAYEVSKOYE OIL FIELD OVERVIEW

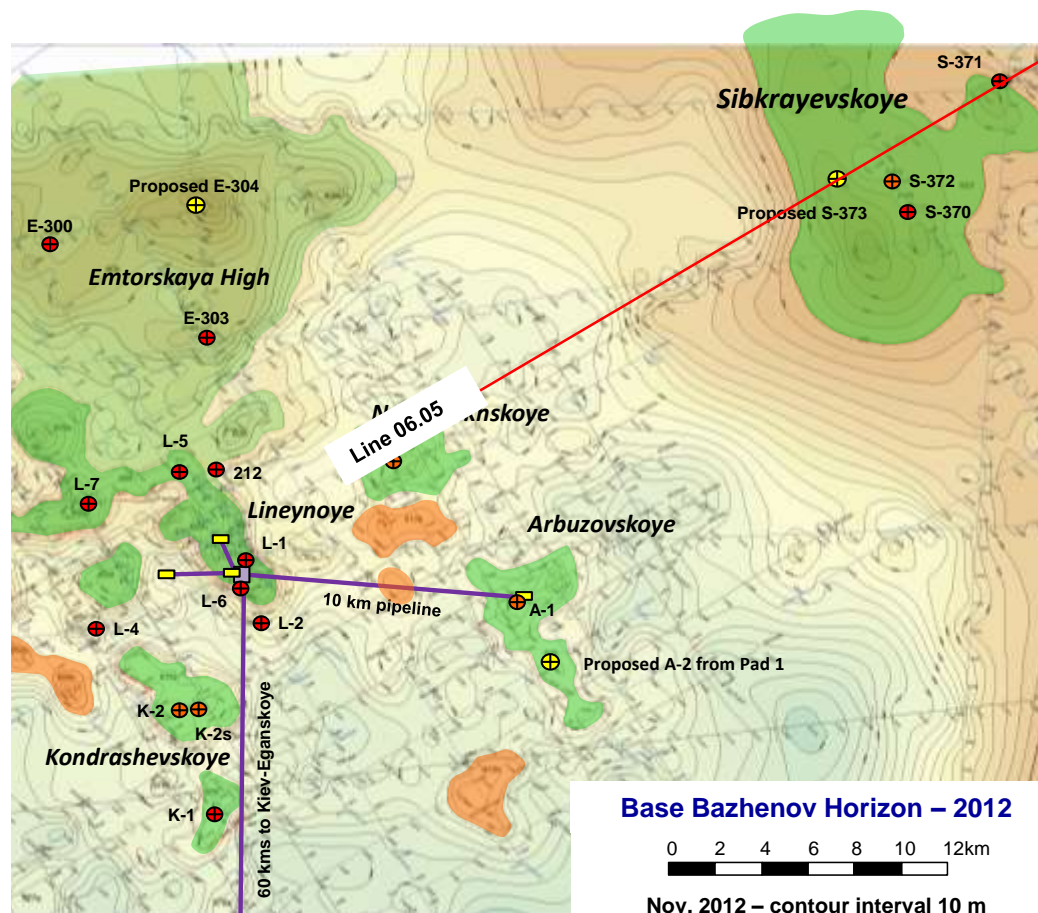
## 50 million bbls plus – expected on-stream 2016

### Three wells were drilled to date:

- Well 372 (2011) twinned well 370 was drilled by PetroNeft
- Well confirms 12.3 m of “missed pay”
- Open hole inflow test 170 bopd, 37° API
- Over 50 sq km of closure above oil-down-to level in well 372
- RS 2P reserves 53 million bbls (gross)
- Additional seismic and well data will be required to fully assess the discovery and register reserves for development

### PetroNeft is planning:

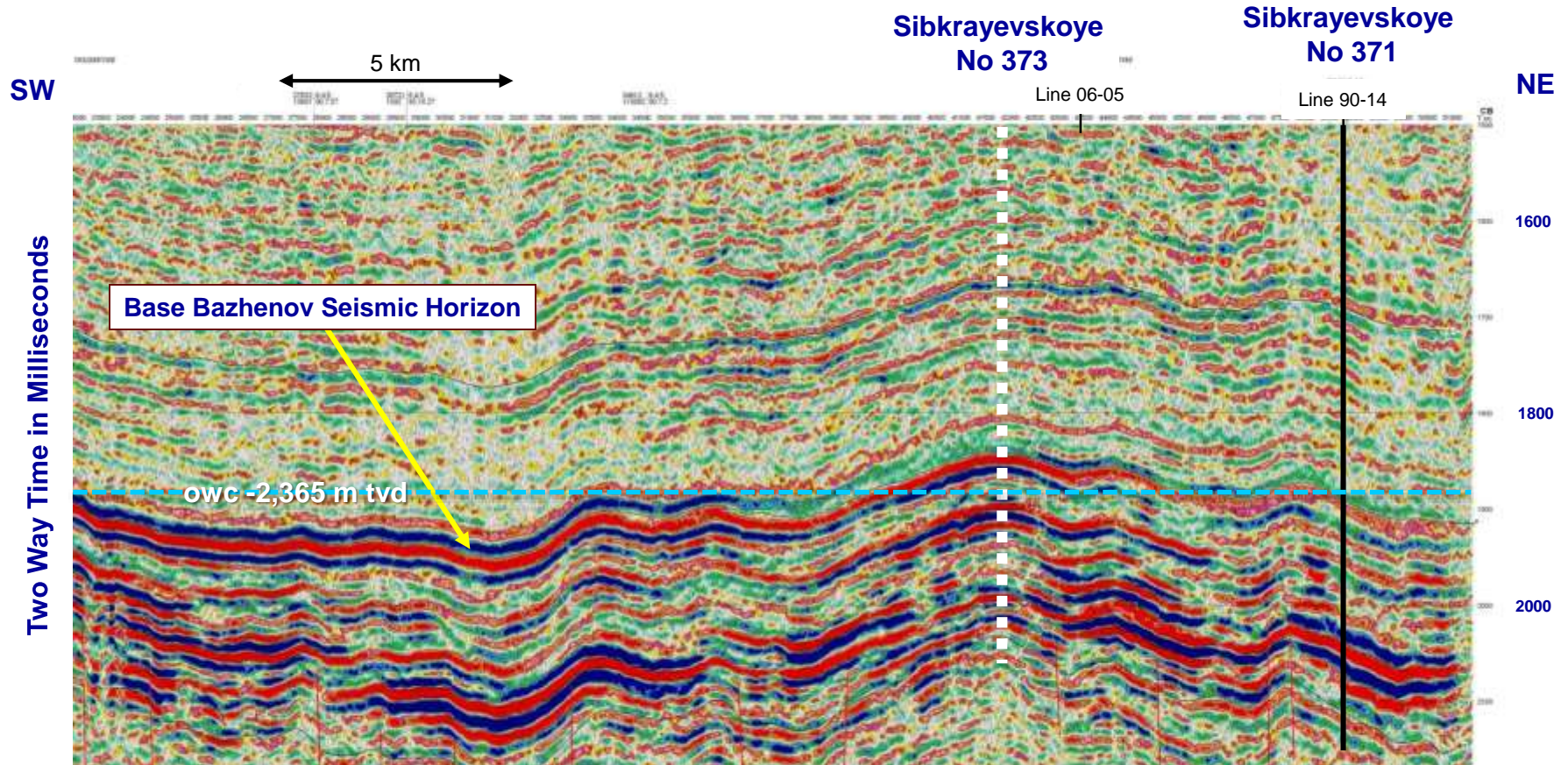
- Well 373 with rig currently on location and additional 2D Seismic acquisition for 2014/15
- Development decision in 2015
- Will be tied back to Lineynoye CPF
- Water injection for pressure maintenance





# SIBKRAYEVSKOYE NO. 373 DELINEATION WELL

Seismic Line 06-05 – Sibkrayevskoye is very large high amplitude structure



- Sibkrayevskoye is both large in area (> 50 sq kms above oil down to) and structural amplitude (>50 m)
- The planned Sibkrayevskoye No. 373 well is structurally higher than previous wells with oil (15+ m)



# EMTORSKAYA HIGH

0 1 2 3 4 5 6 km

Base Bazhenov Horizon Structure Map  
contour interval 10 m

## Emtorskaya 300 - Reinterpretation

- $J_1^1$  – 1.0 m oil
- $J_1^2$  – 5.0 m potential oil

## Emtorskaya 304 - Proposed

- Crestal high -2,315 m  $J_1^1$
- 65 m high to Lineynoye Crest

## Emtorskaya 303 - Reinterpretation

- $J_1^1$  - 1.9 m oil
- $J_1^2$  – 3.2 m potential oil

## Likely Field Extension to the North

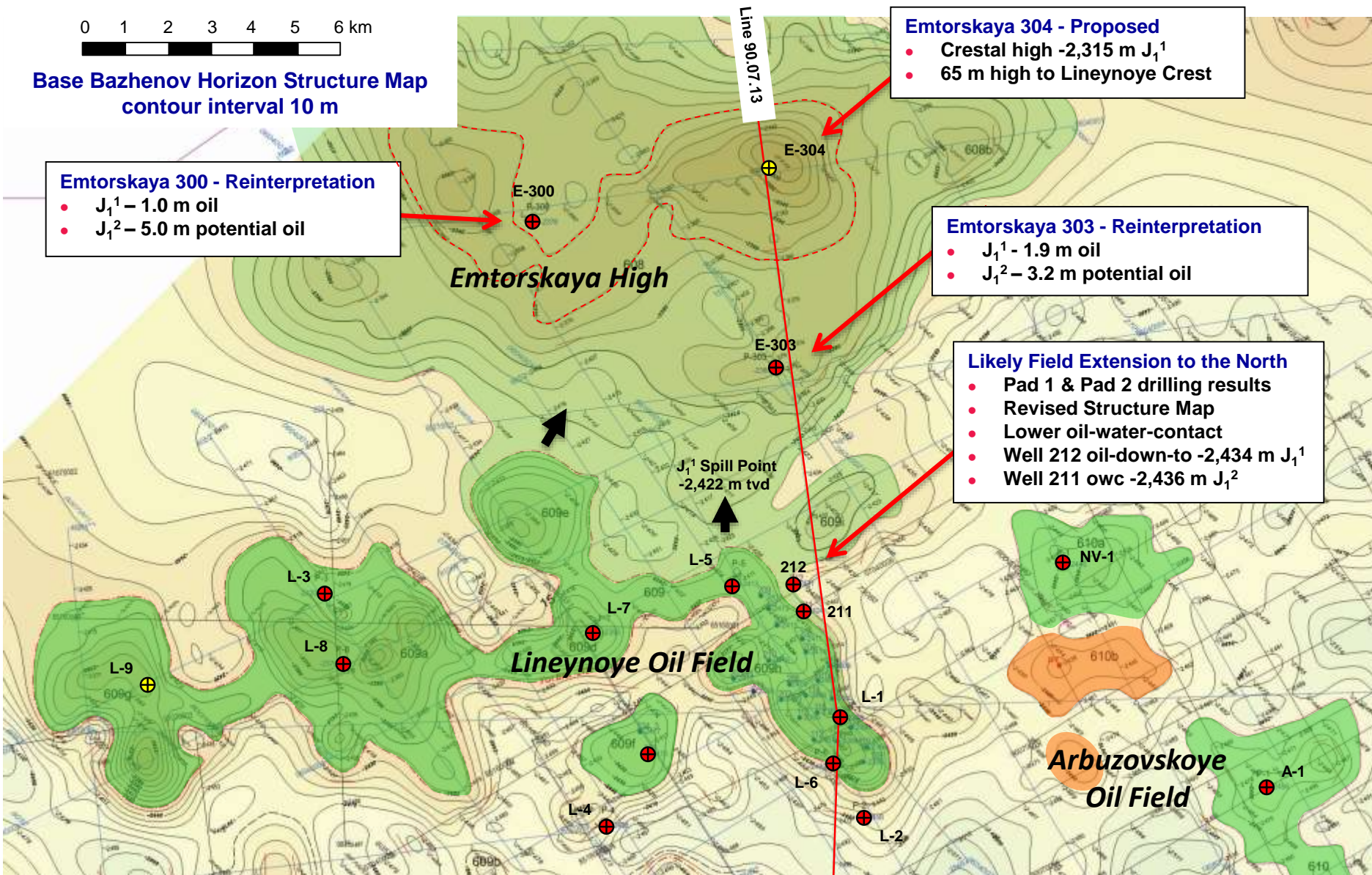
- Pad 1 & Pad 2 drilling results
- Revised Structure Map
- Lower oil-water-contact
- Well 212 oil-down-to -2,434 m  $J_1^1$
- Well 211 owc -2,436 m  $J_1^2$

*Emtorskaya High*

*Lineynoye Oil Field*

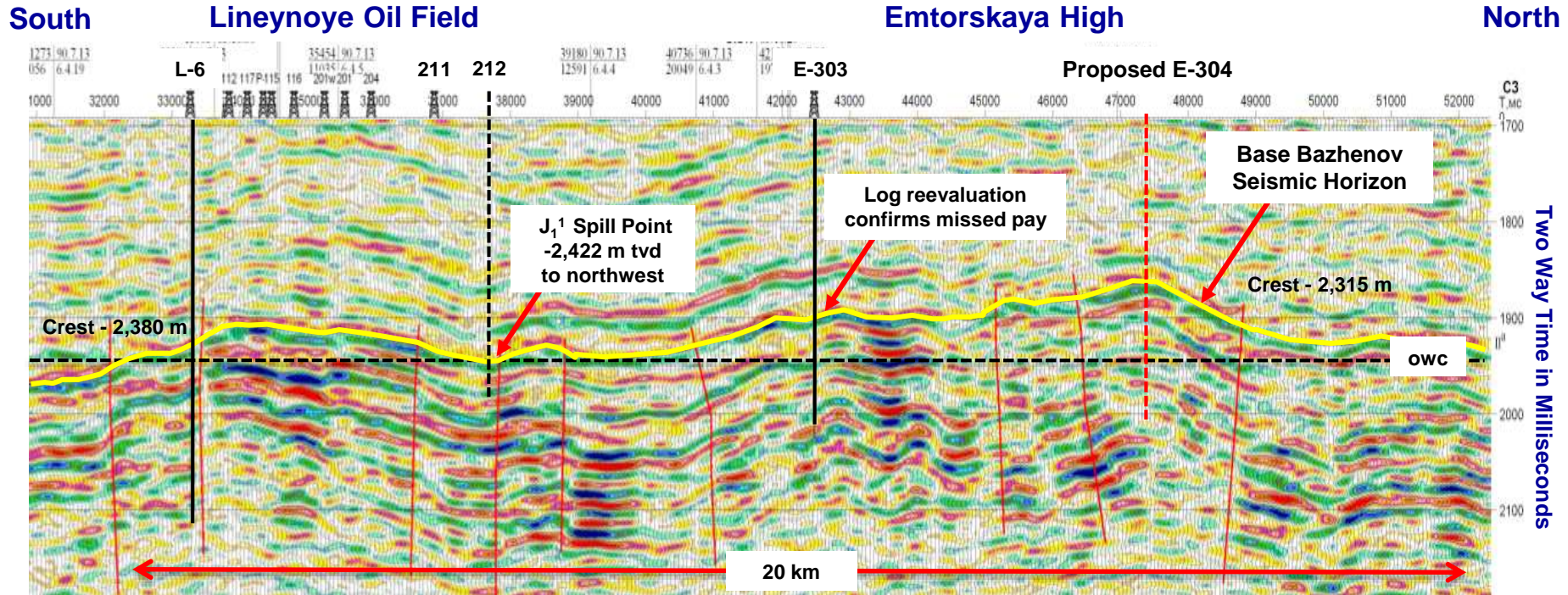
*Arbuzovskoye  
Oil Field*

$J_1^1$  Spill Point  
-2,422 m tvd





# EMTORSKAYA HIGH



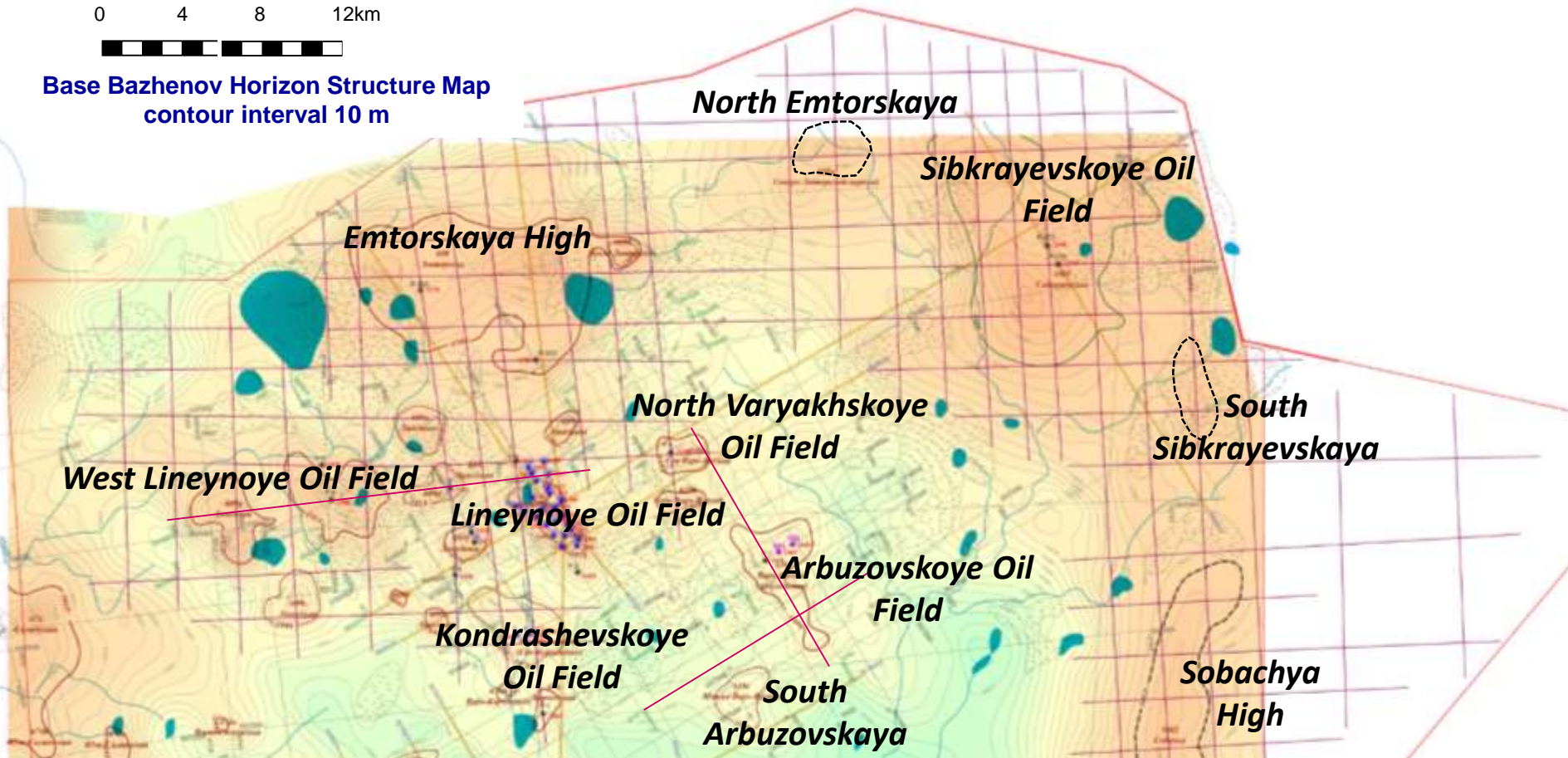
- As a result of the Lineynoye drilling programme the oil-water-contact was determined to be about -2,435 m tvd.
- The interpreted spill point of the Lineynoye structure is -2,422 m and this indicates that Lineynoye and Emtorskoye are likely one continuous oil field at the J1-1 interval.
- Emtorskaya is both larger in area and higher structurally than Lineynoye.
- The reserves associated with this play could be large, > 40 million bbls for just the J1-1 interval.

# NORTHERN AREA – SEISMIC ACQUISITION

0 4 8 12km



Base Bazhenov Horizon Structure Map  
contour interval 10 m



- Licence obligation - 1,000 km 2D seismic by end 2015
- Need to acquire 2D seismic over Sibkrayevskoye Oil Field in Q1 2015 in order for development to commence in Q1 2016
- Better definition of Emtorskaya, Sobachya and other prospects





# LICENCE 67



# LICENCE 67 (LEDOVY)

## Ledovy Block Structures and Traps

- Oil Fields and Oil Tests
- Prospects
- Drilled Structures - Dry and under review

##	Structure Name	Main Objectives
<b>Drilled Structures</b>		
1	Cheremshanskoye Oil Field	UJ, LJ
2	Ledovoye Oil Field	UJ, C
3	Sklonovaya	UJ
4	North Pionerskaya	UJ
5	Bolotninskaya	UJ
<b>Identified Prospects and Leads</b>		
6	Levo-Ilyakskaya	UJ
7	Syglynigaikskaya	UJ
8	Grushevaya	UJ
9	Grushevaya Stratigraphic Trap	LJ
10	Malostolbovaya	UJ, C
11	Nizhenolomovaya Terrasa Gp.	UJ
12	Baikalskaya	UJ
13	Malocheremshanskaya	UJ
14	East Chermshanskaya	UJ, C
15	East Ledovoye	UJ, C

Base Bazhenov Seismic Horizon

- < 2,600 depth m
- > 2,750 m depth

C=Cretaceous, UJ = Upper Jurassic, MJ = Middle Jurassic,  
LJ = lower Jurassic



Excluded areas

### Ledovoye Oil Field

Log re-evaluation confirms oil in L-2 and L-5 wells:

- LC = 4.5 – 10.9 metres
- UJ J1 = 4.9 – 11.8 metres
- Just UJ 2P Reserves booked at net 14 million bbls
- 2011/2012 well L-2a drilled parallel to L-2
- LC = 4.5 + metres
- UJ J1 = 4.4 metres
- More work required

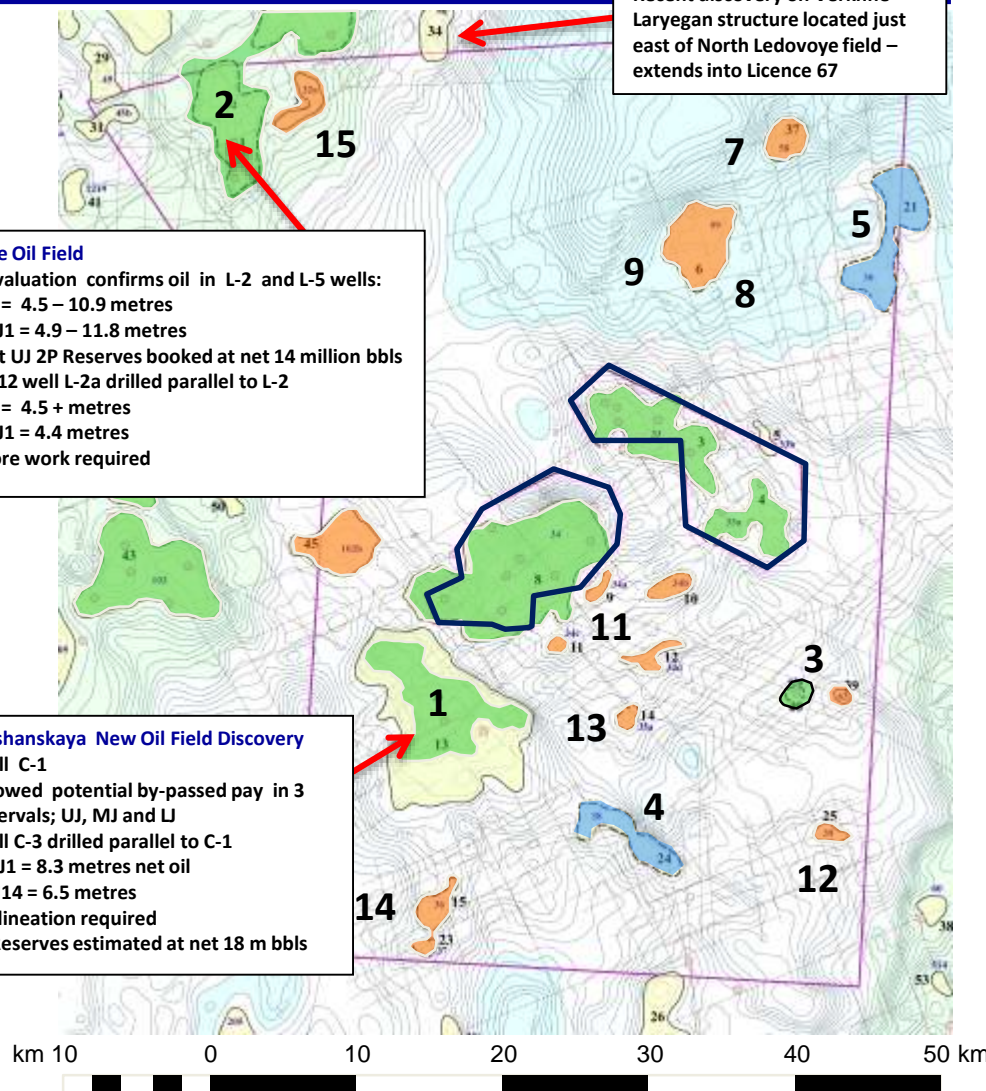
### Cheremshanskaya New Oil Field Discovery

1962 well C-1

- showed potential by-passed pay in 3 intervals; UJ, MJ and LJ
- 2011 well C-3 drilled parallel to C-1
- UJ J1 = 8.3 metres net oil
- LJ J14 = 6.5 metres
- Delineation required
- Just UJ Reserves estimated at net 18 m bbls

### MOL Group Licence 55

Recent discovery on Verkhne-Laryegan structure located just east of North Ledovoye field – extends into Licence 67



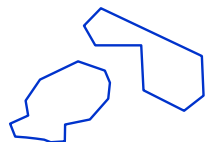
Note – Arawak has 50% interest in Licence 67, PetroNeft is operator



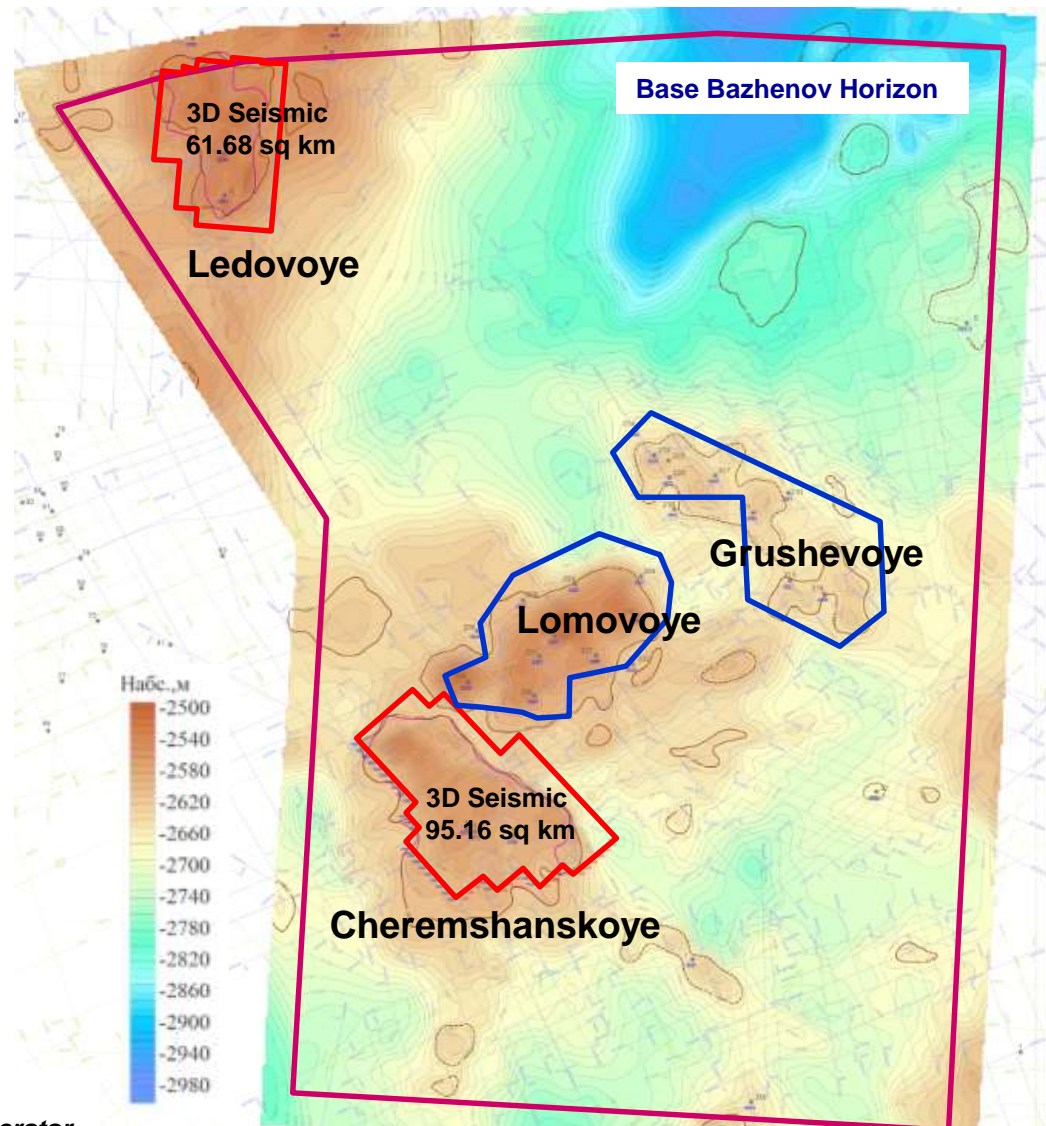
# LICENCE 67 - 3D SEISMIC 2014

## Major Activities 2014

- Ledovoye 3D Seismic
  - 61.68 sq km
- Cheremshanskoye 3D Seismic
  - 95.16 sq km
- Acquisition – primarily Q1 2014  
– PITC Geofizika
- Processing and Interpretation ongoing  
– Tomsk Geophysical Company
- Preliminary Report end October
- Final Report – December 2014
- GKZ Reserve update for Ledovoye and Cheremshanskoye early 2015 based on new 3D seismic
- Way Forward Decision 2015



Excluded areas



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



# INVESTMENT HIGHLIGHTS





# INVESTMENT HIGHLIGHTS

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## Summary

- Experienced and motivated management with strong local relationships
- Strong Reserve Growth; very significant reserve additions from exploration to date – particularly Sibkrayevskoye, more prospects still to explore
- Producing company with major infrastructure in place at L-61
- Producing from less than 20% of current reserve base
- Net 2P reserves of 72 mmbo and 3P/P4 reserves/resources of > 300 mmbo (post farmout)
- Future projects incremental with robust economics
- Quality Northern fields still to bring to production:
  - Tungolskoye                      20 mm bbls of 2P reserves
  - Sibkrayevskoye                53 mm bbls of 2P reserves
  - Emtorskaya High?            Potentially 20-40 mmbbls
- Reserve additions expected in Licence 67 in 2015
- Focus on near term production growth and cash flow
- Farmout gives PetroNeft a new start with a financially strong strategic partner

# CORPORATE INFORMATION

## Share Capital \*

➤ Ordinary Shares in issue:	707,245,906
➤ Share options outstanding:	17,696,750
➤ Warrants outstanding:	9,900,000
➤ Fully diluted share capital:	734,842,656
➤ Market Capitalisation:	£44 million

*\*As at 31 August 2013*

## Trading details

- Exchanges:
  - AIM Market (London Stock Exchange)
  - ESM Market (Irish Stock Exchange)
- Free float: 91.41%
- Tickers: PTR (AIM) & P8ET (ESM)
- SEDOL:BOQ82B2, ISIN:IE00BQ82B24

## Major Shareholders\*

Name of Shareholder	Percentage
Natlata Partners Limited	14.75%
General Invest Overseas	6.39%
Ceres Environmental	3.39%
Ali Sobraliev	3.25%
Dennis Francis	3.36%

*\*As at 26 November 2014 or latest shareholder declarations*

*Sources: Irish Stock Exchange, AR 2013*

## PetroNeft share price performance





# BOARD OF DIRECTORS

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## **G. David Golder**

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

## **Dennis C. Francis**

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

## **Paul Dowling**

- Chief Financial Officer
- Former partner accounting firm LHM Casey McGrath, 20 years experience in Financial arena

## **David E. Sanders**

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

## **Thomas G. Hickey**

- Non-Executive Director
- Chief Financial Officer Petroceltic International, formerly CFO of Tullow Oil plc

## **Vakha A. Sobraliev**

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

## **Gerry Fagan**

- Non-Executive Director
- Former Group Financial Controller of Smurfit Kappa Group plc

# EXPERIENCED MANAGEMENT TEAM

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## **Karl Johnson (Houston)**

- Vice President of Business Development and Operations
- 30 years' experience in oil and gas business internationally including Russia
- Formerly with Marathon Oil

## **Alexey Balyasnikov (Moscow)**

- General Director
- 35 years' experience in Russian oil and gas business
- Former Head of Representation for Marathon Oil in Moscow

## **Alexander Frenovsky (Tomsk)**

- Executive Director
- 37 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

## **Nikolay Karapuzov (Tomsk)**

- Chief Geophysicist/Geologist of Stimul-T
- 38 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





## Contacts:

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