



PETRONEFT RESOURCES PLC

Annual General Meeting, 18th December 2020





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.

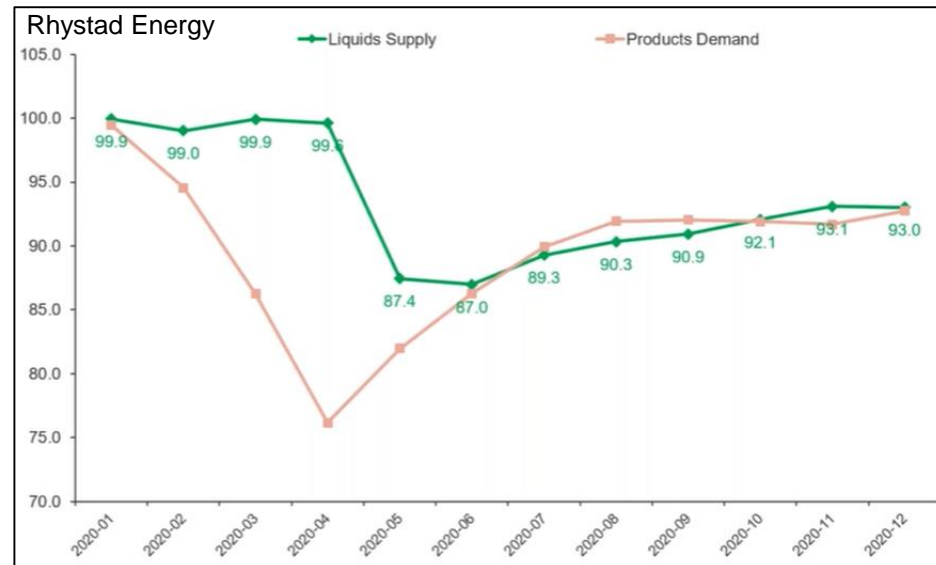
Whilst PetroNeft believes the expectations reflected herein to be reasonable in light of the information available to them at the time, the actual outcome may be materially different owing to factors beyond the Company's control or within the Company's control where, for example the Company decides on 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.



- Entered the year with oil markets in balance and price of oil +/- \$70/bbl.
- Pandemic and OPEC+ uncertainty created a very weak market in Q2 especially
- Oil price briefly went negative in April. In Tomsk producing a barrel of oil would have resulted in a \$17/bbls loss.

World Oil Demand/Supply 2020



Brent oil price \$/bbl 2020



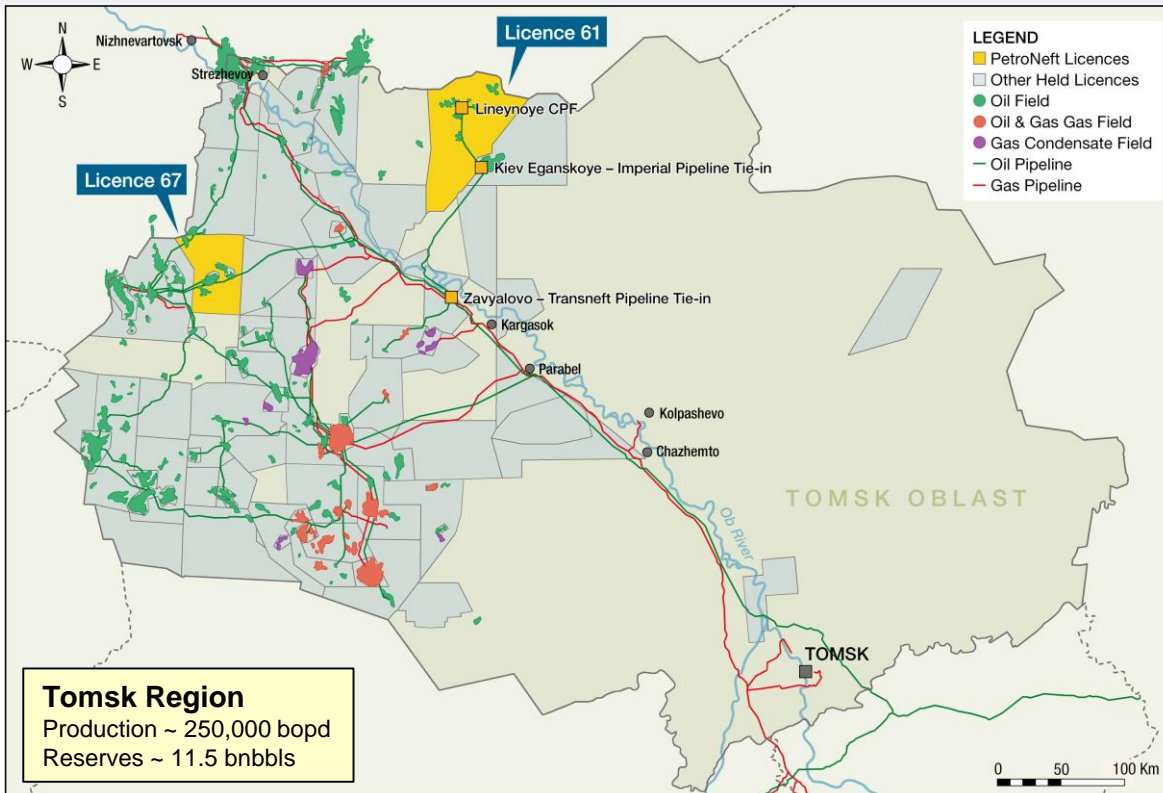
- Oil prices have already recovered to +/- \$50/bbl.
- Oil market projected to be in balance by end 2020 with Asian demand recovering quickly, vaccine clarity and travel restarting.



Strategy: *Optimise development of existing assets combined with a targeted low cost low risk appraisal led exploration strategy which aims to increase production and reserves in the near to medium term to deliver significant shareholder value.*

To achieve this strategy the company focuses on the following:

- Building and maintaining a highly motivated team of local professionals who have the ability, experience and knowledge to develop the company's assets.
- Application of advanced oil industry technology that can generate economic value.
- Rigorous cost control across the company at all levels.
- Thoughtful capital allocation to ensure growth and optimum use of funds.
- Pursuing new business opportunities to boost value through synergy and scale.
- Adhere to strict HSE standards.



- Two licences as operator within the West Siberian Basin ~ worlds largest petroleum province.
- Significant large company adjacent activity: Rosneft, Gazpromneft, Gazprom, Russneft, ONGC.
- Established high quality infrastructure with rail, road and pipeline networks providing access to markets ~ power operating costs.
- Regional capital (Tomsk) major academic centre with over 20 Universities and institutes of higher education.

Licence 61

- 50% operated interest with OIL as non operator partner.
- 4,991 km², 7 fields discovered, producing +/-1,700 bopd, CPF capacity>14,000bfpd.
- Significant upside through field optimisation, development of northern hub and exploration projects in the south.

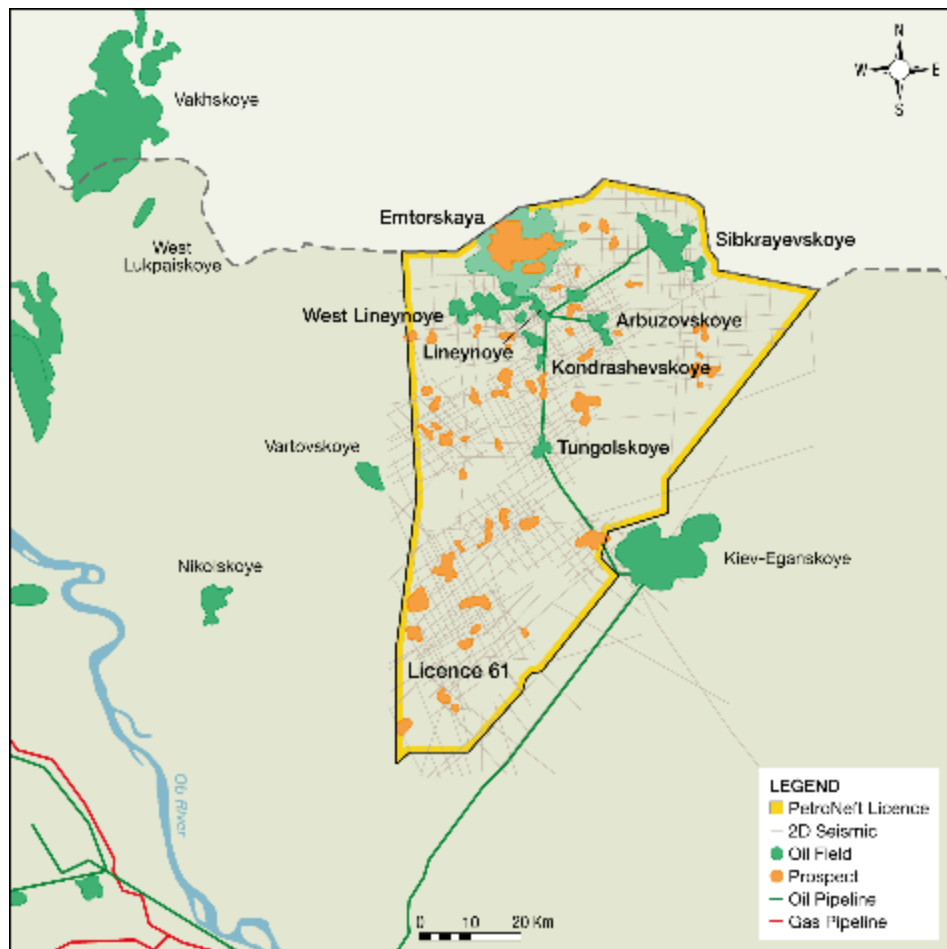
Licence 67

- 50% operated interest with Belgrave Naftogas (formerly Arawak Energy) as non operator partner.
- 2,447 km² area, two fields proven to date under appraisal.
- Early stage appraisal/development asset with excellent infrastructure.





Existing Cash flow with potential to grow significantly through new developments feeding into abundant spare infrastructure capacity



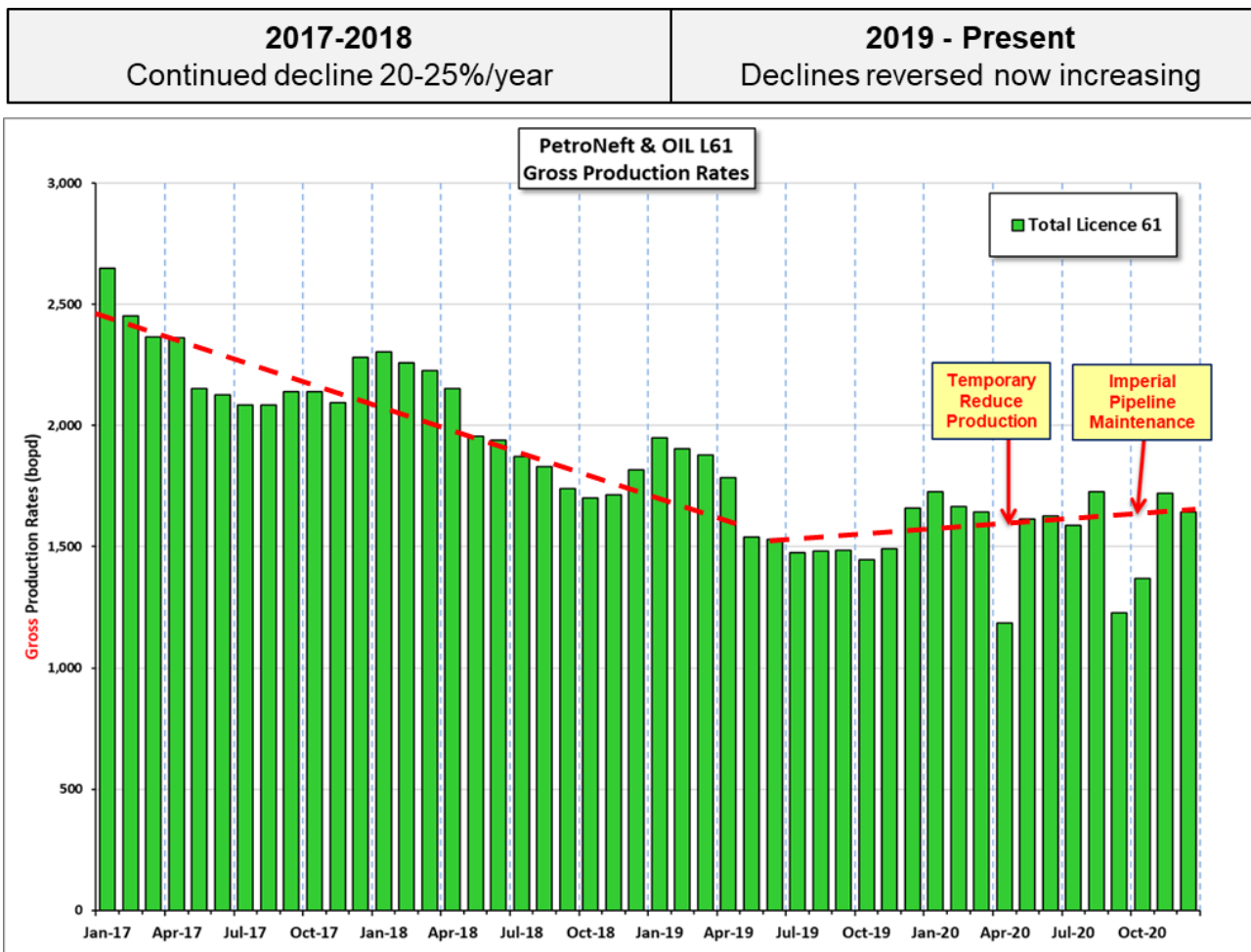
- **Existing Production**
 - Currently producing circa +/-1,700 bopd.
- **Excellent infrastructure**
 - Fields connected via pipelines
 - CPF with +/- 14,800 bpd capacity.
- **Upside development potential**
 - **Northern Hub** - considerable Low risk low cost near term upside potential
Sibkrayevskoye
Emtorskaya
W. Lineynoye
- **Reserves (100% Basis)**
 - 99.8 mmbbls (2P), 174.6 mmbbls (3P).
- **Southern Exploration potential**
 - Multiple exploration prospects with **288 mmbbls gross potential**



- Modern infrastructure with Central Processing Facility (CPF) +/-14,800 bfpd.
- Pipeline System connecting to Transneft.
- Power Generation using associated gas.
- Mini oil processing facility, estimated to reduce OPEX by at least \$1/bbl.



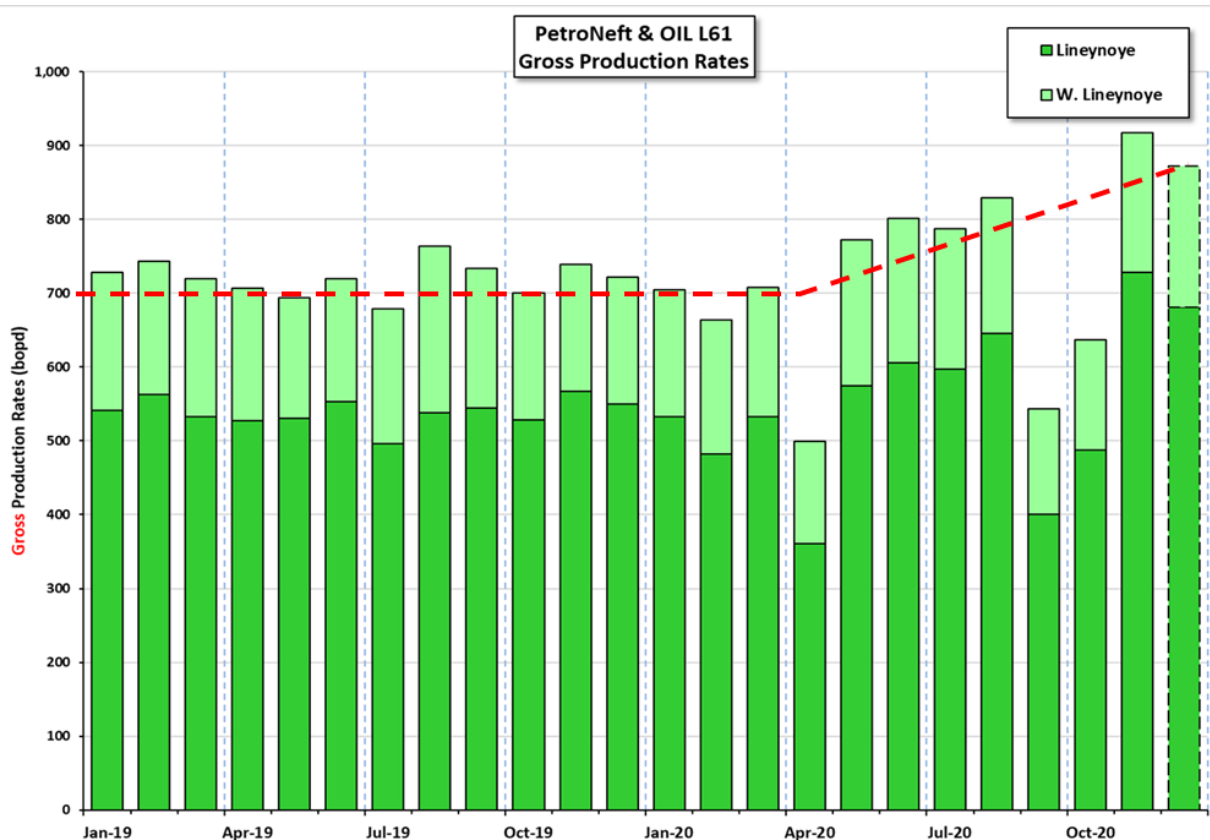
L61: Monthly Production (gross)



Note: Current gross daily production +/-1,700bopd (1,618bopd ~ 2019 average).
 Production restricted in April due to oil price and in September/October due to oil price and pipeline maintenance



2019 – Present oil production bbl/day



- **2019** increased data collection leading to improved technical understanding.
- **2020** optimised water flood .
- **Results:** ~ 20% year on year increase (+/-150 bopd).
- Currently evaluating potential to refrac existing production wells in 2021 to boost production further.

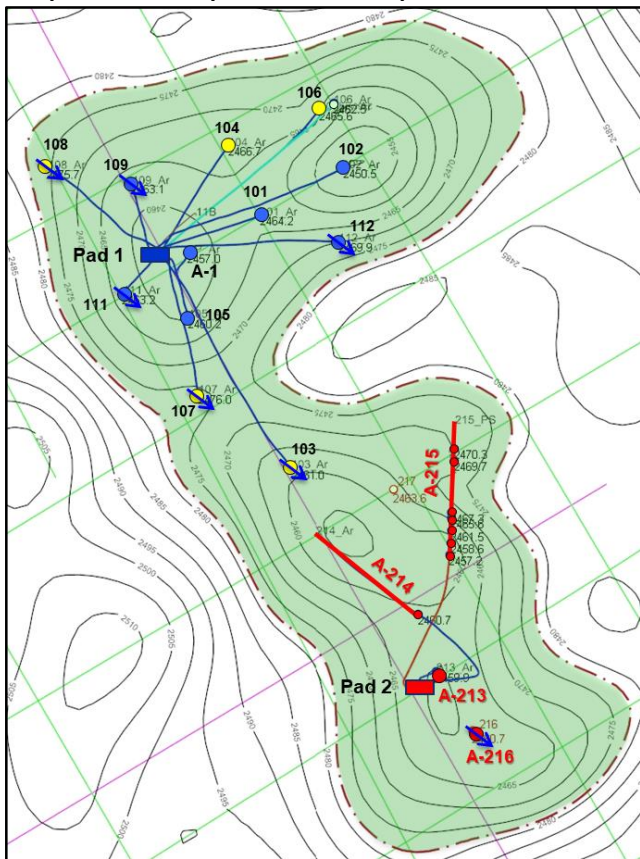
Northern half Licence 61





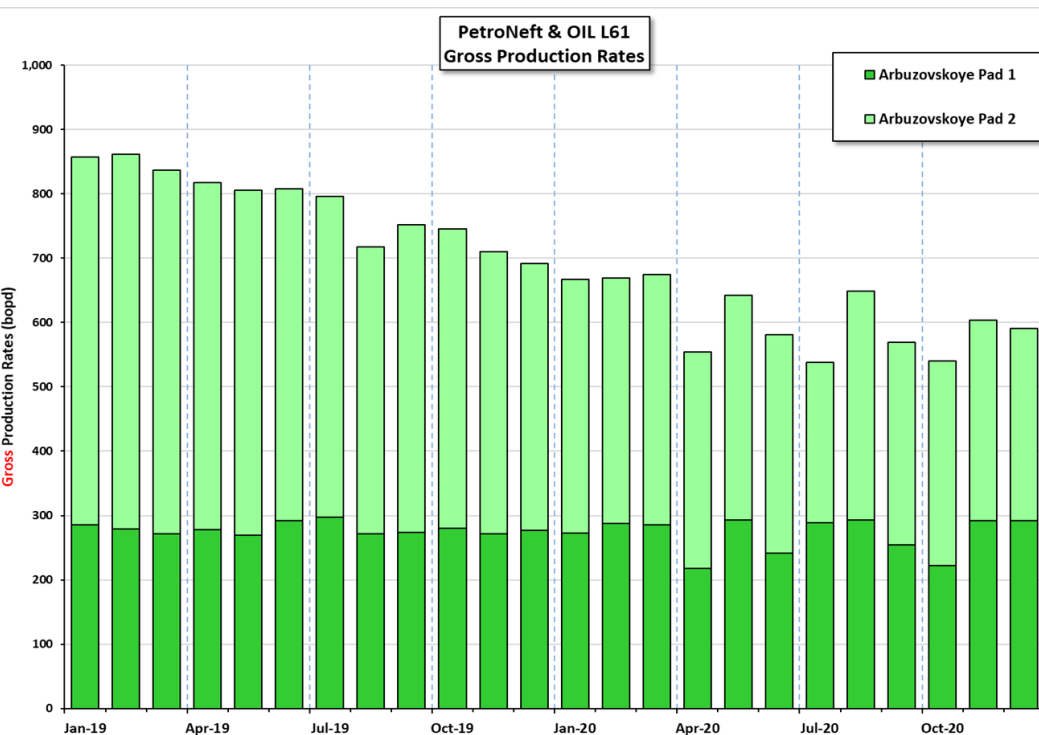
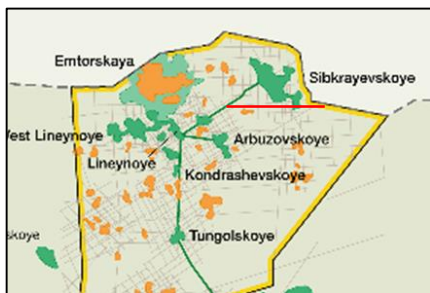
L61: Arbuzovskoye Production (gross)

Top Reservoir Depth Structure Map



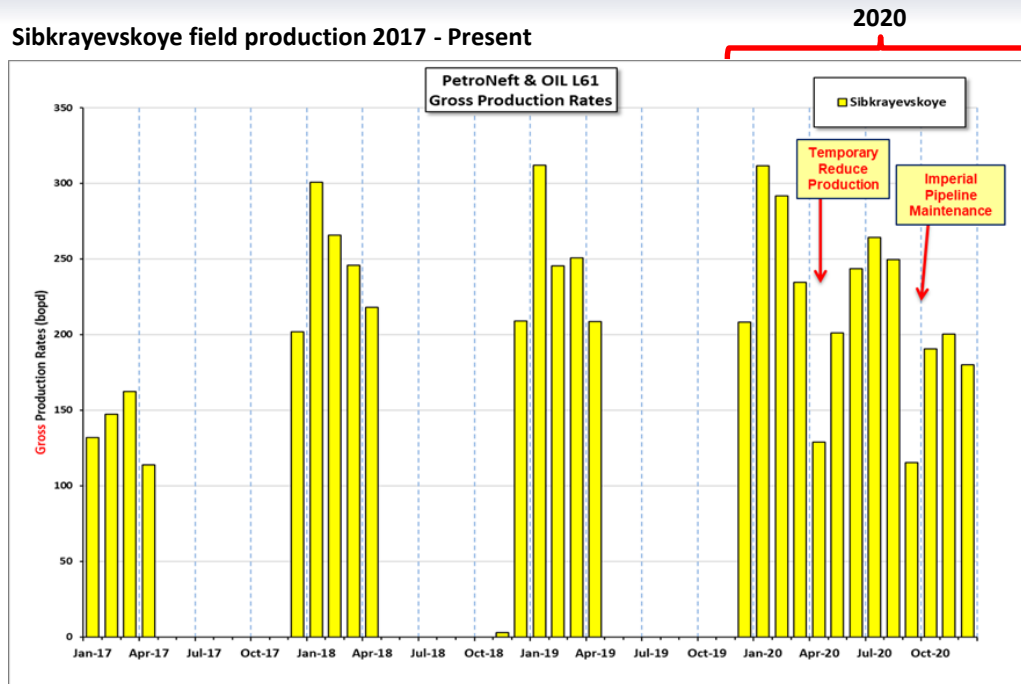
- Production from two surface 'PADS'.
- **PAD 1:** stable production without decline.
- **PAD 2:** Production decline due to one well, remedial action taken decline reducing, further work required.
- Opportunity being analysed to optimise water flood during 2020/21 winter season to reverse decline.

Northern half licence 61





Sibkrayevskoye field production 2017 - Present



- Completed 26km Sibkrayevskoye connection on time and significantly under budget.
- Good reservoir performance
- Important reservoir data gathered for forward development.
- Planning to frack S-373 well in 2021 to improve production. Geology similar to PAD 1 Lineynoye so expected to perform well post frac.

Northern Half Licence 61



Sibkrayevskoye field production

Year	Total Prod. (bbls)
2017	22,914
2018	37,491
2019	37,029
2020 (76,811



Main refinery unit



Storage unit



Good quality product



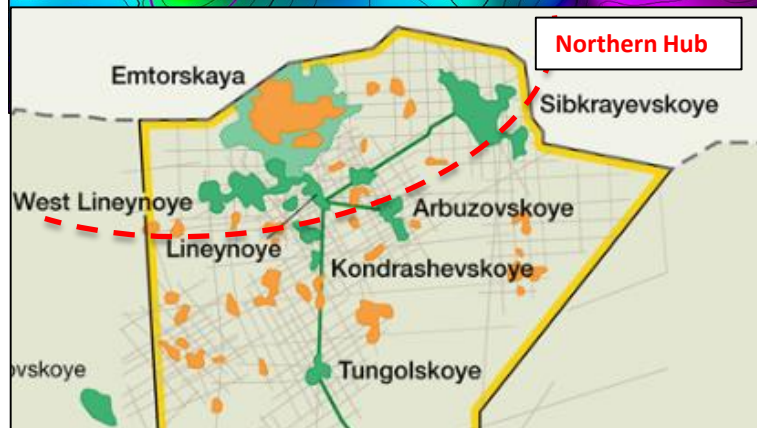
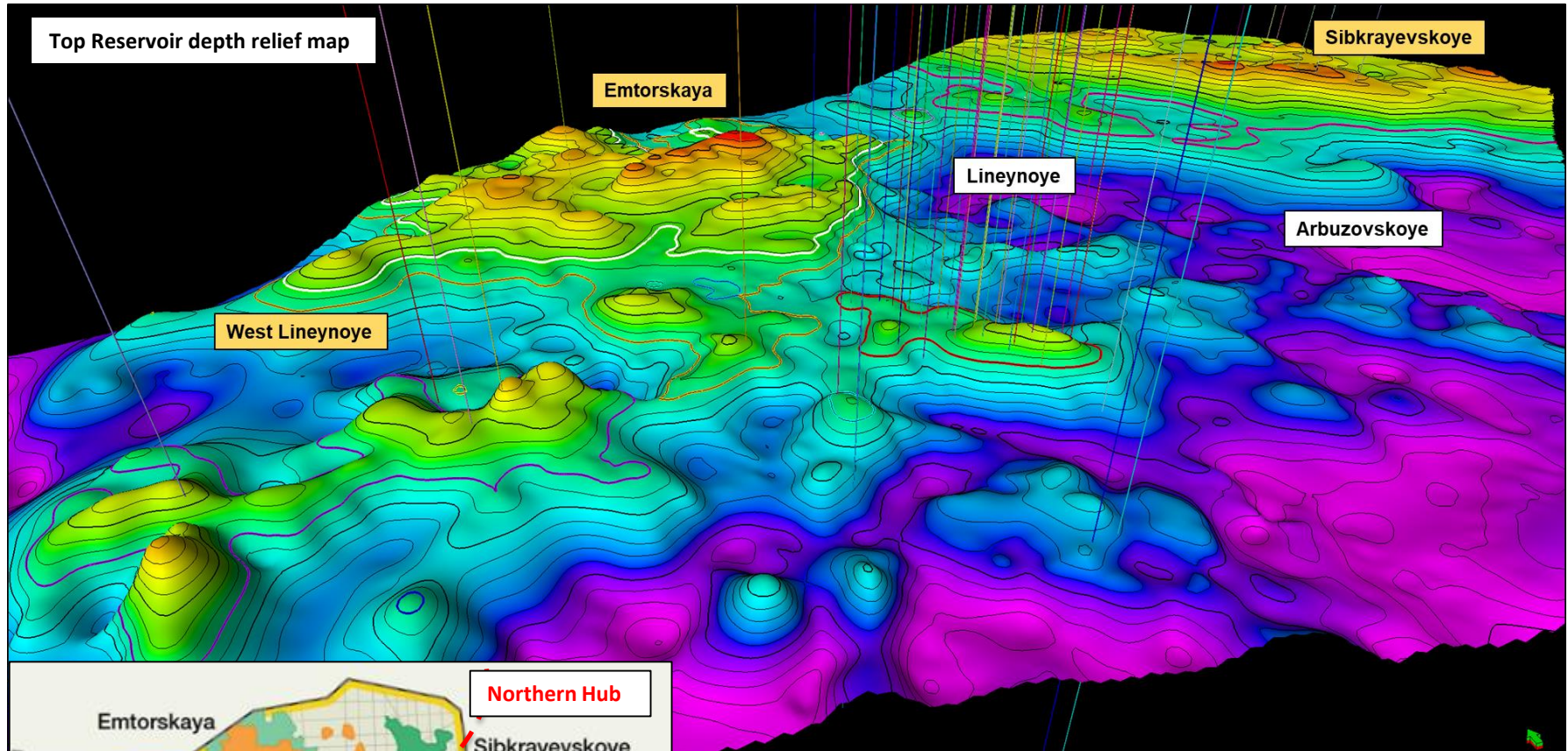
- Licence 61 fields are remote, necessity to generate own electricity.
- Approximately +/- \$600,000 of diesel purchased every year.
- Project to construct mini oil processing unit commenced Q1, suspended in March, restarted in June.
- Currently in test operation.

Summary

- Launch and test operations commenced October. Construction back on schedule.
- Fully satisfying 2021 diesel consumption (\$600,000) in addition ability to sell at least equivalent amount on the market – a new source of revenue with improved economics.
- Long term OPEX saving of at least \$1/bbl.



Significant Low Risk Up-dip appraisal/development opportunity



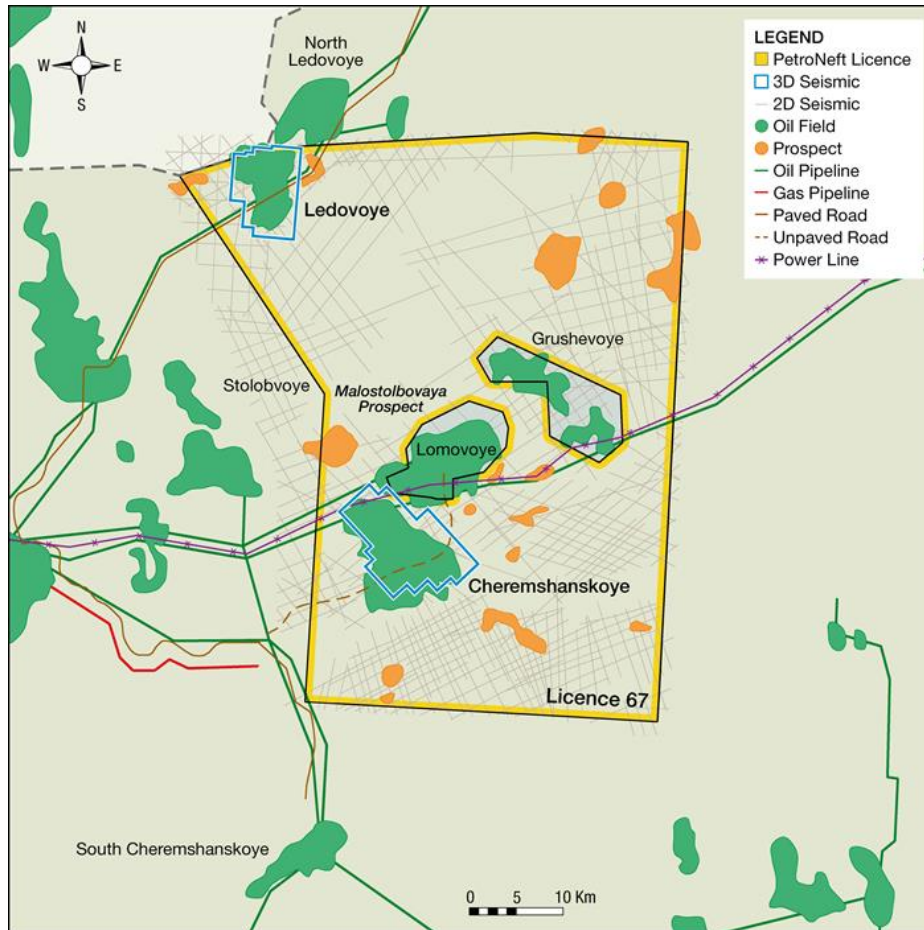
Near Field Growth potential

- West Lineynoye ~ 27.3 mmbbls (3P)
- Sibkrayevskoye ~ 58.74 mmbbls (2P)
- Emtorskaya ~ 63.91 mmbbls (P3)

Total = 149.95 mmbbls



Targeting near term all year round production and reserves growth



➤ **Highly prospective area**

- Significant adjacent fields in production
S. Cheremshanskoye 200 mmbbls
Stolbovoye 130 mmbbls
- Producing fields: Lomovoye (Tomskneft) and Grushevoye (Russneft) within licence but excluded.

➤ **Excellent Infrastructure**

- All weather roads, pipelines, electric lines all running through or adjacent to licence.

➤ **Successful drilling campaign**

- **Cheremshanskoye** - 2 successful wells, 19.26 mmbbls C1 + C2 (GKZ ~ 2P) gross.
- **Ledovoye** - 1 successful well, 28 mmbbls 2P, 34.8 mmbbls 3P (Ryder Scott gross).

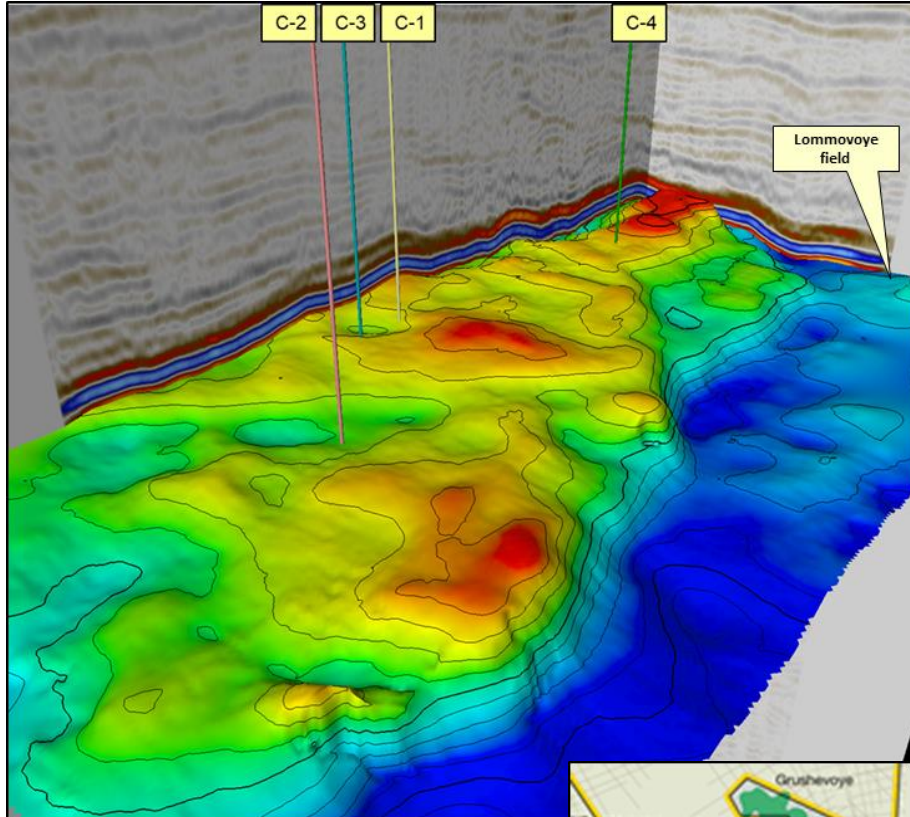
➤ **Direct Significant analogue field**

- Lomovoye producing from > 200 wells.



Near term production, revenue and reserves growth

Top Reservoir isometric depth map



➤ **Proven Reserves**

- Significant structural closure 46km² with two wells drilled by PTR C-3 discovery in 2011 and C-4 northern appraisal 2018.
- Extended well test on C-4 well Q1 2020 flowed naturally up to 476 bopd produced oil sold at commercially attractive prices.
- Adjacent road network reduces costs.

➤ **Low risk development**

- Reservoir deliverability proven.
- Field covered by 95km² 3D seismic.
- Year round production from Q1 2021.

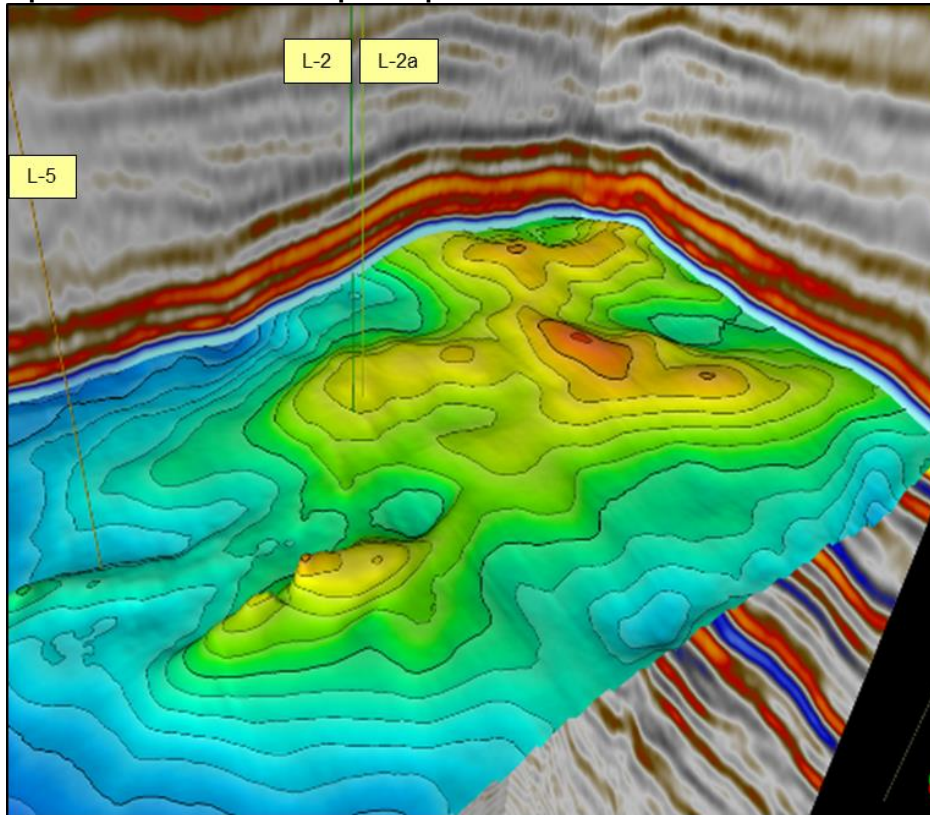
➤ **Forward Program:**

- Place field on production Q1 2021.
- Offtake financing contract executed with local refinery, provides infrastructure investment and oil sales contract at competitive rates.



Near to mid term production, revenue and reserves growth

Top Reservoir isometric depth map



➤ **Proven Reserves:**

- 28.0 mmbbls 2P, 34.8 mmbbls 3P reserves (Ryder Scott gross).

➤ **Low risk low cost:**

- Structural closure 30km², two previous wells flowed oil.
- Northern Satellite field extension (N. Ledovoye) earlier developed by MOL.
- All weather road 200m from L-2a well.

➤ **Forward Program:**

- Low cost well re entry program on L-2 and L2a being planned.



➤ ***Licence 61: Existing Production Providing Stable Cash Flow***

- Current production stable at +/- 1,700 bopd.
- Excellent infrastructure capable of 14,800 bfpd, incremental production valuable.
- Low cost production enhancement opportunities (fracking, optimizing water floods, work overs)

➤ ***Licence 61: Near term low risk significant growth ~ Northern Hub***

- Northern Hub opportunities close to existing CPF ~ low cost growth.
- Upside development potential at Sibkrayevskoye & West Lineynoye.
- Significant low risk exploration opportunity updip from main field at Emtorvskaya

➤ ***Licence 67: Transformational value creation ~ evolving from exploration to development asset***

- Two fields discovered, modern 3D seismic, excellent infrastructure.
- Recent Offtake financing executed ~ \$1M for initial field development infrastructure.
- Oil sales contract signed at competitive rates, year production about to commence.

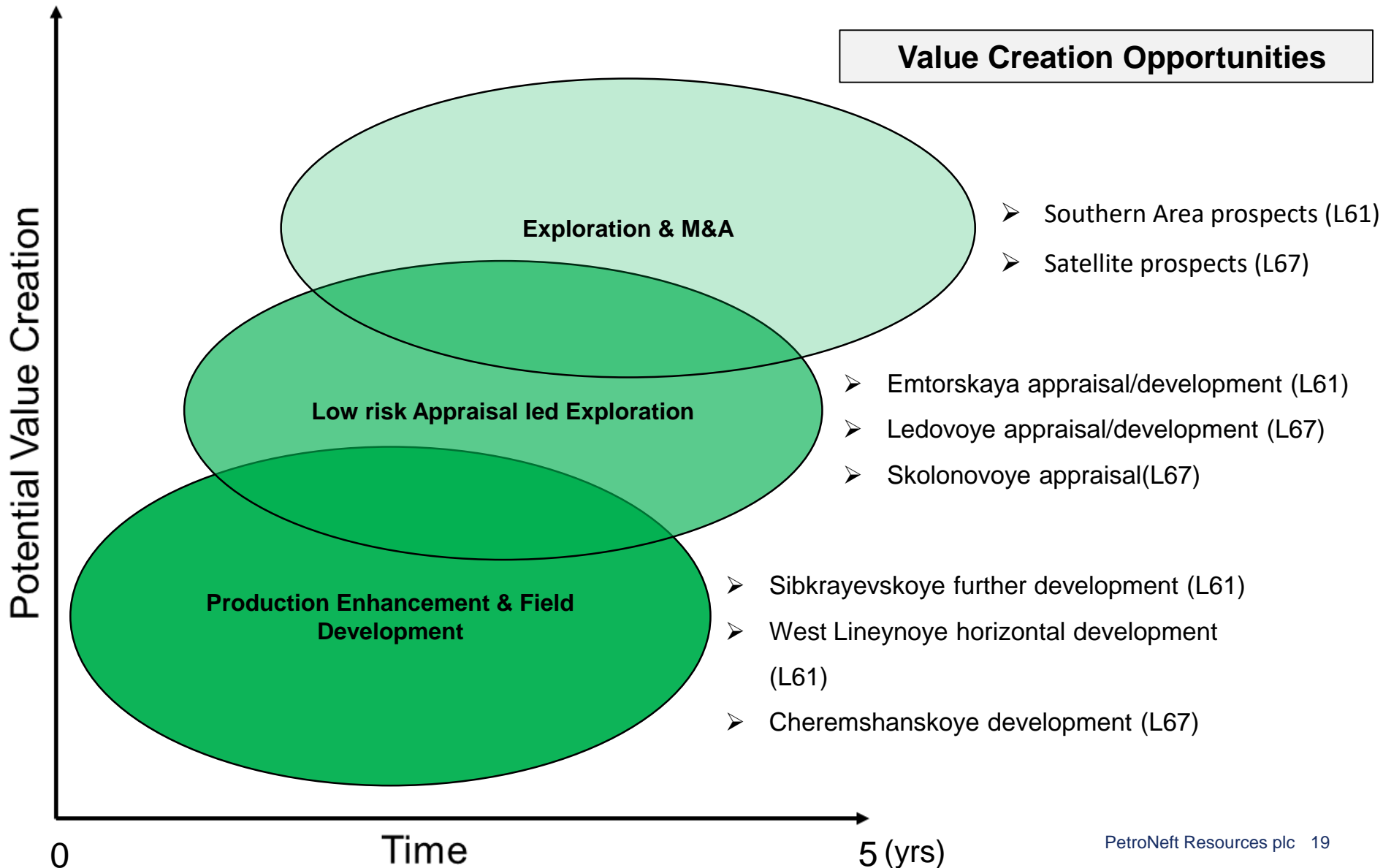
➤ ***Russia Focus:***

- Low-risk onshore strategy currently focused in Tomsk region of Western Siberian basin.
- Talented Russian professionals with extensive knowledge of local fields, technology and regulations.
- Fiscal regime provides attractive natural hedge to oil price fluctuations



Delivering long term value in challenging times

Reducing & Optimising Costs	<p>Closing and downsizing peripheral offices</p> <p>Reducing headcount but also accessing local talent with knowledge and experience of developing analogous fields</p> <p>Engaging with contractors and suppliers to improve terms</p> <p>PTR and WorldAce Head Office Admin Costs reduced by 47% and 15% respectively</p>
Improved asset knowledge	<p>Tracer surveys and downhole pressure measurements, optimise water flood programs leading to identification of well intervention opportunities</p> <p>Re-interpretation of historic seismic/well data to identify missed pay</p> <p>Improvements in production</p>
Strengthened Finances	<p>Renegotiated and extended the Petrogrand AB Loan</p> <p>Raised \$1.3M by way of a convertible note in June 2019.</p> <p>Closed \$2.1M capital raise January 2020 at 58% premium</p> <p>Closed \$1M offtake contract on Licence 67 to provide financing for infrastructure</p>
Low capital investment program	<p>Mini oil processing unit licence 61 in test mode</p> <p>Sibkrayevskoye pipeline to CPF licence 61.</p> <p>Identified five potential well re-entries ~ Licence 67</p> <p>Identified one potential well re-entry ~ Licence 61</p>





Thank You.