



**PetroNeft Resources plc**  
**Exploration, Development & Production in Russia and the FSU**



**Company Presentation**  
**April 2008**



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**

### **Background and Strategy**

Operational Progress

Exploration towards Production

Financials

Summary

Appendicies

Board of Directors and Executive Management

Russian Management

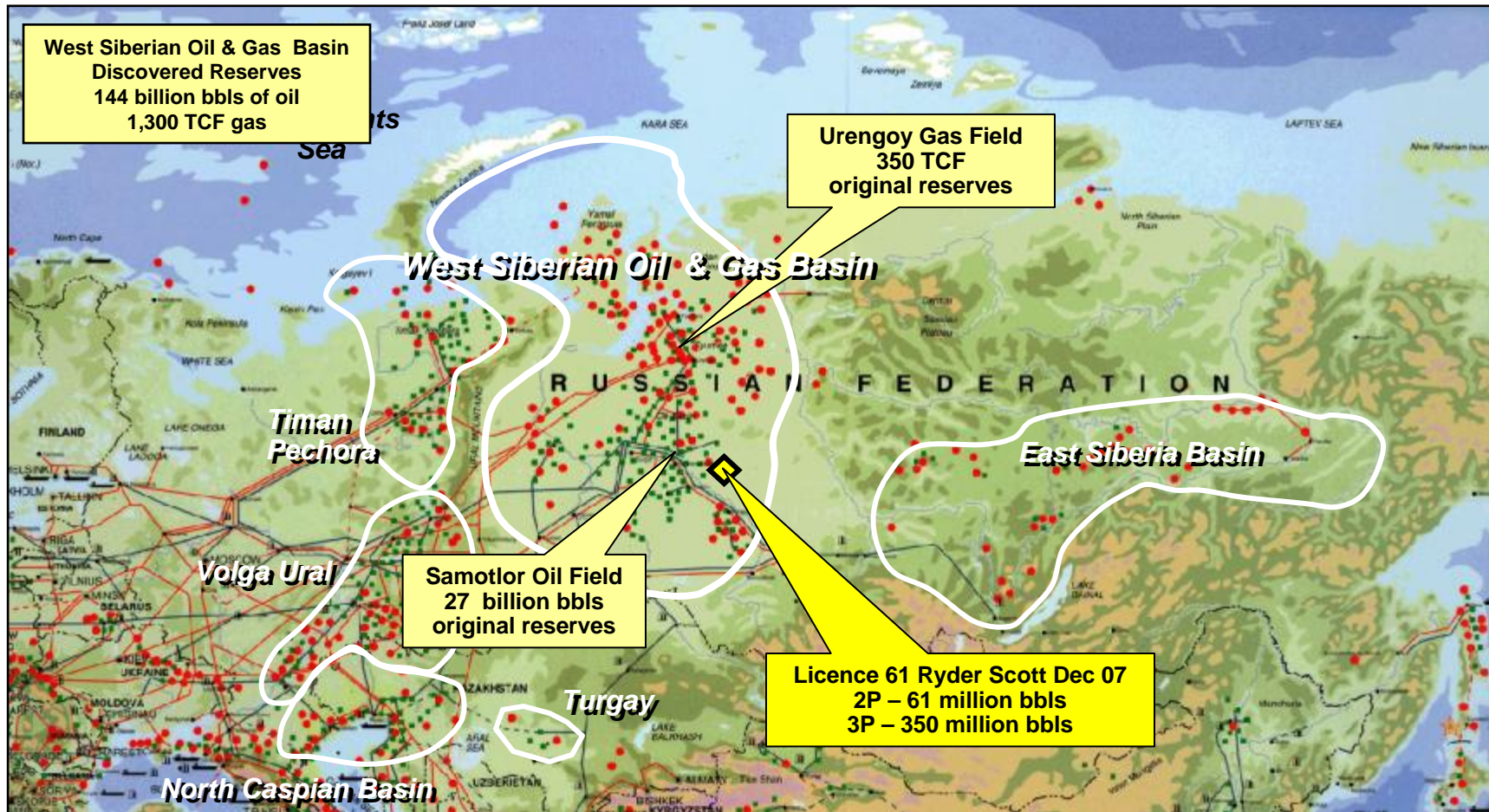
Contacts



## **Background**

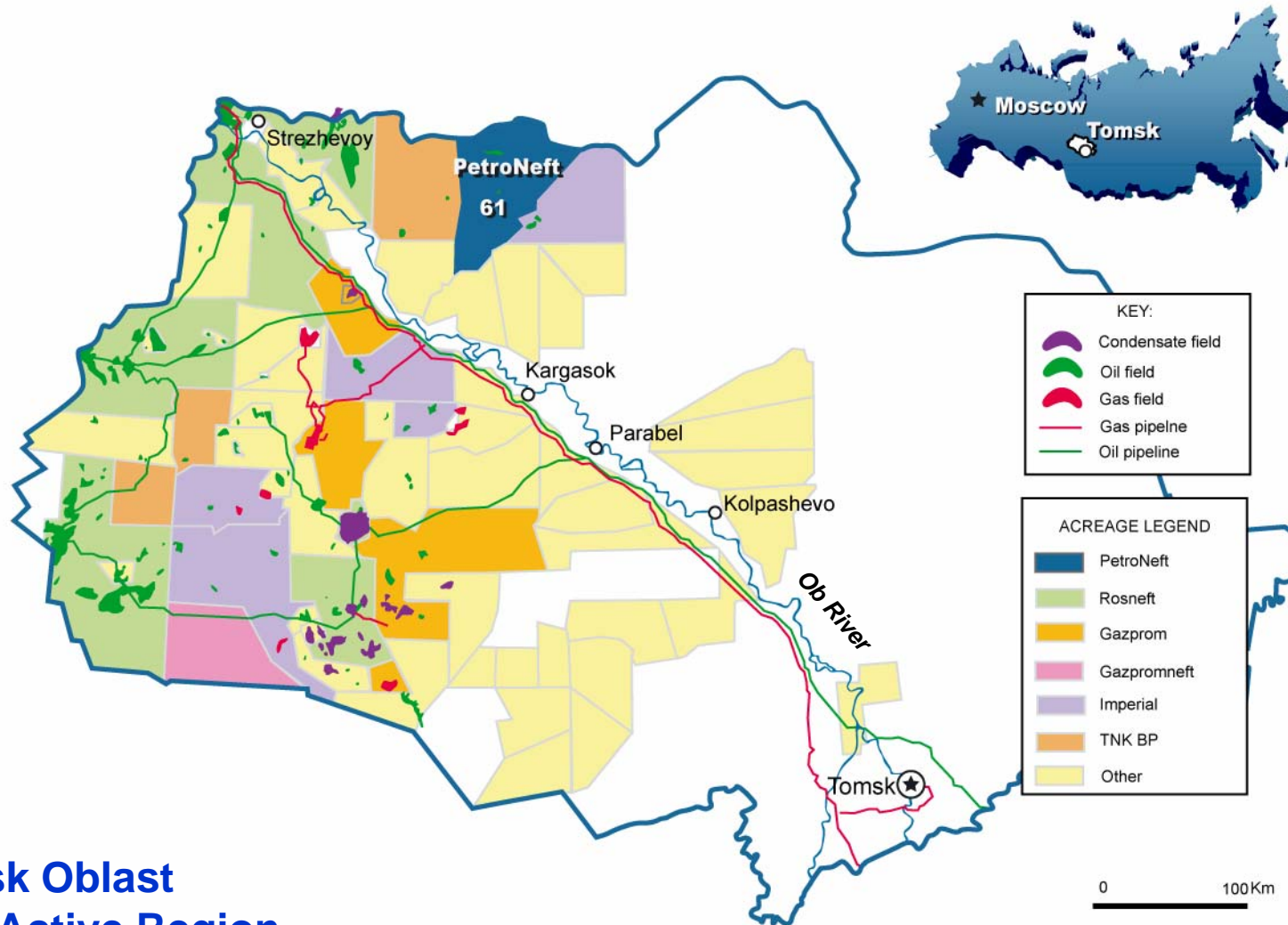
- Established in 2005 to acquire and develop hydrocarbon acreage in Russia and FSU
- Company's Licence Area (Licence 61) covers 4,991 km<sup>2</sup> in Tomsk Oblast, Western Siberia
- AIM and IEX IPO in September 2006
- Management team combines international hydrocarbon evaluation, production and transactional knowledge with experienced Russian management team (Biographies in Appendices)
- 2P reserves of 60.6 million bbls and 3P reserves of 350.1 million bbls
- Pipeline sharing protocol signed in December 2007
- Pilot Production commenced February 2008 with first year-round Oil Production from Licence 61 targeted for 2009
- 2008/09 Drilling Programme commenced in February 2008
- Aggressive approach to new acquisitions





- Gas Pipeline
- Oil Pipeline
- Oil Fields
- Gas Fields
- Licence 61

Source – USGS



## Tomsk Oblast Very Active Region

Rosneft, Imperial Energy, TNK-BP, Gazprom, Gazpromneft, local companies



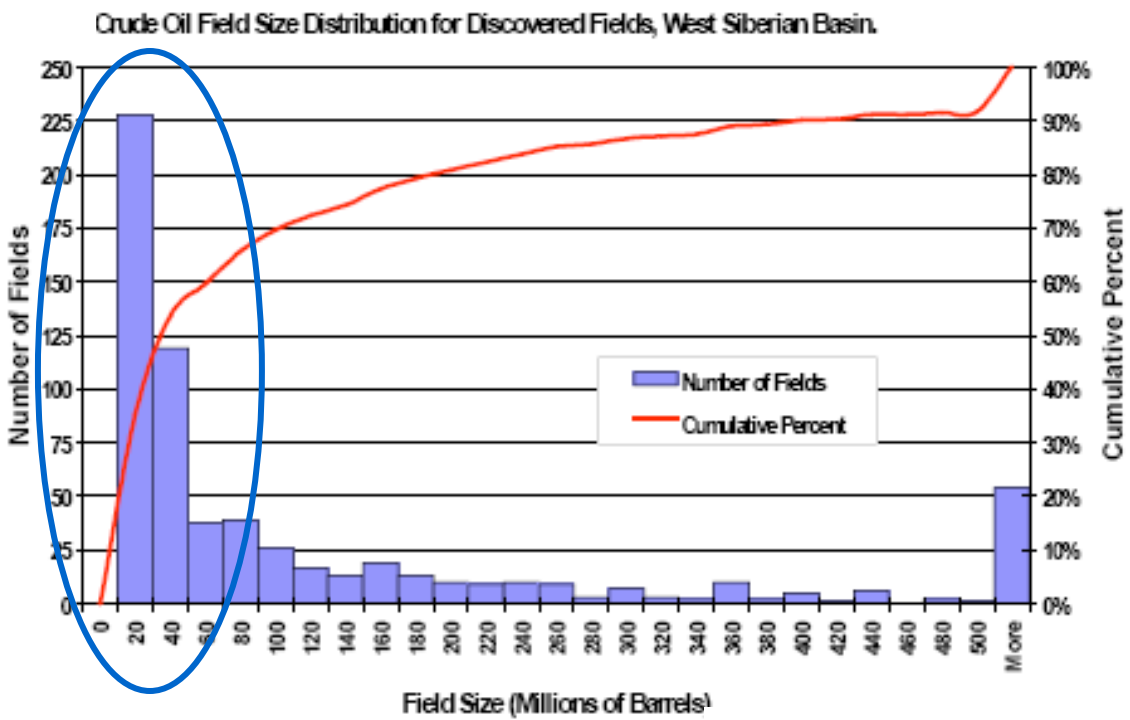
## **Initial focus on development of Licence 61 as a Core Area**

- Monetise the Lineynoye & Tungolskoye Oil Fields
- Target Export Pipeline production 2009
- Determine full upside potential of Licence 61 Core Area

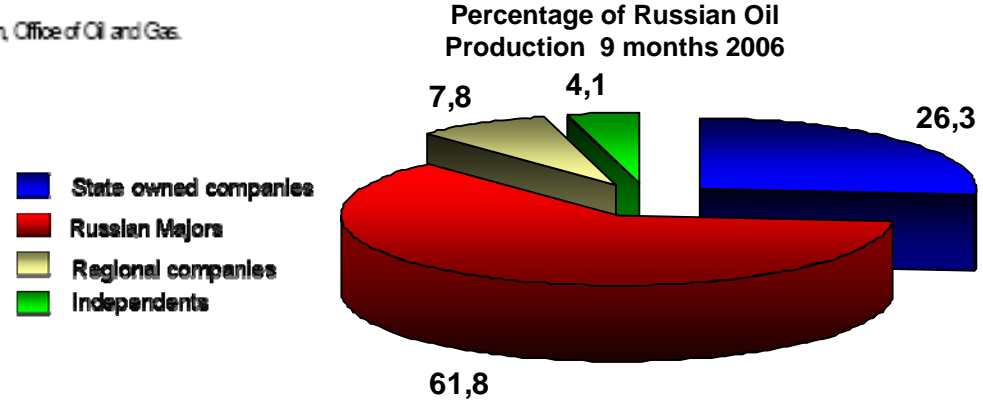
## **Business Development activities accelerating**

- Focused on Oil Fields with less than 100 million barrels and significant reserve upside which are below radar of Russian Majors.
- Evaluating Joint Venture and M&A opportunities.
- Engage smaller companies that have assets which they might want to divest or jointly develop.
- Participate in Russian Auction and Tender process.
- Commitment to developing western style alliances, providing added value through access to capital markets outside of Russia and western business processes

PetroNeft strategy targets these reserves and companies



Source: Energy Information Administration, Office of Oil and Gas.







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## **2006/07 Winter Drilling Program**

- Lineynoye No. 6 delineation well – confirmed 13.2 metres net pay – high quality oil - lower owc – 16.3 million bbls 2P
- Tungolskoye No. 4 delineation well – confirmed 15.4 metres oil net pay – well was sidetracked due to mechanical problems – truck-mounted rig moved onsite end March 2008 to complete testing – 15.5 million bbls 2P
- New field discovery at West Lineynoye – Lineynoye No. 7 confirmed 1.5 metres net pay – 28.8 million bbls 2P

## **2006/07 Seismic Survey**

- 540 kms of high resolution 2D data acquired and processed
- Interpretation completed in July 2007 – Six new prospects



## **2007/08 Winter Drilling Program**

- 3 well program
- Spudded Korchevsakaya No.1 well 29 February 2008, results due April/May 2008
- Lineynoye No. 8 due to spud May 2008
- West Korchevskaya No. 1 due to spud June 2008

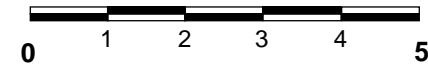
## **Ryder Scott Report as at 31 December 2007**

- 81% increase in 2P reserves to 60.6 million bbls
- 350.1 million bbls 3P reserves
- 3 oil fields and 26 prospects reported on

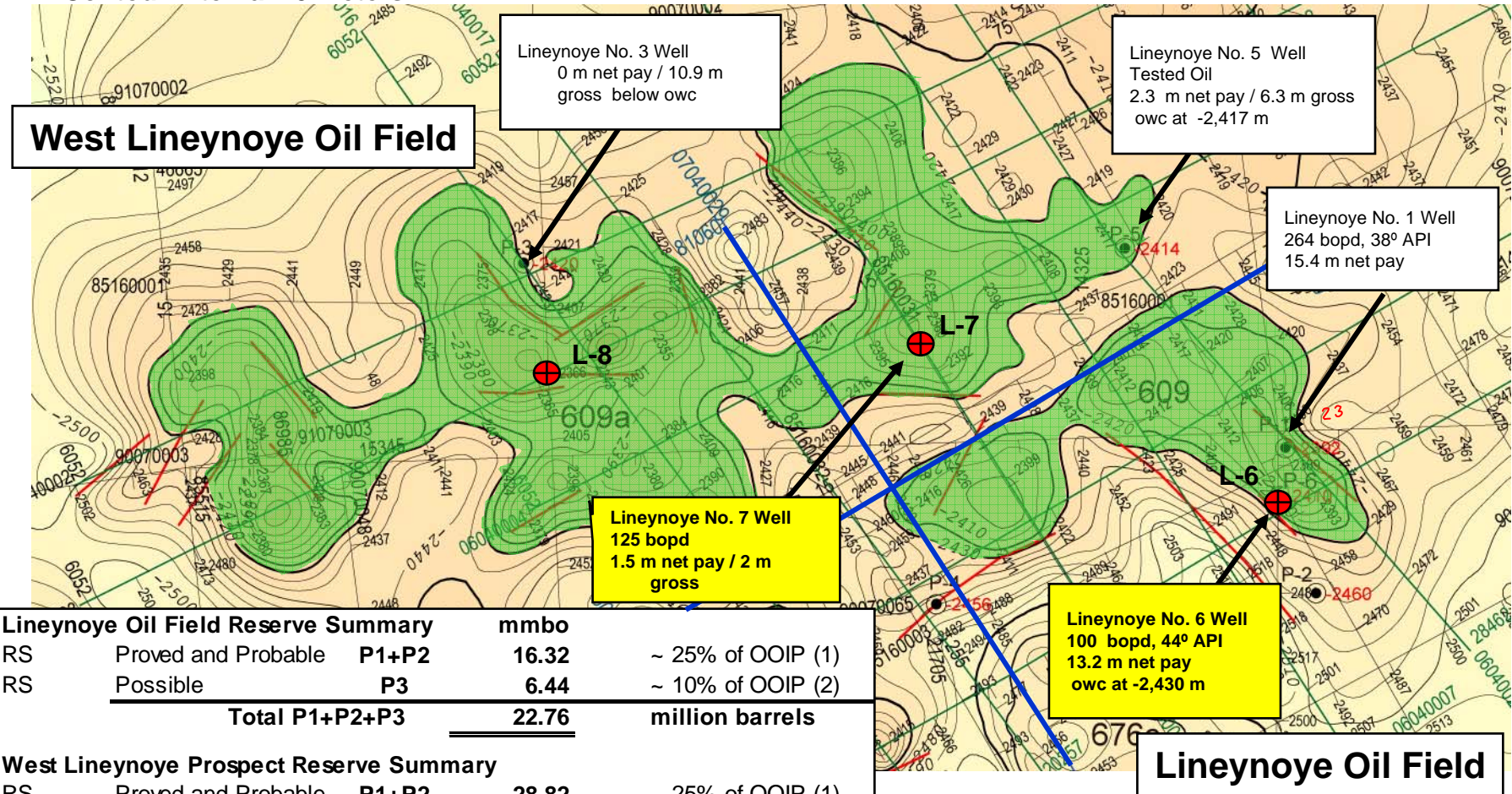


# Structure Map on Base Bazhenov Horizon

Kilometers



Contour Interval 10 meters



Lineynoye Oil Field Reserve Summary		mmbo	
RS	Proved and Probable	<b>P1+P2</b>	<b>16.32</b>
			~ 25% of OOIP (1)
RS	Possible	<b>P3</b>	<b>6.44</b>
			~ 10% of OOIP (2)
<b>Total P1+P2+P3</b>		<b>22.76</b>	<b>million barrels</b>

West Lineynoye Prospect Reserve Summary		mmbo	
RS	Proved and Probable	<b>P1+P2</b>	<b>28.82</b>
			~ 25% of OOIP (1)
RS	Possible	<b>P3</b>	<b>15.61</b>
			~ 10% of OOIP (2)
<b>Total P1+P2+P3</b>		<b>44.42</b>	<b>million barrels</b>

(1) OOIP = Original Oil in Place  
 (2) Incremental Field Possibles due to future technology, infill drilling, oil price, etc.

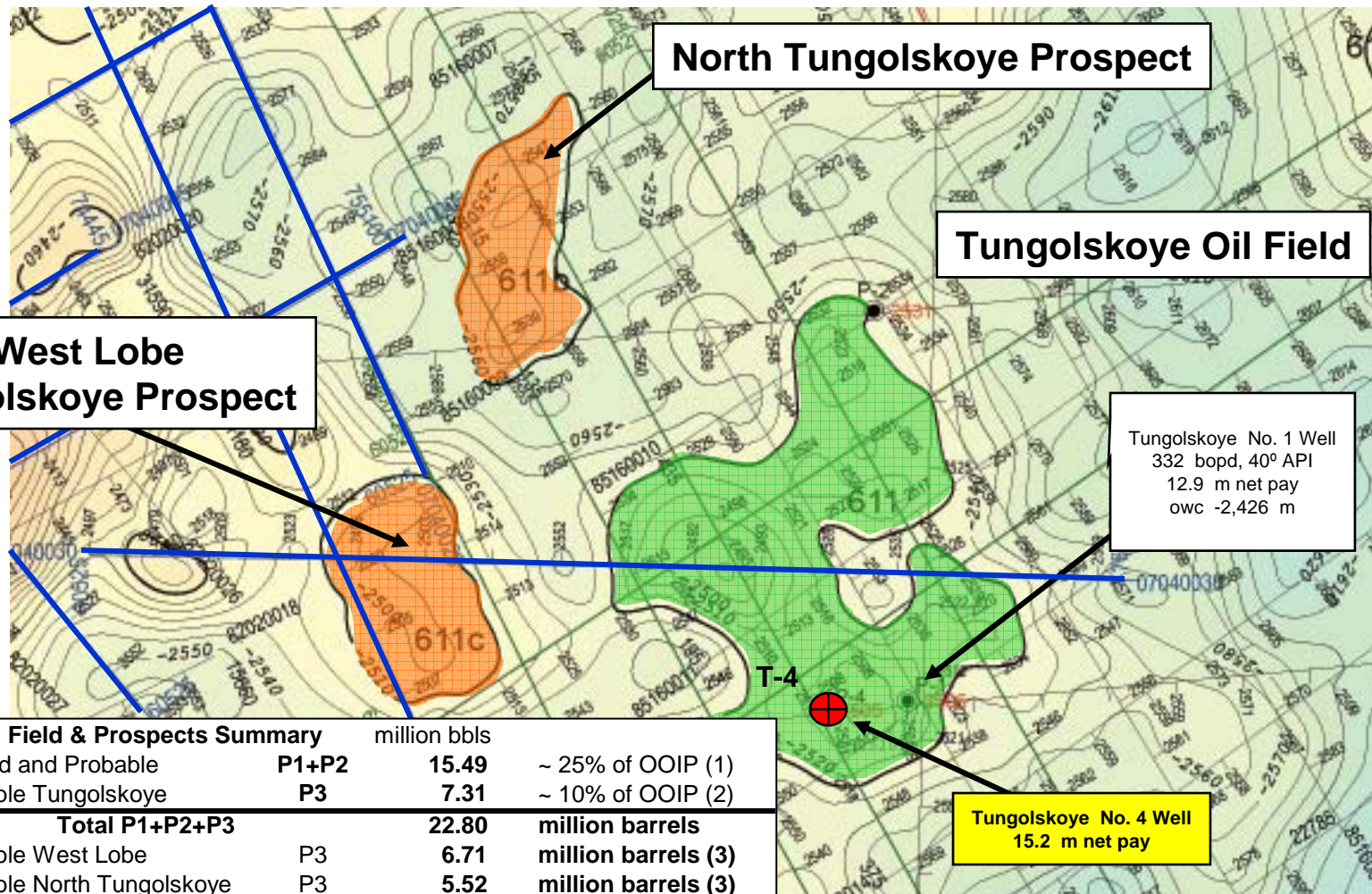
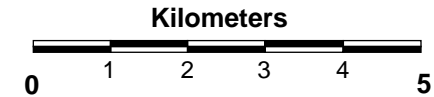
**Lineynoye Oil Field**

— 2D Seismic 2006/2007





Structure Map on Base Bazhenov Horizon



Tungolskoye Oil Field & Prospects Summary		million bbls		
RS	Proved and Probable	<b>P1+P2</b>	<b>15.49</b>	~ 25% of OOIP (1)
RS	Possible Tungolskoye	<b>P3</b>	<b>7.31</b>	~ 10% of OOIP (2)
<b>Total P1+P2+P3</b>			<b>22.80</b>	<b>million barrels</b>
RS	Possible West Lobe	P3	<b>6.71</b>	<b>million barrels (3)</b>
RS	Possible North Tungolskoye	P3	<b>5.52</b>	<b>million barrels (3)</b>

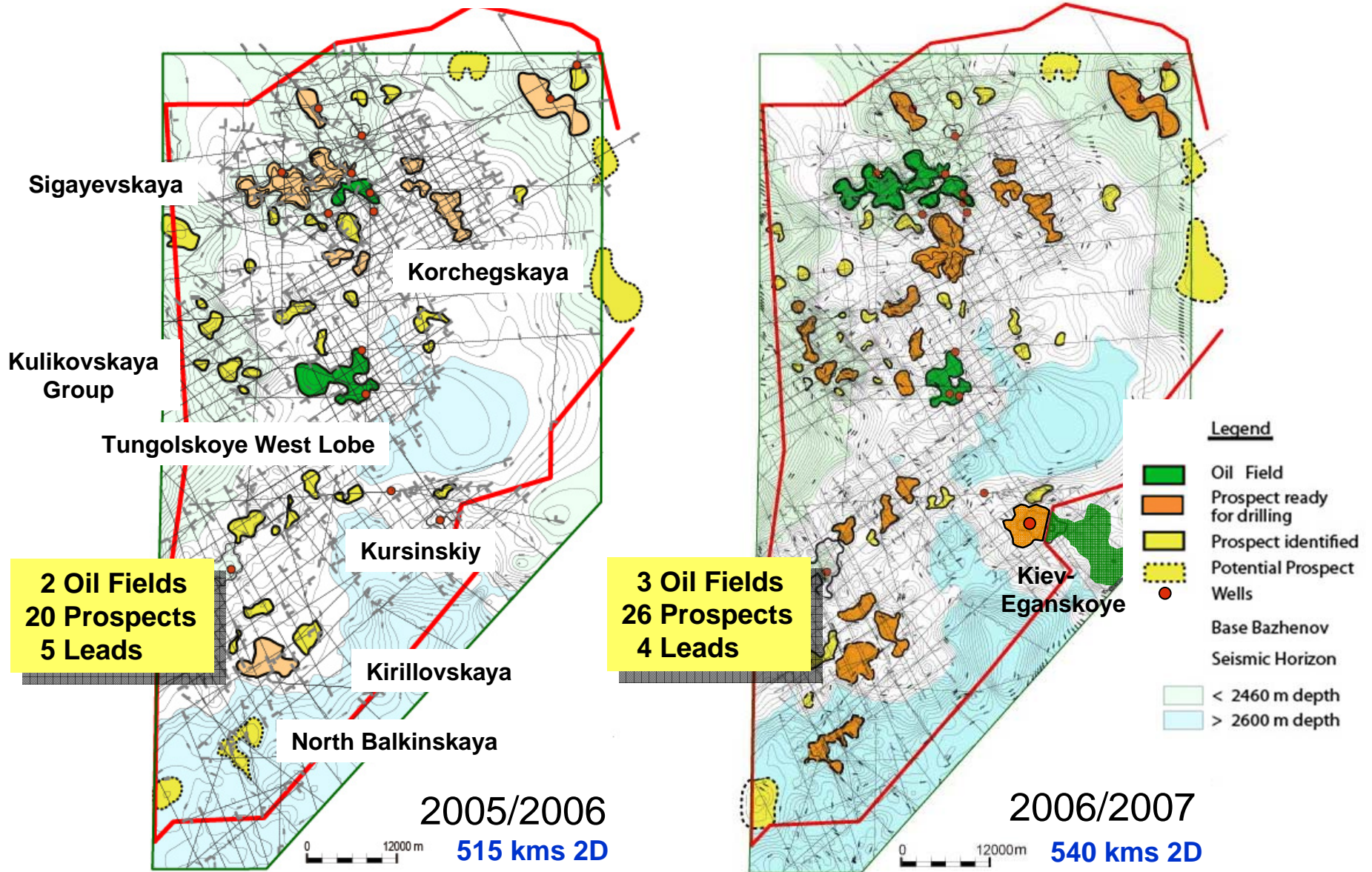
- (1) OOIP = Original Oil in Place, RS Ryder Scott estimate, PN PetroNeft estimate
- (2) Incremental Field Possibles due to future technology, infill drilling, oil price, etc.
- (3) Recovery ~ 25% of OOIP

Tungolskoye No. 1 Well  
332 bopd, 40° API  
12.9 m net pay  
owc -2,426 m

Tungolskoye No. 4 Well  
15.2 m net pay

— 2D Seismic 2006/2007  
Contour Interval 10 meters





### Oil Fields / Prospects / Potential Prospects

#### Oil Fields

1. Lineynoye Oil Field
2. Tungolskoye Oil Field
3. West Lineynoye Oil Field

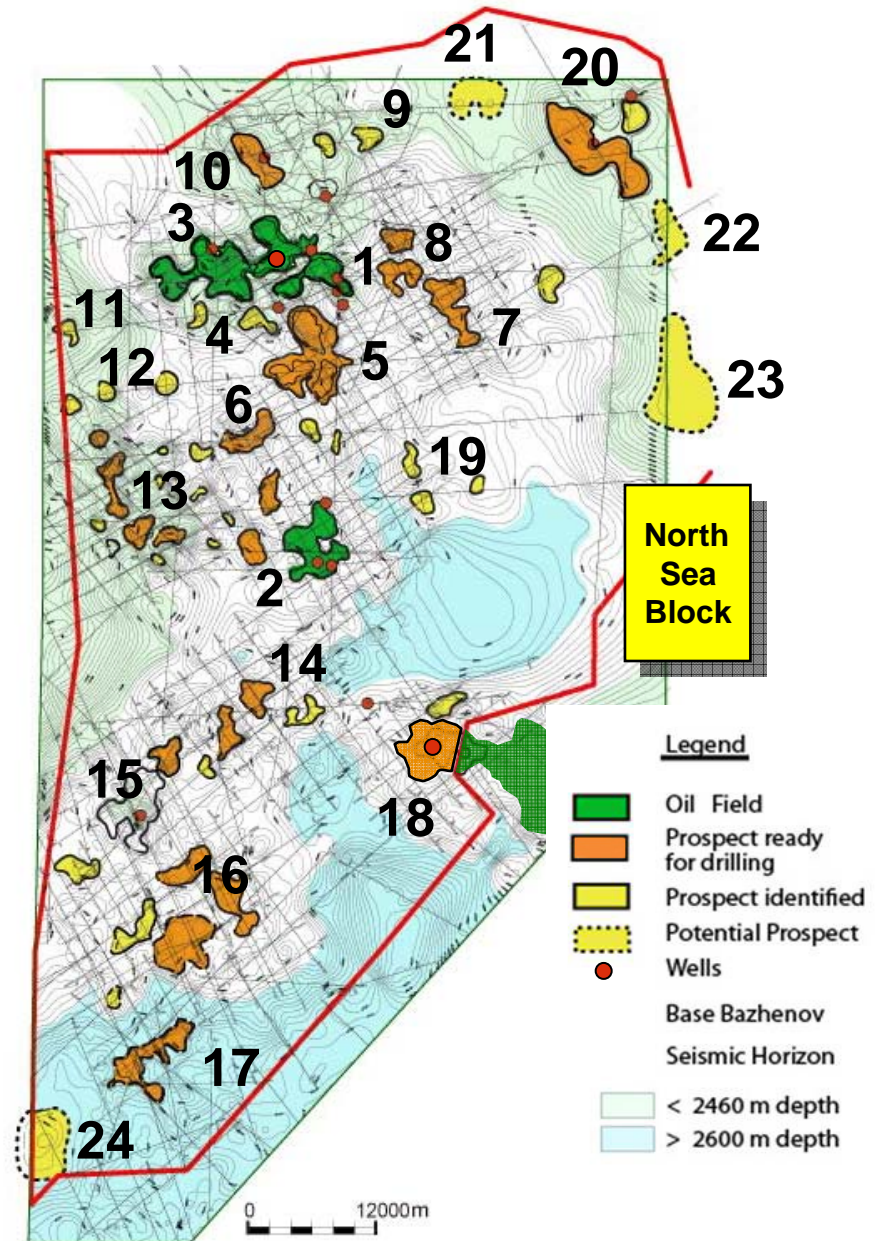
#### Prospects

26

2. Tungolskoye West Lobe and North
4. Lineynoye Lower
5. Korchegskaya
6. Korchegskaya West
7. Varyakhskaya
8. Varyakhskaya North & Upper
9. Emtorskaya East (1 of 2)
10. Emtorskaya Crown
11. Sigayevskaya
12. Sigayevskaya East
13. Kulikovskaya Group (2 of 6)
14. Kusinskiy Group (2 of 3)
15. Tuganskaya Group (2 of 4)
16. Kirillovskaya (3 of 4)
17. North Balkinskaya
18. Traverskaya (1 of 2)
19. Tungolskoye East
20. Sibkrayevskaya Crown & North

#### Potential Prospects (Leads)

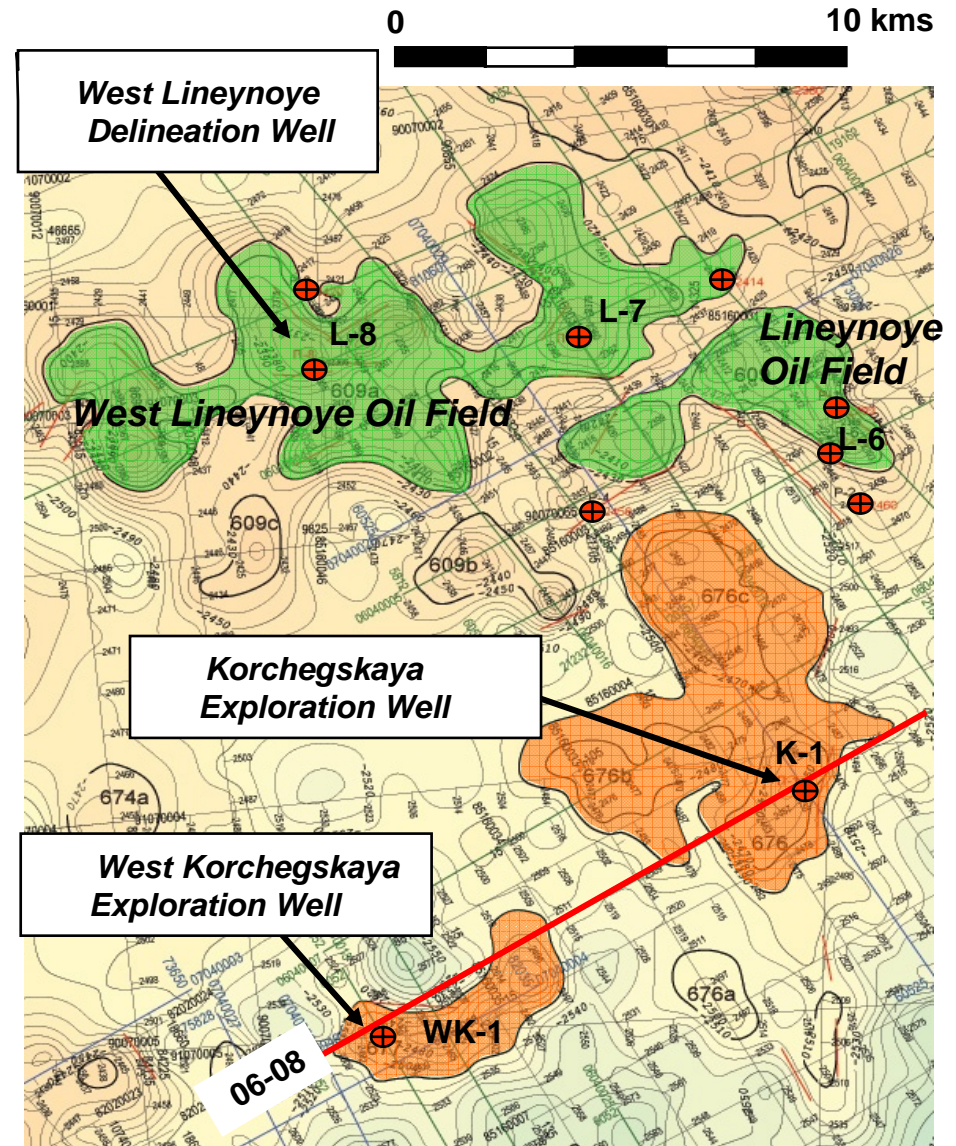
16. Emtorskaya North
17. Sibkrayevskaya East
18. Sobachya
24. West Balkinskaya





### Three Well Program

- Utilising existing Drilling Rigs
- Turnkey Contract
- Two low risk exploration wells in Tungolskoye-Lineynoye productive oil fairway
- Korchegskaya Prospect
  - 36 million bbls P3 Ryder Scott
- West Korchegskaya Prospect
  - 10.5 million bbls P3 Ryder Scott
- West Lineynoye Delineation
  - Input data for Development
- Ready tie-in to planned field development infrastructure







Southwest

Seismic Line 06-08

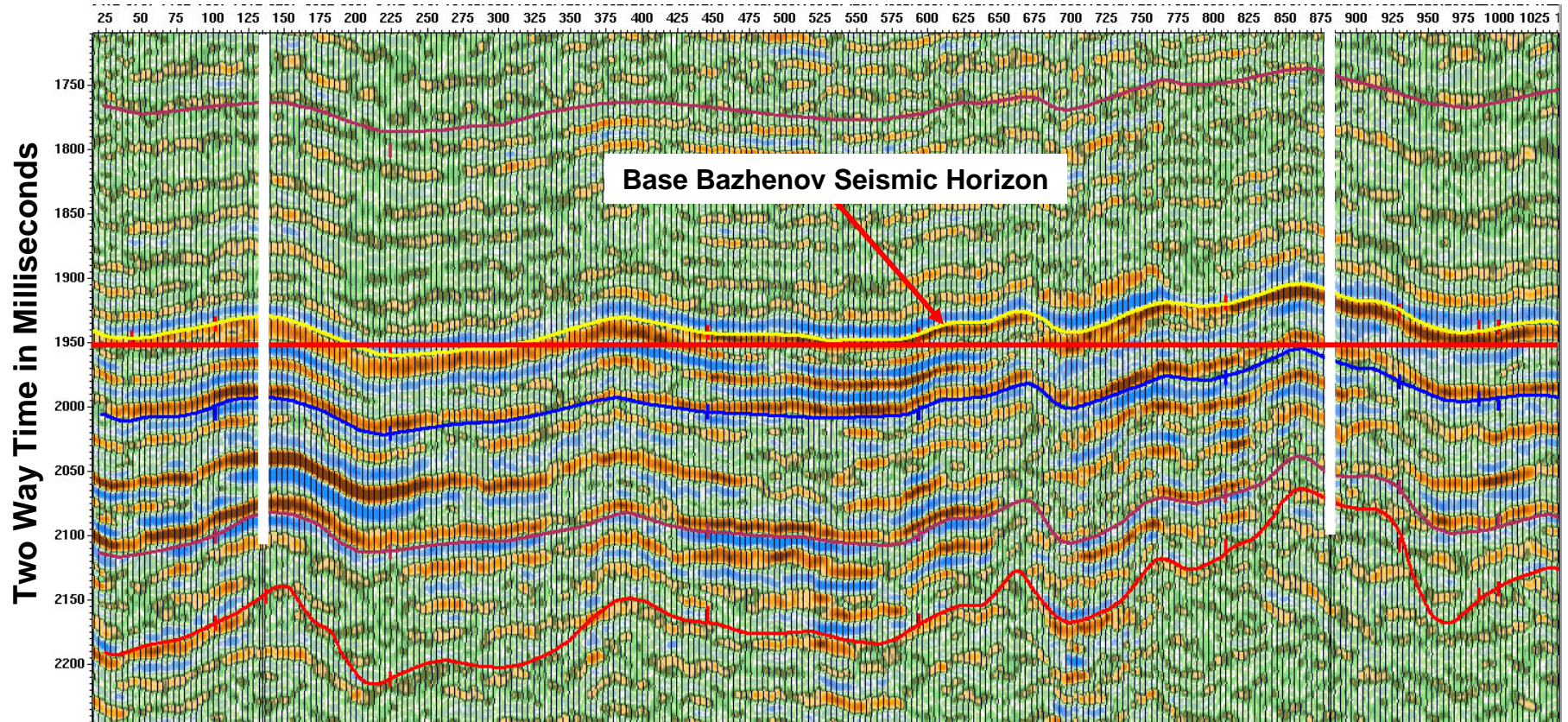
Northeast

West Korchevskaya Prospect

Korchevskaya Prospect

WK-1

K-1



8.0 km



## **Pilot Production**

- Long term pilot/production test commenced on Lineynoye No. 6 and No. 7 wells
- Electrical Submersible Pumps in place
- L6 stabilised rate 245 bopd, L7 stabilised rate 85 bopd (not optimised)
- Trucking ceased end March due to warm weather

## **Lineynoye and Tungolskoye Development Plan**

- Preliminary Feasibility Study completed February 2007
- Bank discussions started February 2007
- Updated Plan of Development completed March 2008
- Banks have finalised technical and economic due diligences
- Advanced discussions/negotiations with International Banks are ongoing



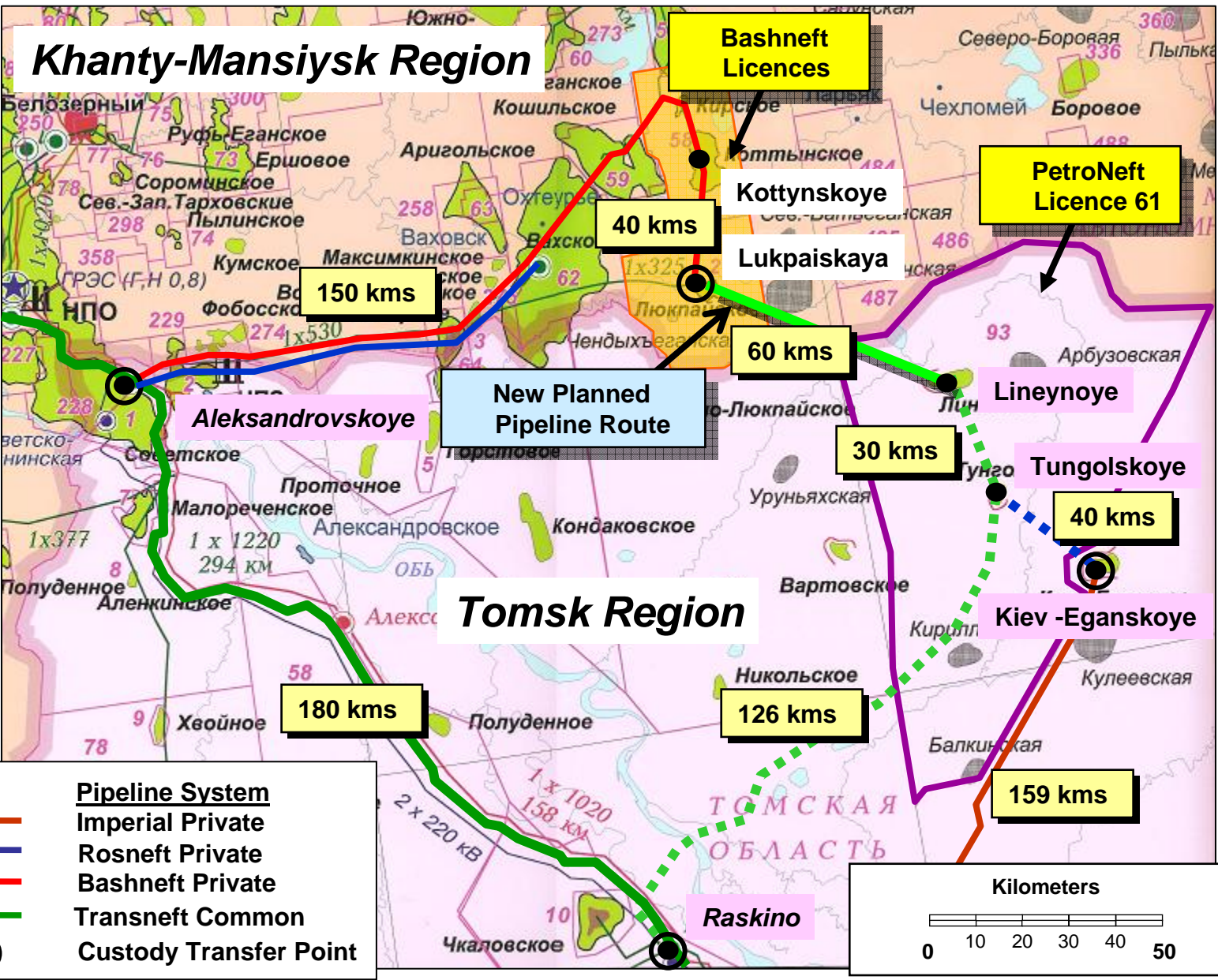


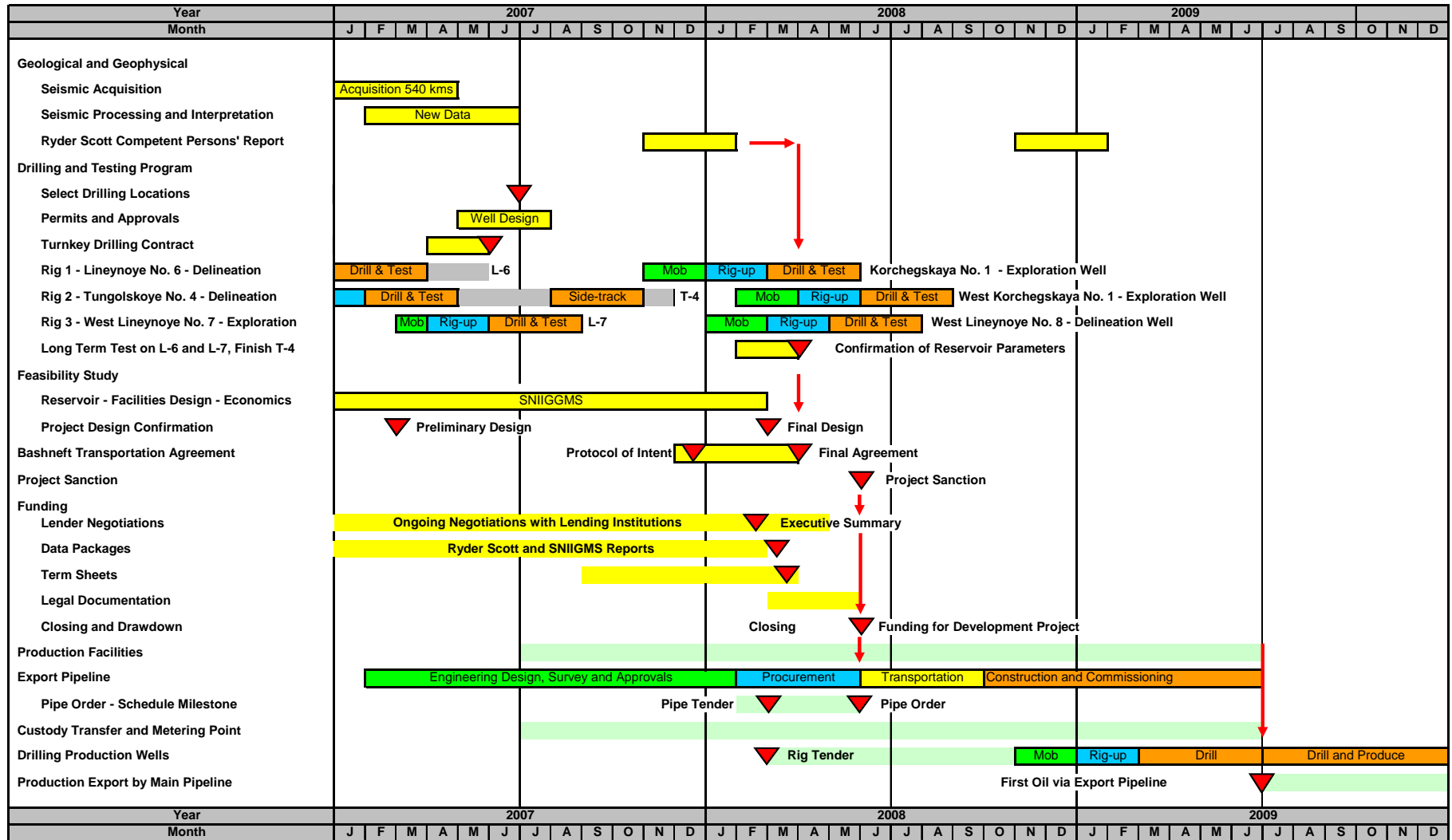
## **Pipeline**

- Pipeline sharing protocol agreed with BashNeft December 2007
- Expect to construct pipeline in winter of 2008/09
- Initially develop more northerly oil fields – tie-in to BashNeft pipeline at Lukpayskaya pumping station is located 60 km from Lineynoye and West Lineynoye oil fields
- Year – round production expected to commence Q3 2009

## **Other**

- Recently acquired site for Mini-Refinery at Pervomayka in Kolpashevo District
- Medium term strategy is to participate in both the upstream and downstream segments of the oil and gas business in Russia





Major Dependencies →

Apr-08



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**IPO 27 September 2006**

- Raised US\$ 15.5 million
  - 100% primary issue
  - Fund 2006/2007 winter operations programme
  - AIM Market – London Stock Exchange (PTR)
  - IEX Market – Irish Stock Exchange (P8ET)
- Initial Market Cap US \$ 66 million
- 48% Free Float
  - All Directors participated in Placing
  - Directors' lock-in for 12 months
  - Shares in Issue 176,625,258

**July 2007**

- Raised US\$ 15.26 million
  - 100% primary issue
  - Fund 2007/2008 winter operations programme
  - Four Directors participated
  - New Shares Issued 15,145,743
- Shares in Issue 191,956,395
- Current Market Cap US\$ 110 million

**Major Shareholders 31 December 2007**

- |                             |        |
|-----------------------------|--------|
| • Directors                 | 29.60% |
| • RAB Octane Fund Limited   | 19.60% |
| • Davycrest Nominees Ltd    | 14.85% |
| • Vidacos Nominees Ltd      | 6.16%  |
| • JP Morgan Asset Mgmt (UK) | 3.91%  |





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## **2006/07 Winter Drilling Programme**

- Complete testing of delineation well on Tungolskoye Oil Field – April 2008
- Update Ryder Scott reserve report based on new drilling and seismic results

## **2007/08 Winter Exploration & Delineation Programme**

- 2006/2007 results defined 2007/08 exploration programme of drilling targets
- Three well programme, three rigs already mobilised – turnkey contracts in place
- Drilling consumables purchased are now on site

## **Towards Production**

- Long term pilot/production test commenced on Lineynoye No. 6 and No. 7 wells
- Pipeline design, survey and approvals including environmental impact
- Finalise development plan, agree debt facility and sanction project – H1 2008
- Tender for pipeline procurement and construction – H1 2008
- Construction of pipeline Winter 2008/09



## **Business Development**

- Continuous evaluation of acquisition prospects to complement organic growth
- Identify new licences / basins that match stated acquisition criteria
- Company well positioned for further growth as “Knowledgeable Investor”
  - Technical, Transactional, Financial and Management Expertise
  - Build on Key Relationships and Successful Past Projects



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**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, 16 years experience in Financial arena
- Expected to join board shortly

**David E. Sanders**

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

**Desmond J. Burke**

- Executive Director – Planning and Investor Relations
- 30 years' minerals industry experience & 20 years' experience in international equity markets

**G. David Golder**

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

**Thomas G. Hickey**

- Non-Executive Director
- Chief Financial Officer and Director of Tullow Oil plc

**Vakha A. Sobraliev**

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

*Note, All Directors subscribed at IPO and four Directors subscribed at last Placement – no Directors have sold shares*



**Alexey Balyasnikov (Moscow)**

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

**Alexander Frenovsky (Tomsk)**

- Executive Director
- 34 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
- 35 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



### **PetroNeft Resources plc**

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