

Petrogrand AB is pleased to report an operational update

Exploration work

The construction of the winter roads have progressed according to plan and mobilisation of the drilling equipment have begun. Some of the equipment has already reached the drilling location (see updated pictures on webpage). We don't see any reason to change the spud dates that was given in our third quarterly report, which means that the first well is expected to spud second half of February. As earlier communicated, two wells will be drilled in the Nizhnepaninsky licence area and one well in the Muromsky-2 licence area.

During 2012 the estimated cost for these three wells is MRUB 500 (MSEK 115). The three planned exploration wells during the year will be well covered by our liquidity which amounted to MSEK 527 at the end of Q3 2011.

Seismic

We have also decided to shoot around 350 line kilometres additional seismic on Muromsky-2 licence area during first half of 2012. Estimated cost will be around MRUB 65 (MSEK 15).