



PETROGRAND

PRESS RELEASE 12th DECEMBER 2019

Operational update

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

Petrogrand and Petroneft extends the Loan facility

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 fully secured loan facility in the amount of up to US\$2 million with an interest rate of 9% +LIBOR. In the beginning of 2019, the parties agreed to an increase in the loan facility up to an amount of US\$2.5 million with a new final maturity date set to 15 December 2019. The loan facility was fully drawn down.

The parties also agreed to a significant bonus payment of US\$2.5 million per Licence if either or both Licence 61 or Licence 67 are sold before 31 December 2020.

Petrogrand has now reached an agreement with Petroneft to extend the loan agreement to 15 December 2020 with a subsequent extension of the tail period for the bonus payment till the end 2022, and an option for a further one-year extension subject to meeting certain conditions.

On 12 December 2019 Petroneft announced a conditional US\$2.12 million share placement directed at institutional and other investors. The terms of the extension of the loan are conditional upon Petroneft receiving shareholder approval of this share issue at the Extraordinary General Meeting scheduled for 7 January 2020.

The full details and terms of the extension will be published once all conditions will have been met.

Jesper Sevelin, Chairman, commented:

"We have been actively monitoring Petroneft over the last year and have seen a number of improvements that make us confident in the current strategy to increase the value of Licence 61 and 67 that will facilitate the assets sale and help getting better values to both companies' shareholders."

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About Petrogrand

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