



PETROGRAND

PRESS RELEASE 17 JANUARY 2020

Operational update

Petrogrand AB (Publ) ("Petrogrand") is pleased to provide the following operational update:

In December 2019 Petrogrand announced that it had agreed to extend the loan agreement with Petroneft to 15 December 2020 and that the extension was conditional on certain shareholder approvals in Petroneft.

On 7 January 2020 the Extraordinary General Meeting in PetroNeft approved a US\$2.12 million share placement. The terms of the extension of the loan were conditional on Petroneft receiving shareholder approval of this share issue. As this condition now has been met Petrogrand would like to provide additional information on the extension of the loan.

The loan, which is secured against the assets of Petroneft, has been extended to 15 December 2020. The interest for this period remains unchanged at LIBOR + 9%. The accrued interest on the loan up until 15 December 2019 has been added to the principle of the loan and the new loan amount is approximately 2.9 MUSD. Additionally, the parties agreed that interest payments are to be made on a monthly basis going forward. In the beginning of January 2020 Petrogrand received the first interest payment.

As has been announced earlier Petrogrand and Petroneft had 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 2020. Together with the loan extension the tail period for these bonus payments has been extended to 31 December 2022.

In case Petroneft repays not less than 20% of the outstanding loan by 15 December 2020 the loan may be extended by one more year to 15 December 2021 and the interest lowered to LIBOR + 6% to reflect the reduced risk. Upon such extension the tail period for the above-mentioned bonus payments is extended to 31 December 2023.

Changes in management

On 8 January 2020 Pavel Tetyakov notified the company that he would like to focus on his other engagements and therefore resigns from his role as CEO and Board Member in Petrogrand. The resignation is effective from January 13, 2020:

"The Board would like to sincerely thank Pavel for his contribution and commitment to the company and wishes him all the best in his future endeavours."

The Board has decided to appoint Maxim Korobov as new CEO and also to elect Gunnar Danielsson the new Chairman of the Company.

For further information, please contact:

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About Petrogrand

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