



# PETROGRAND

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## Year 2019 Summary

Petrogrand AB (Publ) ("Petrogrand") is pleased to provide a brief summary of the key events in 2019.

As a result of several months of hard negotiations in March 2019 Petrogrand announced that it had agreed an extension and increase of the loan facility to Petroneft. This fully secured loan was increased up to the amount of US\$2.5 million and the new final maturity date was set to 15 December 2019. Most importantly the parties 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. As a part of its twin-track strategy Petroneft is actively seeking to divest both licences and the potential bonus payment constitutes a significant upside for the shareholders of Petrogrand. Such extension facilitated further operational improvements in Petroneft, thus improving the chances of a successful sale. In addition, Petrogrand secured two observer seats on the board of Petroneft that helped the information flow.

In the autumn of 2019 Petroneft initiated discussions on another potential loan extension, and in December we agreed the terms of an extension. As a part of this agreement the tail period for the bonus payment was extended till 31 December 2022 making sure that our support of Petroneft delivers the expected return to the shareholders of Petrogrand. The extension of the loan is conditional on certain shareholder approvals in Petroneft and we are looking forward to releasing the full details and terms of the extension once the conditions are met. We expect to communicate further on this in mid-January 2020. The ability of Petroneft to raise funding provides additional support to our view that the company now has a more secure future.

Pavel Tetyakov, CEO of Petrogrand, comments:

"A creative approach to a rather standard financial instrument ensured a secure investment with a good return and an additional very significant upside. We will continue our cooperation with Petroneft to help a successful closing of this deal. We appreciate the patience and support of the shareholders of Petrogrand and wish you Merry Christmas and Happy New Year!"

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About Petrogrand

For more information visit the company's webpage [www.petrogrand.se](http://www.petrogrand.se)