



# PETROGRAND

PRESS RELEASE 5<sup>th</sup> August 2023

## Operational update

Petrogrand AB (Publ) ("Petrogrand") provides the following operational update:

### **Petrogrand AB Reaches Loan Settlement Agreement with PetroNeft**

The loan provided by Petrogrand to PetroNeft had a final maturity date of 15th March 2023. As of 30th June 2023, the outstanding amount of the loan stood at US \$2,653,221, comprising US \$2,297,719 of principal and US \$355,502 of accrued interest.

Petrogrand has reached a settlement agreement with PetroNeft, whereby PetroNeft makes a payment of \$689,316 as a full and final settlement of the loan. This payment represents 30% of the outstanding principal amount of \$2,297,719. PetroNeft has previously announced its intention to sell Lineynoye LLC, which is the subsidiary through which the Company holds its interest in Licence 67. The company has entered into a Heads of Terms agreement to sell the asset to its CEO, Pavel Tetyakov.

Payment towards the settlement is to be made within seven days of PetroNeft receiving funds from the sale of Lineynoye LLC, which is the owner of Licence 67. The loan settlement agreement is conditional on the successful closure of the sale.

Petrogrand has also been granted an option, at zero cost, to acquire approx. 65 million shares in PetroNeft. This would represent approximately 6% of the current issued share capital of PetroNeft. The option is exercisable at any time up to 2 August 2025, which is two years from the date of signing the debt settlement agreement.

Petrogrand have carefully evaluated several options, including the enforcement of the loan's security. Given the exceedingly challenging market conditions and the presence of severe sanctions against Russia, and countersanctions against the EU, the Board determined that the settlement agreement with PetroNeft represented the only feasible option to extract any funds or value from the loan. This decision was made after an extensive review of the limited available options and the uncertain prospects for both managing and divesting assets in Russia within the current economic and geopolitical context.

For further information, please contact:

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About Petrogrand

For more information visit the company's webpage [www.petrogrand.se](http://www.petrogrand.se)