



# PETROGRAND

PRESS RELEASE 16<sup>th</sup> DECEMBER 2020

## **Operational update**

Petrogrand AB (Publ) (“Petrogrand”) is pleased to provide the following update on the loan facility agreement with Petroneft.

## **Petroneft Loan facility agreement**

In January 2018 Petrogrand AB (“Petrogrand”) and PetroNeft Resources Plc (“PetroNeft”) entered into a Facility Agreement whereby Petrogrand provided PetroNeft with a loan facility, secured on the assets of PetroNeft, in the amount of up to US\$2 million with an interest rate of LIBOR +9%. In 2019 the parties agreed to increase the loan facility up to an amount of US\$2.5 million with a new final maturity date set to December 15, 2020. The parties also agreed to a bonus payment of US\$2.5 million per Licence if either or both Licence 61 or Licence 67 are sold before 31 December 2022.

Petrogrand has reached an agreement with Petroneft to further extend the loan agreement under the following terms:

- The loan is extended to 15 December 2021 with unchanged interest rate. The agreement on bonus payments is extended to 31 December 2023.
- From July to December 2021 a total of ten percent of the loan amount is to be repaid in six equal instalments.
- Upon the repayment of an additional 10 % of the loan amount on or before 15 December 2021 the loan can be further extended to 15 December 2022 and the agreement on bonus payments to 31 December 2024.

The Covid-19 pandemic has made 2020 into a challenging year for oil & gas companies. Demand for oil decreased heavily during the first and second quarter resulting in reduced cash flows and some operational delay. The further extension of the loan with PetroNeft ensures that the successful operational development program that began in 2020 on their licenses can continue. Petroneft has earlier announced a twin track strategy to develop and divest both of their licenses, upon which Petrogrand is entitled to bonus payments. Petroneft will continue to pay monthly interest to Petrogrand.

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)