

**Interim Report January – June 2015**

**Petrogrand AB (publ)**

August 28, 2015

**Second quarter of 2015**

- Acquisition of 49% interest in Ripiano Holdings Ltd, with 3 producing oil fields in Komi in Russia.
- During the second quarter, the Group had no operating income (-). The operating result for the second quarter amounted to TSEK -7 433 (-11 699).
- The result from the share interest in the associated company Ripiano amounted in the second quarter 2015 to TSEK 5 488 (-).
- Net financial items in the second quarter amounted to TSEK 1 749 (750), including currency effects of approximately TSEK -2 495 (136).
- Net result after tax for the second quarter amounted to TSEK -5 684 (-10 949).
- Earnings per share for the second quarter amounted to SEK -0.14 (-0.27).
- Total comprehensive result for the second quarter of 2015 was TSEK -22 241 (5 266).
- New board of directors elected at EGM in April 2015 and new CEO appointed in April 2015.

**January - June 2015**

- During the first half of 2015, the Group had no operating income (-). The operating result for the period amounted to TSEK -15 274 (-21 277).
- Net financial items in the period amounted to TSEK 27 770 (1 377), including currency effects of approximately TSEK 21 952 (-275).
- Net result after tax for the period amounted to TSEK 12 496 (-19 901).
- Earnings per share for the period amounted to SEK 0.31 (-0.49).
- Total comprehensive result for the period was TSEK -8 556 (-17 363).

*The figures in brackets represent the corresponding period 2014*

## CEO's report

Dear Shareholders,

During the second quarter 2015, Petrogrand became, through the acquisition of 49% of the shares in Ripiano Holdings Ltd, a true oil company, with exposure to production, oil reserves and exploration potential surrounding the producing fields. Ripiano owns three Exploration and Production licenses covering three producing oil fields; Dinyu-Savinoborskoye, Sosnovskoye and Yuzhno-Tebukskoye located within Komi Republic in Russia.

Our core goals in Q2 were to: immediately implement cost cutting measures, explore all options to solve the cross-ownership issue with Shelton Petroleum and work on enhancing our new assets by increasing production in Komi oil fields.

The total Ripiano production in the second quarter amounted to 149 672 barrels of oil, corresponding to an average 1 645 barrels of oil per day (bopd). Petrogrand's 49% share of the production amounted to 73 339 barrels of oil, corresponding to an average of 806 bopd. Through implementation of production enhancement techniques utilizing acid treatment and perforation of newly identified intervals of the existing wells, the production increased to 1 783 bopd in June of which 874 bopd was Petrogrand's share. Ripiano contributed TSEK 5 488 to Petrogrand's Net Profit result for the period.

Through our implementation of cost cutting measures we were able to materially reduce our monthly operational costs (Group Administration costs in the second quarter were reduced by 36% or TSEK 4 266 compared to the same period 2014) and moved most of the Company's liquid funds out of Russia and Cypriot banks to Sweden.

In the second quarter, we also implemented a new governance of the Company. On the EGM at April 10, a new Board was elected and I was appointed as new Chief Executive Officer. We are furthermore happy to have Lars Vilhelmson as acting CFO. Lars previously served as CFO of Petrogrand AB from January 2011 to August 2014.

An important issue for the new board during the second quarter was to look into the cross-ownership with Shelton Petroleum. A constructive dialogue is ongoing with Shelton Petroleum with the sole intention of finding mutually beneficial solution for both parties going forward.

In the last few weeks before the publishing of this report, we saw a material fall in the Brent oil price. However, this fall is partially offset by a reduction of oil production taxes and depreciation of the Ruble from 55.7 RUB for USD as of June 30 to 70.9 as of August 24, 2015. Calculation of MET (Mineral Extraction Tax) and export duties in Russia is directly linked to the Brent oil price and acts as a natural hedge against falling oil prices.

Having a strong, experienced and resilient team combined with substantial liquid funds, I am confident in the future of the Company and the ability to deliver the best value for shareholders even in this volatile market environment.

Sincerely,

Dmitry Zubatyuk,  
Chief Executive Officer

## Comments on the Group's result and financial position as per June 30, 2015.

### Turnover and result

While 49% owned associated company Ripiano Holdings Ltd is not consolidated in the Petrogrand group, the pro-rata share of the net profit in Ripiano Holdings Ltd is however included in Petrogrand's profit and loss account as financial income. Therefore the Group had no operating income during the period January - June 2015 (-) and did not have any production related operating expenses (-).

The Group did not have any costs for sales and distribution during the period (-). Administration costs, which consist of personnel related expenses, professional consultancy services and other operational charges, amounted to TSEK -15 274 (-21 277).

Financial income amounted to TSEK 2 906 (1 697). Net financial items amounted to TSEK 27 770 (1 377), which includes currency effects of approximately TSEK 21 952 (-275) mainly due to the revaluation of the investment in USD on the period closing date.

Petrogrand holds interest in three producing oil fields in Russia. The interests are held through the 49% holding in Ripiano Holdings Ltd. The result from the shares in the associated company Ripiano in the second quarter 2015 amounted to TSEK 5 488.

Result before tax amounted to TSEK 12 496 (-19 901). There was no tax charged for the period. Earnings per share for the period amounted to SEK 0.31 (-0.49).

### Investments

Petrogrand in April 2015 acquired a 49% interest in the Cyprus company Ripiano Holdings Ltd. The total acquisition price amounted to MUSD 21.5 and the final payment was made on April 9, 2015. Petrogrand's interest in Ripiano is held through the Cyprus subsidiary Sonoyta Ltd. Ripiano holds 100% interests in the Russian companies Dinyu LLC and CNPSEI LLC. Dinyu LLC is the licence holder of the Ivanshorskiy block, including Dinyu-Savinoborskoye oil field. CNPSEI LLC is the license holder of Sosnovskoye oil field and Yuzhno-Tebukskoye oil field. At the time of the acquisition, the total oil production from 26 production wells amounted to about 1,600 barrels per day. The reserves are estimated at 36.6 million barrels according to Russian reserve standard (C1+C2).

### Financing and liquidity

As of June 30, 2015 the Group's available liquid assets in total amounted to TSEK 77 117 (239 541).

At the end of the reporting period, Petrogrand group held 4 700 000 B-shares in Shelton Petroleum AB (publ) ("Shelton"). The shares were held by the Cyprus subsidiary Tenaziltan Ltd, and market price per Shelton share at the end of the period was SEK 9.30. The value of the investment based on the market price amounts to TSEK 43 710.

Total financial assets, including shares in Shelton, on June 30, 2015 amounted to TSEK 120 827 (340 711).

### Operations

As described under *Investments* above, Petrogrand acquired 49% interest in Ripiano Holdings Ltd in early April 2015. Ripiano holds three oil fields in Komi republic in Russia: Dinyu-Savinoborskoye, Sosnovskoye and Yuzhno-Tebukskoye oil fields. The licenses have year-round access to Transneft via third party. Komi Republic is located in north east corner of the European part of Russia. The area is one of the biggest oil and gas producers in the European part of Russia and among Russia's top ten producers.

Dinyu-Savinoborskoye oil field was discovered in 2001 and put into production in 2002. There are five oil pay zones producing high quality 35° API crude with good reservoir properties.

Sosnovskoye oil field was discovered in 1982 and put into production in 1992. There are four oil pay zones in the Devonian layer, producing high quality oil of 34° API with excellent reservoir properties.

Yuzhno-Tebukskoye oil field was discovered in 1978 and put into operation in 1992. There are two oil deposits in Devonian formation with excellent reservoir properties. The oil quality is 32° API.

Reserves according to Russian reserve standard as per 1 January 2015

	C1 (Mbbbls)	C2 (Mbbbls)
Dinyu-Savinoborskoye	9.37	8.69
Sosnovskoye	12.31	3.30
Yuzhno-Tebukskoye	2.91	0.00

The total production in Ripiano in the second quarter amounted to 149 672 barrels of oil, corresponding to 1 645 barrels of oil per day. This production volume resulted in TSEK 45 866 Revenue and TSEK 4 716 Operating Income at a healthy Operating Margin of 10.3%. Net profit for the period was TSEK 11 200 influenced by solid operational results and positive FX effect mainly from depreciation of USD nominated borrowed funds. Petrogrand's 49% share of the production amounted to 73,339 barrels of oil, corresponding to an average of 806 barrels of oil per day, Revenue of TSEK 22 282, Operating Income of TSEK 2 311 and Net profit of TSEK 5 488.

Petrogrand also holds two licence areas in the Tomsk region in Russia. The exploration work performed on both these licence blocks in 2012 was not successful, the Company is now reviewing alternatives for the future of these assets.

### Organisation

The number of employees and consultants in the Group at the end of the period was 10 (14), whereof women 2 (7) and men 8 (7).

A new board of directors in Petrogrand AB was elected at an Extraordinary General Meeting on April 10, 2015. Cheddi Liljeström, Dmitry Zubatyuk, Sven-Eric Zachrisson, Torbjörn Ranta and David Sturt were elected as ordinary Board Members. Cheddi Liljeström was elected as Chairman of the board of directors. Following the EGM, the board of directors resolved to replace Maks Grinfeld with Dmitry Zubatyuk as new managing director and Sven-Eric Zachrisson as deputy managing director.

At the AGM held on June 23, 2015 the Board of Directors was re-elected. At the AGM, Maks Grinfeld, a member of the board and CEO of the Company in 2014, was not discharged from liability against the Company for the past financial year.

In the second quarter, Pavel Tetyakov was hired as general director of all Petrogrand's Russian subsidiaries. Mr. Tetyakov is a senior oil executive with over 11 years of experience in the industry. Prior to the appointment he has worked for such companies as PetroKazakhstan, Exillon Energy, Ukrnafta, and SGO Sibgasoil. His core areas of expertise are optimisation of operations and business processes, M&A, JV management and government relations.

Lars Vilhelmson was appointed acting CFO in May 2015.

On April 8, 2015 contracts with all Russian personnel LLC Petrogrand in Moscow were terminated. The current management has continued cooperation with some key employees in Tomsk Russia to explore alternative options for Tomsk exploration licenses.

### Comments on the Parent Company

The 4 700 000 B shares that were transferred on March 26, 2015 as a shareholders' contribution from Petrogrand AB via (fully owned) Sonoyta Ltd to Tenaziltan Ltd (fully owned by Sonoyta) have generated a realised loss in the Parent Company, that amounts to TSEK -35 855 during the first

quarter 2015. The Parent Company income statement during second quarter 2015 includes a write-down of loans given to Russian subsidiaries to cover their Administration costs. Previous loans were written down before the start of the year, thus the value of loans in the balance sheet of the Parent Company is equal to SEK 0.

#### **Transactions with related parties during the report period**

James Smith, a member of the Board up to April 10, 2015, had a consultant agreement with Petrogrand regarding geologic services. This agreement has been terminated.

Sven-Erik Zachrisson, a member of the Board has a consultant agreement with Petrogrand for his role as the deputy managing director.

#### **Disputes**

Former CEO and Board Member Maks Grinfeld has made claims on Petrogrand for 24 month redundancy compensation, Petrogrand has rejected all claims.

#### **Share data**

As of June 30, 2015 the share capital of Petrogrand AB amounts to SEK 40 265 898 divided into 40 265 898 outstanding shares, each with a par value of SEK 1.

#### **Events after the report period**

The total production from Komi oil fields Dinyu-Savinoborskoye, Sosnovskoye and Yuzhno-Tebuuskoye in July 2015 amounted to 55 428 barrels of oil, corresponding to an average of 1 788 barrels of oil per day (in line with the June 2015 production). Petrogrand's share of the production amounted to 27 160 barrels of oil, corresponding to an average of 876 barrels of oil per day.

## CONSOLIDATED INCOME STATEMENT

(All amounts in TSEK)	April-June		January-June		Full year
	2015	2014	2015	2014	2014
<b>Operating income</b>					
Net sales of oil	-	-	-	-	-
Other operating income	-	-	-	-	-
<b>Total operating income</b>	-	-	-	-	-
<b>Cost of sales</b>					
Production costs	-	-	-	-	-
Amortization/depreciation of fixed assets	-	-	-	-	-
<b>Gross result</b>	-	-	-	-	-
Selling and distribution expenses	-	-	-	-	-
Administration costs	-7 433	-11 699	-15 274	-21 277	-33 531
Other operating expenses	-	-	-	-	-
Intangible assets impairment	-	-	-	-	-
<b>Operating result</b>	<b>-7 433</b>	<b>-11 699</b>	<b>-15 274</b>	<b>-21 277</b>	<b>-33 531</b>
<b>Result from financial investments</b>					
Financial income	21	636	2 906	1 697	3 412
Change in fair value of assets through profit and loss	-1 293	-	-2 418	-	-3 197
Profit/Loss from participation in associated companies	5 488	-	5 488	-	-
Exchange rate effects	-2 495	136	21 952	-275	20 792
Other financial costs	28	-22	-157	-45	-465
<b>Result before tax</b>	<b>-5 684</b>	<b>-10 949</b>	<b>12 496</b>	<b>-19 901</b>	<b>-12 989</b>
Tax on the period's result	-	-	-	-	-
<b>The period's Net result</b>	<b>-5 684</b>	<b>-10 949</b>	<b>12 496</b>	<b>-19 901</b>	<b>-12 989</b>
Whereof attributable to the shareholders of the parent company	-5 684	-10 949	12 496	-19 901	-12 989
Earnings per share, SEK	-0.14	-0.27	0.31	-0.49	-0.32
Number of shares issued at end of period)	40 265 898	40 265 898	40 265 898	40 265 898	40 265 898
Average number of shares outstanding for the period)	40 265 898	40 265 898	40 265 898	40 265 898	40 265 898

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(All amounts in TSEK)	April-June		January-June		Full year
	2015	2014	2015	2014	2014
<b>Income for the period</b>	-5 684	-10 949	12 496	-19 901	-12 989
<b>Items that may be subsequently reclassified to profit and loss</b>					
Currency translation difference	-7 157	302	-6 952	-2 802	2 286
Change in value of available for sale financial assets	-9 400	15 913	-14 100	5 339	-39 954
<b>Other comprehensive income for the period, net of taxes</b>	<b>-22 241</b>	<b>5 266</b>	<b>-8 556</b>	<b>-17 363</b>	<b>-50 657</b>
<b>Total result attributable to:</b>					
Parent company shareholders	-22 241	5 266	-8 556	-17 363	<b>-50 657</b>

## CONSOLIDATED BALANCE SHEET

<b>(All amounts in TSEK)</b>	<b>2015-06-30</b>	<b>2014-06-30</b>	<b>2014-12-31</b>
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
Investment in associated companies	182 624	-	-
Financial assets that can be sold	43 710	101 170	60 277
Tangible fixed assets	234	577	326
<b>Total fixed assets</b>	<b>226 568</b>	<b>101 748</b>	<b>60 603</b>
<b>CURRENT ASSETS</b>			
Inventories	1 154	2 185	1 440
Other current receivables	1 060	6 051	1 965
Financial assets at fair value through profit and loss	-	-	91 794
Cash and bank	77 117	239 541	158 708
<b>Total current assets</b>	<b>79 330</b>	<b>247 776</b>	<b>253 907</b>
<b>TOTAL ASSETS</b>	<b>305 898</b>	<b>349 524</b>	<b>314 510</b>
<b>EQUITY AND LIABILITIES</b>			
<b>TOTAL EQUITY</b>	<b>302 374</b>	<b>344 226</b>	<b>310 930</b>
<b>LONG-TERM LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>SHORT-TERM LIABILITIES</b>			
Accounts payable	597	2 056	224
Other short-term liabilities	657	2 610	40
Accrued costs and prepaid income	2 269	632	3 317
<b>Total short-term liabilities</b>	<b>3 523</b>	<b>5 298</b>	<b>3 581</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>305 898</b>	<b>349 524</b>	<b>314 510</b>

## CONSOLIDATED CASH FLOW STATEMENT

(All amounts in TSEK)	January-June 2015	January-June 2014	Full year 2014
<b>Cash flow from current operations</b>			
Operating result	-15 274	-21 277	-33 531
Adjustment for items not included in cash flow	12 921	95	2 662
Interest received	2 904	1 659	3 412
Interest paid	-	-2	-2
<b>Cash flow from current operations before changes in working capital</b>	<b>551</b>	<b>-19 525</b>	<b>-27 459</b>
<b>Cash flow from changes in working capital</b>			
Decrease(+)/increase(-) in inventory	286	54	798
Decrease(+)/increase(-) in receivables	829	47 285	51 371
Decrease(-)/increase(+) in liabilities	-1 488	-1 014	-3 094
<b>Total changes in working capital</b>	<b>-373</b>	<b>46 325</b>	<b>49 151</b>
<b>Cash flow from current operations</b>	<b>178</b>	<b>26 800</b>	<b>21 616</b>
<b>Investment operations</b>			
Investment in associated companies	-186 811	-	-
Investment in / Repayment of Short financial loan	-	185 811	185 811
Change in financial assets	93 659	-74 999	-157 361
<b>Cash flow from investment operations</b>	<b>-93 152</b>	<b>110 812</b>	<b>28 450</b>
<b>Financing operations</b>			
<b>Cash flow from financing operations</b>	<b>-</b>	<b>-</b>	<b>-</b>
Decrease(-)/increase(+) in liquid assets	-92 974	146 782	50 066
Liquid assets at beginning of period	158 708	93 034	93 034
Exchange rate differences in liquid assets	11 383	-275	15 608
<b>Liquid assets at end of period</b>	<b>77 117</b>	<b>239 541</b>	158 708

## STATEMENT OF CHANGES IN EQUITY

Attributable to shareholders of the Parent company

(All amounts in TSEK)	Share capital	Additional paid in capital	Other reserves	Retained earnings	Total equity capital
<b>Incoming equity on 1 January 2014</b>	<b>40 266</b>	<b>1 432 114</b>	<b>-98 087</b>	<b>-1 012 706</b>	<b>361 589</b>
<b>Result for the period</b>	-	-	<b>2 538</b>	<b>-19 900</b>	<b>-17 364</b>
<b>Balance on 30 June 2014</b>	<b>40 266</b>	<b>1 432 114</b>	<b>-95 549</b>	<b>-1 032 606</b>	<b>344 225</b>
<b>Result for the period</b>	-	-	-40 206	6 911	-33 295
<b>Balance on 31 December 2014</b>	<b>40 266</b>	<b>1 432 114</b>	<b>-135 755</b>	<b>-1 025 695</b>	<b>310 930</b>
<b>Result for the period</b>	-	-	-21 052	12 496	-8 556
<b>Outgoing balance on 30 June 2015</b>	<b>40 266</b>	<b>1 432 114</b>	<b>-156 805</b>	<b>-1 013 199</b>	<b>302 374</b>

## KEY RATIOS

	6 months 2015-06-30	6 months 2014-06-30	12 months 2014-12-31
<b>Group</b>			
Total assets, TSEK	305 899	349 524	314 510
Total equity, TSEK	302 376	344 226	310 930
Equity ratio (%)	98.8%	98.5%	98.86%
Interest bearing debt, TSEK	-	-	-
Return on equity (%)	4.07%	-5.71%	-3.86%
<b>Per share data</b>			
Earnings per share, SEK	-0.14	-0.49	-0.32
Equity per share, SEK	7.51	8.55	7.72

### Key ratio definitions

Total assets, TSEK	Total assets at end of period
Total equity, TSEK	Total equity at end of period
Equity ratio (%)	Total equity according to above divided by total assets expressed as a percentage
Interest bearing debt, TSEK	Total interest bearing debt at end of period
Earnings per share, SEK	Net result after tax for the period divided by the average number of outstanding shares for the period before dilution
Equity per share, SEK	Total equity according to above at end of period divided by the total number of shares outstanding at end of period
Return on equity (%)	Net result after tax for the period divided by the average equity for the same period

## PARENT COMPANY INCOME STATEMENT

### January- June

(All amounts in TSEK)	January-June 2015	January-June 2014	Full year 2014
<b>Operating income</b>			
Other operating income	-	-	-
<b>Total operating income</b>	-	-	-
<b>Cost of sales</b>	-	-	-
<b>Gross result</b>	-	-	-
Administration costs	-10 123	-16 574	-23 176
Other operating expenses	-	-	-
<b>Operating result</b>	<b>-10 123</b>	<b>-16 574</b>	<b>-23 176</b>
<b>Result from financial investments</b>			
Financial income	2 905	1 696	3 411
Change in fair value of assets through profit and loss	-38 272	-	-3 197
Exchange rate effects	21 952	-275	20 792
Other financial costs	-7 617	-5 693	-10 615
<b>Result before tax</b>	<b>-31 156</b>	<b>-20 846</b>	<b>-12 785</b>
Tax on the period's result	-	-	-
<b>The period's Net result</b>	<b>-31 156</b>	<b>-20 846</b>	<b>-12 785</b>

## PARENT COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(All amounts in TSEK)	January-June 2015	January-June 2014	Full year 2014
<b>Income for the period</b>	<b>-31 156</b>	<b>-20 846</b>	<b>-12 785</b>
<b>Items that may be subsequently reclassified to profit and loss</b>			
Currency translation difference	-	-	-
Change in value of available for sale financial assets	33 955	-	-39 954
<b>Other comprehensive income for the period, net of taxes</b>	<b>2 799</b>	<b>-20 846</b>	<b>-52 739</b>
<b>Total result attributable to:</b>			
Parent company shareholders	2 799	-20 846	-52 739

## PARENT COMPANY BALANCE SHEET

(All amounts in TSEK)	2015-06-30	2014-06-30	2014-12-31
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
Shares in Subsidiaries	239 201	-	-
Tangible fixed assets	17	35	26
Financial fixed assets	585	585	585
Financial assets available for sale	-	95 831	60 277
<b>Total fixed assets</b>	<b>239 803</b>	<b>96 451</b>	<b>60 888</b>
<b>CURRENT ASSETS</b>			
Other current receivables	1 324	4 701	1 294
Financial assets at fair value through profit and loss	-	-	91 794
Cash and bank	73 960	238 411	158 219
<b>Total current assets</b>	<b>75 285</b>	<b>243 112</b>	<b>251 307</b>
<b>TOTAL ASSETS</b>	<b>315 088</b>	<b>339 563</b>	<b>312 195</b>
<b>EQUITY AND LIABILITIES</b>			
<b>TOTAL EQUITY</b>	<b>311 651</b>	<b>334 746</b>	<b>308 852</b>
<b>LONG-TERM LIABILITIES</b>	-	-	-
<b>SHORT-TERM LIABILITIES</b>			
Accounts payable	574	1 853	177
Other short-term liabilities	2 049	2 332	2 083
Accrued costs and prepaid income	815	632	1 083
<b>Total short-term liabilities</b>	<b>3 437</b>	<b>4 817</b>	<b>3 343</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>315 088</b>	<b>339 563</b>	<b>312 195</b>

## Accounting policy

### Basis for the preparation of the interim report

This interim report has been prepared in accordance with IAS 34, Interim reporting. The consolidated group accounting has been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by EU and the Annual Accounts Act.

The interim report does not include all the information and notes included in the annual report.

### Parent company

The interim report for the parent company has been prepared in accordance with the Annual Accounts Act and the Securities Market Act, which is in accordance with the rules in RFR 2 Accounting for Legal Entities.

### Company information

The full name of the parent company is Petrogrand AB (publ). It is a public limited liability company with head offices in Stockholm and the corporate registration number 556615-2350. The address of the parent company is Birger Jarlsgatan 41A, SE-111 45 Stockholm. Phone: +46 8 5000 7810  
Web site: [www.petrogrand.se](http://www.petrogrand.se)

### Certified Adviser

Certified Adviser First North: Mangold Fondkommission AB, +46 8 503 015 50,  
Web site: [www.mangold.se](http://www.mangold.se)

This report has not been subject to review by the company's auditors.

Stockholm, August 28, 2015

Dmitry Zubatyuk

Managing Director of Petrogrand AB (publ)

**For further information, please contact:**

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For further information on Petrogrand AB, see the website [www.petrogrand.se](http://www.petrogrand.se)

**Financial calendar**

Quarterly reports

Nine months report (January – September 2015) is due on 27 November 2015.

Production updates

Monthly production updates will be published approximately 15 days after the end of each month.

**Reasonable caution notice:** The statement and assumptions made in the company's information regarding Petrogrand AB's ("Petrogrand") current plans, prognoses, strategies, concepts and other statements that are not 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.

This report has been prepared both in Swedish and English. In case of any divergence in the content of the two versions, the Swedish version shall have precedence.
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