



PETROGRAND

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Petrogrand and Petroneft extends the Facility Agreement

In January 2018 Petrogrand AB (“Petrogrand”) announced that Petrogrand and PetroNeft Resources Plc (“PetroNeft”) had entered into a Facility Agreement whereby Petrogrand would provide PetroNeft with a secured loan facility in the amount of up to US\$2 million with an interest rate of 9% +LIBOR that matures on 31 December 2018. The funds under the loan facility were to be used to finance a potential drilling program in 2018 and for general corporate purposes.

During 2018 PetroNeft has made two drawdowns totalling US\$2 million and thus fully utilised the Facility Agreement.

Petrogrand and PetroNeft have renegotiated the terms of the Facility Agreement and agreed on the following general terms. The loan facility has been increased up to an amount of US\$2.5 million, the maturity date has been set to 15 December 2019 and the interest and security on the loan remains the same. Petrogrand and PetroNeft have also agreed a bonus component in the amount of US\$2.5 million per Licence if either or both Licence 61 or Licence 67 are sold before 31 December 2020.

Due to Mr. Korobov, the largest shareholder of Petrogrand, being a director and shareholder of PetroNeft, the loan facility is considered to be a related party transaction. Mr. Korobov has therefore not participated in any discussions, negotiations or in the decision process on either side. The directors of Petrogrand consider the terms of the loan facility to be arm’s length and fair for Petrogrand.

Richard Cowie, Chairman of Petrogrand commented on the transaction: “We are pleased to have renegotiated this arrangement with PetroNeft that now includes an additional upside for the shareholders of Petrogrand thanks to a considerable performance bonus.”

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About Petrogrand

For more information visit the company’s webpage www.petrogrand.se