

**Interim Report January – December 2013****Petrogrand AB (publ)**

28 February 2013

**Fourth quarter of 2013**

- During the 4th quarter, the Group had no operating income (-). The operating result for the 4<sup>th</sup> quarter amounted to TSEK -9 303 (-59 226).
- Net financial items in the 4<sup>th</sup> quarter amounted to TSEK 592 (8 606), including the change in real value of assets under discretionary management of TSEK 583 (3 632).
- Net result after tax for the 4<sup>th</sup> quarter amounted to TSEK -8 711 (-51 450).
- Earnings per share for the period amounted to SEK -0,22 (-1,28).

**January - December 2013**

- During the year, the Group had no operating income (-). The operating result for the period amounted to TSEK -170 288 (-80 547), including intangible assets impairment of TSEK -138 608 (-49 519).
- The change in real value of assets under discretionary management amounted to TSEK 3 394 (14 755). Net financial items in the period amounted to TSEK -869 (17 123), including currency effects of TSEK -2 368 (-1 771).
- Net result after tax for the period amounted to TSEK -171 158 (-64 254)
- Earnings per share for the period amounted to SEK -4,25 (-1,60).

*The figures in brackets represent the corresponding period 2012*

## **MD's report**

Dear shareholders,

I would like to come back with MD's report after an extraordinary general meeting, on 7 March 2014.

Best regards,

Maks Grinfeld

## **Comment on the Group's result and financial position per 31 December 2013.**

### **Turnover and result**

The Group had no operating income during the period January - December 2013 (-) 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 amounted to TSEK -31 680 (-31 028), which includes ca TSEK 4 000 of extraordinary costs that mostly accrued during the fourth quarter 2013. The cost reduction measures, that took place during second half of 2013, will take full effect during the first quarter 2014.

During the year the Group has reserved TSEK -138 608 (- 49 519) for intangible assets impairment.

The Operating result for the year amounted to TSEK -170 228 (-80 547).

Financial income amounted to TSEK 3 444 (4 167). Net financial items amounted to TSEK -869 (17 123) which includes currency effects of TSEK -2 368 (-5 785) mainly due to the valuation of the portfolio investment in RUB for the period. Net financial items also include the result from financial investments involving the Company's excess liquidity, see below in section *Financing and liquidity*,

Result before tax amounted to TSEK -171 158 (-63 424). There was no tax charged in 2013 (TSEK - 830). Earnings per share for the period amounted to SEK -4,25 (-1,60).

### **Investments**

The Group's investments in intangible assets during the year amounted to TSEK 662 (61 691), and consisted of expenses for site restorations in Nizhnepaninsky and Muromsky-2 license areas.

At the end of the third quarter the reserves for intangible assets impairment were made. Thus no intangible fixed assets are reported on the Group's balance sheet at the end of the year.

### **Financing and liquidity**

The result of the portfolio asset management and investments in financial assets is reported as a *change in real value of assets under discretionary management*, amounting to TSEK 3 394 (14 755) for the year.

Cash placed in Russia amounted to TSEK 5 218 (995) and in Sweden TSEK 87 816 (331 944) at the end of the period. As of 31 December 2013 the Groups available liquid assets in total amounted to TSEK 93 034 (332 939).

In December 2013 Petrogrand has subscribed two convertible debentures in total TSEK 215 249 issued by Shelton Petroleum AB ("Shelton"). Convertible 1 of TSEK 30 000 was converted 7 October 2013 to 1 500 000 B shares in Shelton at conversion rate 20 SEK per share. Closing share price per 31 December 2013 was 24 SEK per share, thereof an unrealised change in value of TSEK 6 000 have accrued. That change is accounted for in "consolidated statement of profit or loss and other comprehensive income" as *Unrealised value change of shares in Shelton Petroleum AB* for whole year and fourth quarter 2013 (see pages 8 and 10).

The funds paid for Convertible 2 amounting to TSEK 185 249 were placed as collateral for Petrogrand's claim on Shelton in Shelton's account in Swedbank. The debenture is reported as *Short Convertible Loan* on the balance sheet inclusive accrued interest and totalling TSEK 185 811.

In conjunction with judicial review of possibility of conversion of Convertible 2 (see *Major events during the period*) the Company had to deposit TSEK 50 000, as a collateral for bank guarantee to Stockholm District Court (*Stockholms Tingsrätt*). That deposit is reported as *other short term borrowings* on the balance sheet.

Both funds for Convertible 2 and the collateral were re-paid during the first week of January 2014.

Total available financial assets amount on 31 December 2013 to TSEK 332 180 (385 348).

### **Employees**

The number of employees in Group companies at the end of the period was 14 (33), whereof women 7(15) and men 7 (18).

### **Comment on the Parent Company**

In the balance sheet item *Financial fixed assets* the loans given to the Russian subsidiaries to cover acquisitions of and investments in oil license areas are reported. The parent company have made a reserves for a write down of loans to subsidiaries with TSEK 209 358 (39 102) during the period.

### **Transactions with related parties**

James Smith, a deputy director, has a consultant agreement with Petrogrand regarding advice on geology.

## **Major events during the report period**

### **Conversion of Convertible 1 & 2**

On 7 October 2013 Petrogrand AB requested the conversion of Convertible 1 of TSEK 30 000 into 1 500 000 shares in Shelton Petroleum AB. By the end of 2013 Petrogrand had 12,33% of total shares and 10,95% of votes in Shelton.

Petrogrand AB requested the conversion of Convertible 2 of SEK 185 249 280 on 9 December 2013. The fundamental prerequisite for the deal was that Petrogrand would acquire at least 50% plus one share of Shelton Petroleum AB, and by that to be able to distribute these shares to Petrogrand's shareholders according to the Lex ASEA rule.

Later Petrogrand and Shelton Petroleum were not able to agree on the terms for the additional capital injection into Shelton beyond Convertible 2. Shelton, then at short notice, called an Extraordinary General Meeting. The proposals to be considered at Shelton's EGM would mean, that if approved, Petrogrand once the conversion of Convertible 2 had taken place would receive only 7% of the vote in Shelton instead of the contracted about 40%. The anticipated decision by Shelton's EGM made the dividending of the acquired Shelton shares by Petrogrand, in accordance to Lex ASEA, impossible.

Petrogrand therefore chose to let the courts try to execute the conversion of Convertible 2. Then trial by Petrogrand did not cover other questions about agreement between the parties. The Stockholm's District Court (*Tingsrätt*), however, took no decision on the issue, but instead decided to give Shelton the time to express their views on Petrogrand's request until January 2, 2014, which was the same date as the record date for the Shelton shareholders' meeting. Petrogrand appealed this decision in Svea hovrätt, but the court did not give leave to appeal. Since the court order would not be on the record date for the EGM, a continued trial would be of little value for Petrogrand.

If Petrogrand in time after the record date would have been allowed by the Court to convert Convertible 2 to shares in Shelton, such a conversion would mean that Petrogrand would only receive shares with voting rights, equivalent to 7% of the votes in Shelton. This means that a dividend of Shelton shares in accordance with Lex ASEA is rendered impossible. Since the basic purpose of the deal therefore could not be achieved, the Board of Directors of Petrogrand decided not to further the request of the conversion of Convertible 2. The right of conversion expired on 31 December 2013.

## **Operations**

Petrogrand AB is an independent Swedish oil company within exploration and production assets operated only in the Tomsk region in western Siberia in Russia. Following the sale of its production subsidiary STS-Service early in 2010, a new business plan for future operations was developed. Petrogrand's general business concept is to carry on oil production through acquired Russian oil companies and oil licenses. Petrogrand will also manage, enhance the value of and sell Russian oil assets.

The first investment in line with the new business plan was the Nizhnepaninsky license area in the Tomsk region. The license area was discovered in the 1960's and in 2013 the State Committee for Natural Resources has registered the resources at 31,3 million tons, according to the Russian classification C3 (approximately 235 mmbbl). During winter and spring 2011, seismic surveys were carried out in the license area and the results laid the ground for exploration drilling which took place during the winter 2012.

Another project was the Muromsky-2 license area, also in the Tomsk region. After drilling an exploration well and seismic surveys were carried out during 2012 the license area's estimated resources amount to 20.5 million tons, according to the Russian classification of C3 (about 154 mmbbl).

## **The company is seeking partners**

The company has continued to seek Russian partners to limit the investments of the company and at the same time maximise the potential of the exploration. In the end of February 2014 the Company has made an announcement regarding a nonbinding letter of intent was signed with Gazprom Neft, regarding cooperation in exploration of the license areas Muromsky-2 and Nizhnepaninsky.

## **Production status as of 31 December 2013**

The Group did not produce any oil during January- December 2013.

## **Major events following the end of the report period**

### **Notice to Extraordinary General Meeting**

On Tuesday 14 January 2014 Petrogrand received a request to call for an EGM from Lars Lundmark, in which it was requested that part of the board would be changed. The EGM will take place on Friday 7 March 2014, 2:00 pm, at Hotell Scandic Anglais in Stockholm.

### **Shelton Petroleum AB announced**

On 22 January 2014 Shelton Petroleum AB has announced a public offer to Petrogrand's shareholders. On 17 February 2014 Shelton published a prospectus which is also an offer document.

Later on 24 January 2014 the Board of Petrogrand have announced in a press release that after review of ABG Sundal Collier's valuation, the Board of Directors concluded that Shelton Petroleum AB's offer was substantially lower than an offer that the Board of Directors would recommend.

## **Share data**

In accordance with resolution of the Annual General Meeting 2013 the Company has applied for a reduction of share capital and write off of the reserve fund. As of 31 December 2013 the share capital of Petrogrand AB amounts to SEK 40 265 898 divided into 40 265 898 outstanding shares, each with a new par value of SEK 1.

According to the Incentive Programme 2011/2014 the Company's employees have purchased 473 000 warrants. Each warrant entitles the holder to subscribe to one new share in the Company.

Assuming full exercise of all subscription warrants, the share capital will increase by no more than SEK 473 000, equivalent to a dilution of about 1,17 per cent of share capital and voting rights.

# CONSOLIDATED INCOME STATEMENT

JANUARY-DECEMBER

(All amounts in TSEK)	Full year 2013	Full year 2012
<b>Operating income</b>		
Net sales of oil	-	-
Other operating income	-	-
<b>Total operating income</b>	-	-
<b>Cost of sales</b>		
Production costs	-	-
Amortization	-	-
<b>Gross profit</b>	-	-
Selling and distribution expenses	-	-
Administration costs	-31 680	-31 028
Other operating expenses	-	-
Intangible assets impairment	-138 608	-49 519
<b>Operating profit</b>	<b>-170 288</b>	<b>-80 547</b>
<b>Result from financial investments</b>		
Financial income	3 444	4 167
Change in real value of assets under external management	3 394	14 755
Interest effect on short term financial investment	-	-
Exchange rate effects	-2 368	-1 771
Other financial costs	-5 340	-28
<b>Result before tax</b>	<b>-171 158</b>	<b>-63 424</b>
Tax on the period's result	-	-830
<b>The period's Net result</b>	<b>-171 158</b>	<b>-64 254</b>
Whereof attributable to the shareholders of the parent company	-171 158	-64 254
Earnings per share before dilution, SEK	-4,25	-1,60
Number of shares issued at end of period*)	40 265 898	40 265 898
Average number of shares outstanding for the period*)	40 265 898	40 265 898
Outstanding number of warrants at end of period (1 warrant corresponding to 1 share)**)	473 000	1 553 000

\*) Of the options programme approved by the AGM on 15 June 2011 473 000 warrants have been assigned

\*\*) Of the options programme approved by the AGM on 21 June 2010, 1 080 000 warrants have been assigned. All the warrants have expired 14 June 2013

# **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME** JANUARY-DECEMBER

<b>(All amounts in TSEK)</b>	<b>Full year 2013</b>	<b>Full year 2012</b>
<b>Income for the period</b>	<b>-171 158</b>	<b>-64 254</b>
<b>Items that may be reclassified subsequently to income statement</b>		
Translation difference	-12 525	-102
Unrealised value change of shares in Shelton Petroleum AB	6 000	-
<b>Other comprehensive income for the period, net of taxes</b>	<b>-177 682</b>	<b>-64 356</b>
<b>Total result attributable to:</b>		
Parent company shareholders	-177 682	-64 356



# **CONSOLIDATED INCOME STATEMENT** **QUARTER 4**

<b>(All amounts in TSEK)</b>	<b>Oct-Dec 2013</b>	<b>Oct-Dec 2012</b>	<b>Full year 2012</b>
<b>Operating income</b>			
Net sales of oil	-	-	-
Other operating income	-	-	-
<b>Total operating income</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cost of sales</b>			
Production costs	-	-	-
Amortization	-	-	-
<b>Gross profit</b>	<b>-</b>	<b>-</b>	<b>-</b>
Selling and distribution expenses	-	-	-
Administration costs	-9 303	-9 707	-31 028
Other operating expenses	-	-	-
Intangible assets impairment	-	-49 519	-49 519
<b>Operating profit</b>	<b>-9 303</b>	<b>-59 226</b>	<b>-80 547</b>
<b>Result from financial investments</b>			
Financial income	1 116	982	4 167
Change in real value of assets under external management	583	3 632	14 755
Interest effect on short term financial investment	-	-	-
Exchange rate effects	-3	4 014	-1 771
Other financial costs	-1 104	-22	-28
<b>Result before tax</b>	<b>-8 711</b>	<b>-50 620</b>	<b>-63 424</b>
Tax on the period's result	-	-830	-830
<b>The period's Net result</b>	<b>-8 711</b>	<b>-51 450</b>	<b>-64 254</b>
Whereof attributable to the shareholders of the parent company	-8 711	-51 450	-64 254
Earnings per share before dilution, SEK	-0,22	-1,28	-1,60
<b>Number of shares issued at end of period*)</b>	<b>40 265 898</b>	<b>40 265 898</b>	<b>40 265 898</b>
<b>Average number of shares outstanding for the period*)</b>	<b>40 265 898</b>	<b>40 265 898</b>	<b>40 265 898</b>
<b>Outstanding number of warrants at end of period (1 warrant corresponding to 1 share)**)</b>	<b>473 000</b>	<b>1 553 000</b>	<b>1 553 000</b>

\*) Of the options programme approved by the AGM on 15 June 2011 473 000 warrants have been assigned

\*\*) Of the options programme approved by the AGM on 21 June 2010, 1 080 000 warrants have been assigned. All the warrants have expired 14 June 2013

# **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME** QUARTER 4

<b>(All amounts in TSEK)</b>	<b>Oct-Dec 2013</b>	<b>Oct-Dec 2012</b>	<b>Full year 2012</b>
<b>Income for the period</b>	<b>-8 711</b>	<b>-51 450</b>	<b>-64 254</b>
<b>Items that may be reclassified subsequently to income statement</b>			
Translation difference	692	2 987	-102
Unrealised value change of shares in Shelton Petroleum AB	6 000	-	-
<b>Other comprehensive income for the period, net of taxes</b>	<b>-2 019</b>	<b>-48 463</b>	<b>-64 356</b>
<b>Total result attributable to:</b>			
Parent company shareholders	<b>-2 019</b>	<b>-48 463</b>	<b>-64 356</b>

## CONSOLIDATED BALANCE SHEET

(All amounts in TSEK)	2013-12-31	2012-12-31
<b>ASSETS</b>		
<b>FIXED ASSETS</b>		
Intangible fixed assets	-	152 132
Shares in company of interest	36 000	-
Tangible fixed assets	648	1 134
<b>Total fixed assets</b>	<b>36 648</b>	<b>153 266</b>
<b>CURRENT ASSETS</b>		
Inventories	2 239	2 940
Short term convertible loan	185 811	-
Other current receivables	53 335	7 042
Assets under discretionary management	-	52 409
Cash and bank	93 034	332 939
<b>Total current assets</b>	<b>334 419</b>	<b>395 330</b>
<b>TOTAL ASSETS</b>	<b>371 068</b>	<b>548 596</b>
<b>EQUITY AND LIABILITIES</b>		
<b>TOTAL EQUITY</b>	<b>361 589</b>	<b>539 272</b>
<b>LONG-TERM LIABILITIES</b>	<b>-</b>	<b>-</b>
<b>SHORT-TERM LIABILITIES</b>		
Accounts payable	1 114	943
Other short-term liabilities	4 359	2 559
Accrued costs and prepaid income	4 005	5 822
<b>Total short-term liabilities</b>	<b>9 478</b>	<b>9 324</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>371 068</b>	<b>548 596</b>

# CONSOLIDATED CASH FLOW STATEMENT

(All amounts in TSEK)	Full Year 2013	Full year 2012
<b>Cash flow from current operations</b>		
Operating result	-170 288	-80 547
Adjustment for items not included in cash flow	139 872	52 973
Interest received	2 729	3 783
Interest paid	-75	-26
Tax	-	-
<b>Cash flow from current operations before changes in operating capital</b>	<b>-27 762</b>	<b>-23 817</b>
<b>Cash flow from changes in operating capital</b>		
Decrease(+)/increase(-) in inventory	701	3 361
Decrease(+)/increase(-) in receivables	-46 292	3 757
Decrease(-)/increase(+) in liabilities	956	3 139
<b>Total changes in operating capital</b>	<b>-44 635</b>	<b>10 257</b>
<b>Cash flow from current operations</b>	<b>-72 397</b>	<b>-13 560</b>
<b>Investment operations</b>		
Investment in intangible fixed assets	-662	-117 035
Investment in tangible fixed assets	-	-112
Change in intangible assets	-	-
Investment in Financial assets under discretionary management	-201 520	-
Investment in / Repayment of Short financial loan	-185 811	-
Change in financial assets	221 884	302 009
<b>Cash flow from investment operations</b>	<b>-166 110</b>	<b>184 862</b>
<b>Financing operations</b>		
Dividend	-	-
<b>Cash flow from financing operations</b>	<b>-</b>	<b>-</b>
Decrease(-)/increase(+) in liquid assets	-238 507	171 302
Liquid assets at beginning of period	332 939	158 795
Exchange rate differences in liquid assets	-1 398	2 842
<b>Liquid assets at end of period</b>	<b>93 034</b>	<b>332 939</b>

# STATEMENT OF CHANGES IN EQUITY

(All amounts in TSEK)	Attributable to shareholders of the Parent company				
	Share capital	Additional paid in capital	Other reserves	Retained earnings	Total equity capital
<b>Incoming equity, 2012-01-01</b>	<b>268 410</b>	<b>1 432 114</b>	<b>-91 460</b>	<b>-1 005 436</b>	<b>603 628</b>
Total result for the period	-	-	-102	-64 254	-64 356
<b>Balance, 2012-12-31</b>	<b>268 410</b>	<b>1 432 114</b>	<b>-91 562</b>	<b>-1 069 690</b>	<b>539 272</b>
Total result for the period	-228 143	-	-6 526	56 986	-177 683
<b>Balance, 2013-09-30</b>	<b>40 267</b>	<b>1 432 114</b>	<b>-98 088</b>	<b>-1 012 704</b>	<b>361 589</b>

## KEY RATIOS

	12months 2013-12-31	12 months 2012-12-31
<b>Group</b>		
Total assets, TSEK	371 068	548 596
Total equity, TSEK	361 589	539 272
Equity ratio (%)	97,4%	98,3%
Interest bearing debt, TSEK	-	-
Employees at end of period	14	33
Return on equity (%)	-38,00%	-11,24%
<b>Per share data</b>		
Earnings per share, SEK	-4,25	-1,60
Equity per share, SEK	8,98	13,39

### 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-DECEMBER

(All amounts in TSEK)	Full year 2013	Full year 2012
<b>Operating income</b>		
Other operating income	-	-
<b>Total operating income</b>	-	-
<b>Cost of sales</b>	-	-
<b>Gross profit</b>	-	-
Administration costs	-13 668	-14 409
Other operating expenses	-	-49 519
<b>Operating profit</b>	<b>-13 668</b>	<b>-63 928</b>
<b>Result from financial investments</b>		
Financial income	3 444	14 261
Change in real value of assets under discretionary management	3 394	14 755
Interest effect on short term financial investment	-	-
Exchange rate effects	-2 368	-1 771
Other financial costs	-230 101	-828
<b>Result before tax</b>	<b>-239 299</b>	<b>-37 511</b>
Tax on the period's result	-	-
<b>The period's Net result</b>	<b>-239 299</b>	<b>-37 511</b>

## PARENT COMPANY BALANCE SHEET

(All amounts in TSEK)	2013-12-31	2012-12-31
<b>ASSETS</b>		
<b>FIXED ASSETS</b>		
Intangible fixed assets	-	-
Tangible fixed assets	44	101
Financial fixed assets	585	214 090
Shares in companies of interest	30 000	-
<b>Total fixed assets</b>	<b>30 629</b>	<b>214 191</b>
<b>CURRENT ASSETS</b>		
Short term financial investment	185 811	-
Other current receivables	52 018	1 431
Assets under discretionary management	-	52 409
Cash and bank	92 686	331 944
<b>Total current assets</b>	<b>330 515</b>	<b>385 784</b>
<b>TOTAL ASSETS</b>	<b>361 144</b>	<b>599 975</b>
<b>EQUITY AND LIABILITIES</b>		
<b>TOTAL EQUITY</b>	<b>355 592</b>	<b>594 891</b>
<b>LONG-TERM LIABILITIES</b>	-	-
<b>SHORT-TERM LIABILITIES</b>		
Accounts payable	779	104
Other short-term liabilities	2 132	2 485
Accrued costs and prepaid income	2 641	2 495
<b>Total short-term liabilities</b>	<b>5 552</b>	<b>5 084</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>361 144</b>	<b>599 975</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.

### Future reporting dates

Interim report Q1 2014:	To be published on 15 May 2014.
Interim report Q2 2014:	To be published on 29 August 2014.
Interim report Q3 2014:	To be published on 7 November 2014.

Petrogrands AGM 2014 is planned to take place 22 may in Stockholm.

### Company information

The full name of the parent company is Petrogrand AB (publ). It is a public limited 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, 28 February 2013

The Board of Petrogrand AB (publ)

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

**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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