



PETROGRAND

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Petrogrand signs a Letter of Intent regarding an acquisition in Russia

On Tuesday the 10th of February, Petrogrand AB (publ) ("**Petrogrand**") signed a Letter of Intent (LOI) regarding the acquisition of 49 percent of the shares and votes in Ripiano Holding Ltd, a Cyprus holding company with an oil producing subsidiary in Russia (the "**Company**"). The purchase price amounts to about 180 MSEK and is paid in cash.

The final Sale and Purchase Agreement (SPA) and the shareholders' agreement will be signed shortly and consequently announced in a separate press release upon completion. Both agreements are subject to approval by the Board of Directors of Petrogrand.

The Russian Company operates in the European part of the Russian Federation (west of the Ural Mountains) and currently has oil production of exceeding 1 500 barrels per day (>200 tonnes).

A reserves estimation, undertaken in June 2014 according to Western SPE(Society of Petroleum Engineers) criteria states that total Proved reserves "1P" amounts to 15.40 million barrels (2.11 million tonnes). Proved and Probable reserves "2P" amount to 18.25 million barrels (2.50 million tonnes).

As of 1st January 2014 the state register of the Company's estimated reserves according to the Russian Classification C1 amounted to about 25.78 million barrels (3.53 million tonnes), and "C1 + C2" reserves are registered at 39.21 million barrels (5.37 million tonnes).

A significant part of the funds paid for the shares will be directly invested to increase current production. Petrogrand representatives will be elected to the Company's Board of Directors to ensure further field development.

The acquisition was negotiated in 2014 but Petrogrand chose to postpone the signing of the agreement awaiting the results of the Extraordinary General Meeting held on January 26, 2015.

This is a translation of the Swedish version. In case of any discrepancy between the English and the Swedish version, the Swedish version shall take precedence.

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historical facts are estimations or "forward looking statements" concerning Petrogrand's future activities. Such future estimations comprise but are not limited to statements that include words such as "may occur", "concerning", "plans", "expects", "estimates", "believes", "evaluates", "prognosticates" or similar expressions. Such expressions reflect the management of Petrogrand's expectations and assumptions made on the basis of information available at that time.

These statements and assumptions are subject to a large number of risks and uncertainties. These, in their turn, comprise but are not limited to I) changes in the financial, legal and political environment of the countries in which Petrogrand conducts business, II) changes in the available geological information concerning the company's projects in operation, III) Petrogrand's capacity to continuously guarantee sufficient financing to perform their activities as a "going concern", IV) the success of all participants in the group, or of the various interested companies, joint ventures or secondary alliances, V) changes in currency exchange rates, in particular those relating to the RUB/USD rate. Due to the background of the many risks and uncertainties that exist for any oil-prospecting venture and oil production company in its initial stage, Petrogrand's actual future development may significantly deviate from that indicated in the company's informative statements.