



PETROGRAND

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Petrogrand presents planned investments in Ripiano Holdings Limited at Operaterrassen on 26th March 2015

On Thursday 26 March 2015 detailed information about the acquisition of Ripiano Holdings Limited ("Ripiano") will be presented at the Financial Hearings event at Operaterrassen, Karl XII:s torg. The presentation is available in full on Petrogrand's website www.petrogrand.se.

- 10 MUSD will be invested in 3 wells in the Dinuy-Savinoborskoe oil field as well as 3 wells in the Sosnovskoe oil field
- The Board of Ripiano will consist of 7 directors including 3 directors from the current board in Petrogrand
- The current EBITDA (net back) amounts to about 8 USD per barrel
- Of the total purchase price of 21.5 MUSD, 11.5 MUSD will be used to pay back the Ripiano Group's combined debts

Ripiano has two Russian subsidiaries, Dinyu LLC and CNPSIE LLC. The two subsidiaries operate three license areas in the Komi region and have a current oil production output of over 1,600 barrels per day (>220 tons) from 26 production wells.

An estimation of the reserves was made in June 2014 and was made according to Western SPE criteria. According to the estimation the total proved "1P" reserves amount to about 15.40 million barrels (about 2.11 million tons) and Proved+Probable "2P" reserves of about 18.25 million barrels (about 2.50 million tons).

10 MUSD will be invested in 3 wells in the Dinuy-Savinoborskoe oil field and 3 wells in the Sosnovskoe oil field. The expected result of this investment is an increase of average production in 2015 to 2,200 barrels a day. Additional investment funds are being considered by way of loans from Petrogrand to Ripiano to accelerate the investment rate and take advantage of the current favorable prices for different services in the Russian market. The Board of Ripiano will consist of 7 directors including 3 directors from the current board in Petrogrand. A joint operations agreement between the two owners' management companies will be signed to provide combined expertise.

The current EBITDA (net back) amounts to about 8 USD per barrel.

Of the total purchase price of 21.5 MUSD, 11.5 MUSD will be used to pay back the Ripiano group's combined debts. The remaining debts after the completed transaction will amount to 13.5 MUSD which consist of debts to the company's shareholders.

For further information, please contact:

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