Tudor Pickering Holt Global Shale Seminar Presentation / November 2013

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Company Overview

Reserves and Location

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Substantial tight oil reserves in a prolific petroleum province

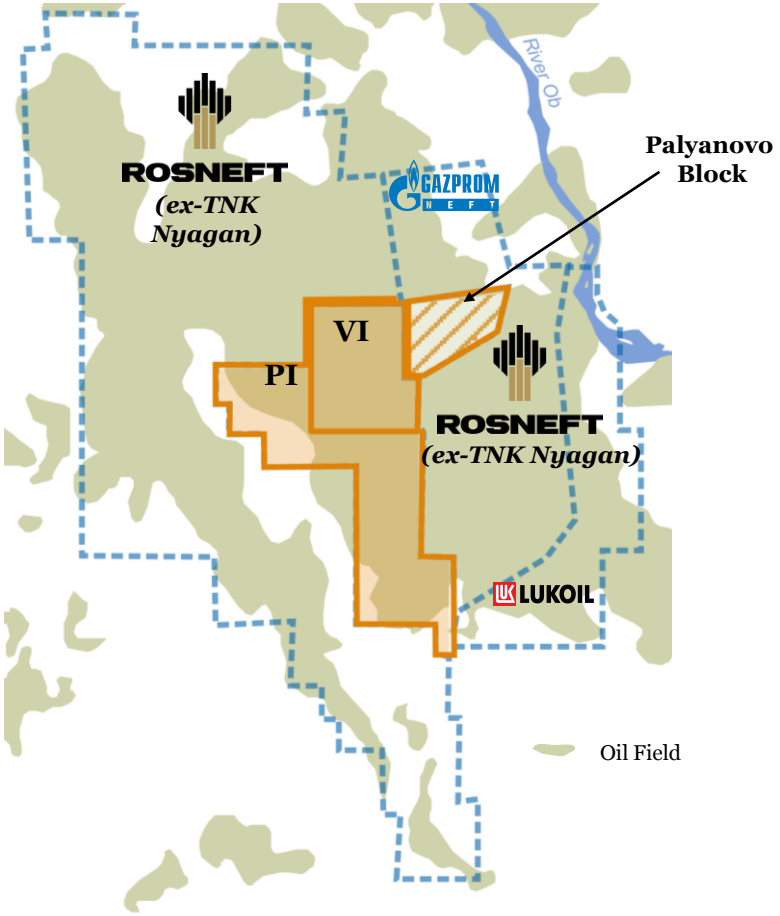
License Reserves [1]/ Acreage

License	Area, km²	2P Reserves			Bazhenov Contingent Resources 3C
		Oil	Gas	Total	
		mmbbl	bcf	mmboe	bnbbl
PI Block	685	665.2	306.1	716.2	-
VI Block	340	819.2	376.9	882.0	-
Palyanovo	180.5	171.6	287.1	219.5	-
Bazhenov Shale	1,205	-	-	-	3.5[2]
Total	**1,205**	**1,656**	**970**	**1,818**	**3.5**

Reserves and their NPV [1]

Reserves Category	Total hydrocarbons	D&M NPV at 10% discount rate
	mmboe	$ mm
Proved Developed	19	206
Total Proved	222	817
Proved + Probable	1,818	9,012

Location – Krasnoleninsky Arch, Western Siberia



(1) DeGolyer & MacNaughton Appraisal Report as at 30 June 2013; (2) Original oil in place

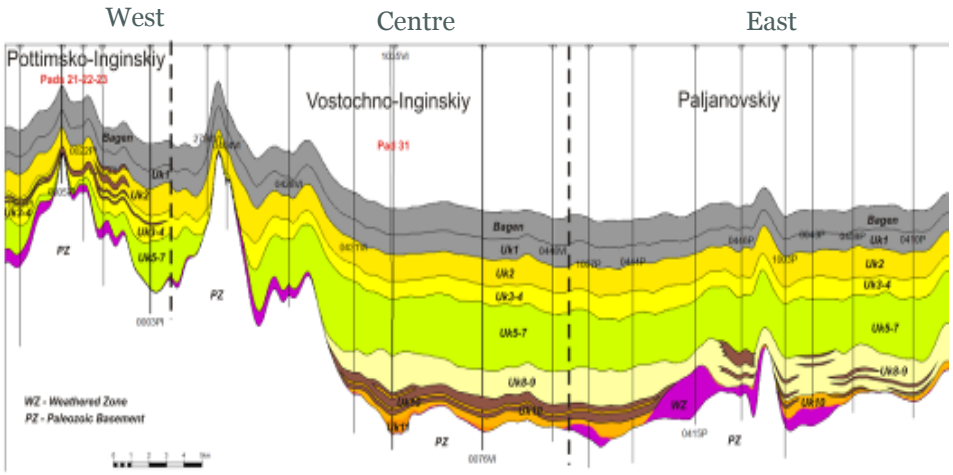
Geological Overview

Substantial tight oil reserve base in a prolific petroleum province; development underway

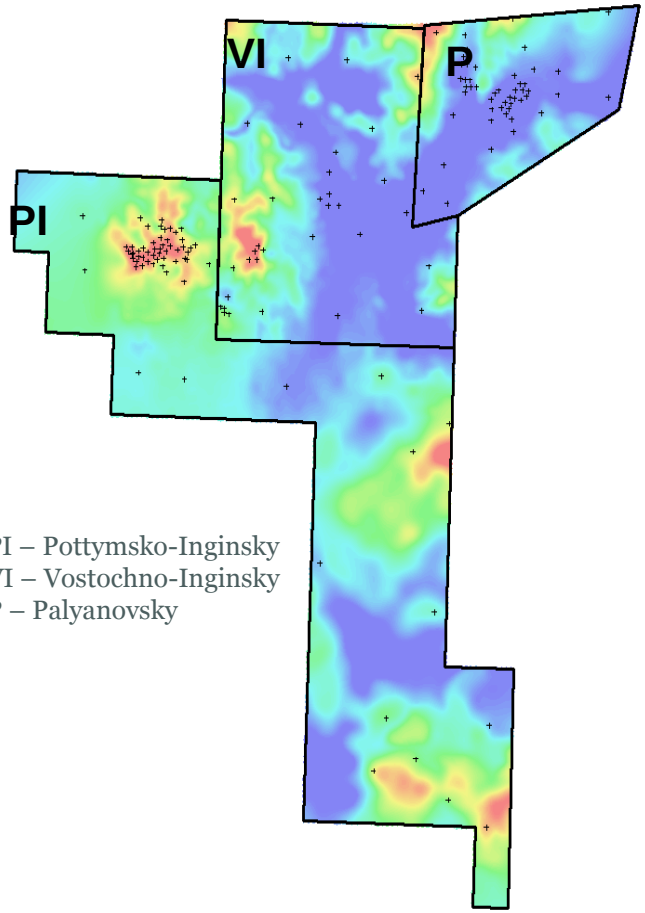
Overview

- Source rocks: shales of Bazhenov, Tyumen and Sherkalyn formations
- Reservoir rocks: sandstones of Tyumen, Sherkalyn, Vikulov and fractured shales of Abalak formations
- Unconventional reservoirs in fractured shales of Bazhenov formations
- Traps: Structural (PI, VI), stratigraphic (PI, VI, P)

Jurassic Cross-Section



Top of Basement Structure



PI – Pottymsko-Inginsky
VI – Vostochno-Inginsky
P – Palyanovsky

Source: Company information, Wood Mackenzie

Management Team

Highly experienced management and operational team with a proven track record in Russia

- Head office in Moscow, with full operational team based at a regional office in the Inginsky Licences

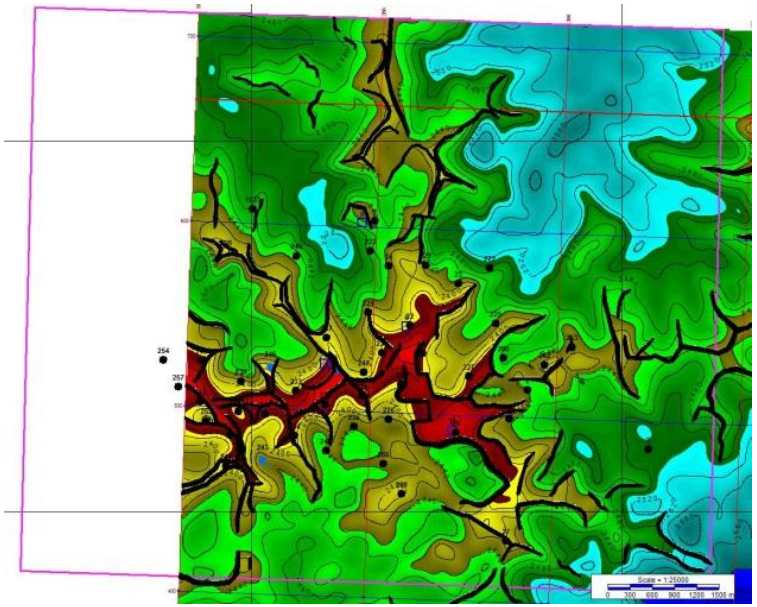
Name	Title	Yrs of Exp	Previous Experience
Thomas Reed	CEO, Board Director	20	• Co-founder of Ruspetro • Adviser at VR Capital and Raven Russia in Moscow, working in private equity and M&A. Previously with both Menatep (Head of International Capital Markets) and Alliance Menatep (Deputy General Director)
Alexander Chistyakov	Executive Chairman	20	• Former First Deputy Chairman of the Russian Federal Grid Company and former Head of Economic Analysis and Deputy Director of Finance at Rosprom • Previously Deputy Director of Investment Management at Menatep and Deputy General Director of Alliance Menatep
Andy Haas	COO	30+	• Former Head of the ExxonMobil/Rosneft JV in West Siberia - responsible for horizontal well program in Bazhenov Shale and Achimov Sands • Previously Technical Director for TNK-BP
Daniel Barcelo	CFO	21	• Head of Oil & Gas at Renaissance Capital in Moscow • Former Portfolio Manager at Moore Capital Management in NYC and Equity Research Analyst with Lehman Bros and Bank of America
Robert Stewart	Director, Field Operations	29	• Spent 28 years at Conoco Phillips, where he worked in Russia (for over 6 years), the Gulf of Mexico and Dubai as Production Supervisor
Nick De'Ath	Subsurface Consultant to Ruspetro	40+	• Chief Reservoir Geologist at Yukos and Director Subsurface Assurance at TNK-BP • Spent 21 years with BP as Chief Geologist (North Sea) and General Manager (Colombia)
Michael Lechner	Subsurface Manager	10+	• Experience with Wintershall and Maersk in Europe, North Africa, the Middle East and FSU • Head of Engineering for Kazakhstan at Maersk

Source: Company information

Schlumberger Technical Partnership

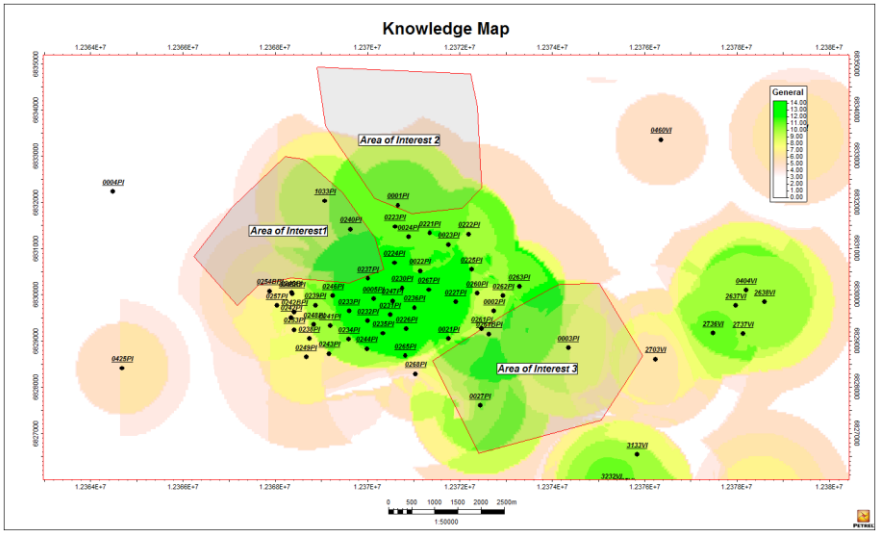
Unlocking the Subsurface

- Schlumberger Technical Partnership initiated
- Seismic resolution upgrades improved our understanding of faults, channels and compartmentalization
- Reservoir Engineering refines oil water contact modeling and shows the upper Tyumen formation (UK2-UK5) as a single hydrodynamic object
    - Models new completions
- Creation of "Knowledge Map" jointly with Schlumberger
- Full field development plan including Bazhenov in 2014



Productivity Implications

- Identifying high grade locations for horizontal well program, Designing and implementing horizontal multistage fractured wells
- Improving water-flood prospects due to a better understanding of pressure communication, and identifies new 'up-dip' drilling opportunities in three channel areas
- Coring and logging the Bazhenov Shale layer will form the basis of a future development plan for this formation
- Systematizing sub-surface knowledge, allowing for medium term business planning and identification of capital requirements



Russia's New Fiscal Regime

New Tight Oil Tax Relief Now in Effect

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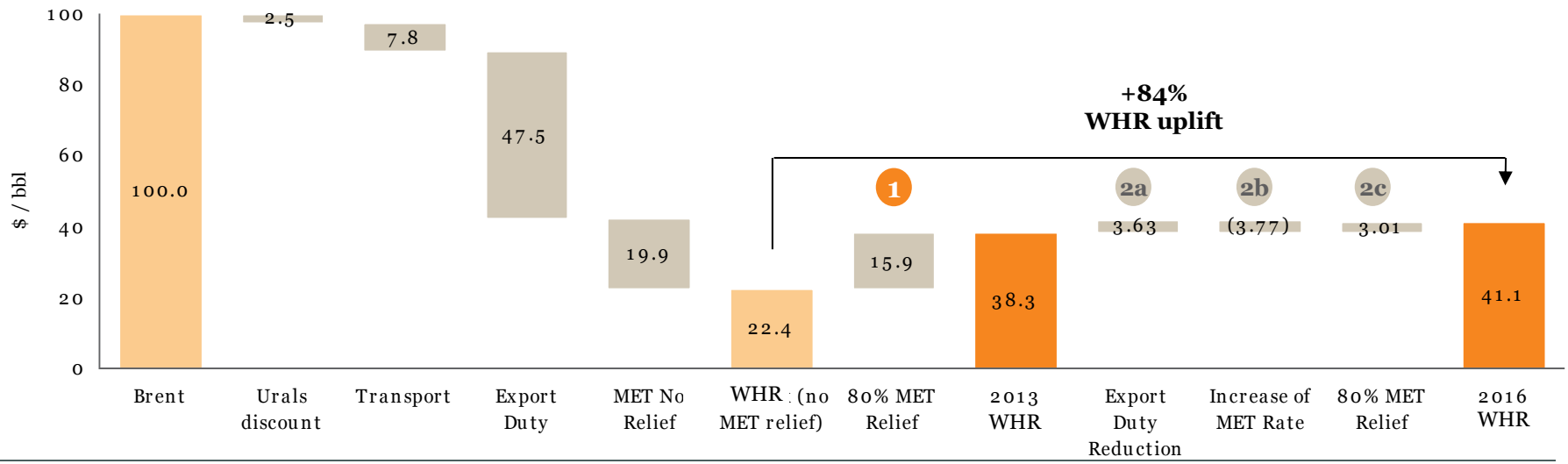
Wellhead Revenue uplift of ~84% from recent changes to the Russian tax regime

1. In July 2013, President Putin signed a law to reduce Mineral Extraction Tax (MET) for low permeability (<2mD) formations
   - Legislation is aimed at reservoirs with <3% depletion (Inginsky Licences qualify with 1.3% reserves depletion as at 1 January 2013)
- Ruspetro anticipates 80% MET relief for 10 years for both existing and new production commencing in September 2013
- Additionally, the new law granted zero MET on oil production from the Bazhenov and Abalak formations for 15 years

2. In October 2013, President Putin signed into law further amendments to the Russian Tax Code:
   - 2a Staged decrease in the Export Duty Rate from 60% currently to 59% in 2014, 57% in 2015, and 55% from 2016 onwards
   - 2b Staged increase in the MET Base Rate from RUR 470/t currently to RUR 493/t in 2014, RUR 530/t in 2015, RUR 559/t from 2016 onwards
   - 2c As Ruspetro benefits from 80% MET relief over the majority of the Inginsky licences, the net effect is a netback uplift of ~US$3/bbl

Illustrative Crude Oil Wellhead Revenue – New Tax Regime



Source: Company information
(1) Life of field opex /bbl (real terms, inc. overheads)

Economic Impact of Russian Oil Tax Relief

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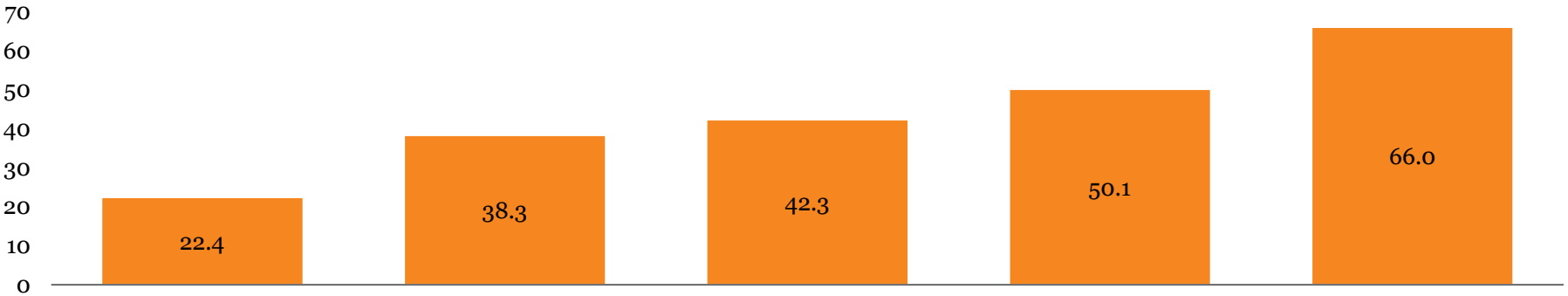
Major uplift in economics for both conventional (majority of Tyumen) and unconventional (Bazhenov) potential

Illustrative Wellhead Revenue ($/bbl)

Russia				
Companies with conventional reserves	Current fiscal regime for Ruspetro	Current fiscal regime for Ruspetro	Current fiscal regime/Potential fiscal changes from 2014	Current fiscal regime/Potential fiscal changes from 2014
Conventional oil reserves – no MET relief	Tight Oil – 80% MET Relief	Bazhenov – 100% MET Relief	Tyumen – 50% Export Duty and 20% MET Relief	Bazhenov – 100% MET and 50% Export Duty Relief



% incr. in WHR vs. conventional oil reserves

+71%	+89%	+124%	+195%

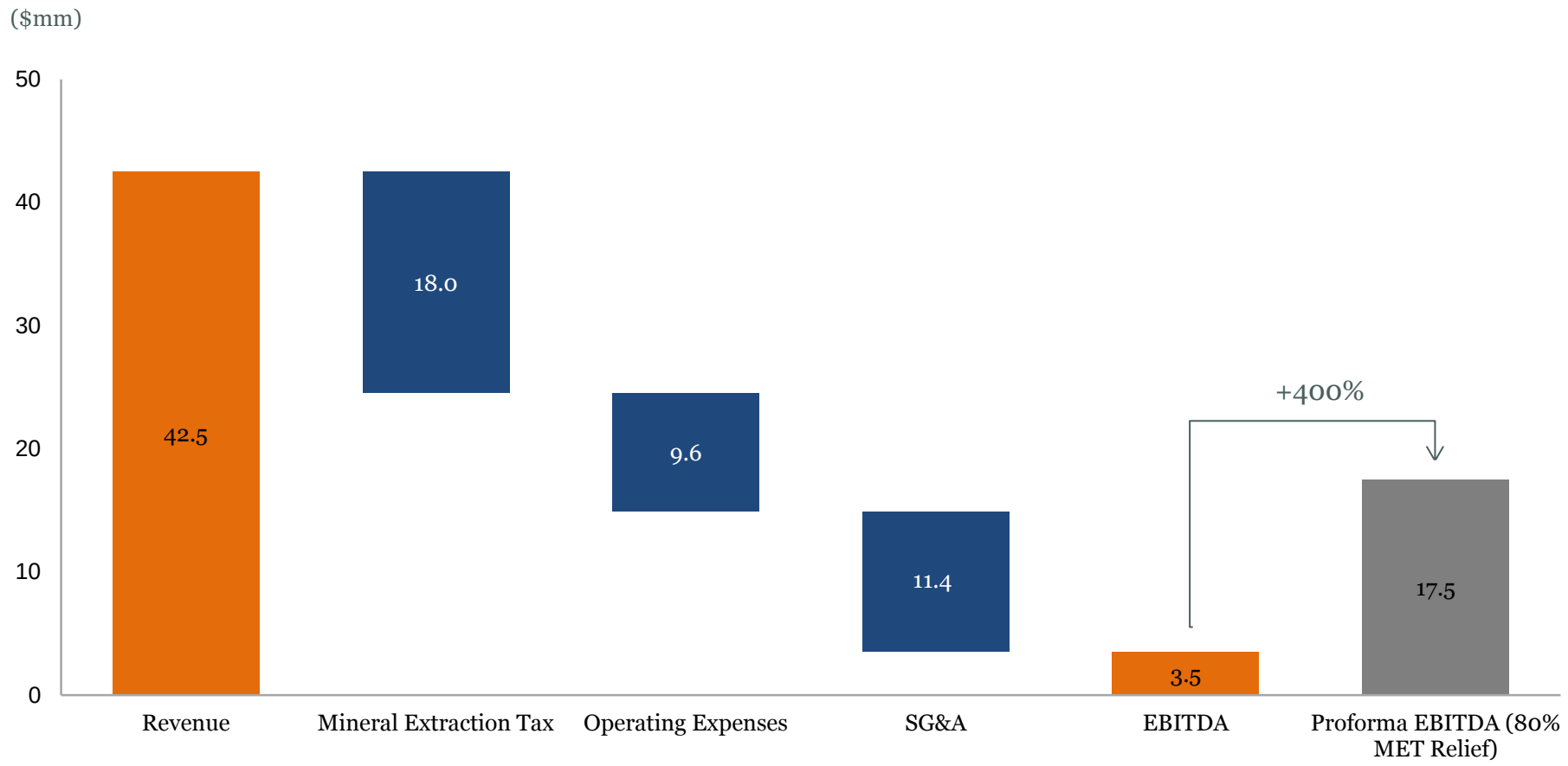
Assumptions

- Brent oil price at $100/bbl, Urals at a $2.50/bbl discount to Brent, transportation costs of $7.75/bbl
- Export Duty rate of 60%, MET base rate of RUB 470/tonne
  - Existing 80% MET relief for tight oil, 100% relief for Bazhenov
  - 50% Export Duty relief for Tyumen anticipated during 2014

Source: Company information

Indicative Proforma EBITDA Uplift due to MET Relief

EBITDA 1H 2013



Source: Company IFRS financials.

Russia’s Tight Oil & Shale Prize

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Russia's Unconventional Resources

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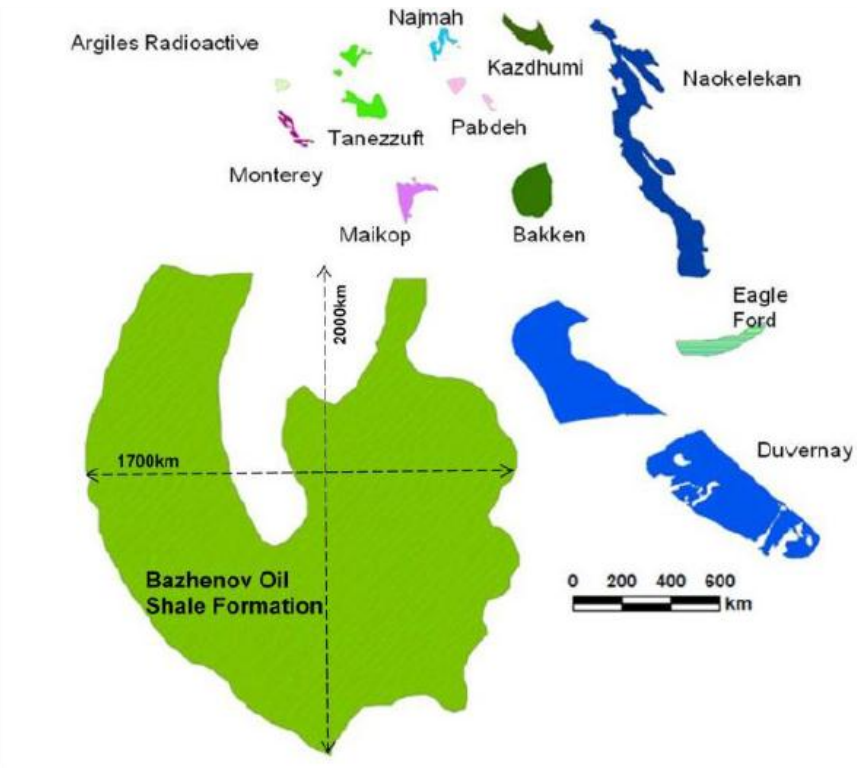
Global shale plays by aerial extent

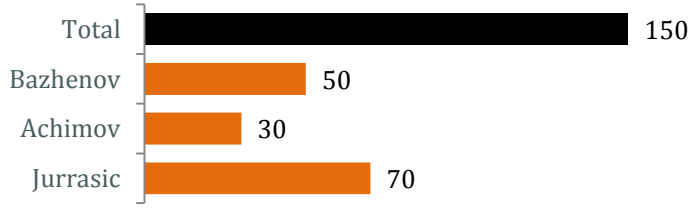


Source: Bernstein Estimates

Russian Ministry of Economy Forecast

- The Ministry of Economic development of Russia sees unconventional oil extraction to reach **c.1 mm bopd by 2025**.
- The Ministry expects Russian upstream to remain capital intensive – min investments in tight oil to reach **$100bn by 2025**.

Russia Low Permeability Resources, bnbbl



Source: DeGolyer &MacNaughton

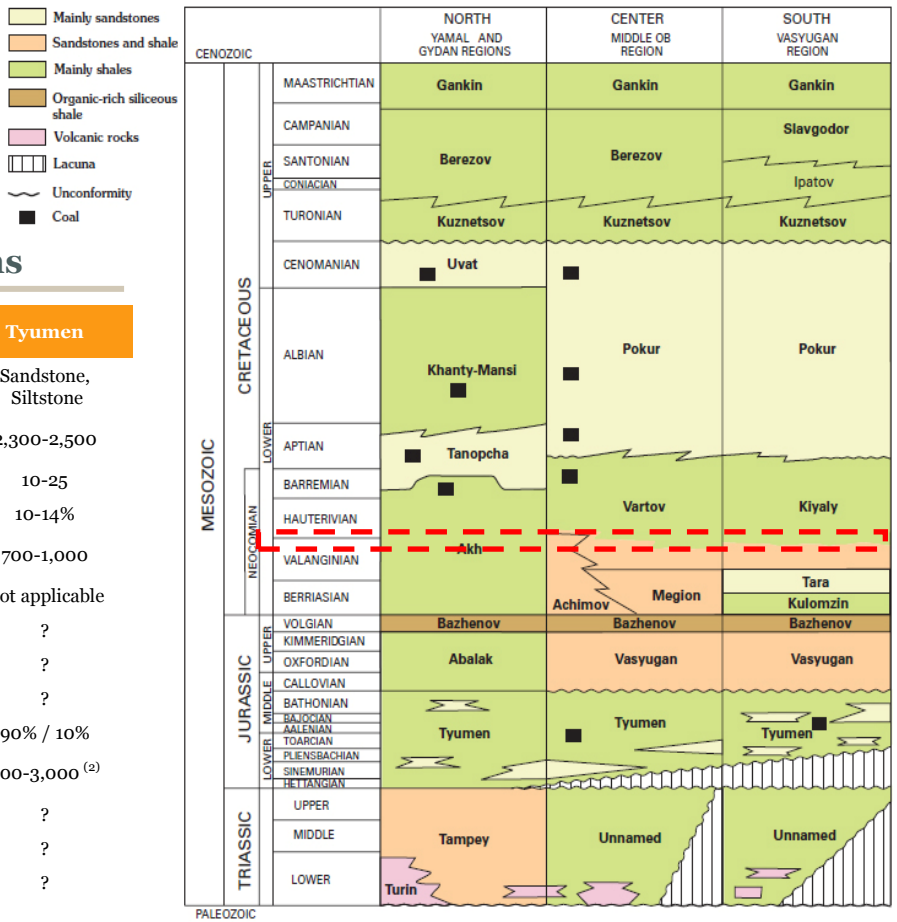
Bazhenov Oil in Context

Analogous to major North American shale formations

Overview

- Black, organic-rich siliceous shales encountered in the Upper Jurassic / Volgian
- Similarities with major US formations e.g. Bakken, Eagle Ford, Woodford and Niobrara

Columnar Sections of Mesozoic Rocks in the WSB



Key Characteristics of Select Major Shale Formations

	Bazhenov	Eagle Ford	Bakken	Niobrara	Tyumen
Main Lithology	Siliceous shale	Calcareous shale	Dolomite, siltstone	Chalk, marl	Sandstone, Siltstone
Depth, m	2,400 to 3,200	2,400 to 4,000	2,100 to 3,400	1,800 to 2,500	2,300-2,500
Thickness, m	35	30 – 80	10 – 30	45 – 90	10-25
Porosity, %	8-10%	4 – 10%	6 – 8%	6 – 10%	10-14%
GOR, scf/stb	600 – 1,200	500 – 10,000	500 – 1,000	1,500 – 7,500	700-1,000
TOC, %	5 – 10%	4 – 8%	10 – 15%	2 – 4%	Not applicable
Current Prod. ('000 bopd)	neg.	1,252	976	280	?
Exp. Peak Prod. ('000 bopd)	?	3,000	1,800	470	?
Exp. Peak Year	?	2028	2017	2019	?
% Oil / NGL	90% / 10%	60% / 10-30%	90% / -	60% / 10%	90% / 10%
EUR ('000 bbl)	?	590	595	380	500-3,000 (2)
Well cost ($ mn)	7.0	7.2	9.3	4.8	?
IRR	?	37%	31%	42%	?
Area (sq km)	2,300,000	17,900	38,000	17,300	?

Source: Company information, DeGolyer & MacNaughton Appraisal Report on the Bazhenov Shale January 2013
(1) EIA Drilling Productivity Report, November 2013, (2) Ruspetro licences: 500 000 bbl is average actual for Rusptero's vertical wells on waterflood; up to 3,000 000 bbl is simulated for horizontal well on waterflood

Ruspetro's Bazhenov Shale E&A Potential

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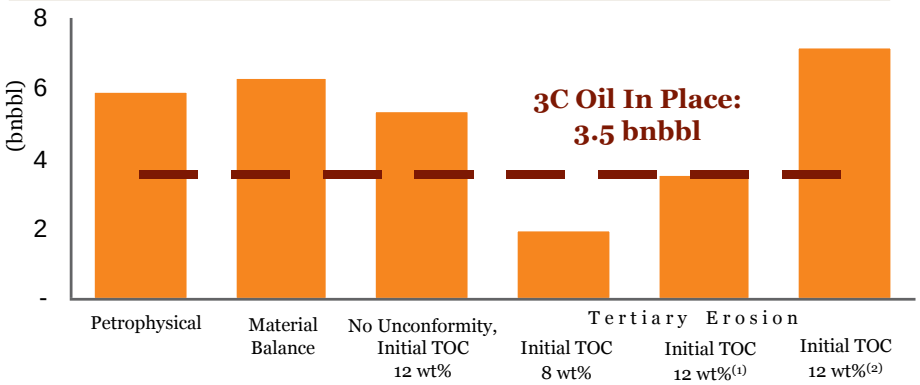
300,000 acres of prime Bazhenov position; 100% MET relief for 15 years

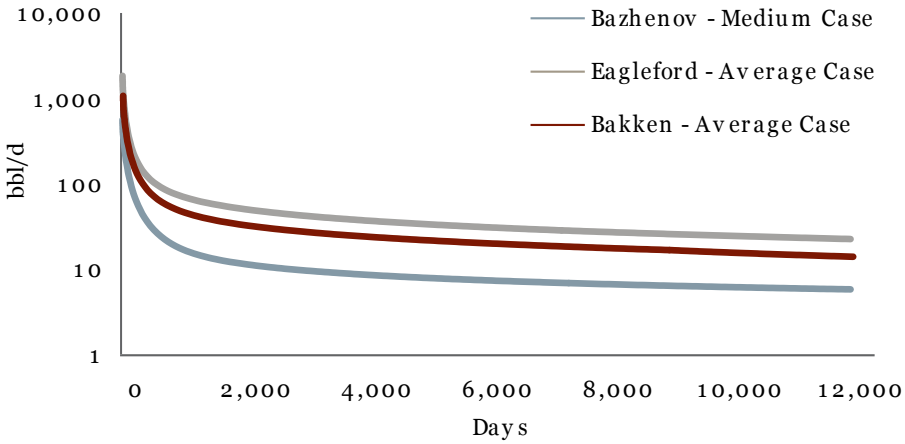
- Most wells drilled in the Krasnoleninsky Arch have penetrated the Bazhenov Formation
  - Stratigraphic picks for the top and base of the Bazhenov interval available for a large number of wells
  - Seismically defined structural surface with 3D coverage
- In 2013, Ruspetro commissioned a D&M study on the Bazhenov potential. Key findings:
  - High average TOC (7%) and oil saturation (83%)
  - Porosity range 2% – 4%; studies performed on neighbouring fields suggest higher porosity
  - D&M estimated 3.5 bnbbl (3C) across the Inginsky Licences and the Palyanovo Block
- 100% relief from MET for 15 years, commencing September 2013

Bazhenov Oil in Place *(bnbbl, Inginsky and Palyanovo)*



(1) Median value for 2,000-run Monte Carlo simulation
(2) Deterministic calculation of retained oil volume

Forecast Decline Curve *(b/d)*



Source: Company information, DeGolyer & MacNaughton Appraisal Report on the Bazhenov Shale January 2013 and DeGolyer & MacNaughton Appraisal Report as at 30 June 2013

Robust Development Economics Compared to Major North American Onshore Plays

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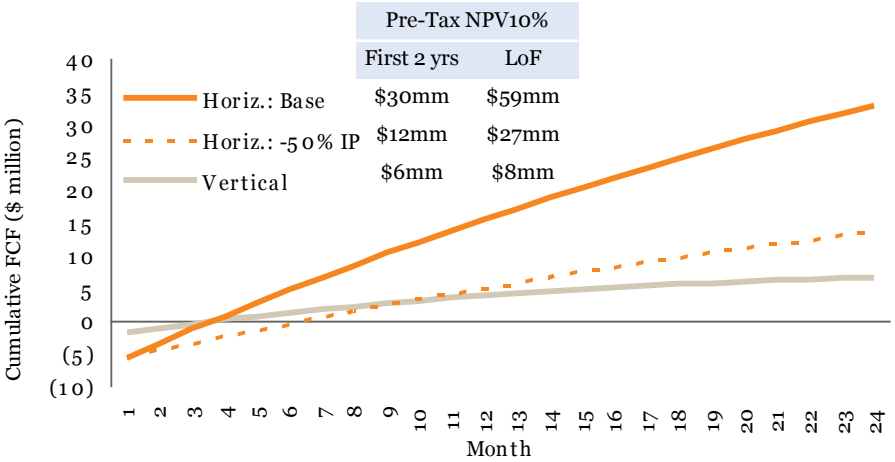
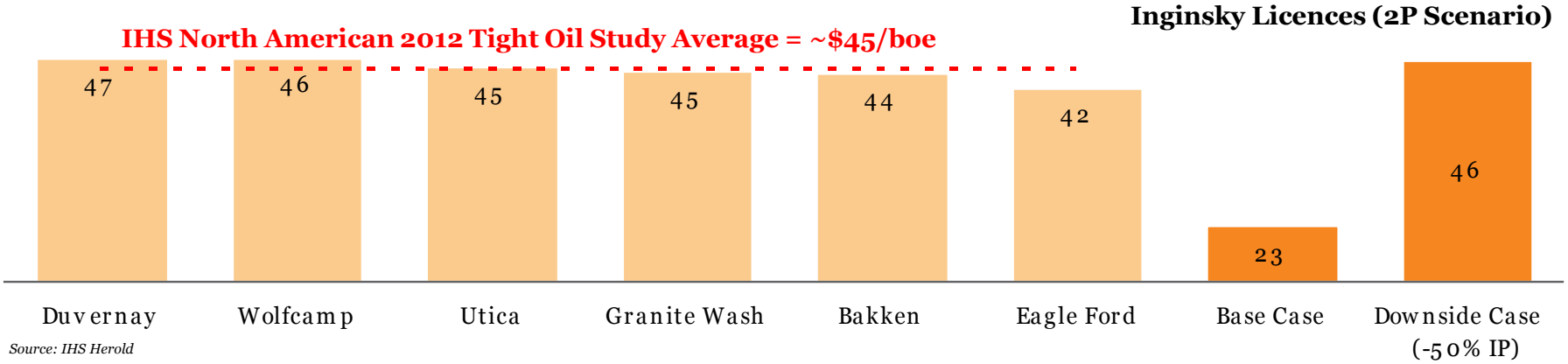
Low-cost reserves with an anticipated $23-46/bbl break-even price

Inginsky Illustrative Well Economics (Pre-Tax)[1]



Comparison of Break-Even Prices *($/boe)*[2]

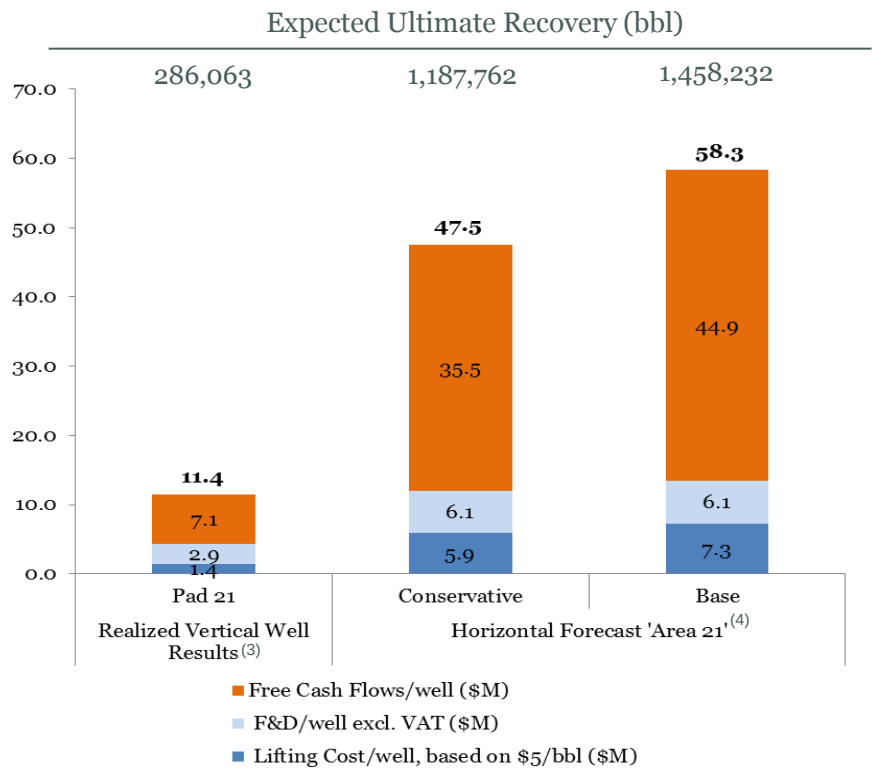


Source: IHS Herold

(1) Horizontal well Base Case assumes 30-day IP of 2,000 bbl/d
(2) North American break-even prices based on IHS North American 2012 Tight Oil Study. Inginsky Licences break-even prices per Project Reindeer financial model – life-of-field real

Horizontal Wells Modelled for Pad 21[1]

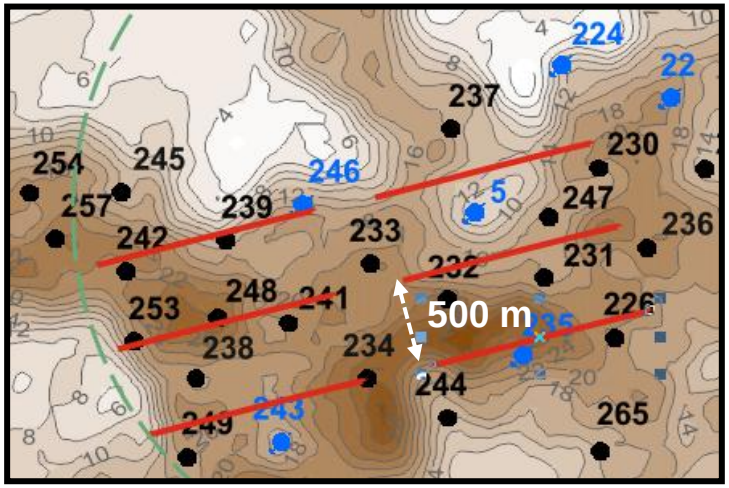
Cash Flow per Well ($M)[2]



- Better F&D Costs
- Lower geological risk
- Dramatically better economics with MET relief

Modelled Results at Original Reservoir Pressure[4]

	Base Case (1,000 m, 5 fracs)			Conservative Case (1,000 m, 5 fracs)		
Well	**Avg Initial Oil Rate, bopd**	**Cum Oil (First Year), 1000 bbl**	**Cum Oil (20 Year), 1000 bbl**	**Avg Initial Oil Rate, bopd**	**Cum Oil (First Year), 1000 bbl**	**Cum Oil (20 Year), 1000 bbl**
1	1,635	289	1,126	1,384	239	912
2	1,824	331	1,170	1,573	273	956
3	4,277	778	1,931	3,460	604	1,585
4	2,453	454	1,195	2,076	367	1,044
5	1,447	284	1,271	1,227	227	1,019
6	3,271	601	2,057	2,485	449	1,610
Average	**2,485**	**456**	**1,458**	**2,034**	**360**	**1,188**



(1) Modelled at original reservoir pressure, (2) Based on $40 WHR/bbl, calculated to include MET relief from 1 September 2013, (3) Production based on 2% monthly decline per well, (4) Results forecasted using RFD TNavigator simulation software