RYDER SCOTT COMPANY
PETROLEUM CONSULTANTS
TBPE REGISTERED ENGINEERING FIRM F-1580
621 SEVENTEENTH STREET SUITE 1550 DENVER, COLORADO 80293 TELEPHONE (303) 623-9147
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March 30, 2012

The Directors
PetroNeft Resources plc
20 Holles Street
Dublin 2
Ireland

Gentlemen:

At your request, we have prepared an estimate of the proved and probable reserves, future production, and income attributable to the 100% ownership of PetroNeft Resources Plc (PetroNeft) wholly owned Russian Limited Liability subsidiary company Stimul-T, the sole license holder of License Area 61 (Tungolsky) as of January 1, 2012. The subject properties are located in the Tomsk Oblast in Russia. The reserves and income data included herein were estimated based on the definitions and disclosure guidelines contained in the Society of Petroleum Engineers (SPE), World Petroleum Council (WPC), American Association of Petroleum Geologists (AAPG), and Society of Petroleum Evaluation Engineers (SPEE) Petroleum Resources Management System (SPE-PRMS). The income data were estimated using future price and cost parameters as noted herein and held constant throughout the life of the properties. The results of our third party study, completed on March 30, 2012, are presented herein. The properties reviewed by Ryder Scott represent 100 percent of the total net proved and probable liquid hydrocarbon reserves of PetroNeft in the subject license.

The estimated reserves and future income amounts presented in this report, as of January 1, 2012, are related to hydrocarbon prices based on unescalated price parameters. As a result of both economic and political forces, there is significant uncertainty regarding the forecasting of future hydrocarbon prices. The recoverable reserves and the income attributable thereto have a direct relationship to the hydrocarbon prices actually received; therefore, volumes of reserves actually recovered and amounts of income actually received may differ significantly from the estimated quantities presented in this report. The results of this study are summarized below.

BASE CASE
Constant Prices and Costs
Estimated Net Reserves and Income Data
License Area 61
PetroNeft
As of January 1, 2012

	Total Proved	Total Probable	Proved & Probable
Net Remaining Reserves			
Oil/Condensate (10^3 Bbls)	18,485	99,191	117,676
Income Data($10^3$$)			
Future Gross Revenue*	$752,240	$4,153,729	$4,905,969
Deductions	$573,014	$2,924,799	$3,497,813
Future Net Income (FNI)	$179,226	$1,228,930	$1,408,156
Discounted FNI @ 10%	$93,777	$443,754	$537,531

* After deduction of MET

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In addition to the Base case, two price sensitivity cases were evaluated. One represented a high price case and the other represented a low price case.

HIGH PRICE CASE
Constant Prices and Costs
Estimated Net Reserves and Income Data
License Area 61
PetroNeft
As of January 1, 2012

	Total Proved	Total Probable	Proved & Probable
Net Remaining Reserves			
Oil/Condensate (10^3 Bbls)	18,492	99,191	117,683
Income Data($10^3$$)			
Future Gross Revenue*	$829,001	$4,579,893	$5,408,893
Deductions	$621,274	$3,185,247	$3,806,520
Future Net Income (FNI)	$207,727	$1,394,646	$1,602,373
Discounted FNI @ 10%	$110,683	$513,496	$624,179

* After deduction of MET

LOW PRICE CASE
Constant Prices and Costs
Estimated Net Reserves and Income Data
License Area 61
PetroNeft
As of January 1, 2012

	Total Proved	Total Probable	Proved & Probable
Net Remaining Reserves			
Oil/Condensate (10^3 Bbls)	18,463	99,191	117,654
Income Data($10^3$$)			
Future Gross Revenue*	$674,373	$3,724,654	$4,399,027
Deductions	$525,670	$2,673,907	$3,199,577
Future Net Income (FNI)	$148,703	$1,050,747	$1,199,450
Discounted FNI @ 10%	$76,006	$370,267	$446,273

* After deduction of MET

Liquid hydrocarbons are expressed in standard 42 gallon barrels.

The future gross revenue is after the deduction of Mineral Extraction Tax. The deductions incorporate the normal direct costs of operating the wells, export tariff, property tax, profit tax, oil transportation charges, recompletion costs, development costs, facilities costs and certain abandonment costs net of salvage.

The discounted future net income shown above was calculated using a discount rate of 10 percent per annum compounded monthly. Future net income was discounted at four other discount rates which were also compounded monthly. These results are shown in summary form as follows.

Discount Rate Percent	Base Case Discounted Future Net Income (10^3) As of January 1, 2012 Total Proved	Total Probable	Proved & Probable
8	$105,701	$536,439	$642,140
12	$83,546	$369,076	$452,622
15	$70,761	$282,333	$353,094
20	$54,577	$183,678	$238,255

* After deduction of MET

Discount Rate Percent	High Price Case Discounted Future Net Income (10^3) As of January 1, 2012 Total Proved	Total Probable	Proved & Probable
8	$124,284	$617,732	$742,016
12	$98,990	$429,388	$528,378
15	$84,341	$331,481	$415,822
20	$65,726	$219,663	$285,389

* After deduction of MET

Discount Rate Percent	Low Price Case Discounted Future Net Income (10^3) As of January 1, 2012 Total Proved	Total Probable	Proved & Probable
8	$86,109	$450,339	$536,448
12	$67,354	$305,874	$373,228
15	$56,572	$231,279	$287,851
20	$42,986	$146,863	$189,849

* After deduction of MET

The results shown above are presented for your information and should not be construed as our estimate of fair market value.

Reserves Included in This Report

The proved and probable reserves included herein conform to definitions of proved and probable reserves sponsored and approved by the Society of Petroleum Engineers (SPE), the World Petroleum Council (WPC), the American Association of Petroleum Geologists (AAPG) and the Society of Petroleum Evaluation Engineers (SPEE) as set forth in the 2007 SPE/WPC/AAPG/SPEE Petroleum Resources Management System (SPE-PRMS). An abridged version of the SPE/WPC/AAPG/SPEE proved and probable reserves from the SPE-PRMS entitled “Petroleum Reserves Definitions” is included as an attachment to this report.

The various reserve status categories are defined in the attachment to this report entitled “Reserves Status Definitions and Guidelines.” The developed proved and probable non-producing reserves included herein consist of the behind pipe and secondary recovery response categories.

While it may reasonably be anticipated that the future prices received for the sale of production and the operating costs and other costs relating to such production may also increase or decrease from existing levels, such changes were omitted from consideration in making this evaluation.

Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward. Probable reserves are those additional reserves that are less likely to be recovered than proved reserves. For probable reserves, it is equally likely that the actual remaining quantities recovered will be greater than or less than the sum of the estimated proved plus probable reserves. The reserves included herein were estimated using deterministic methods and presented as incremental quantities. Under the deterministic incremental approach, discrete quantities of reserves are estimated and assigned separately as proved or probable based on their individual level of uncertainty.

The reserves and income quantities attributable to the different reserve classifications that are included herein have not been adjusted to reflect these varying degrees of risk associated with them and thus are not comparable. Moreover, estimates of reserves may increase or decrease as a result of future operations, effects of regulation by governmental agencies or geopolitical risks. As a result, the estimates of oil and gas reserves have an intrinsic uncertainty. The reserves included in this report are therefore estimates only and should not be construed as being exact quantities. They may or may not be actually recovered, and if recovered, the revenues therefrom and the actual costs related thereto could be more or less than the estimated amounts.

The reserves reported herein are limited to the period prior to expiration of current contracts providing the legal right to produce or a revenue interest in such production unless there is a reasonable expectation that an extension, a renewal or a new contract will be granted. A reasonable expectation is noted as representing a high degree of confidence that an extension, a renewal or new contract will be granted. The prices and economic return received for these net volumes can vary significantly based on the terms of these contracts. Therefore, when applicable, Ryder Scott reviewed the fiscal terms of such contracts and discussed with PetroNeft the net economic benefit attributed to such operations for the determination of the net hydrocarbon volumes and income thereof. Ryder Scott has not conducted an exhaustive audit or verification of such contractual information. Neither our review of such contractual information or our acceptance of PetroNeft's representations regarding such contractual information should be construed as a legal opinion on this matter.

Ryder Scott did not evaluate country and geopolitical risks in the countries where PetroNeft operates or has interests. PetroNeft's operations may be subject to various levels of governmental controls and regulations. These controls and regulations may include matters relating to land tenure, drilling, production practices, environmental protection, marketing and pricing policies, royalties, various taxes and levies including income tax, and foreign trade and investment and are subject to change from time to time. Such changes in governmental regulations and policies may cause volumes of reserves actually recovered and amounts of income actually received to differ from the estimated quantities.

The estimates of reserves presented herein were based upon a detailed study of the properties in which PetroNeft owns an interest; however, we have not made any field examination of the properties. No consideration was given in this report to potential environmental liabilities that may exist nor were any costs included for potential liability to restore and clean up damages, if any, caused by past operating practices.

Estimates of Reserves

The reserves for the properties included herein were estimated by performance methods or the volumetric method. In general, reserves attributable to producing wells and/or reservoirs were estimated by performance methods such as decline curve analysis which utilized extrapolations of historical production and pressure data available through December, 2011 in those cases where such data were considered to be definitive. In certain cases, producing reserves were estimated by the volumetric method or a combination of performance and volumetrics where there were inadequate historical performance data to establish a definitive trend and where the use of production performance data as the sole basis for the reserve estimates was considered to be inappropriate. Reserves attributable to proved and probable non-producing and undeveloped reserves included herein were estimated by the volumetric method which utilized all pertinent well and seismic data available through December, 2011.

To estimate economically recoverable oil and gas reserves and related future net cash flows, we consider many factors and assumptions including, but not limited to, the use of reservoir parameters derived from geological, geophysical and engineering data which cannot be measured directly, economic criteria based on the cost and price assumptions as noted herein, and forecasts of future production rates. Under the SPE-PRMS Section 2.2.2 and Table 3, proved reserves must be demonstrated to be commercially recoverable under defined economic conditions, operating methods and governmental regulations from a given date forward. We have applied the same criteria for economic commerciality to the probable reserves included in this report. PetroNeft has informed us that they have furnished us all of the accounts, records, geological and engineering data, and reports and other data required for this investigation. In preparing our forecast of future production and income, we have relied upon data furnished by PetroNeft with respect to property interests owned, production and well tests from examined wells, normal direct costs of operating the wells or leases, other costs such as transportation and/or processing fees, mineral extraction tax, property tax, export tariff and profit tax, recompletion and development costs, abandonment costs after salvage, product prices, geological structural and isochore maps, well logs, core analyses, and pressure measurements. Ryder Scott reviewed such factual data for its reasonableness; however, we have not conducted an independent verification of the data supplied by PetroNeft.

Future Production Rates

Our forecasts of future production rates are based on historical performance from wells now on production. Test data and other related information were used to estimate the anticipated initial production rates for those wells or locations that are not currently producing. If no production decline trend has been established, future production rates were held constant, or adjusted for the effects of curtailment where appropriate, until a decline in ability to produce was anticipated. An estimated rate of decline was then applied to depletion of the reserves. If a decline trend has been established, this trend was used as the basis for estimating future production rates. For reserves not yet on production, sales were estimated to commence at an anticipated date furnished by PetroNeft.

The future production rates from wells now on production may be more or less than estimated because of changes in market demand or allowables set by regulatory bodies. Wells or locations that are not currently producing may start producing earlier or later than anticipated in our estimates. Secondary recovery response could occur earlier or later than anticipated in our estimates.

Hydrocarbon Prices

PetroNeft furnished us with both domestic and export prices for the three price scenarios along with a split of 33% export and 67% domestic sales and these prices were held constant for the life of each property as follows:

	Export Market (percent)	Domestic Market (percent)	Export Oil Price (US $/bbl)	Domestic Oil Price (US $/bbl w/o VAT)
Case 1 (Low)	33	67	80.00	36.00
Case 2 (Base)	33	67	90.00	40.50
Case 3 (High)	33	67	100.00	45.00

The effects of derivative instruments designated as price hedges of oil and gas quantities are not reflected in our individual property evaluations.

Costs

PetroNeft provided operating costs for the leases and wells in this report are based on the operating expense reports of PetroNeft and include only those costs directly applicable to the leases or wells. The operating costs include a portion of general and administrative costs allocated directly to the leases and wells. When applicable for operated properties, the operating costs include an appropriate level of corporate general administrative and overhead costs. No deduction was made for loan repayments, interest expenses, or exploration and development prepayments that were not charged directly to the leases or wells.

Development costs were furnished to us by PetroNeft and are based on authorizations for expenditure for the proposed work or actual costs for similar projects. The estimated net cost of abandonment after salvage was included. The estimates of the net abandonment costs furnished by PetroNeft were accepted without independent verification.

Because of the direct relationship between volumes of proved and probable undeveloped reserves and development plans, we include in the proved and probable undeveloped category only reserves assigned to undeveloped locations that we have been assured will definitely be drilled and reserves assigned to the undeveloped portions of secondary or tertiary projects which we have been assured will definitely be developed. PetroNeft has assured us of their intent and ability to proceed with the development activities included in this report, and that they are not aware of any legal, regulatory or political obstacles that would significantly alter their plans.

Current costs were held constant throughout the life of the properties.

Standards of Independence and Professional Qualification

Ryder Scott is an independent petroleum engineering consulting firm that has been providing petroleum consulting services throughout the world for over seventy years. Ryder Scott is employee owned and maintains offices in Houston, Texas; Denver, Colorado; and Calgary, Alberta, Canada. We have over eighty engineers and geoscientists on our permanent staff. By virtue of the size of our firm and the large number of clients for which we provide services, no single client or job represents a material portion of our annual revenue. We do not serve as officers or directors of any publicly traded oil and gas company and are separate and independent from the operating and investment decision-

making process of our clients. This allows us to bring the highest level of independence and objectivity to each engagement for our services.

Ryder Scott actively participates in industry related professional societies and organizes an annual public forum focused on the subject of reserves evaluations and SEC regulations. Many of our staff have authored or co-authored technical papers on the subject of reserves related topics. We encourage our staff to maintain and enhance their professional skills by actively participating in ongoing continuing education.

Prior to becoming an officer of the Company, Ryder Scott requires that staff engineers and geoscientists have received professional accreditation in the form of a registered or certified professional engineer's license or a registered or certified professional geoscientist's license, or the equivalent thereof, from an appropriate governmental authority or a recognized self-regulating professional organization.

We are independent petroleum engineers with respect to PetroNeft. Neither we nor any of our employees have any interest in the subject properties, and neither the employment to do this work nor the compensation is contingent on our estimates of reserves for the properties which were reviewed.

The professional qualifications of the undersigned, the technical person primarily responsible for reviewing and approving the reserves information discussed in this report, are included as an attachment to this letter.

Terms of Usage

This report was prepared for the exclusive use and sole benefit of PetroNeft Resources, Plc and may not be put to other use without our prior written consent for such use. The data and work papers used in the preparation of this report are available for examination by authorized parties in our offices. Please contact us if we can be of further service.

Very truly yours,

RYDER SCOTT COMPANY, L.P.
TBPE Firm Registration No. F-1580

Larry T. Nelms, P.E.
Colorado License No. 17832

Approved:

James L. Baird, P.E.
Managing Senior Vice President

Professional Qualifications of Primary Technical Person

The conclusions presented in this report are the result of technical analysis conducted by teams of geoscientists and engineers from Ryder Scott Company, L.P. Larry Thomas Nelms is the primary technical person responsible for the estimate of the reserves, future production and income.

Nelms, a retired employee of Ryder Scott Company L.P. (Ryder Scott) since 2011, was a Managing Senior Vice President and also served as a member of the Board of Directors, responsible for coordinating and supervising staff and consulting engineers of the company in ongoing reservoir evaluation studies worldwide. Before joining Ryder Scott, Nelms served in a number of engineering positions with Dome Petroleum, Mizel Petro Resources and Exxon. For more information regarding Mr. Nelms' geographic and job specific experience, please refer to the Ryder Scott Company website at www.ryderscott.com/Experience/Employees.

Nelms earned a Bachelor of Science degree in Mechanical Engineering from Mississippi State University in 1963 and a Master of Science from the University of New Mexico in 1965, and he is a registered Professional Engineer in the State of Colorado. He is also a member of the Society of Petroleum Engineers and the Society of Petroleum Evaluation Engineers, where he serves as chairman of the Denver Section and also served for three years on the board of directors.

As part of his 2009 continuing education hours, Nelms attended an internally presented 16 hours of formalized training as well as the day long 2009 RSC Reserves Conference forum, and a presentation at the Denver Section of SPEE by Dr. John Lee relating to the definitions and disclosure guidelines contained in the United States Securities and Exchange Commission Title 17, Code of Federal Regulations, Modernization of Oil and Gas Reporting, Final Rule released January 14, 2009 in the Federal Register. Nelms serves as the instructor of the PetroSkills course entitled "Oil & Gas Reserve Evaluation" for a period of four years.

Based on his educational background, professional training and more than 25 years of practical experience in the estimation and evaluation of petroleum reserves, Nelms has attained the professional qualifications as a Reserves Estimator and Reserves Auditor set forth in Article III of the "Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information" promulgated by the Society of Petroleum Engineers as of February 19, 2007.

PETROLEUM RESERVES DEFINITIONS

As Adapted From:
PETROLEUM RESOURCES MANAGEMENT SYSTEM (SPE-PRMS)
Sponsored and Approved by:
SOCIETY OF PETROLEUM ENGINEERS (SPE),
WORLD PETROLEUM COUNCIL (WPC)
AMERICAN ASSOCIATION OF PETROLEUM GEOLOGISTS (AAPG)
SOCIETY OF PETROLEUM EVALUATION ENGINEERS (SPEE)

PREAMBLE

Reserves are those quantities of petroleum which are anticipated to be commercially recovered from known accumulations from a given date forward under defined conditions. All reserve estimates involve some degree of uncertainty. The uncertainty depends chiefly on the amount of reliable geologic and engineering data available at the time of the estimate and the interpretation of these data. The relative degree of uncertainty may be conveyed by placing reserves into one of two principal classifications, either proved or unproved. Unproved reserves are less certain to be recovered than proved reserves and may be further sub-classified as probable and possible reserves to denote progressively increasing uncertainty in their recoverability.

Estimation of reserves is done under conditions of uncertainty. The method of estimation is called deterministic if a single best estimate of reserves is made based on known geological, engineering, and economic data. The method of estimation is called probabilistic when the known geological, engineering, and economic data are used to generate a range of estimates and their associated probabilities. Identifying reserves as proved, probable, and possible has been the most frequent classification method and gives an indication of the probability of recovery. Because of the differences in uncertainty, caution should be exercised when aggregating reserves of different classifications.

Reserves estimates will generally be revised as additional geologic or engineering data becomes available or as economic conditions change.

Reserves may be attributed to either natural energy or improved recovery methods. Improved recovery methods include all methods for supplementing natural energy or altering natural forces in the reservoir to increase ultimate recovery. Examples of such methods are pressure maintenance, cycling, waterflooding, thermal methods, chemical flooding, and the use of miscible and immiscible displacement fluids. Other improved recovery methods may be developed in the future as petroleum technology continues to evolve.

Reserves may be attributed to either conventional or unconventional petroleum accumulations under the SPE-PRMS. Petroleum accumulations are considered as either conventional or unconventional based on the nature of their in-place characteristics, extraction method applied, or degree of processing prior to sale. Examples of unconventional petroleum accumulations include coalbed or coalseam methane (CBM/CSM), basin-centered gas, shale gas, gas hydrates, natural bitumen and oil shale deposits. These unconventional accumulations may require specialized extraction technology and/or significant processing prior to sale. The SPE-PRMS acknowledges

unconventional petroleum accumulations as reserves regardless of their in-place characteristics, the extraction method applied, or the degree of processing required.

Reserves do not include quantities of petroleum being held in inventory and may be reduced for usage, processing losses and/or non-hydrocarbons that must be removed prior to sale.

SPE-PRMS RESERVES DEFINITIONS

In March 2007, the Society of Petroleum Engineers (SPE), World Petroleum Council (WPC), American Association of Petroleum Geologists (AAPG), and Society of Petroleum Evaluation Engineers (SPEE) jointly approved the "Petroleum Resources Management System" ("SPE-PRMS"). The SPE-PRMS consolidates, builds on, and replaces guidance previously contained in the 2000 "Petroleum Resources Classification and Definitions" and the 2001 "Guidelines for the Evaluation of Petroleum Reserves and Resources" publications.

The intent of the SPE, WPC, AAPG and SPEE in approving additional classifications beyond proved reserves is to facilitate consistency among professionals using such terms. In presenting these definitions, none of these organizations are recommending public disclosure of reserves classified as unproved. Public disclosure of the quantities classified as unproved reserves is left to the discretion of the countries or companies involved and should not be construed as replacing guidelines for public disclosures under the guidelines established by regulatory and/or other governmental agencies.

Reference should be made to the full SPE-PRMS for the complete definitions and guidelines as the following definitions, descriptions and explanations rely wholly or in part on excerpts from the SPE-PRMS document (direct passages excerpted from the SPE-PRMS document are denoted in italics herein).

RESERVES (SPE-PRMS DEFINITIONS)

The SPE-PRMS Section 1.1 and Table 1 define reserves as follows:

Reserves. *Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must satisfy four criteria: they must be discovered, recoverable, commercial and remaining based on the development project(s) applied. Reserves are further subdivided in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their development and production status.*

ADDITIONAL TERMS USED IN RESERVES EVALUATIONS (SPE-PRMS DEFINITIONS)

The SPE-PRMS Sections 2.3, 2.3.4, 2.4 and Appendix A define the following terms as follows:

Improved recovery. *Improved Recovery is the extraction of additional petroleum, beyond Primary Recovery, from naturally occurring reservoirs by supplementing the natural forces in the reservoir. It includes waterflooding and gas injection for pressure maintenance, secondary processes, tertiary processes and any other means of supplementing natural reservoir recovery processes. Improved recovery also includes thermal and chemical processes to improve the in-situ mobility of viscous forms of petroleum. (Also called Enhanced Recovery.)*

Improved recovery projects must meet the same Reserves commerciality criteria as primary recovery projects. There should be an expectation that the project will be economic and that the entity has committed to implement the project in a reasonable time frame (generally within 5 years; further delays should be clearly justified). If there is significant project risk, forecast incremental recoveries may be similarly categorized but should be classified as Contingent Resources.

The judgment on commerciality is based on pilot testing within the subject reservoir or by comparison to a reservoir with analogous rock and fluid properties and where a similar established improved recovery project has been successfully applied.

Incremental recoveries through improved recovery methods that have yet to be established through routine, commercially successful applications are included as Reserves only after a favorable production response from the subject reservoir from either (a) a representative pilot or (b) an installed program, where the response provides support for the analysis on which the project is based.

Similar to improved recovery projects applied to conventional reservoirs, successful pilots or operating projects in the subject reservoir or successful projects in analogous reservoirs may be required to establish a distribution of recovery efficiencies for non-conventional accumulations. Such pilot projects may evaluate both the extraction efficiency and the efficiency of unconventional processing facilities to derive sales products prior to custody transfer.

These incremental recoveries in commercial projects are categorized into Proved, Probable, and Possible Reserves based on certainty derived from engineering analysis and analogous applications in similar reservoirs.

Commercial. *When a project is commercial, this implies that the essential social, environmental and economic conditions are met, including political, legal, regulatory and contractual conditions. In addition, a project is commercial if the degree of commitment is such that the accumulation is expected to be developed and placed on production within a reasonable time frame. While 5 years is recommended as a benchmark, a longer time frame could be applied where for example, development of economic projects are deferred at the option of the producer for, among other things, market-related reasons, or to meet contractual or strategic objectives. In all cases, the justification for classification as Reserves should be clearly documented.*

PROVED RESERVES (SPE-PRMS DEFINITIONS)

The SPE-PRMS Section 2.2.2 and Table 3 define proved oil and gas reserves as follows:

Proved oil and gas reserves. *Proved Reserves are those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, three should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.*

The area of the reservoir considered as Proved includes:

(1) the area delineated by drilling and defined by fluid contacts, if any, and

(2) adjacent undrilled portions of the reservoir that can reasonably be judged as continuous with it and commercially productive on the basis of available geoscience and engineering data.

In the absence of data on fluid contacts, Proved quantities in a reservoir are limited by the lowest known hydrocarbons (LKH) as seen in a well penetration unless otherwise indicated by definitive geoscience, engineering, or performance data. Such definitive information may include pressure gradient analysis and seismic indicators. Seismic data alone may not be sufficient to define fluid contacts for Proved reserves (see "2001 Supplemental Guidelines", Chapter 8).

Reserves in undeveloped locations may be classified as Proved provided that:

- *The locations are in undrilled areas of the reservoir that can be judged with reasonable certainty to be commercially productive.*
- *Interpretations of available geoscience and engineering data indicate with reasonable certainty that the objective formation is laterally continuous with the drilled Proved locations.*

For Proved Reserves, the recovery efficiency applied to these reservoirs should be defined based on a range of possibilities supported by analogs and sound engineering judgment considering the characteristics of the Proved area and the applied development program.

UNPROVED RESERVES (SPE-PRMS DEFINITIONS)

The SPE-PRMS Section 2.2.2 and Appendix A define unproved oil and gas reserves as follows:

Unproved oil and gas reserves. *Unproved Reserves are based on geoscience and/or engineering data similar to that used in estimates of Proved Reserves, but technical or other uncertainties preclude such reserves being classified as Proved. Unproved Reserves may be further categorized as Probable Reserves or Possible Reserves. Based on additional data and updated interpretations that indicate increased certainty, portions of Possible and Probable Reserves may be re-categorized as Probable and Proved Reserves.*

PROBABLE RESERVES (SPE-PRMS DEFINITIONS)

The SPE-PRMS Section 2.2.2 and Table 3 define probable oil and gas reserves as follows:

Probable oil and gas reserves. *Probable Reserves are those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.*

Probable Reserves may be assigned to areas of a reservoir adjacent to Proved where data control or interpretations of available data are less certain. The interpreted reservoir continuity may not meet the reasonable certainty criteria. Probable estimates also include incremental recoveries associated with project recovery efficiencies beyond that assumed for Proved.

POSSIBLE RESERVES (SPE-PRMS DEFINITIONS)

The SPE-PRMS Section 2.2.2 and Table 3 define possible oil and gas reserves as follows:

Possible oil and gas reserves. *Possible Reserves are those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P), which is equivalent to the high estimate scenario. When probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate.*

Possible Reserves may be assigned to areas of a reservoir adjacent to Probable Reserves where data control and interpretations of available data are progressively less certain. Frequently, this may be in areas where geoscience and engineering data are unable to clearly define the area and vertical reservoir limits of commercial production from the reservoir by a defined project. Possible estimates also include incremental quantities associated with project recovery efficiencies beyond that assumed for Probable.

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RESERVES STATUS DEFINITIONS and GUIDELINES

As Adapted From:
PETROLEUM RESOURCES MANAGEMENT SYSTEM (SPE-PRMS)
Sponsored and Approved by:
SOCIETY OF PETROLEUM ENGINEERS (SPE),
WORLD PETROLEUM COUNCIL (WPC)
AMERICAN ASSOCIATION OF PETROLEUM GEOLOGISTS (AAPG)
SOCIETY OF PETROLEUM EVALUATION ENGINEERS (SPEE)

Reserves status categories define the development and producing status of wells and reservoirs. The SPE-PRMS Table 2 define the reserves status categories as follows:

DEVELOPED RESERVES (SPE-PRMS DEFINITIONS)

Developed Reserves are expected quantities to be recovered from existing wells and facilities.

Reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor compared to the cost of a well. Where required facilities become unavailable, it may be necessary to reclassify Developed Reserves as Undeveloped. Developed Reserves may be further sub-classified as Producing or Non-Producing.

Developed Producing

Developed Producing Reserves are expected to be recovered from completion intervals that are open and producing at the time of the estimate.

Improved recovery reserves are considered producing only after the improved recovery project is in operation.

Developed Non-Producing

Developed Non-Producing Reserves include shut-in and behind-pipe Reserves.

Shut-In

Shut-in Reserves are expected to be recovered from:

(1) completion intervals which are open at the time of the estimate but which have not yet started producing;
(2) wells which were shut-in for market conditions or pipeline connections; or
(3) wells not capable of production for mechanical reasons.

Behind-Pipe

Behind-pipe Reserves are expected to be recovered from zones in existing wells which will require additional completion work or future re-completion prior to start of production.

In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.

UNDEVELOPED RESERVES (SPE-PRMS DEFINITIONS)

Undeveloped Reserves are quantities expected to be recovered through future investments.

Undeveloped Reserves are expected to be recovered from:

(1) new wells on undrilled acreage in known accumulations;
(2) deepening existing wells to a different (but known) reservoir;
(3) infill wells that will increase recovery; or
(4) where a relatively large expenditure (e.g. when compared to the cost of drilling a new well) is required to
  (a) recomplete an existing well; or
  (b) install production or transportation facilities for primary or improved recovery projects.

RYDER SCOTT COMPANY
PETROLEUM CONSULTANTS

PETRONEFT RESOURCES PLC
ESTIMATED FUTURE PRODUCTION AND INCOME
ATTRIBUTABLE TO CERTAIN INTEREST IN LICENSE 61
UNESCALATED CASE – BASE CASE
AS OF JANUARY 1, 2012

TABLE 1

GRAND SUMMARY
ALL PROPERTIES
TOTAL PROVED RESERVES

TOTAL PROVED

	REVENUE INTERESTS			PRODUCT PRICES			DISCOUNTED FUTURE NET INCOME - $M	
	EXPENSE INTEREST	Oil/ Condensate	Plant Products	Gas	Oil/Cond. $/bbl.	Plt. Prod. $/bbl.	Gas $/MCF	COMPOUNDED	MONTHLY
INITIAL								8.00% –	105,698
FINAL								10.00% –	93,777
REMARKS								12.00% –	83,547
								15.00% –	70,761
								20.00% –	54,578

		ESTIMATED 8/8 THS PRODUCTION			COMPANY NET SALES			AVERAGE PRICES	
Period	Number of Wells	Oil/Cond. Barrels	Plant Products Barrels	Gas MMCF	Oil/Cond. Barrels	Plant Products Barrels	Sales Gas MMCF	Oil/Cond. $/bbl.	Gas $/MCF
2012	25	1,231,819	0	0	1,213,834	0	0.000	56.84	0.00
2013	35	1,651,674	0	0	1,627,557	0	0.000	56.84	0.00
2014	38	1,408,997	0	0	1,388,428	0	0.000	56.84	0.00
2015	57	1,999,081	0	0	1,969,891	0	0.000	56.84	0.00
2016	61	2,700,419	0	0	2,660,999	0	0.000	56.84	0.00
2017	60	2,098,844	0	0	2,068,200	0	0.000	56.84	0.00
2018	68	1,803,721	0	0	1,777,392	0	0.000	56.84	0.00
2019	66	1,665,108	0	0	1,640,785	0	0.000	56.84	0.00
2020	63	1,091,900	0	0	1,075,963	0	0.000	56.84	0.00
2021	56	796,961	0	0	785,328	0	0.000	56.84	0.00
2022	54	656,713	0	0	647,126	0	0.000	56.84	0.00
2023	50	503,582	0	0	496,228	0	0.000	56.84	0.00
2024	35	266,095	0	0	262,211	0	0.000	56.84	0.00
2025	19	179,592	0	0	176,970	0	0.000	56.84	0.00
2026	16	158,581	0	0	156,266	0	0.000	56.84	0.00
Sub-Total		18,213,087	0	0	17,947,178	0	0.000	56.84	0.00
Remainder		546,321	0	0	538,344	0	0.000	56.84	0.00
Total Future		18,759,408	0	0	18,485,522	0	0.000	56.84	0.00
Cumulative		1,805,354	0	0					
Ultimate		20,564,762	0	0					

	COMPANY FUTURE GROSS REVENUE (FGR) - $M					MRT		FGR AFTER MRT
Period	From Oil/Cond.	From Plant Products	From Gas	Other	Total	Oil/Cond. - $M	Gas/P.P. - $	$M
2012	68,994	0	0	0	68,994	19,943	0	49,051
2013	92,511	0	0	0	92,511	26,741	0	65,770
2014	78,918	0	0	0	78,918	22,812	0	56,106
2015	111,969	0	0	0	111,969	32,365	0	79,604
2016	151,251	0	0	0	151,251	43,720	0	107,531
2017	117,556	0	0	0	117,556	33,981	0	83,575
2018	101,027	0	0	0	101,027	29,202	0	71,825
2019	93,262	0	0	0	93,262	26,959	0	66,303
2020	61,158	0	0	0	61,158	17,678	0	43,480
2021	44,638	0	0	0	44,638	12,903	0	31,735
2022	36,783	0	0	0	36,783	10,632	0	26,151
2023	28,205	0	0	0	28,205	8,153	0	20,052
2024	14,904	0	0	0	14,904	4,180	0	10,724
2025	10,059	0	0	0	10,059	2,497	0	7,562
2026	8,882	0	0	0	8,882	1,961	0	6,921
Sub-Total	1,020,117	0	0	0	1,020,117	293,727	0	726,390
Remainder	30,600	0	0	0	30,600	4,750	0	25,850
Total Future	1,050,717	0	0	0	1,050,717	298,477	0	752,240

	DEDUCTIONS - $M					FUTURE NET INCOME BEFORE INCOME TAXES-$M		
						Undiscounted		Discounted
Period	Operating Costs	Export Tariff & Property Taxes	Development Costs	Transportation	Total	Annual	Cumulative	@ 10.00 %
2012	9,226	22,316	11,105	5,450	48,097	954	954	672
2013	7,389	32,071	5,812	7,308	52,580	13,190	14,144	11,277
2014	5,557	28,023	5,530	6,234	45,344	10,762	24,906	8,326
2015	4,580	38,108	25,642	8,845	77,175	2,429	27,335	1,388
2016	5,564	53,335	7,348	11,948	78,195	29,336	56,671	18,705
2017	4,627	40,969	234	9,286	55,116	28,459	85,130	16,525
2018	4,097	33,999	14,050	7,980	60,126	11,699	96,829	6,078
2019	4,139	31,146	0	7,367	42,652	23,651	120,480	11,258
2020	3,573	20,145	0	4,831	28,549	14,931	135,411	6,447
2021	3,072	14,411	150	3,527	21,160	10,575	145,986	4,118
2022	2,932	11,757	75	2,905	17,669	8,482	154,468	2,989
2023	2,519	8,909	75	2,228	13,731	6,321	160,789	2,022
2024	1,396	4,668	0	1,178	7,242	3,482	164,271	1,009
2025	1,024	3,151	0	794	4,969	2,593	166,864	677
2026	943	2,775	0	702	4,420	2,501	169,365	592
Sub-Total	60,638	345,783	70,021	80,583	557,025	169,365		92,083
Remainder	3,297	9,800	525	2,417	16,039	9,811	179,176	1,694
Total Future	63,935	355,583	70,546	83,000	573,064	179,176		93,777

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UNESCALATED CASE – BASE CASE
AS OF JANUARY 1, 2012

TABLE 2

GRAND SUMMARY
ALL PROPERTIES
TOTAL PROBABLE RESERVES

TOTAL PROBABLE

	REVENUE INTERESTS			PRODUCT PRICES			DISCOUNTED FUTURE NET INCOME - $M	
	EXPENSE INTEREST	Oil/ Condensate	Plant Products	Gas	Oil/Cond. $/bbl.	Plt. Prod. $/bbl.	Gas $/MCF	COMPOUNDED	MONTHLY
INITIAL								8.00% –	536,442
FINAL								10.00% –	443,755
REMARKS								12.00% –	369,076
								15.00% –	282,333
								20.00% –	183,677

		ESTIMATED 8/8 THS PRODUCTION			COMPANY NET SALES			AVERAGE PRICES	
Period	Number of Wells	Oil/Cond. Barrels	Plant Products Barrels	Gas MMCF	Oil/Cond. Barrels	Plant Products Barrels	Sales Gas MMCF	Oil/Cond. $/bbl.	Gas $/MCF
2012	8	135,037	0	0	133,064	0	0.000	56.84	0.00
2013	33	1,538,163	0	0	1,515,705	0	0.000	56.84	0.00
2014	56	3,359,761	0	0	3,310,708	0	0.000	56.84	0.00
2015	76	6,211,592	0	0	6,120,913	0	0.000	56.84	0.00
2016	103	8,371,801	0	0	8,249,574	0	0.000	56.84	0.00
2017	138	9,907,648	0	0	9,762,982	0	0.000	56.84	0.00
2018	159	10,080,637	0	0	9,933,471	0	0.000	56.84	0.00
2019	171	9,608,002	0	0	9,467,738	0	0.000	56.84	0.00
2020	186	8,043,985	0	0	7,926,539	0	0.000	56.84	0.00
2021	186	6,828,598	0	0	6,728,895	0	0.000	56.84	0.00
2022	184	5,567,604	0	0	5,486,306	0	0.000	56.84	0.00
2023	195	4,746,076	0	0	4,676,794	0	0.000	56.84	0.00
2024	211	4,266,045	0	0	4,203,761	0	0.000	56.84	0.00
2025	205	3,627,365	0	0	3,574,407	0	0.000	56.84	0.00
2026	191	3,082,879	0	0	3,037,864	0	0.000	56.84	0.00
Sub-Total		85,375,193	0	0	84,128,721	0	0.000	56.84	0.00
Remainder		15,285,309	0	0	15,062,128	0	0.000	56.84	0.00
Total Future		100,660,502	0	0	99,190,849	0	0.000	56.84	0.00
Cumulative		0	0	0					
Ultimate		100,660,502	0	0					

	COMPANY FUTURE GROSS REVENUE (FGR) - $M					MRT		FGR AFTER MRT
Period	From Oil/Cond.	From Plant Products	From Gas	Other	Total	Oil/Cond. - $M	Gas/P.P. - $	$M
2012	7,563	0	0	0	7,563	2,186	0	5,377
2013	86,153	0	0	0	86,153	24,903	0	61,250
2014	188,181	0	0	0	188,181	54,395	0	133,786
2015	347,912	0	0	0	347,912	100,567	0	247,345
2016	468,906	0	0	0	468,906	135,540	0	333,366
2017	554,928	0	0	0	554,928	160,406	0	394,522
2018	564,618	0	0	0	564,618	163,207	0	401,411
2019	538,146	0	0	0	538,146	155,555	0	382,591
2020	450,545	0	0	0	450,545	130,233	0	320,312
2021	382,471	0	0	0	382,471	110,556	0	271,915
2022	311,842	0	0	0	311,842	90,140	0	221,702
2023	265,828	0	0	0	265,828	76,839	0	188,989
2024	238,942	0	0	0	238,942	67,008	0	171,934
2025	203,169	0	0	0	203,169	50,435	0	152,734
2026	172,672	0	0	0	172,672	38,125	0	134,547
Sub-Total	4,781,876	0	0	0	4,781,876	1,360,095	0	3,421,781
Remainder	856,132	0	0	0	856,132	124,184	0	731,948
Total Future	5,638,008	0	0	0	5,638,008	1,484,279	0	4,153,729

	DEDUCTIONS - $M					FUTURE NET INCOME BEFORE INCOME TAXES-$M		
						Undiscounted		Discounted
Period	Operating Costs	Export Tariff & Property Taxes	Development Costs	Transportation	Total	Annual	Cumulative	@ 10.00 %
2012	358	2,143	21,325	597	24,423	–19,046	–19,046	–17,894
2013	4,224	26,921	41,620	6,806	79,571	–18,321	–37,367	–15,987
2014	7,426	60,930	56,352	14,865	139,573	–5,787	–43,154	–4,340
2015	9,638	118,630	41,742	27,483	197,493	49,852	6,698	34,998
2016	10,826	155,951	65,148	37,041	268,966	64,400	71,098	40,956
2017	13,539	184,654	60,919	43,835	302,947	91,575	162,673	52,962
2018	14,478	187,840	36,057	44,602	282,977	118,434	281,107	62,253
2019	15,156	178,431	13,386	42,510	249,483	133,108	414,215	63,270
2020	15,531	148,551	12,856	35,590	212,528	107,784	521,999	46,385
2021	15,081	125,666	0	30,213	170,960	100,955	622,954	39,300
2022	14,701	101,432	0	24,633	140,766	80,936	703,890	28,518
2023	14,696	85,297	75	20,999	121,067	67,922	771,812	21,651
2024	15,017	75,303	150	18,875	109,345	62,589	834,401	18,058
2025	14,657	64,311	1,125	16,049	96,142	56,592	890,993	14,788
2026	14,090	55,078	825	13,640	83,633	50,914	941,907	12,036
Sub-Total	179,418	1,571,138	351,580	377,738	2,479,874	941,907		396,954
Remainder	79,232	282,563	15,450	67,629	444,874	287,074	1,228,981	46,801
Total Future	258,650	1,853,701	367,030	445,367	2,924,748	1,228,981		443,755

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ESTIMATED FUTURE PRODUCTION AND INCOME
ATTRIBUTABLE TO CERTAIN INTEREST IN LICENSE 61
UNESCALATED CASE – BASE CASE
AS OF JANUARY 1, 2012

TABLE 3

GRAND SUMMARY
ALL PROPERTIES
TOTAL PV & PB

TOTAL
PV & PB

INITIAL
FINAL
REMARKS

REVENUE INTERESTS				PRODUCT PRICES			DISCOUNTED FUTURE NET INCOME - $M	
EXPENSE INTEREST	Oil/ Condensate	Plant Products	Gas	Oil/Cond. $/bbl.	Plt. Prod. $/bbl.	Gas $/MCF	COMPOUNDED	MONTHLY
							8.00% –	642,140
							10.00% –	537,531
							12.00% –	452,622
							15.00% –	353,094
							20.00% –	238,255

		ESTIMATED 8/8 THS PRODUCTION			COMPANY NET SALES			AVERAGE PRICES	
Period	Number of Wells	Oil/Cond. Barrels	Plant Products Barrels	Gas MMCF	Oil/Cond. Barrels	Plant Products Barrels	Sales Gas MMCF	Oil/Cond. $/bbl.	Gas $/MCF
2012	33	1,366,856	0	0	1,346,898	0	0.000	56.84	0.00
2013	68	3,189,837	0	0	3,143,262	0	0.000	56.84	0.00
2014	94	4,768,758	0	0	4,699,136	0	0.000	56.84	0.00
2015	133	8,210,673	0	0	8,090,804	0	0.000	56.84	0.00
2016	164	11,072,220	0	0	10,910,573	0	0.000	56.84	0.00
2017	198	12,006,492	0	0	11,831,182	0	0.000	56.84	0.00
2018	227	11,884,358	0	0	11,710,863	0	0.000	56.84	0.00
2019	237	11,273,110	0	0	11,108,523	0	0.000	56.84	0.00
2020	249	9,135,885	0	0	9,002,502	0	0.000	56.84	0.00
2021	242	7,625,559	0	0	7,514,223	0	0.000	56.84	0.00
2022	238	6,224,317	0	0	6,133,432	0	0.000	56.84	0.00
2023	245	5,249,658	0	0	5,173,022	0	0.000	56.84	0.00
2024	246	4,532,140	0	0	4,465,972	0	0.000	56.84	0.00
2025	224	3,806,957	0	0	3,751,377	0	0.000	56.84	0.00
2026	207	3,241,460	0	0	3,194,130	0	0.000	56.84	0.00
Sub-Total		103,588,280	0	0	102,075,899	0	0.000	56.84	0.00
Remainder		15,831,630	0	0	15,600,472	0	0.000	56.84	0.00
Total Future		119,419,910	0	0	117,676,371	0	0.000	56.84	0.00
Cumulative		1,805,354	0	0					
Ultimate		121,225,264	0	0					

	COMPANY FUTURE GROSS REVENUE (FGR) - $M					MRT		FGR AFTER MRT
Period	From Oil/Cond.	From Plant Products	From Gas	Other	Total	Oil/Cond. - $M	Gas/P.P. - $	$M
2012	76,558	0	0	0	76,558	22,130	0	54,428
2013	178,663	0	0	0	178,663	51,643	0	127,020
2014	267,098	0	0	0	267,098	77,207	0	189,891
2015	459,882	0	0	0	459,882	132,932	0	326,950
2016	620,157	0	0	0	620,157	179,261	0	440,896
2017	672,484	0	0	0	672,484	194,386	0	478,098
2018	665,645	0	0	0	665,645	192,409	0	473,236
2019	631,409	0	0	0	631,409	182,513	0	448,896
2020	511,702	0	0	0	511,702	147,912	0	363,790
2021	427,109	0	0	0	427,109	123,459	0	303,650
2022	348,625	0	0	0	348,625	100,772	0	247,853
2023	294,033	0	0	0	294,033	84,992	0	209,041
2024	253,846	0	0	0	253,846	71,188	0	182,658
2025	213,228	0	0	0	213,228	52,932	0	160,296
2026	181,555	0	0	0	181,555	40,086	0	141,469
Sub-Total	5,801,994	0	0	0	5,801,994	1,653,822	0	4,148,172
Remainder	886,731	0	0	0	886,731	128,933	0	757,798
Total Future	6,688,725	0	0	0	6,688,725	1,782,755	0	4,905,970

	DEDUCTIONS - $M					FUTURE NET INCOME BEFORE INCOME TAXES-$M		
						Undiscounted		Discounted
Period	Operating Costs	Export Tariff & Property Taxes	Development Costs	Transportation	Total	Annual	Cumulative	@ 10.00 %
2012	9,585	24,459	32,430	6,048	72,522	–18,094	–18,094	–17,223
2013	11,612	58,992	47,432	14,113	132,149	–5,129	–23,223	–4,710
2014	12,982	88,953	61,882	21,099	184,916	4,975	–18,248	3,986
2015	14,220	156,737	67,384	36,328	274,669	52,281	34,033	36,387
2016	16,389	209,288	72,496	48,988	347,161	93,735	127,768	59,661
2017	18,166	225,623	61,153	53,122	358,064	120,034	247,802	69,487
2018	18,575	221,838	50,107	52,582	343,102	130,134	377,936	68,330
2019	19,295	209,576	13,386	49,877	292,134	156,762	534,698	74,529
2020	19,103	168,696	12,856	40,421	241,076	122,714	657,412	52,831
2021	18,155	140,078	150	33,739	192,122	111,528	768,940	43,419
2022	17,632	113,189	75	27,539	158,435	89,418	858,358	31,507
2023	17,215	94,206	150	23,227	134,798	74,243	932,601	23,672
2024	16,413	79,971	150	20,052	116,586	66,072	998,673	19,069
2025	15,681	67,463	1,125	16,844	101,113	59,183	1,057,856	15,465
2026	15,033	57,852	825	14,342	88,052	53,417	1,111,273	12,627
Sub-Total	240,056	1,916,921	421,601	458,321	3,036,899	1,111,273		489,037
Remainder	82,529	292,364	15,975	70,046	460,914	296,884	1,408,157	48,494
Total Future	322,585	2,209,285	437,576	528,367	3,497,813	1,408,157		537,531