



# PETRONEFT RESOURCES PLC

Annual General Meeting, 20<sup>th</sup> September 2019





# FORWARD LOOKING STATEMENTS



This presentation contains certain forward-looking statements that are subject to the usual risk factors and uncertainties associated with the oil and gas exploration and production business.

Whilst PetroNeft believes the expectations reflected herein to be reasonable in light of the information available to them at the 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.

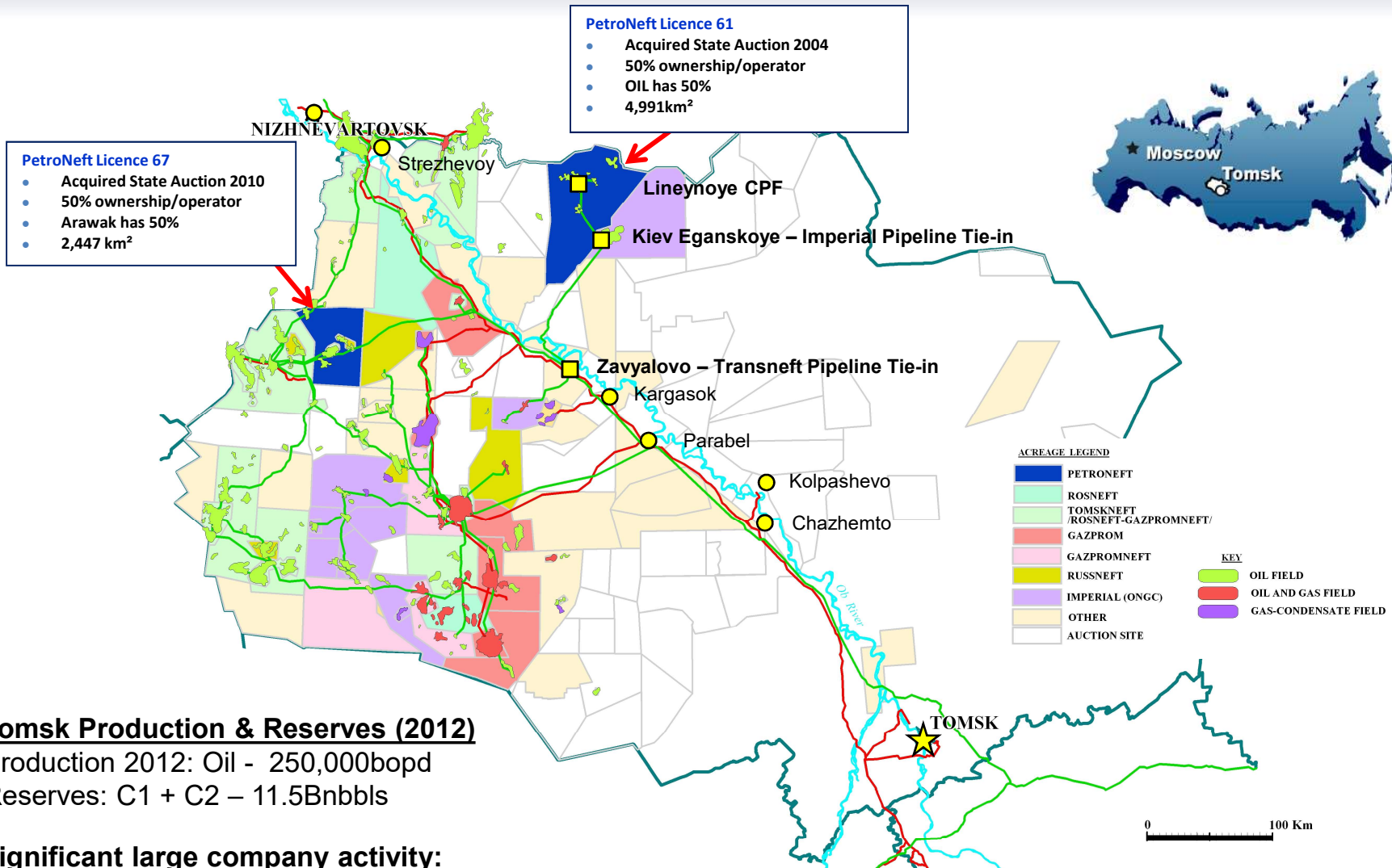
PetroNeft undertakes no obligation to revise any such forward-looking statements to reflect any changes in the Company's expectations or any change in circumstances, events or the Company's plans and strategy. Accordingly no reliance may be placed on the Figures contained in such forward looking statements.

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

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



# Tomsk Oblast



## Tomsk Production & Reserves (2012)

Production 2012: Oil - 250,000bopd

Reserves: C1 + C2 – 11.5Bnbbls

## Significant large company activity:

Rosneft, Gazpromneft, Gazprom, Russneft, ONGC/Imperial Energy, local companies



# Summary 2019 Activities



## Twin track strategy

- Engaged financial advisor in 2018 to test the market. Remain encouraged by the interest, but recognize that the process is taking time and do not want to rely solely on this strategy.
- At the same time as running the process, been looking at how to improve both production and reserves at low cost to increase shareholder value.
- These two strategies are mutually supportive, improvement in production and or reserves will increase attractiveness and interest in our assets in any sale process – leaves us more in control of the company destiny.





# Summary 2019 Activities



**Target improved production and reserves at low cost to increase shareholder value**

***Improved understanding of the company's assets***

***Rigorous data collection and interpretation.***

***Reinterpreted seismic data, taken series of measurements from all our nearly all our wells.***

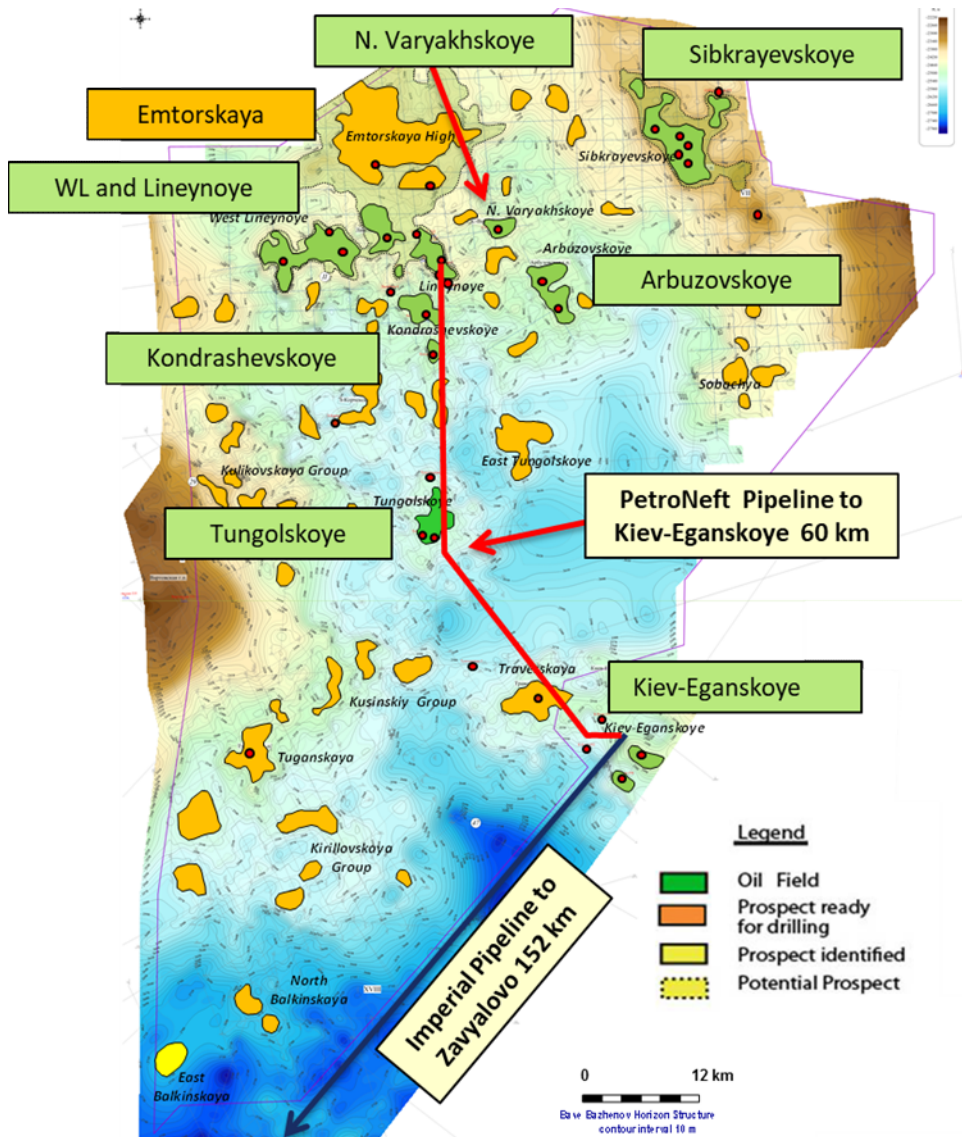
Category	Details
Cost Optimization at all levels	Closed offices, sold peripheral assets, reduced staff, tighter control of costs
Improved access to local talent	Upgraded technical expertise – already showing benefits in both financial and technical capabilities
Improved understanding of our assets	Reinterpreted seismic data rigorous data collection across producing assets (injectivity tests, tracer surveys, downhole pressure measurements)

***This process takes time but we anticipate increased news flow over the coming months***



# Licence 61 Infrastructure





## 2010/11: Lineynoye

- Construction of 60 km oil pipeline to KE
- Processing/storage facilities completed and expanded to  $\pm 14,800$  bpd
- Drilled 9 oil wells Pad 1, 12 wells Pad 2
- Hydraulic fracked wells on both pads
- Commenced production in August, 2010

## 2012/13: Arbuzovskoye and W Lineynoye

- Construction of 10 km pipeline completed
- New production wells at Pad 1 – 6 wells drilled
- Drilled Lineynoye No. 9 obligation well

## 2014/15: Arbuzovskoye and Tungolskoye

- Arbuzovskoye Pad 1 – 5 wells
- Tungolskoye (T-5) Delineation well
- Tungolskoye Pad 1 – 4 horiz and 4 vertical wells
- Sibkrayevskoye (S-373) Delineation well
- Lineynoye No. 10 horiz well
- Additional seismic data at Sibkrayevskoye, other

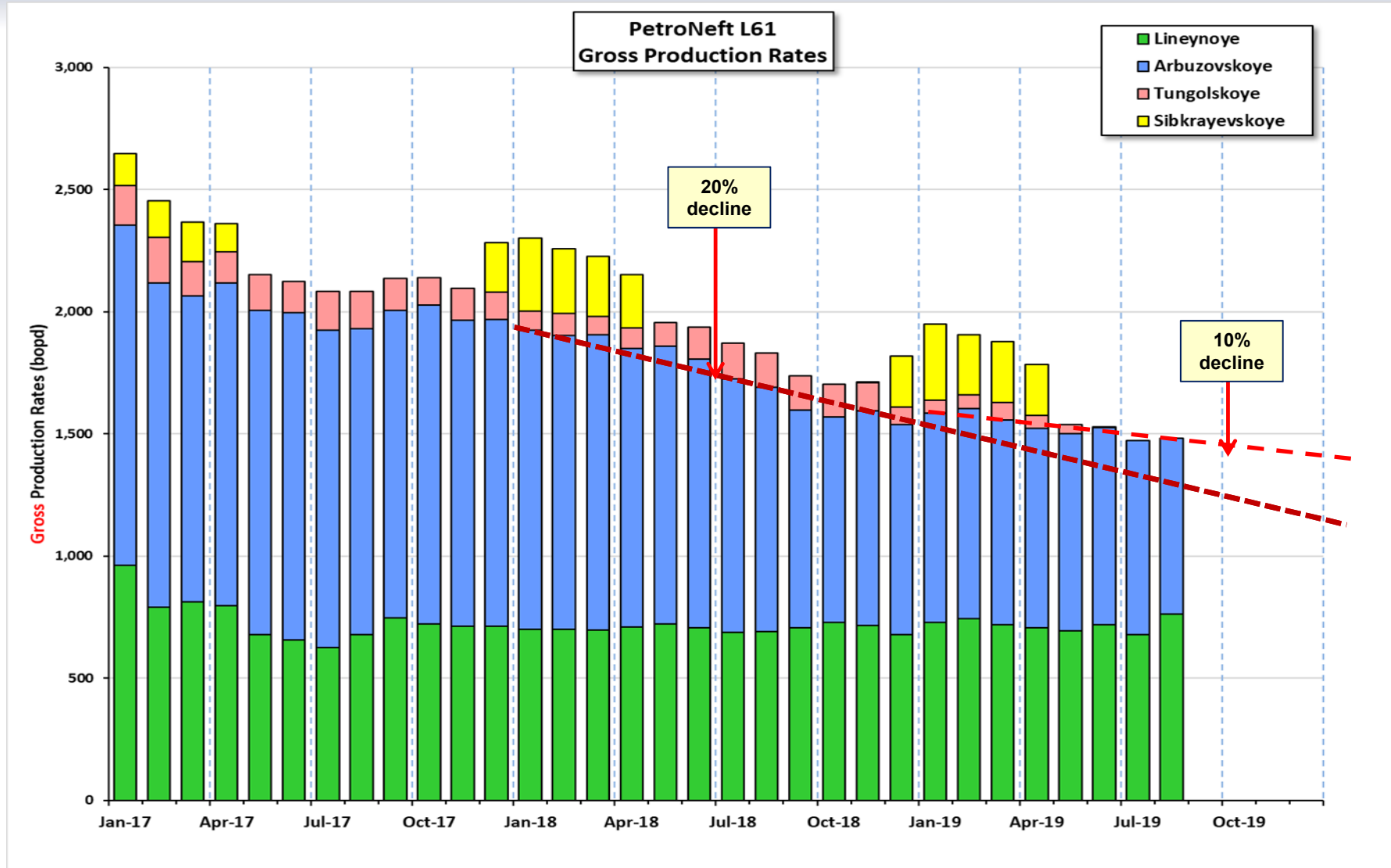
## 2016/17: South Arbuzovskoye and Sibkrayevskoye

- Arbuzovskoye Pad 2 – 2 horiz and 2 vertical wells
- Sibkrayevskoye (S-374) Delineation well
- S-375/S-375s Delineation well





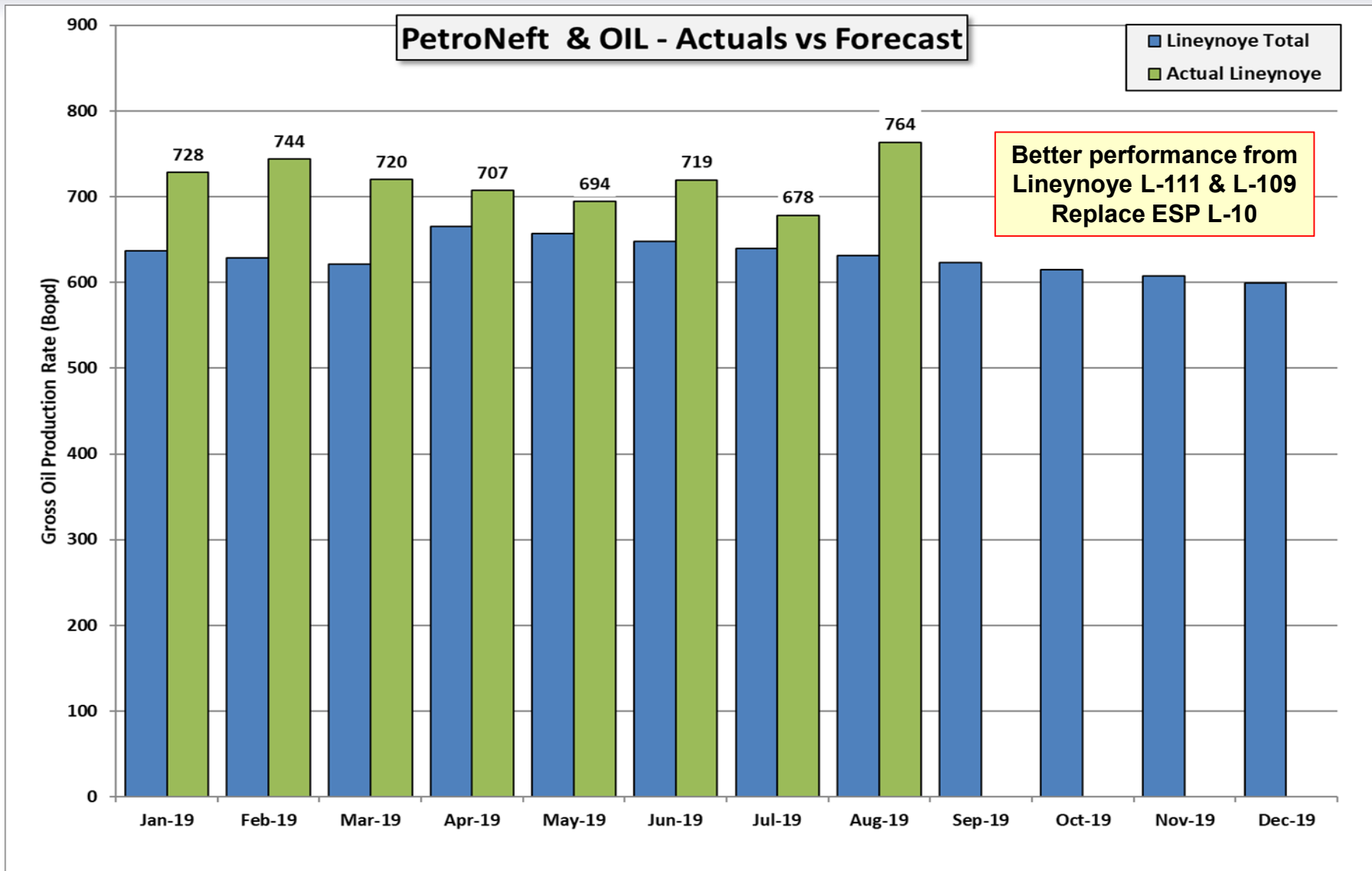
# Licence 61: Production 2017-19



***Production relatively stable: main results of production optimization will be seen in 2020***

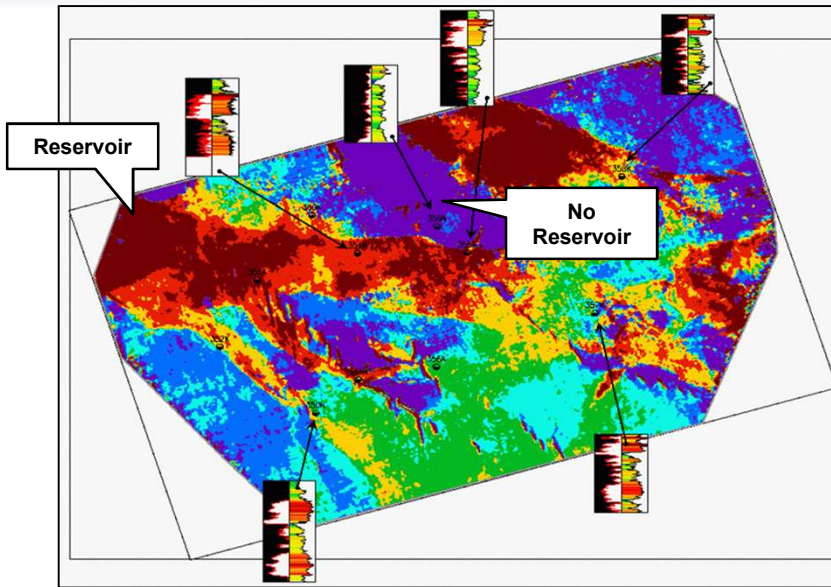


# Lineynoye – Actual vs. Forecast

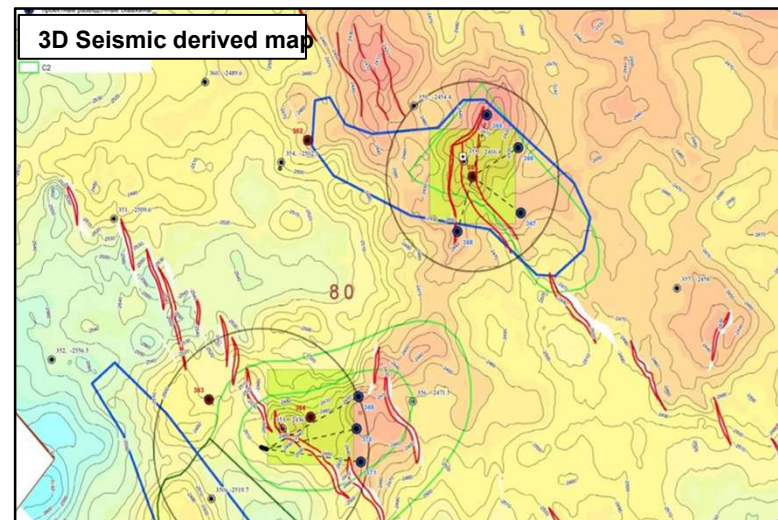
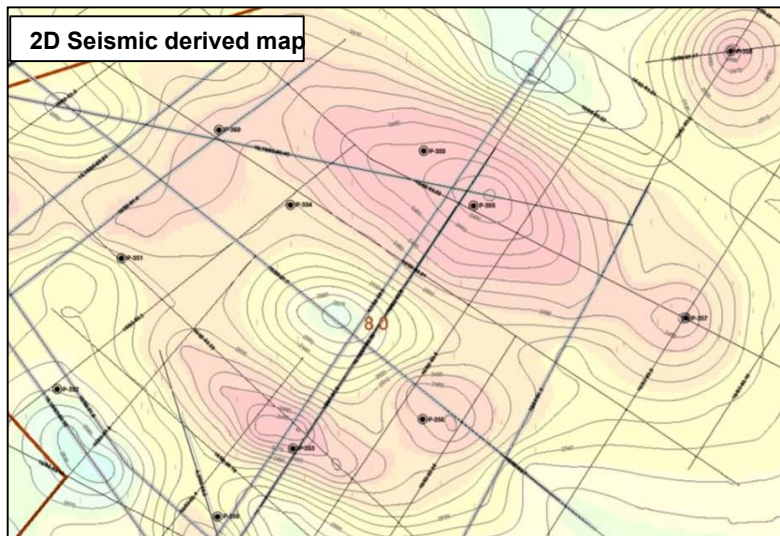


Better performance than expected

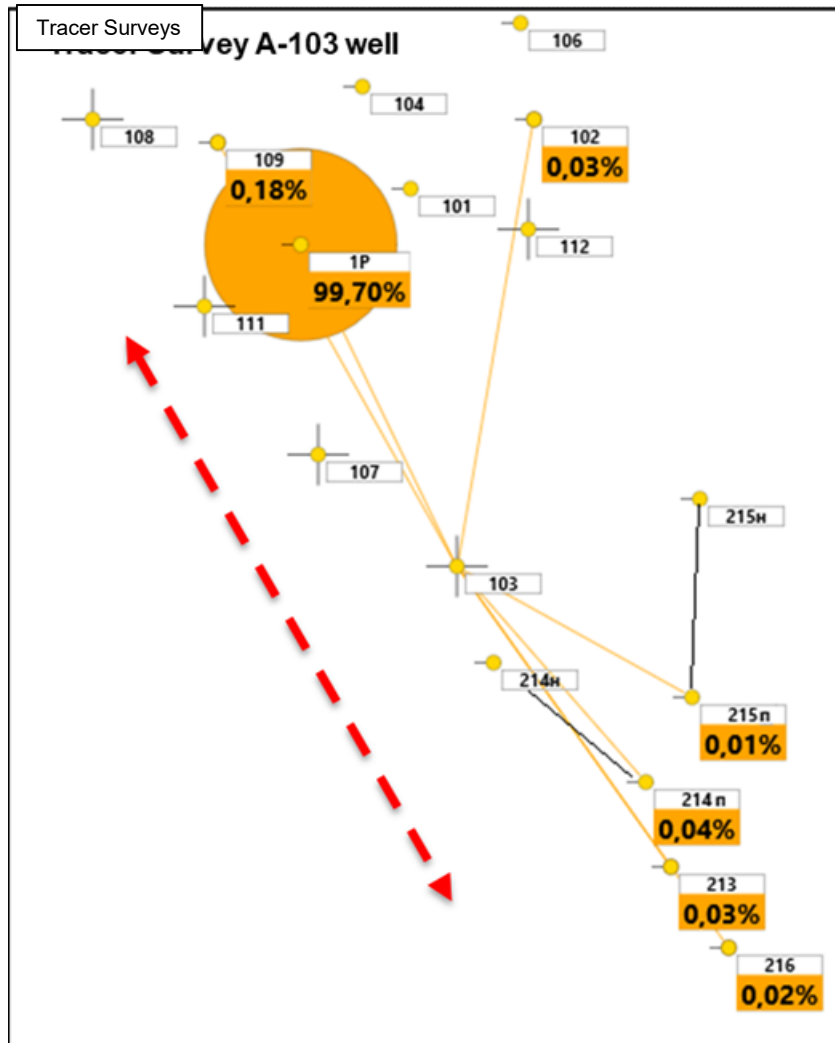




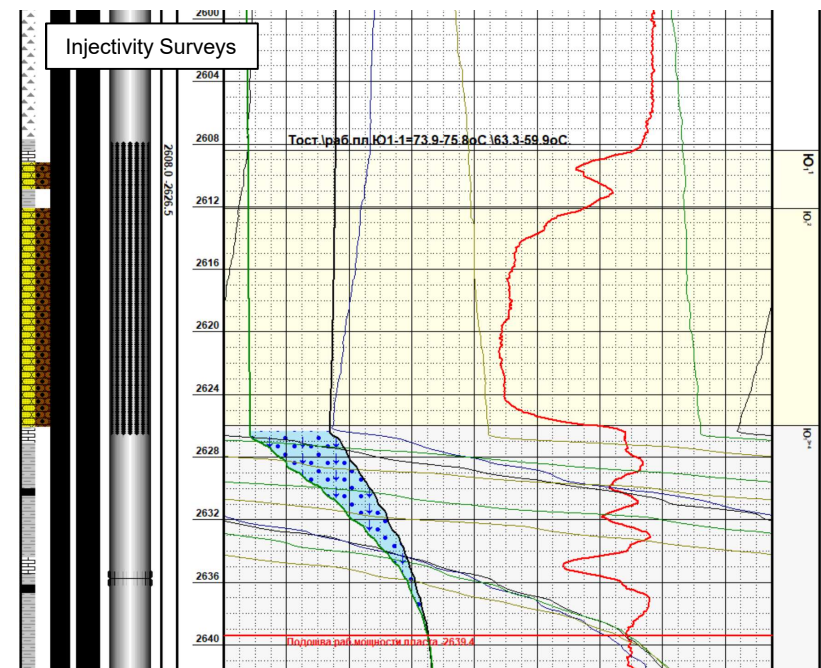
- Comparison of 3D vs 2D seismic data from adjacent assets demonstrates value of 3D seismic as a de-risking tool in the right geological setting.
- Geology ideal for 3D seismic in Sibkrayevskoye but of less value over Lineynoye
- Benefit of 3D seismic
  - Improved structural resolution
  - Enhanced reservoir prediction







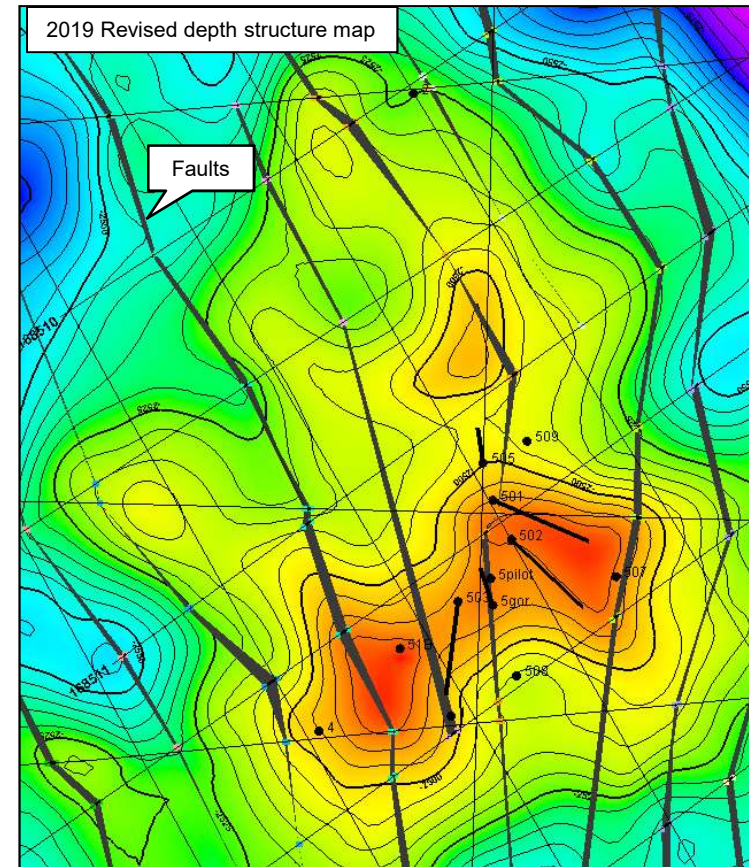
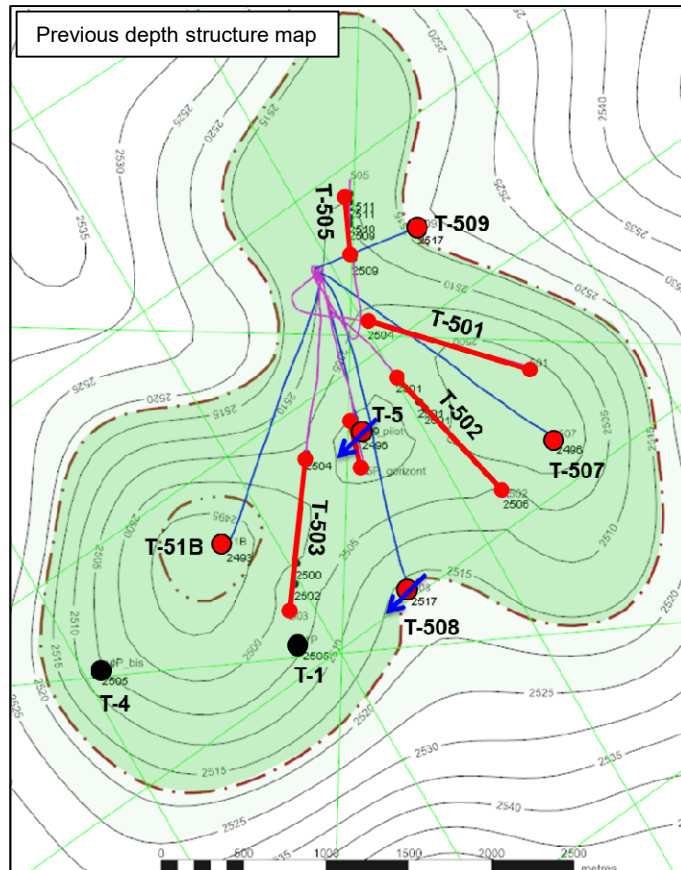
- Water injection to provide pressure support is a crucial part of maintaining production
- Water injection logs run across our injecting wells to determine injectivity performance.
- Currently planning well intervention program to optimize water injectivity into the reservoir







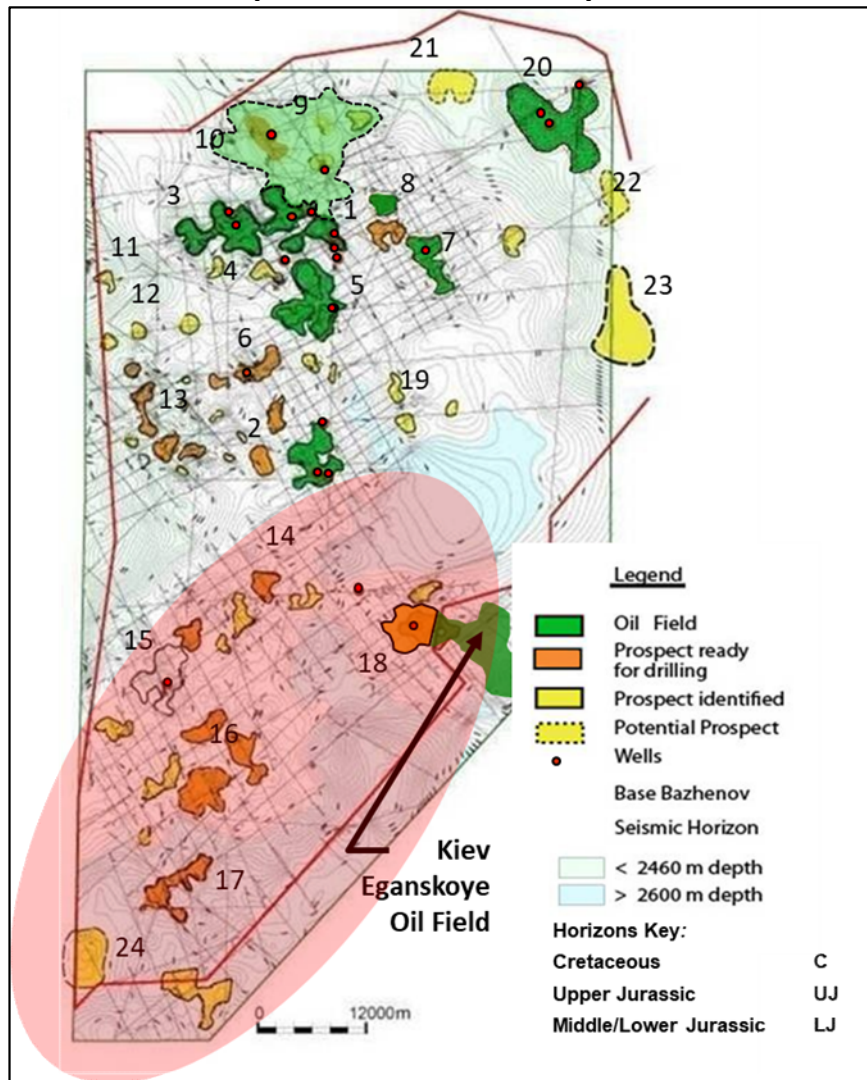
*Reinterpreting seismic data with attention to detail*



*Improved understanding of the sub surface enables optimized development plan*



## Oil Fields / Prospects / Potential Prospects



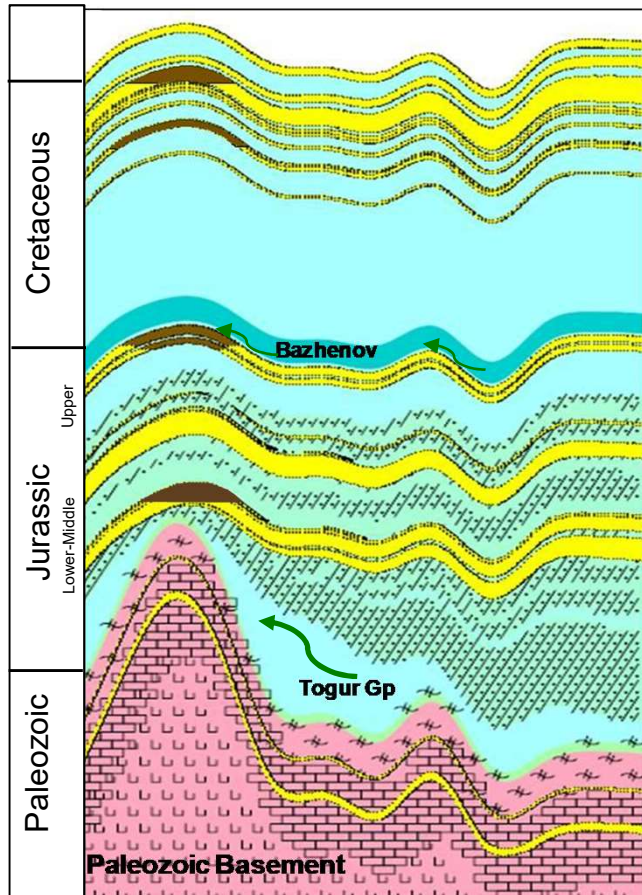
- Series of low risk exploration prospects with total potential of 287mmbbls in both Jurassic and Cretaceous targets.
- Licence adjacent to the east contains the Kiev Eganskoye field.
- Two key prospects, **Traverskaya** (24mmbbls) and **Tunganskaya** (47mmbbls) previously drilled

Map Index	Prospect Name	Lower	Upper	Lower to Middle	Total
		Cretaceous	Jurassic	Jurassic	
		million bbls	million bbls	million bbls	million bbls
14	Kusinsky	7.38	5.23	2.76	15.37
14	North Kusinsky	7.88	5.5	2.64	16.02
15	Tuganskaya	36.15	0	10.6	46.75
15	Tuganskaya East	33.3	4.79	5.34	43.44
15	Tuganskaya South	7.48	4.86	0	12.34
16	Kirillovskaya	8.3	7.11	1.63	17.05
16	South Kirillovskaya	6.75	15.85	2.02	24.62
16	East Kirillovskaya	28.31	9.58	16.63	54.52
16	West Kirillovskaya	9.15	6.34	6.67	22.17
17	North Balkinskaya	0	8.21	3.13	11.34
18	Traverskaya	11.47	8.2	4.43	24.1
Total RS Possible Reserves and Exploration Resources for Licence 61 Southern Area		156.17	75.67	55.85	287.72

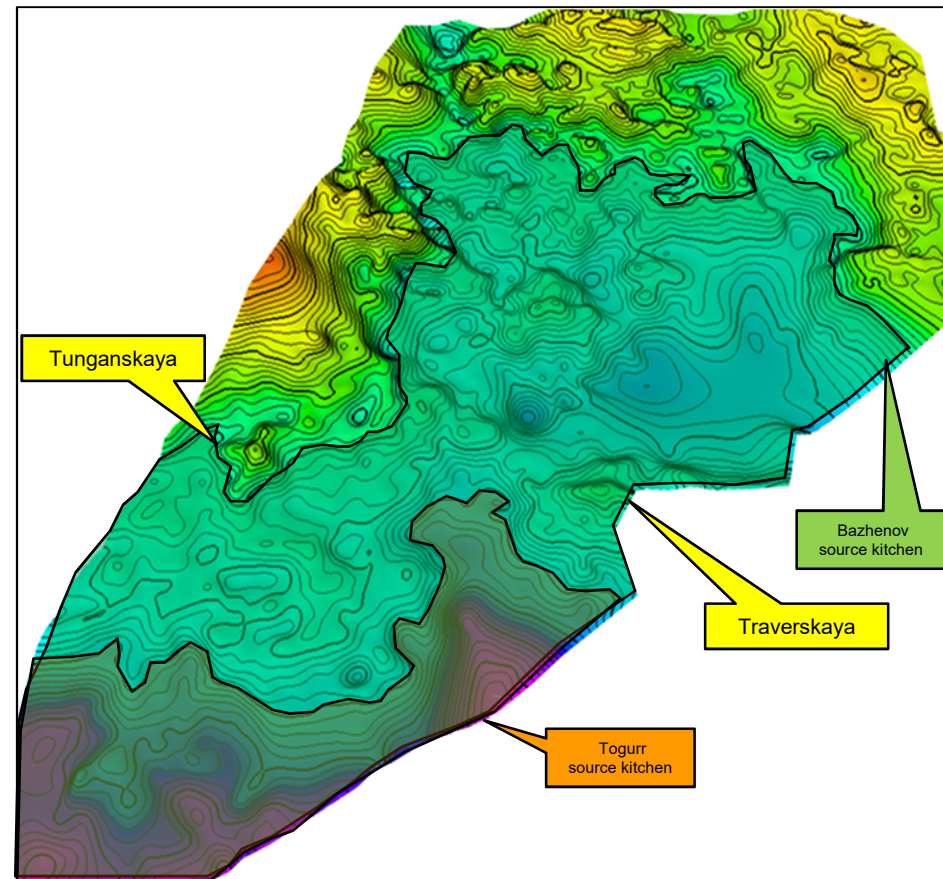




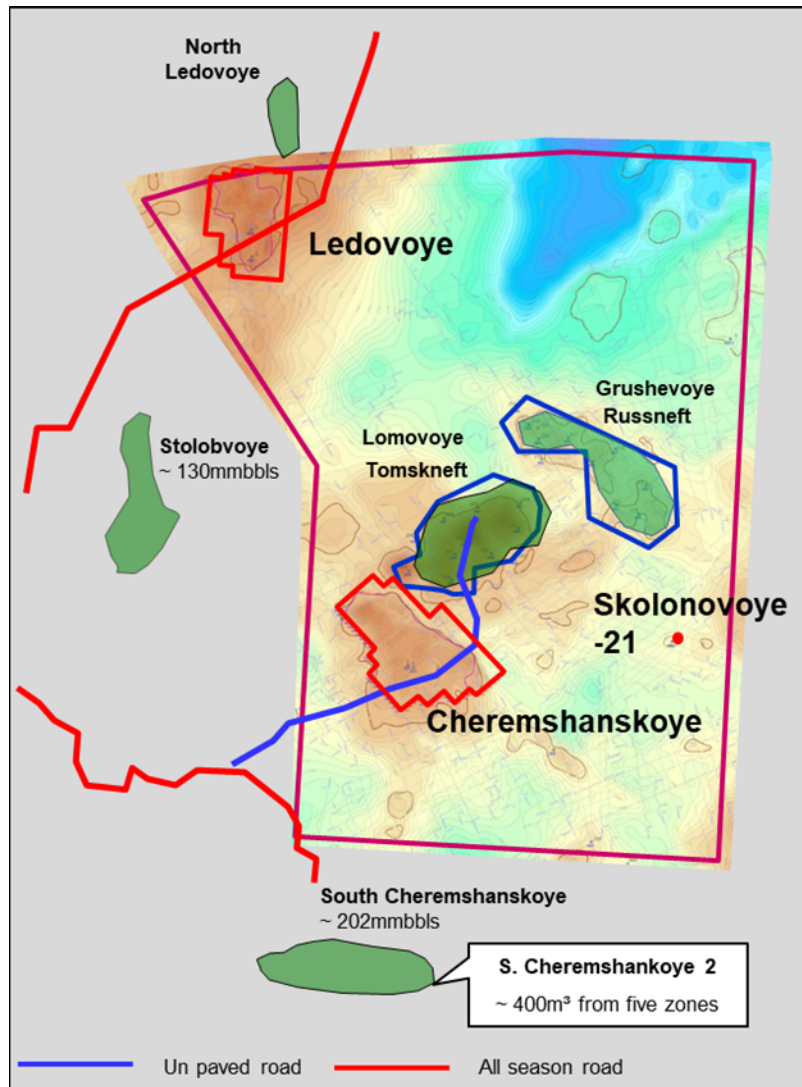
Schematic Geological Cross Section



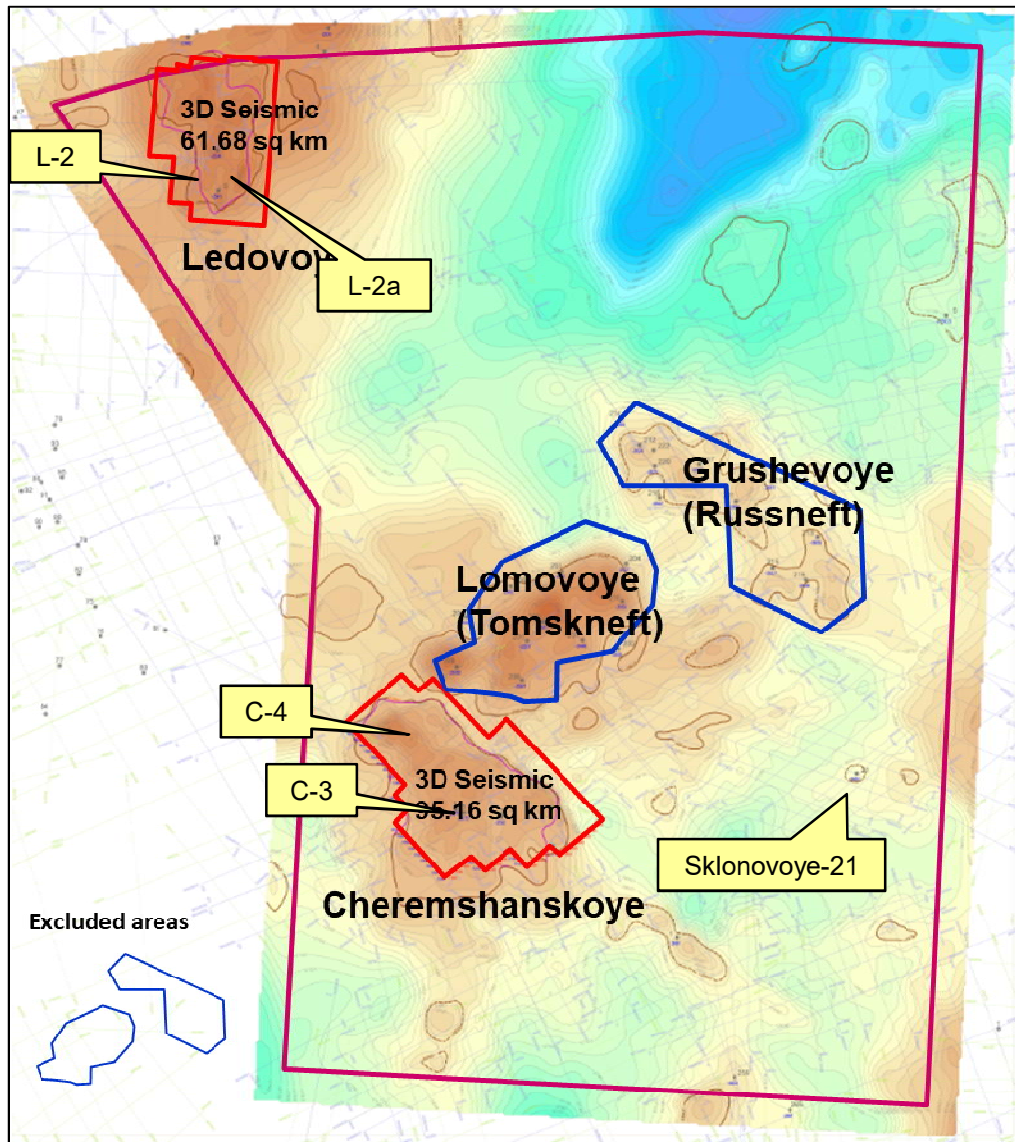
Top Bazhenov Depth Structure Map (Isometric)



***Southern prospects benefit from dual source systems and multiple targets (U, L-M Jurassic & Cretaceous)***



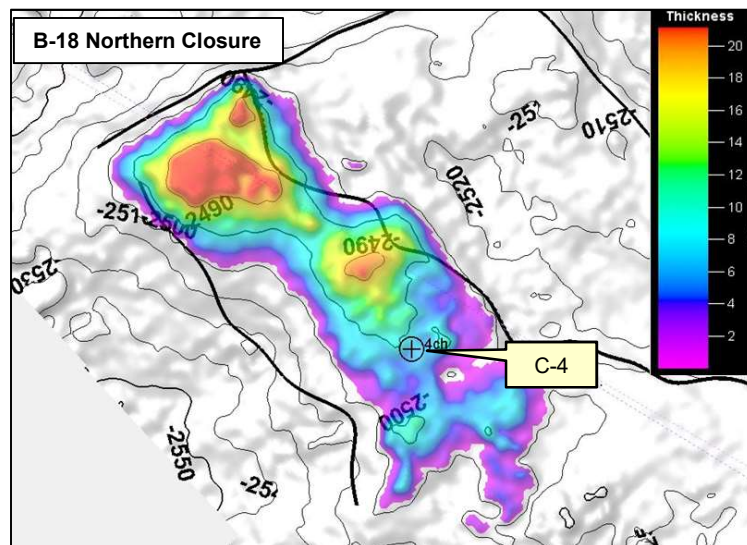
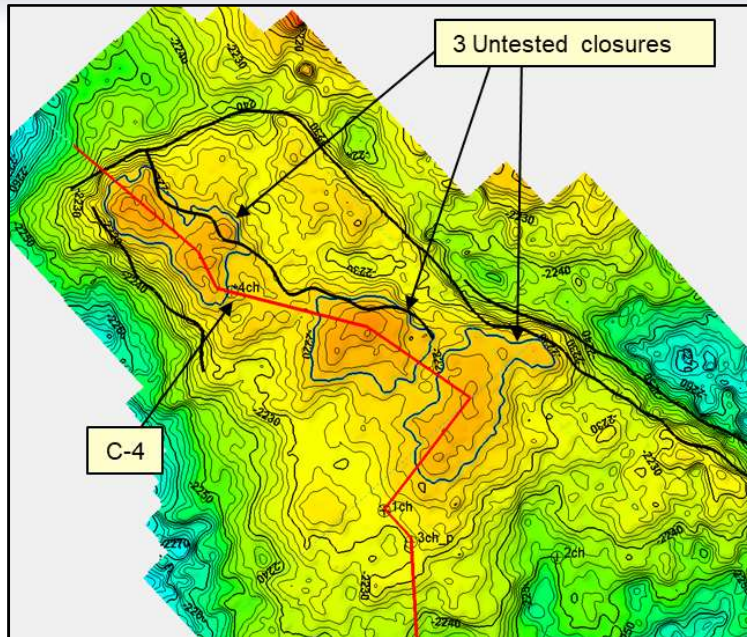
- **Proven producing region:** Significant production on adjacent licenses by major operators.
- **Good infrastructure,** all weather road through the licence and adjacent pipeline and electricity cabling
- **Optimum database:** Existing 3D seismic data over Ledovoye (61.68km²) and Cheremshanskoye (95.16km²) completed by several wells which encountered oil.
- **Successful exploration:** Drilled C-4 well in 2018 resulting in good natural flow rate from J1-1 & J1-3 upper Jurassic level.
- **Current Status:** Potential low cost well re entry candidates under review.



**Low cost high reward opportunities identified and under review**

- Potential low cost well re entry possibilities:
  - ✓ Cheremshanskoye-4
  - ✓ Cheremshanskoye-3
  - ✓ Ledovoye-2
  - ✓ Ledovoye-2a
  - ✓ Sklonovoye-21
- Reinterpreted 3D seismic data to improve understanding of our assets and identify additional potential in overlying Cretaceous interval





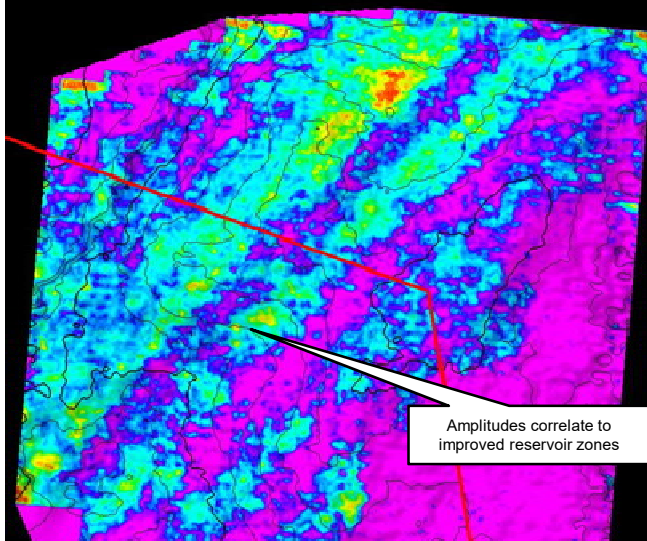
- C-4 well encountered 'potential' oil within overlying Cretaceous interval.
- Cretaceous sands have good reservoir characteristics
- Reinterpretation has identified at least three untested structures up-dip from the existing wells.
- These Cretaceous targets provide attractive upside to the main Cheremshanskoye field.



# Ledovoye: Cretaceous potential

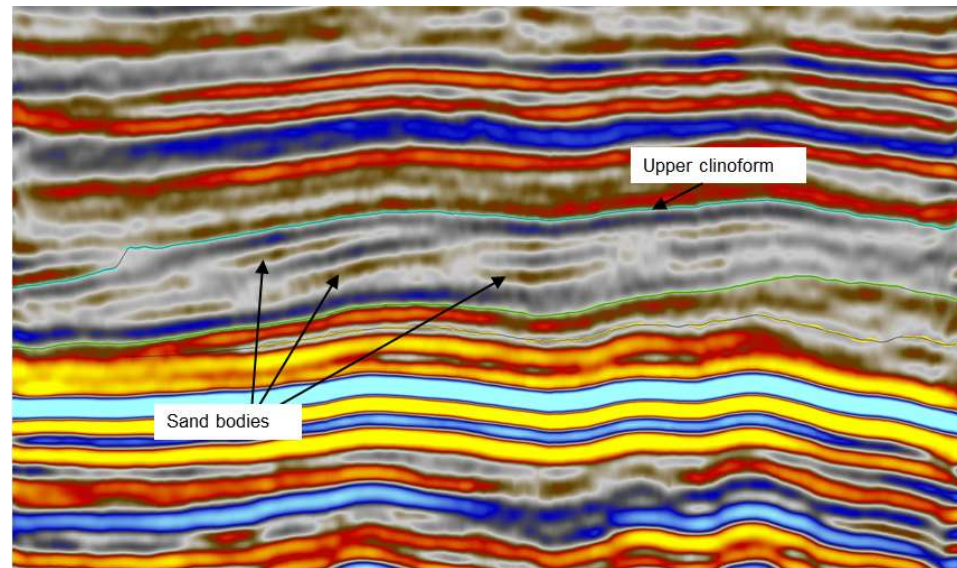
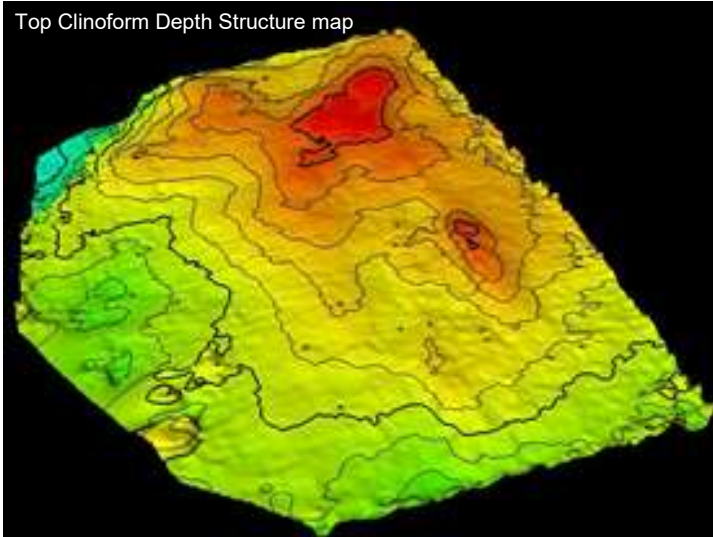


RMS Amplitudes from Upper clinoform



- Previous wells on Ledovoye structure identified potential Cretaceous oil zones.
- Existing 3D seismic data is very good quality enabling not just structural mapping but also reservoir characterization
- Potential low cost well re entry candidates targeting Cretaceous targets under review.

Top Clinoform Depth Structure map





## Summary



- The process started in 2018 is ongoing and whilst we remain encouraged by the interest it is taking time.
- Through 2019 been focused on:
  - Cost optimization.
  - Data collection.
  - Prioritizing capital efficiency
  - Accessing technology which works in the region (fit for purpose) through local talent and new technology
  - Successfully raised capital bringing in additional investors
- Building a strong vision for the future