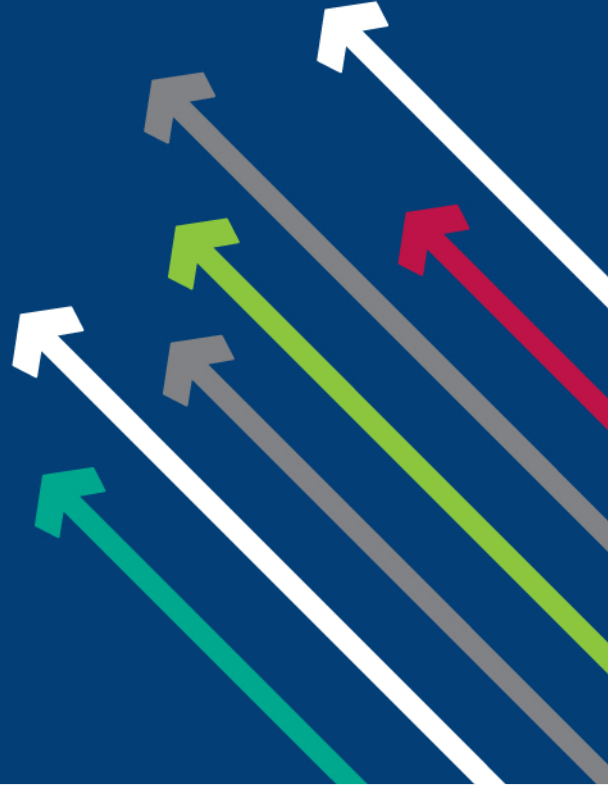




# PetroNeft Resources plc

Exploration, Development &  
Production in Russia and the FSU

Bank of America Merrill Lynch  
9th Annual Global Oil & Gas, 1-1 Investor Forum  
April 2010



# Forward Looking Statements



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.

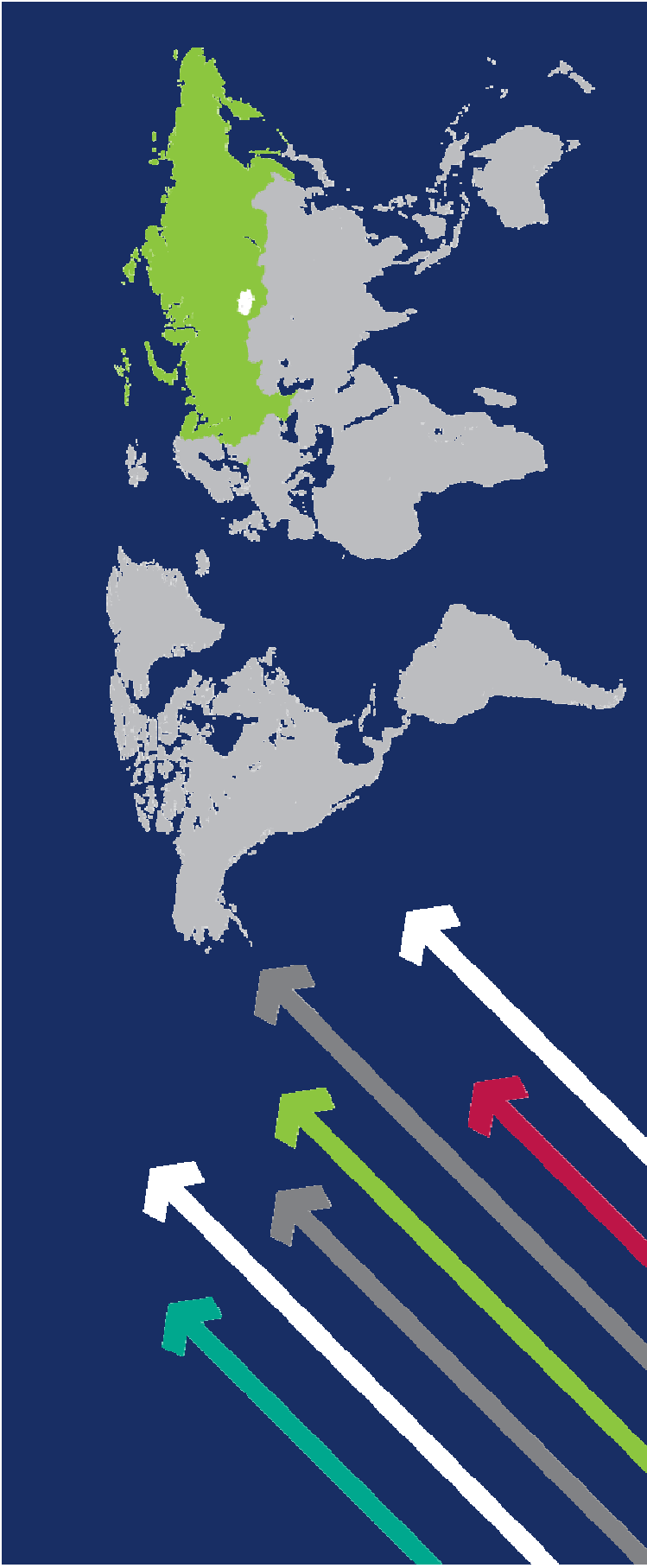
PetroNeft undertakes no obligation to revise any such forward-looking statements to reflect any changes in the Company's expectations or any change in circumstances, events or the Company's plans and strategy. Accordingly no reliance may be placed on the figures contained in such forward looking statements.





# Company Overview

## Corporate Strategy



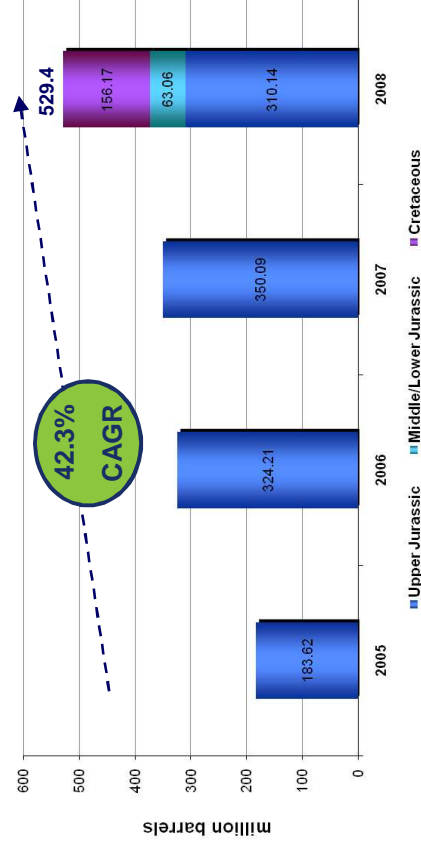
# Company Overview

- 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 Area ("Licence 61") covers 4,991 km<sup>2</sup> in Tomsk Oblast, Western Siberia
- Strong Reserve Base - 2P reserves of 70.8 mmbo and 3P reserves of 531.3 mmbo (Jan 1, 2010 -unrisked)
- Potentially significant upside in new plays - new exploration discovery at Kondrashevskoye
- **First pipeline production in 2H 2010 with exit rate of 4,000 bopd**
- Acquired Ledovy Licence 67 in December 2009 at State Auction

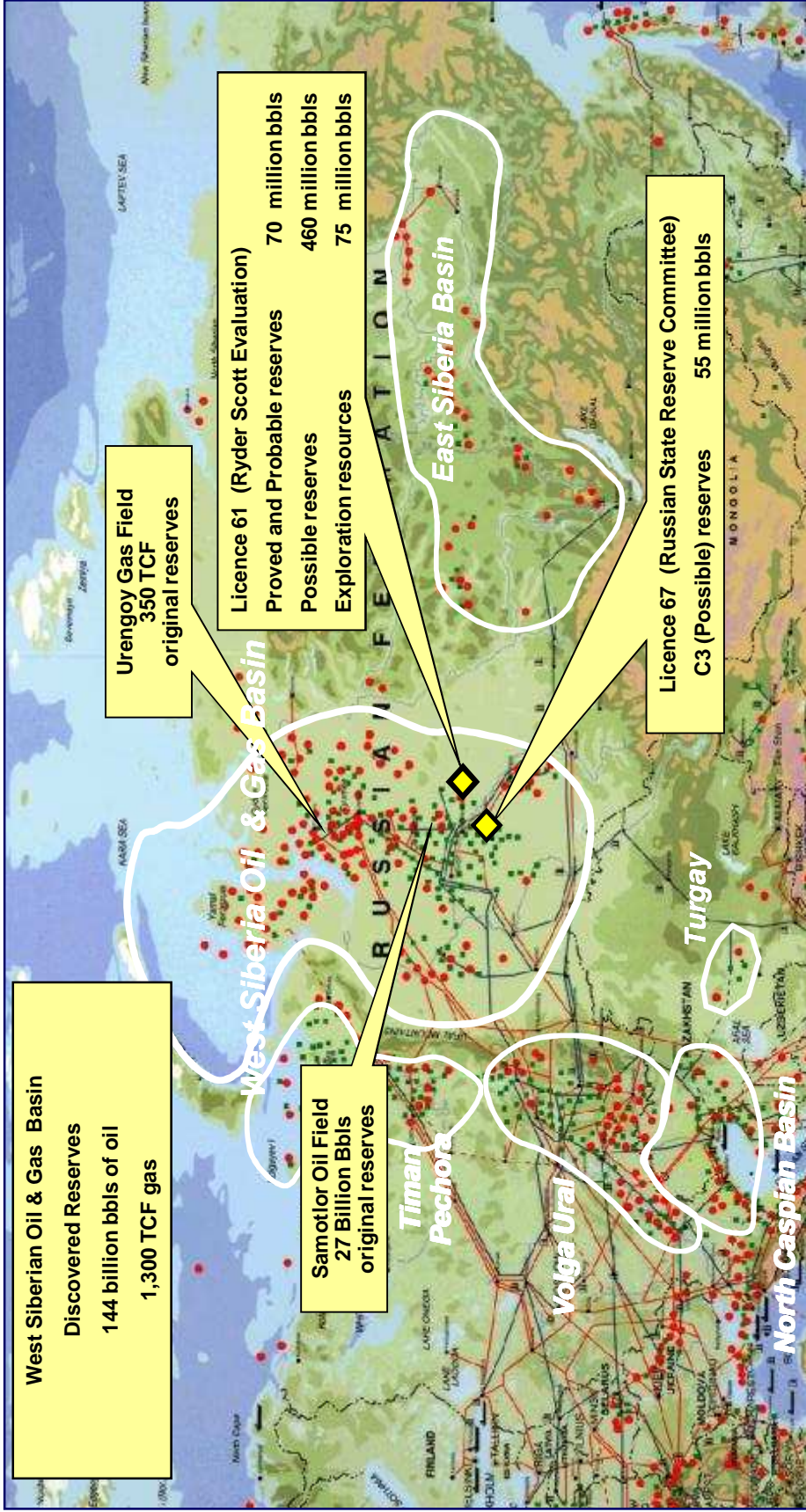
## 2P Reserve Base(1)



## 3P Unrisked Reserves(1)



# Regional Location Map

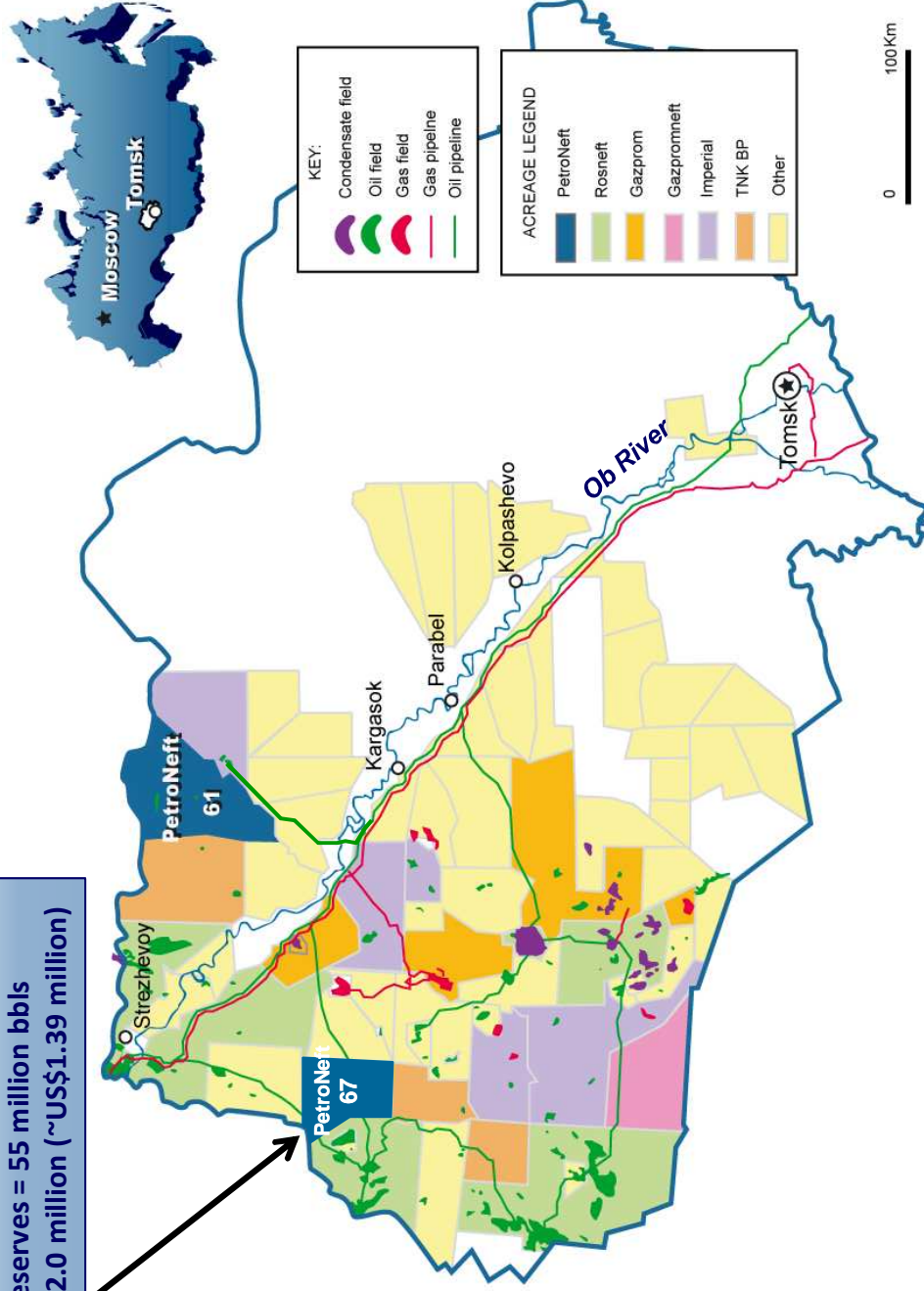




# Tomsk Oblast



Ledovy Block No. 67  
 Russian C3 Reserves = 55 million bbls  
 Winning bid RUR 42.0 million (~US\$1.39 million)



## Tomsk Oblast Very Active Region

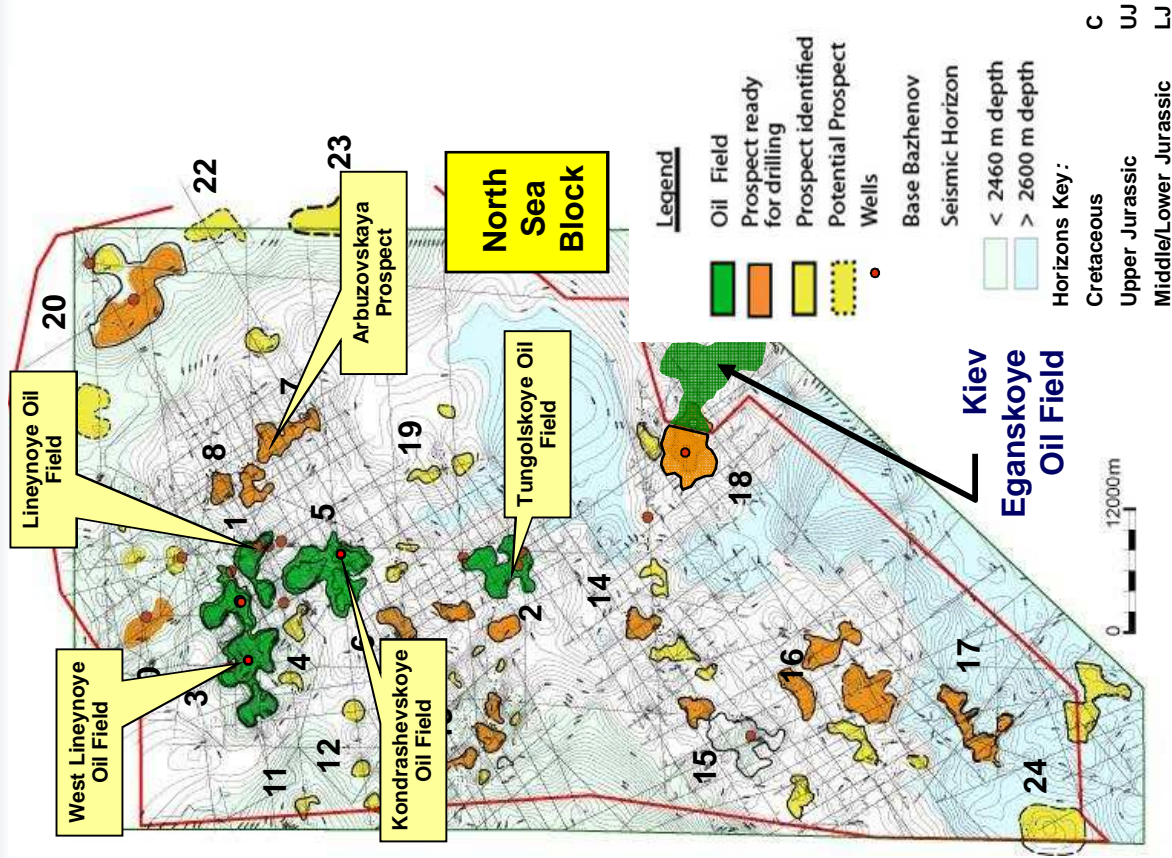
Rosneft, Imperial Energy, TNK-BP, Gazprom, Gazpromneft, local companies



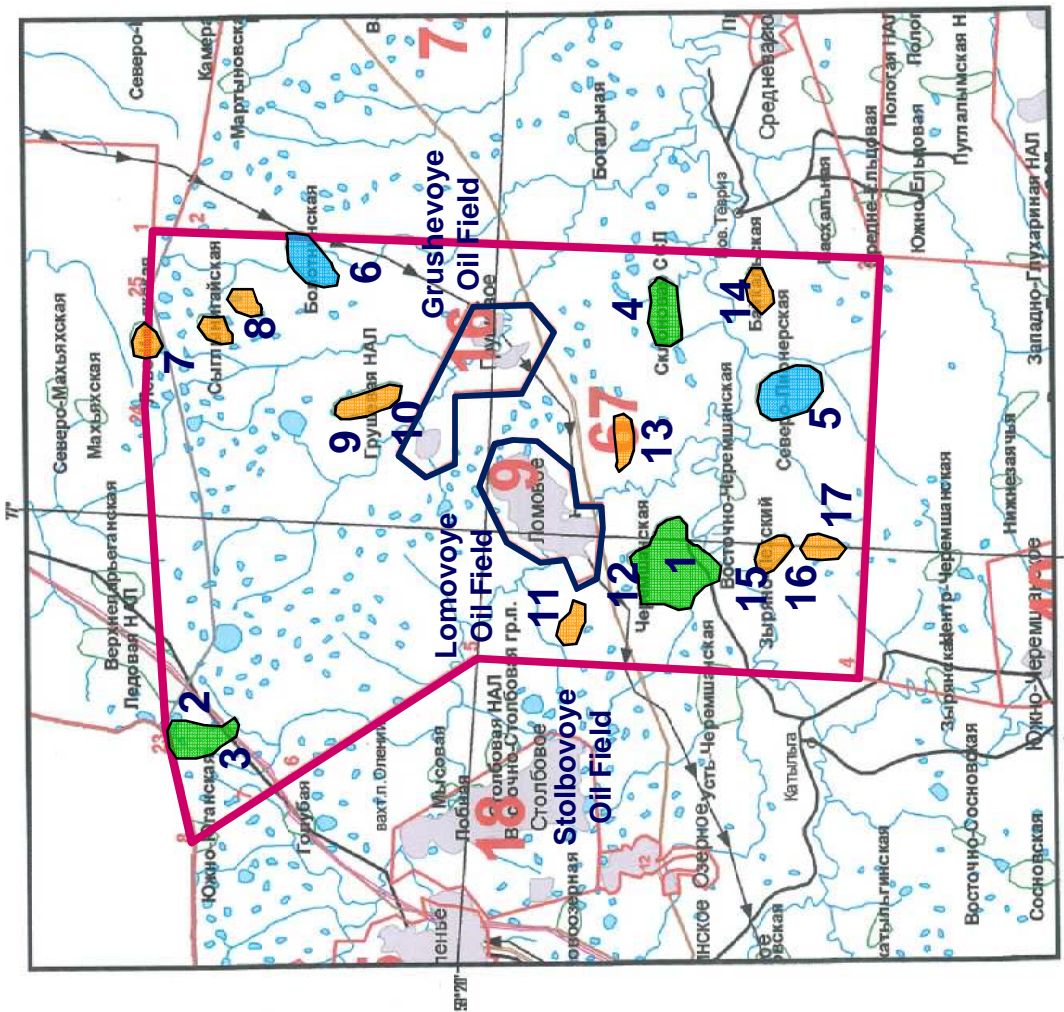
# Licence 61 (Tungolsky)

## Oil Fields / Prospects / Potential Prospects

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



# Licence 67 (Ledovy) – Main Structures of Interest



## Ledovy Block Structures and Traps

- Drilled Structure with oil show or test
- Drilled Structure with no oil shows reported
- Undrilled Structure or Stratigraphic Trap

##	Structure Name	Objective
<b>Drilled Structures</b>		
1	Cheremshanskaya	J1 J8 PZ
2	Ledovoye	J <sub>1</sub> <sup>1-2</sup>
3	Ledovoye	Cretaceous
4	Sklonovaya	J <sub>1</sub> <sup>1-2</sup>
5	North Pionerskaya	J <sub>1</sub> <sup>1</sup>
6	Bolotninskaya	J <sub>1</sub> <sup>1</sup>
<b>Identified Prospects and Leads</b>		
7	Levo-Ilyakskaya	J <sub>1</sub> <sup>1</sup>
8	Syglynigaiskaya	J <sub>1</sub> <sup>1</sup>
9	Grushevaya	J <sub>1</sub> <sup>1</sup>
10	Grushevaya NAT	Lower Jurassic
11	Malostolbovaya	J <sub>1</sub> <sup>1-2</sup>
12	North Cheremshanskaya	J <sub>1</sub> <sup>1-2</sup>
13	Nizhenolomovaya Terrasa	J <sub>1</sub> <sup>1-2</sup>
14	Baikalskaya	J <sub>1</sub> <sup>1-2</sup>
15	Malo Cheremshanskaya	J <sub>1</sub> <sup>1-2</sup>
16	East Cheremshanskaya	J <sub>1</sub> <sup>1-2</sup>
17	Zyryano-Pekhskiy	J <sub>1</sub> <sup>1</sup>

Note: NAT – non anticlinal trap

Excluded areas





# Licence 67 (Ledovy) Summary



## Summary

- 25 year Exploration and Production Licence - expires 2035
- Large 2,447 sq. km. Block surrounded by oil and gas fields including two producing fields within the block that belong to Rosneft and are excluded.
- Oil pipelines, electric power lines and all weather roads are located on the Licence area
- Eight wells have previously been drilled on the Licence, two tested oil and two had oil shows in the main Upper Jurassic reservoir but the interval was not tested
- Two potential oil fields and numerous prospects have been identified – Russian registered C3 reserves are currently 55 million bbbls
- Existing discoveries have potential to form the basis of a future development project
- Arawak to acquire 50% interest, PetroNeft to remain as operator

## Work Programme

- Within one year reprocess and reinterpret old seismic data
- Within two years start acquisition of 750 km of seismic data
- Within three years start drilling of one exploration well



# Corporate Strategy



Focus on  
existing licence  
development

- Monetise the Lineynoye, W. Lineynoye, Tungolskoye and Kondrashevskoye oil fields
- Target Export Pipeline production 2010
- Determine full upside exploration potential of Licence 61 Core Area
- Review all options for maximising asset and business value

Value accretive  
acquisitions  
and alliances

- Focus on smaller producing oil fields with significant reserves upside
- Evaluate strategic alliances, JVs and farmouts
- Leverage access to capital and debt markets outside of Russia and western business processes
- Use PetroNeft shares as acquisition currency
- Take advantage of availability of quality assets



# Proven Track Record



	2005/2006	2007	2008	2009		
<b>Exploration</b>	<ul style="list-style-type: none"> <li>2,654 kms vintage seismic data reprocessed</li> <li>Reprocessing of 14 vintage wells</li> <li>Acquisition and interpretation of 515 kms of high resolution 2D data in northern area</li> <li>2P reserves of 27.9 million bbls in two oil fields</li> </ul>	<ul style="list-style-type: none"> <li>Acquisition and interpretation of 540 kms of high resolution 2D data</li> <li>Drilling of two delineation and one exploration wells</li> <li>New West Lineynoye field discovery</li> <li>2P reserves of 60.6 million bbls</li> </ul>	<ul style="list-style-type: none"> <li>Drilling of 1 delineation and 2 exploration wells</li> <li>New Kondrashevskoye field discovery</li> <li>Potential untested Lower Jurassic discovery at West Korchevskaya</li> <li>2P reserves of 70 million bbls</li> <li><b>Exploration work obligations complete</b></li> </ul>	<ul style="list-style-type: none"> <li>2P reserves 70 million bbls</li> <li>Russian C1 + C2 reserves equal 95 million bbls</li> <li>Acquired Ledovy Licence 67 (will be developed jointly with Arawak)</li> </ul>		
	<b>Corporate</b>	<ul style="list-style-type: none"> <li>\$14.5m Fundraising Pre IPO</li> <li>Licence 61 acquired at Public Auction</li> <li>IPO with \$15.5m Fundraising</li> </ul>	<ul style="list-style-type: none"> <li>\$15.2m Fundraising</li> </ul>	<ul style="list-style-type: none"> <li>\$17.3m Fundraising</li> <li>AML signed with Arawak Energy for Western Siberia</li> </ul>	<ul style="list-style-type: none"> <li>\$27.5m Fundraising</li> <li>Phase 1 Project is fully funded to point where project is self funding</li> <li>No Debt</li> </ul>	
		<b>Production</b>			<ul style="list-style-type: none"> <li>Winter production commences</li> <li>First oil sales</li> <li>Phase 1 Project sanctioned</li> <li>Pipe procured</li> </ul>	<ul style="list-style-type: none"> <li>Transportation agreement with Imperial Energy</li> <li>Significant optimisation and cost reductions</li> <li><b>First pipeline production targeted for 2H 2010</b></li> </ul>





## Field Development Programme

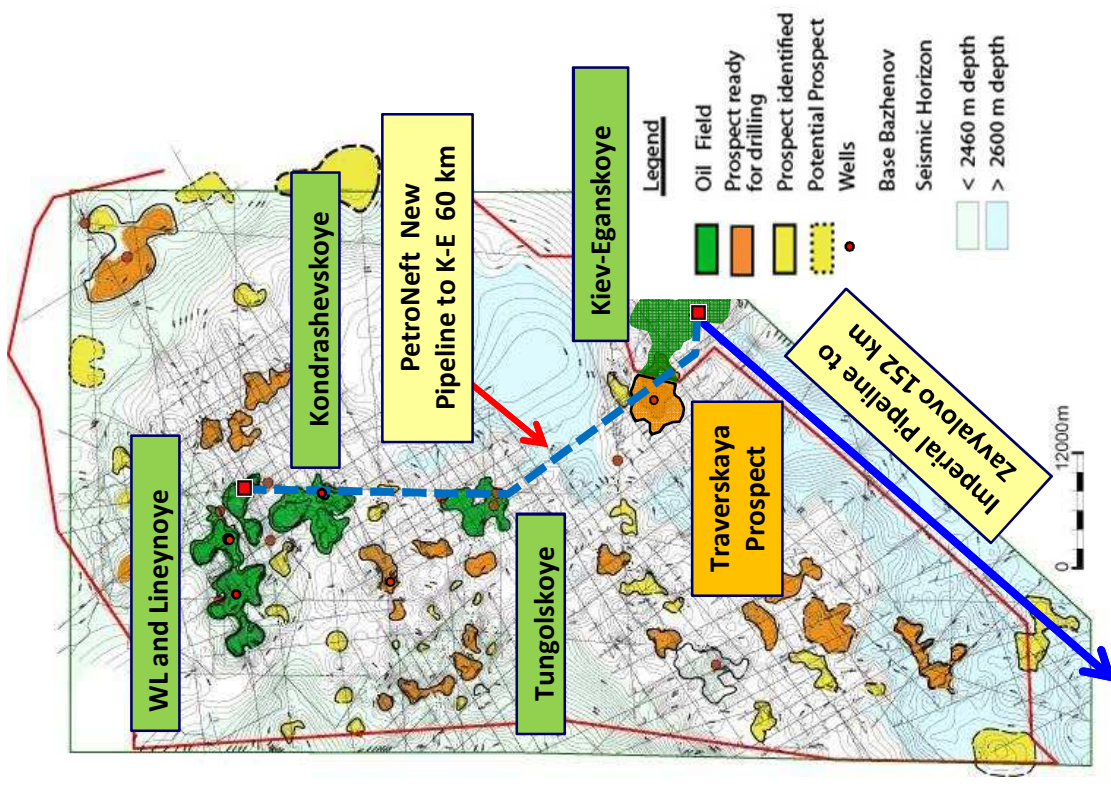




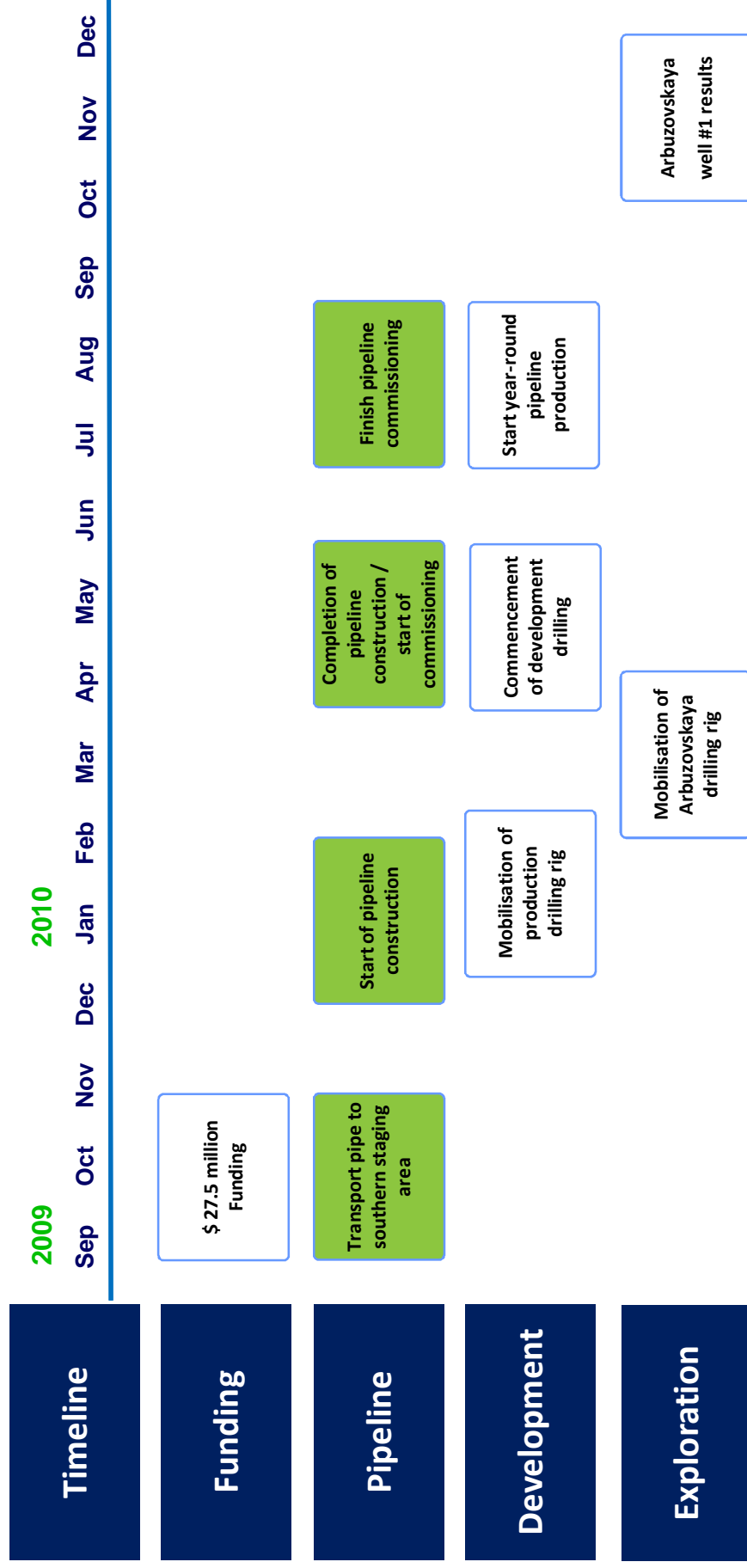
# Development Plan - New Pipeline Agreement



- **First Phase**
  - Development of Lineynoye and West Lineynoye
  - Construction of 60 km production pipeline to Imperial Kiev-Eganskoye pipeline commenced
  - 25 year transportation agreement with Imperial includes use of storage, measuring and testing facilities
  - First pipeline oil production in 2H 2010
  - Production - 4,000 bopd end of 2010, 12,000 bopd in 2012
- **Additional Phases**
  - Incremental addition of Kondrashevskoye, Tungolskoye and other discoveries



# 2009-2010 Project Timetable

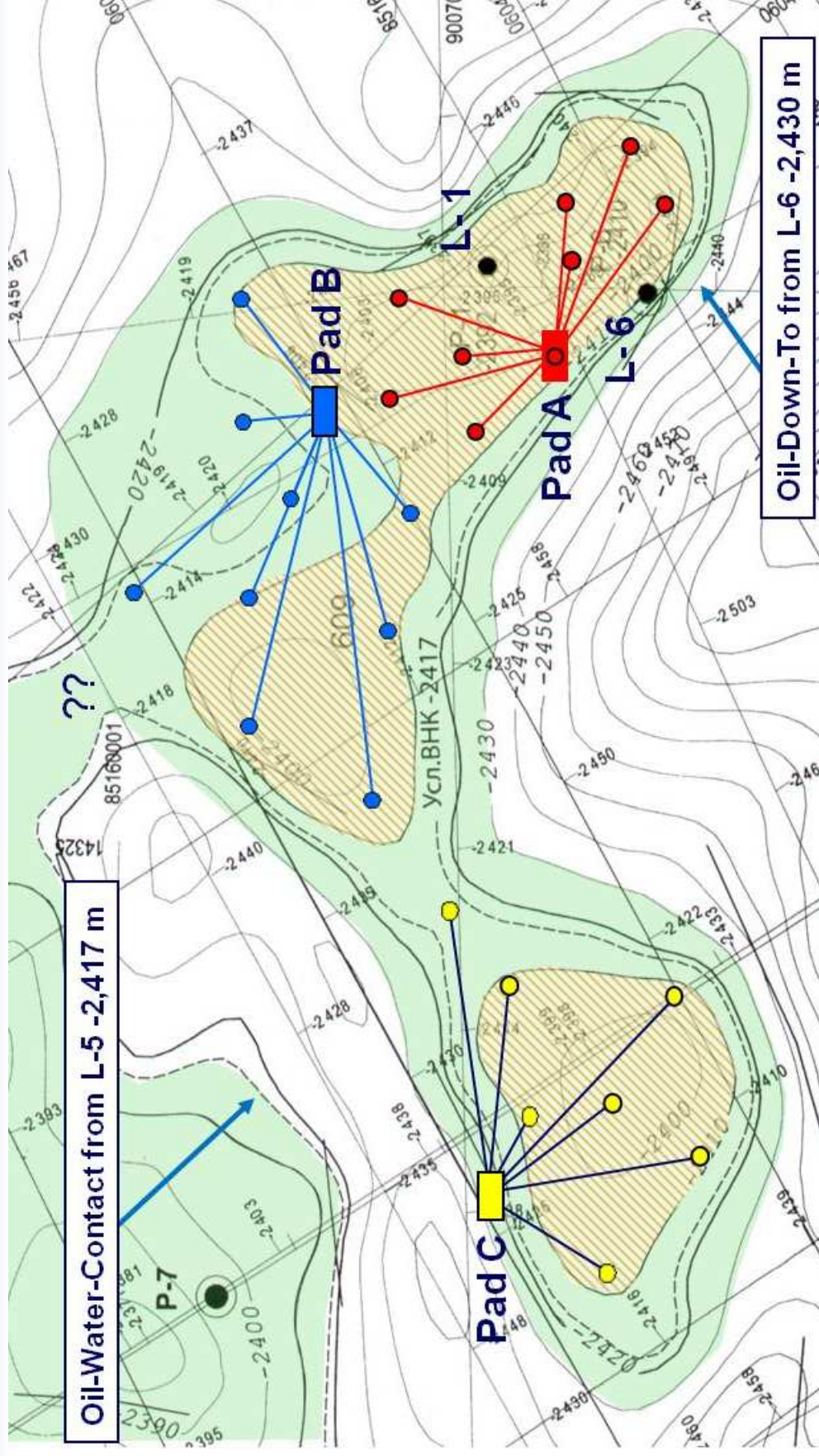


# Pipeline Construction



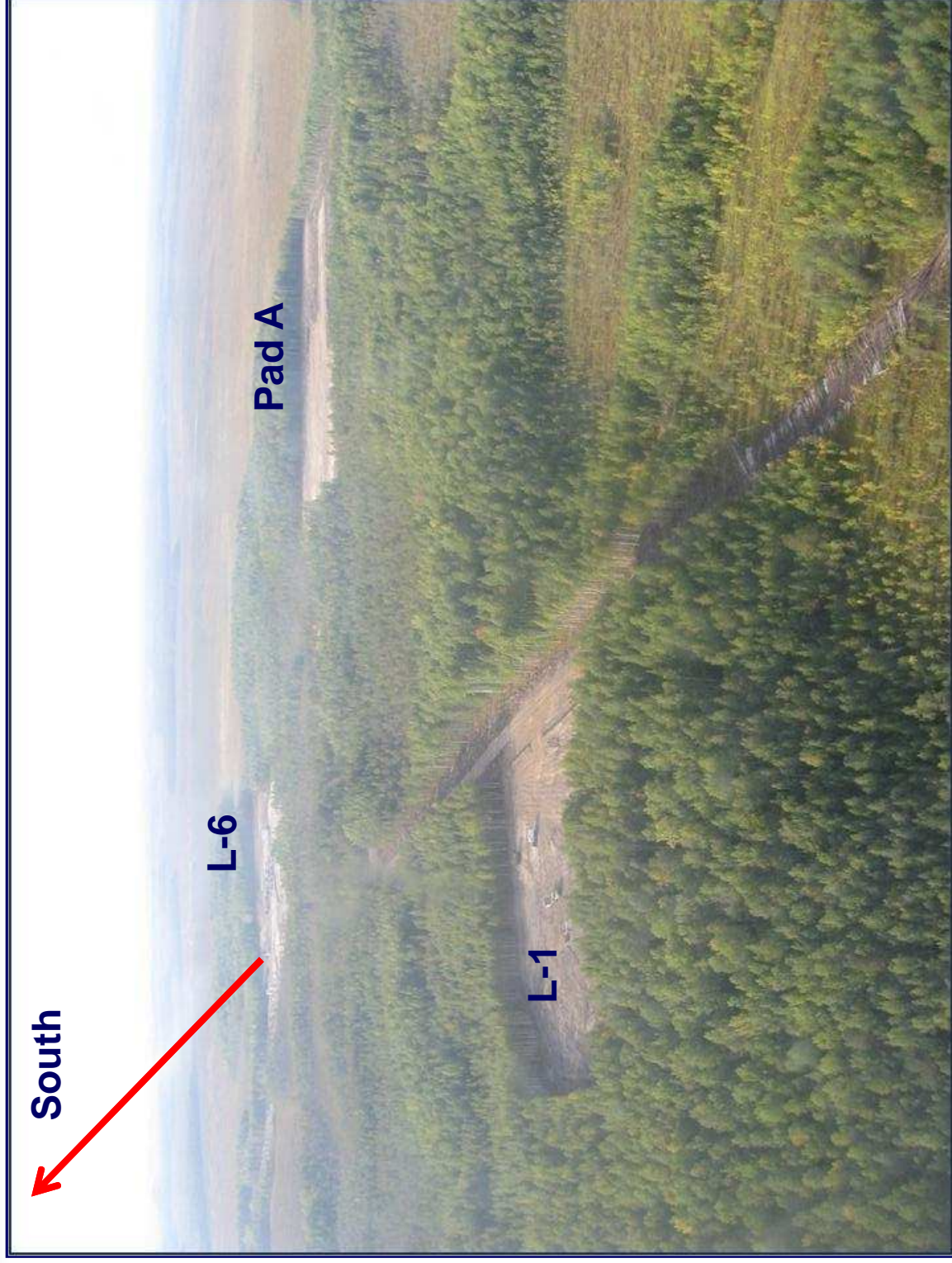


# Lineynoye Field Development Schematic





# Lineynoye Field Pad Construction



# Lineynoye Drilling Pad and Facilities Site





# Production Facilities Construction



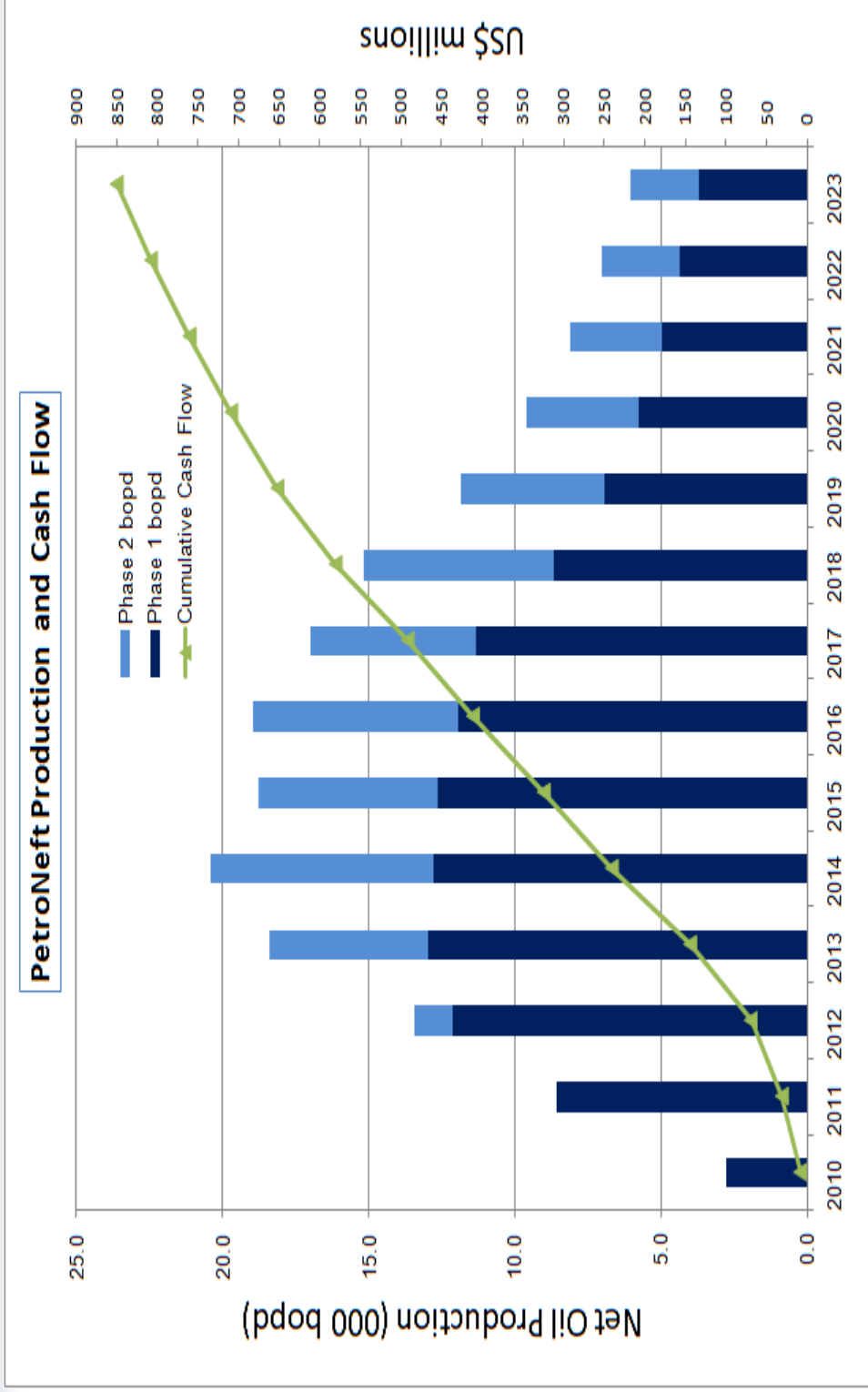
## Rig BU 3000 BUK



- A standard BU 3000 pad rig can drill about 2,000 metres horizontally at the 2,500 metres development depth, therefore the planned well spacing of 500 m to 700 m in the reservoir presents no technical problems. The rig is mounted on rails to facilitate the move between wells.
- In the Tomsk Region it is normal practice to drill two development wells with a 5 metre spacing. The pad rig is then moved 15 metres to allow room for a fire break and access by a work-over rig to complete the two wells.



# Production and Cash Forecast – Licence 61



➤ The forecast is based on the company's 2P reserves of 70.0 million bbls

➤ The reserves remaining after 2023 are 6.6 million bbls

Source: Petroleum Consultants Report by Ryder Scott Company, January 1, 2010, Company estimates



# Reserves and Resources



Oil Field Name / Prospect Type	Proved	Proved and probable	2P NPV @ 10%	Proved, probable and possible
	1P	2P	Base Oil Price <sup>(1)</sup>	3P
	million bbls	million bbls		million bbls
Lineynoye field	5.69	23.88	\$192 million	29.82
West Lineynoye field	2.71	23.32	\$112 million	29.19
Kondrashevskoye field	.61	8.12	\$31 million	26.11
Tungolskoye field	1.38	15.51	\$100 million	19.66
<b>Total</b>	<b>10.40</b>	<b>70.84</b>	<b>\$435 million</b>	<b>104.78</b>
Upper Jurassic - 24 prospects				207.29
Cretaceous - 10 prospects				156.17
Lower to Middle Jurassic - 11 prospects				63.06
<b>Total</b>	<b>10.40</b>	<b>70.84</b>		<b>531.29</b>

## 2P NPV Calculation:

- (1) Base oil price – domestic crude \$41.25/bbl, export crude \$75/bbl, 33% export
- Includes January 1, 2009 tax law changes – MET exclusion amount increases from US\$9/bbl to US\$15/bbl and profit tax decreases from 24% to 20%
- Assumes production commencing July 2010
- Does not include potential upside from 24 existing prospects with +/- 210 million bbls (unrisked) possible reserves estimated for Upper Jurassic reservoirs, or any potential upside from Cretaceous and Lower/Middle Jurassic reservoirs. Many wells will test multiple objectives

Source: Ryder Scott Company – Petroleum Consultants report as of January 1, 2010

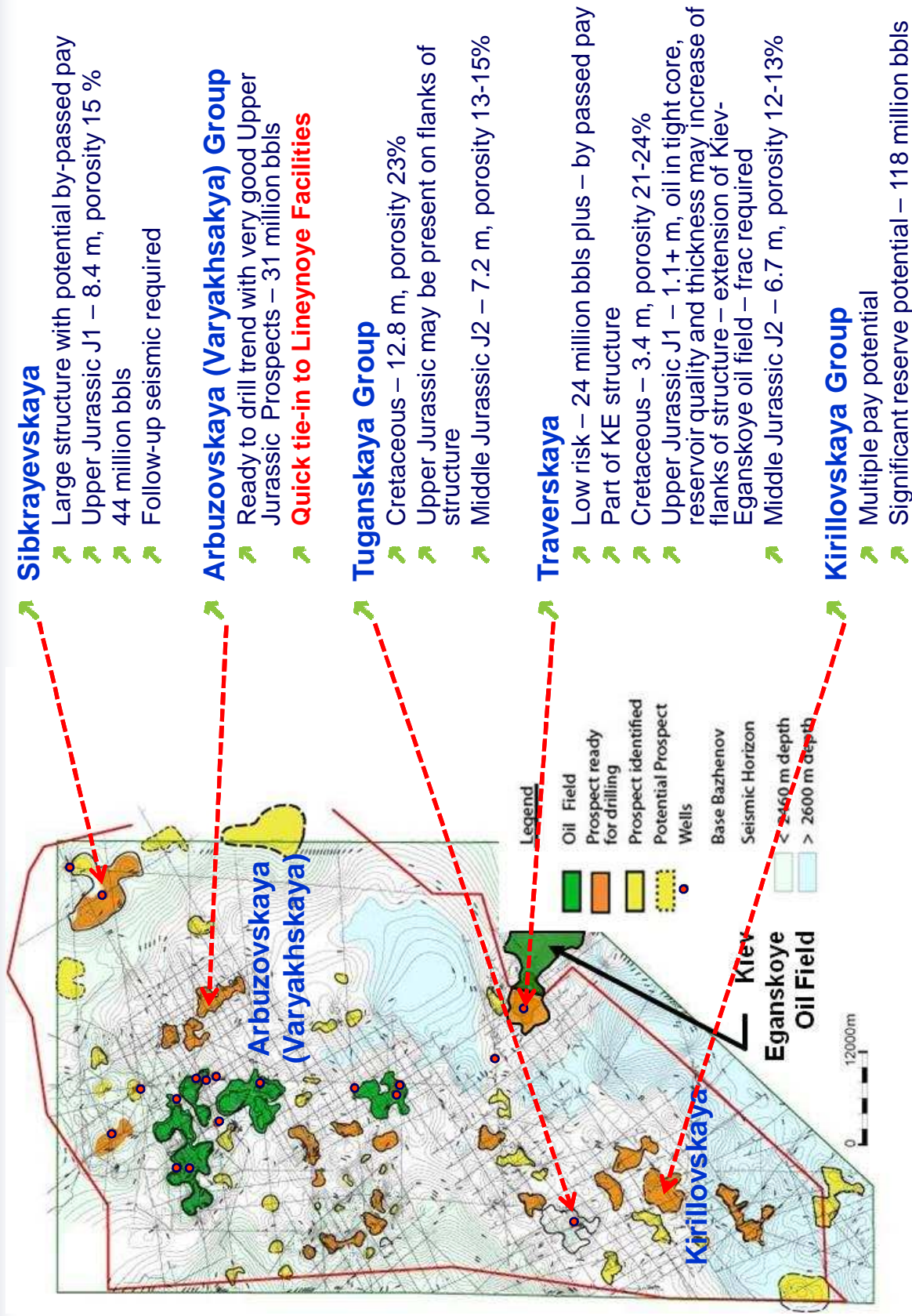




# Exploration Upside



# Top Five Prospects – potential by-passed pay



# Top Five Prospects and Trends



## **Sibkrayevskaya Prospect**

- Very large structure with 8.4 metres of potential by-passed Upper Jurassic pay identified in Soviet era well, 44 million bbls.
- Potential leads along trend require additional seismic definition.

## **Arbuzovskaya (Varyakhskaya) Prospects**

- Ready to drill trend with very good Upper Jurassic prospects, 31 million bbls
- Located close to Lineynoye fields

## **Tuganskaya/ Prospects**

- Major trend with very large Cretaceous potential, 92 million bbls. Jurassic potential is relatively minor in this trend, 42 million bbls.
- By-passed pay in Soviet era well is a key element. Petrophysics shows distinct resistivity difference between wet sands and those which are by-passed.
- Drill offset well to test concept.

## **Traverskaya**

- Low risk 24 million bbls plus prospect with multi-horizon potential is an extension of the Kiev- Eganskoye Field which is primarily a Jurassic prospect with Cretaceous opportunity to be tested in the same well.
- Drill offset to existing well to confirm by-passed pay. The Jurassic reservoir with log pay and oil shows makes this a different type of offset than the well at Tuganskaya.
- Fracture stimulation likely necessary

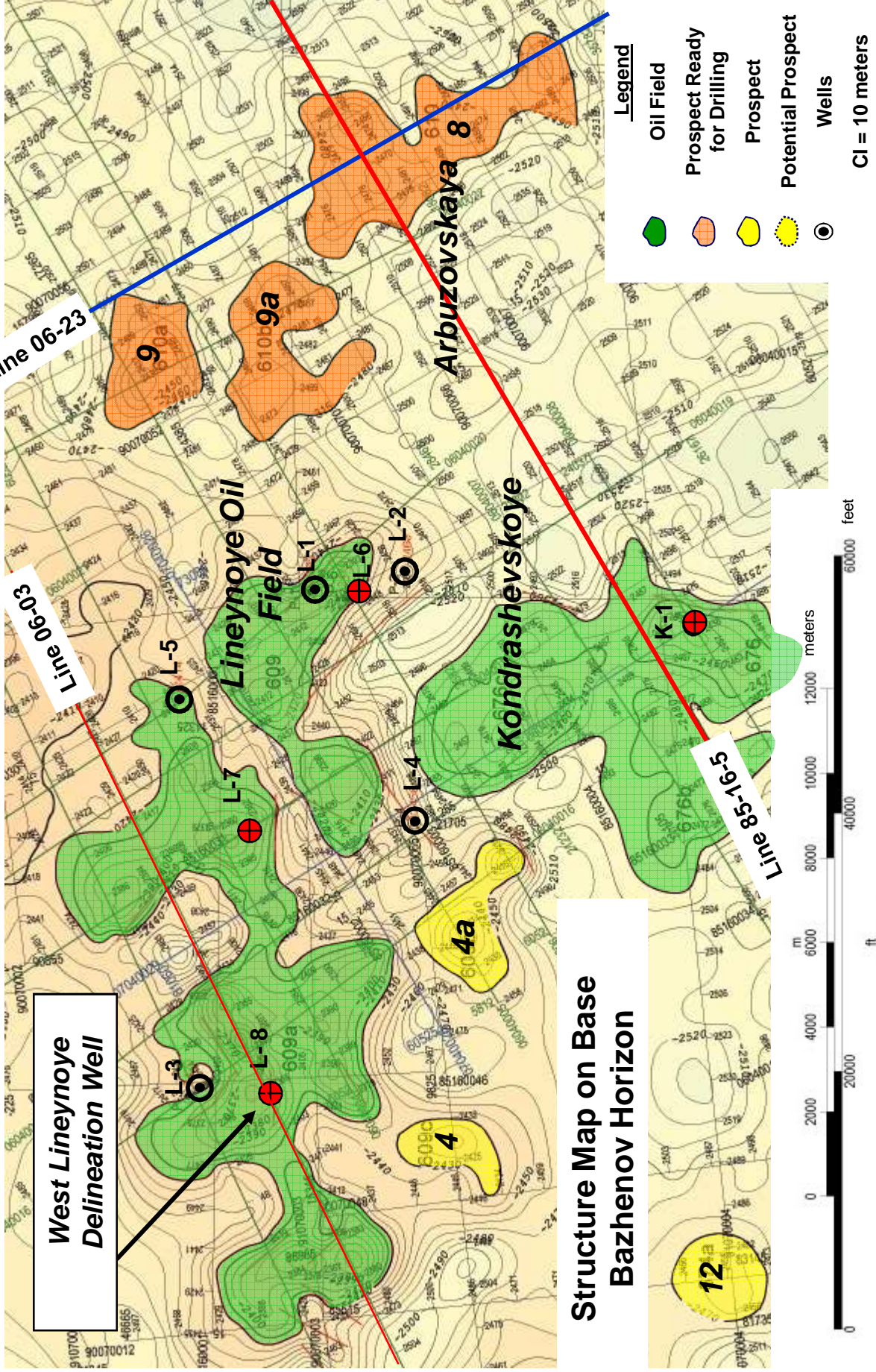
## **Kirillovskaya Prospects**

- Multiple prospects having significant reserves of 118 million bbls with a balance between Jurassic and Cretaceous targets.
- Possibly the best location with respect to the hydrocarbon generating kitchen.
- Most likely initial location in this trend is the 55 million bbls East Kirillovskaya prospect.





# Lineynoye Oil Field and Arbuzovskaya Prospects







## Investment Highlights





# Investment Highlights



<b>Fully Funded Development</b>	<ul style="list-style-type: none"><li>Phase 1 Project is fully funded to production</li><li><b>Year-round production scheduled for 2H 2010</b></li><li>Production <b>4,000 bopd end 2010</b>, 12,000 bopd in 2012</li><li>Conservative NPV10 of existing 4 fields &gt; US\$ 435 million</li></ul>
<b>Superb Asset Base</b>	<ul style="list-style-type: none"><li>Total Licence 61 2P Reserves of 71 mmbbl</li><li>Strong Reserve Growth - 35.9% CAGR of 2P Reserve over 3 years</li><li>3P oil reserves of 531 mmbbl (unrisked) provides platform for strong reserve growth</li></ul>
<b>Significant Exploration Upside</b>	<ul style="list-style-type: none"><li>New plays emerging in Licence 61 with significant upside</li><li>Top 5 prospects targeting over 200 mmbbl</li><li>Newly acquired Licence 67 adds additional upside potential</li></ul>
<b>Ongoing Corporate Development</b>	<ul style="list-style-type: none"><li>Seeking to develop a diverse portfolio of exploration and production assets</li><li>Significant opportunities for corporate and asset transactions</li><li>Evaluating a number of exciting corporate transactions</li></ul>
<b>Management</b>	<ul style="list-style-type: none"><li>Motivated management team with proven experience of exploration, production and corporate development in the Russian oil industry and abroad</li><li>Experienced local management with strong relationships</li></ul>





# Appendices



# Board of Directors



## **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, 17 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
- Former 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



# Experienced Management Team



## **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

# Corporate Information



## Share Capital \*

- Ordinary Shares in issue: 350,367,711
- Share options outstanding: 10,072,000\*
- Fully diluted share capital: 360,439,711
- Market Capitalisation: £110 million

\*As at 15 April 2010

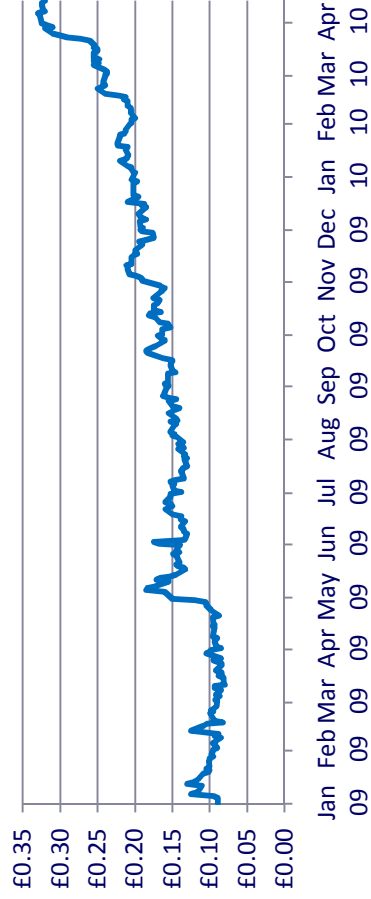
## Trading details

- Exchanges:
  - AIM Market (London Stock Exchange)
  - IEX Market (Irish Stock Exchange)
- Free float: 84.93%
- Tickers: P8ET (IEX) & PTR (AIM)

## Major Shareholders\*

Directors	8.50%
RAB Octane Fund Limited	8.81%
JP Morgan Asset Mgmt	6.74%
Ali Sobraliev	6.57%
Macquarie Bank	6.25%
Arawak Energy Limited	3.82%
Amiya Capital LLP	3.75%
UFG Asset Management	3.11%
Davycrest Nominees Ltd	9.48%

## PetroNeft Share Price



\*As at 15 April 2010  
Sources: Irish Stock Exchange, AR 2008



# Contacts



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**AIM Market – London Stock Exchange (PTR)**

**IEX Market – Irish Stock Exchange (P8ET)**

