

## Exillon Energy plc

### Interim Management Statement and Drilling Update

7 November 2014

Exillon Energy plc (EXI.LN), a London Premium listed oil producer with assets in two oil-rich regions of northern Russia, Timan-Pechora ("Exillon TP") and West Siberia ("Exillon WS"), today issues an interim management statement and drilling update.

#### Highlights

- Our average daily production<sup>1</sup> was 16,678 bbl/day in July, 16,927 bbl/day in August and 17,470 bbl/day in September.
- Results from ten wells (Wells 10, 100, 101, 102, 103, 400, 401, 402, 403 и 404) announced today.

#### Production

Production for the period from July to September 2014 was as follows:

	Jul	Aug	Sept
Exillon WS Avg. Production (bbl/day)	12,926	13,249	13,865
Exillon TP Avg. Production (bbl/day)	3,752	3,678	3,605
Avg. Production <sup>1</sup> (bbl/day)	16,678	16,927	17,470
Peak Production <sup>2</sup> (bbl/day)	17,440	17,466	18,360

Source: Average production data is based on monthly production reports submitted to tax authorities for MET payment purposes. Peak production is based on internal operations reports.

<sup>1</sup> *The Company records production in metric tonnes. Barrelization ratios are used for illustrative purposes only and are calculated based on the Company's estimate of the typical API of oil produced from specific fields. The barrelization ratios used are 7.8037 bbl / tonne for Exillon WS and 7.44 bbl / tonne for Exillon TP.*

<sup>2</sup> *"Peak daily production" represents the Company's estimate of aggregate production on the day on which aggregate production reached its maximum during the period. It does not represent the combined peak production of each separate field on different days, which may be higher.*

#### Financials

During Q3 2014 (the "period"), we sold 1,558,967 barrels within Russia at an average realised price of US\$ 42.2 per barrel. There were no export sales during the specified period.

We ended Q3 with a cash balance of US\$ 98.7 million. We had US\$ 77.1 million of debt, so our net cash position as at that date was US\$ 21.6 million. US dollars accounted for approximately 25% of our liquid assets, with the remaining 75% held in Russian Rubles. Our current cash balance is US\$ 98.8 million.

Capital expenditure during the period was approximately US\$ 4.3 million (Q3 2013: US\$ 16.1 million). Of this total expenditure, US\$ 3.5 million was attributable to drilling and US\$ 0.8 million to infrastructure.

#### Drilling update

**Exploratory well East EWSI - 10** was drilled on the southern part of the East EWS I field - on the Pad 10. The well was design to test the southern of the East EWSI field. The well was spudded on 15 May 2014 and commented in 62 days.

**The first hole** was drilled till 2771 meters. During wiper trip for core sampling the drill stem was slacking off and failed to reach this depth. Due to this reason part of the hole was plugged and abandoned at the 2682-2250 meters.

**The second sidetracked hole** was drilled till 2905 meters and encountered the Jurassic P at 1892.3 meters (vertical depth). The core samples collected at the interval 1892.3 - 1918.4 (vertical depth). The core had no signs of oil saturation. Due to absent of productive reservoir the part of the hole at the 2905-1450 meters was plugged and abandoned.

**The third sidetracked hole** was drilled till 2654. Due to absent of productive reservoir the part of the hole at the 2654-1400 meters was plugged and abandoned. The well planned to be used as a water supply well.

**Well East EWSI - 100** was drilled on the northern part of the East EWS I field - on the pad 10. The well was spudded on 3 September 2014 and commented in 18 days. The well encountered the Jurassic P at 2337 meters (vertical depth is 1889 meters) confirming 16.8 meters of effective vertical net oil pay. Due to angled trajectory of the wellbore the well opened up 24.7 meters of the net pay for production.

In the beginning the well flowed oil naturally to the surface with the flow rate of 296 bbl/day on an 8 mm choke. The well is currently operated with a submersible pump at the rate of 305 bbl/day. The well was drilled 1200 meters to the south-east of Pad 10 and is now connected to the existing production facilities.

**Well East EWSI - 101** was drilled on the northern part of the East EWS I field - on the pad 10. The well was spudded on 20 August 2014 and commented in 16 days. The well encountered the Jurassic P at 1987 meters (vertical depth is 1867.9 meters) confirming 23.1 meters of effective vertical net oil pay. Due to angled trajectory of the wellbore the well opened up 28.7 meters of the net pay for production.

The well flowed oil naturally to the surface with the flow rate of 564 bbl/day on an 8 mm choke. The well was drilled 400 meters to the east of Pad 10 and is now connected to the existing production facilities.

**Well East EWSI - 102** was drilled on the northern part of the East EWS I field - on the pad 10. The well was spudded on 7 August 2014 and commented in 12 days. The well encountered the Jurassic P at 2022 meters (vertical depth is 1846 meters) confirming 14.6 meters of effective vertical net oil pay. Due to angled trajectory of the wellbore the well opened up 15.9 meters of the net pay for production.

The well flowed oil naturally to the surface with the flow rate of 497 bbl/day on an 8 mm choke. The well was drilled 600 meters to the west of Pad 10 and is now connected to the existing production facilities.

**Well East EWSI - 103** was drilled on the northern part of the East EWS I field - on the pad 10. The well was spudded on 19 August 2014 and commented in 15 days. The well encountered the Jurassic P at 2097 meters (vertical depth is 1847 meters) confirming 14.4 meters of effective vertical net oil pay. Due to angled trajectory of the wellbore the well opened up 15.4 meters of the net pay for production.

The well flowed oil naturally to the surface with the flow rate of 511 bbl/day 8 mm choke. The well was drilled 800 meters to the west of Pad 10 and is now connected to the existing production facilities.

**Well EWSII - 400** was drilled on the north-eastern part of the EWS II field - on the pad 4L. The well was spudded on 10 August 2014 and commented in 18 days. The well encountered the Jurassic P at 2342.2 meters (vertical depth is 1893.98 meters) confirming 12.07 meters of effective vertical net oil pay. Due to angled trajectory of the wellbore the well opened up 13 meters of the net pay for production.

The well is operated with a submersible pump at the rate of 282 bbl/day. The well was drilled 1160 meters to the south-west of Pad 4L and is now connected to the existing production facilities.

**Well East EWSII - 401** was drilled on the north-eastern part of the EWS II field - on the pad 4L. The well was spudded on 28 August 2014 and commented in 18 days. The well encountered the Jurassic P at 1991.38 meters (vertical depth is 1899.16 meters) confirming 11.75 meters of effective vertical net oil pay. Due to angled trajectory of the wellbore the well opened up 12.35 meters of the net pay for production.

In the beginning the well flowed oil naturally to the surface with the flow rate of 446 bbl/day on an 8 mm choke. The well is currently operated with a submersible pump at the rate of 461 bbl/day. The well was drilled 128 meters to the east of Pad 4L and is now connected to the existing production facilities.

**Well East EWSII - 402** was drilled on the north-eastern part of the EWS II field - on the pad 4L. The well was spudded on 1 October 2014 and commented in 17 days. The well encountered the Jurassic P at 2150 meters (vertical depth is 1901 meters) confirming 7.6 meters of effective vertical net oil pay. Due to angled trajectory of the wellbore the well opened up 14.7 meters of the net pay for production.

The well is planned to operate with a submersible pump. Expected rate is 223 bbl/day. The well was drilled 790 meters to the north-west of Pad 4L.

**Well East EWSII - 403** was drilled on the north-eastern part of the EWS II field - the pad 4L. The well was spudded on 15 September 2014 and commented in 16 days. The well encountered the Jurassic P at 2037.5 meters (vertical depth is 1890 meters) confirming 6 meters of effective vertical net oil pay. Due to angled trajectory of the wellbore the well opened up 6.3 meters of the net pay for production.

The well is in awaiting completion. The well is planned to operate with a submersible pump. Expected rate of production is 223 bbl/day. The well was drilled 500 meters to south-west of Pad 4L.

**Well East EWSII - 404** is on drilling on the north-eastern part of the EWS II field - the pad 4L. The well was spudded on 18 October 2014 and drilling hasn't commented yet. Expected rate of production is 223 bbl/day. The well bore is located 510 meters to the south- west of Pad 4L.

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