



February 29, 2012

YEAR-END REPORT 2011

PETROGRAND AB (publ)

Fourth quarter of 2011

- During the 4th quarter, the Group had no operating income (-). The operating result for the 4th quarter amounted to TSEK -5,786 (-13,205).
- The change in real value of assets under discretionary management amounted to TSEK 8,587 (7,223). Net financial items in the 4th quarter amounted to TSEK 13,852 (11,444), also including currency effects of TSEK 4,009 (-522)
- Net result after tax for the 4th quarter amounted to TSEK 8,064 (-1,758).

January - December 2011

- During the year, the Group had no operating income (TSEK 26,521). The operating result for the period amounted to TSEK -29,820 (-22,879).
- Net financial items for the period amounted to TSEK 12,140 (-33,812), including currency effects of TSEK -8,288 (-58,603) and the change in real value of assets under discretionary management amounted to TSEK 6,346 (12,400)
- Net result after tax for the period amounted to TSEK -17,680 (-56,790).
- Earnings Per Share for the period amounted to SEK -0.44 (-1,41).

The figures in brackets represent the corresponding period 2010

MD's report

Dear Shareholders,

Russia is heading towards exciting times. On March 4th the presidential election will be held. This will clarify the politics of the country where among other things the attitude towards foreign investments will be affected. When the election is over we believe that the country will see enhanced stability and with it continued clear game rules, something that we see as positive.

At the local Tomsk level, the region of our license areas, Sergei A. Zhvachkin has been elected new governor. He replaces Viktor M. Kress who has been the governor for the past 20 years. Zhvachkin has recently been working for Gazprom and he has been an active corporate leader within the oil- and gas industry in Tomsk. We look forward to co-operating with the new local administration.

Operations

During the second half of 2011 a lot of work has been focused on the extensive documentation needed in order to receive all the necessary permits for the exploration work we now are conducting. At the same time we have negotiated with suppliers where we have been able to close competitive contracts.

The resource updates, which we applied for in the end of 2011, was approved by Tomsknedra in beginning of this year. Nizhnepaninsky license area has now 54,8 million tons (411 mmbbl) C3-resources over four prospects and Muromsky-2 has 20,5 million tons (154 mmbbl) C3-resources over two prospects.

Despite relative mild weather in the Tomsk area, which have caused some delays building winter roads, in general the work have progressed according to plan and we have been able to keep our schedule and all our wells have now spudded or about to spud.

Financial report

Our financial strength is still very good and our equity amounts to 604 MSEK (SEK14,99 / share) of which 516 MSEK (SEK 12,82 / share) consists of current assets. Our net result for 2011 amounts to -18 MSEK (SEK -0,44 / share).

During the fourth quarter we have noticed more favourable markets, which have increased the value of our financial investments where both the share- and bond portfolio has had a positive development. We are continuing the work of optimising the bond portfolio to be able to meet the upcoming capital need from our drilling program and seismic work. We have continued our conscious strategy of reducing our exposure to the stock market.

Nizhnepaninsky

We spudded our first well in Nizhnepaninsky, N-232, on 17 February. Planned depth is 2 800 meters and we have four different targets; Cretaceous, Jurassic, weathering mantle and Palaeozoic. We plan to do extensive testing during drilling and estimated drilling time is 60-70 days exclusive testing.

I look forward to the results of this well as it is located close to an old well drilled during Soviet-times, which at the time encountered hydrocarbons.

The spudding of our second well, Zapadno-Ambarskaya 6, will begin soon. This well is located more south than N-232. Planned depth for this well is 3 050 meter and our targets are Cretaceous, Jurassic, weathering mantle and Palaeozoic.

Muromsky-2

In this license area we will spud the well on the Ragozinskaya structure shortly. This well is not as deep as the other two with a planned depth of 2 600 meters. We have the same targets here as in the other two wells; Cretaceous, Jurassic, weathering mantle and Palaeozoic.

We have also begun collecting additional 2D-seismic, amounting to 350 line kilometres. This will help us in the continued exploration work on the license area.

As we are intensifying our work we have strengthened our organisation in Russia within the operational management, geology and procurement with the hiring of Igor G. Solyarskiy, Sergey E.

Chigay and Alexander Y. Baranov. These three have great experience both within the oil industry and Russian business. We have moved the administrative management to Moscow and we will have the technical department in Tomsk. Elena Alatarceva did not find it possible to move to Moscow and she decided to stay in Tomsk for new challenges.

I'm convinced that this will be beneficial for the company and its development going forward.

Maks Grinfeld
CEO, Petrogrand AB

Comment on the Group's result and financial position per 31 December 2011

Turnover and result

In early February 2010, the sale of the subsidiary STS-Service to Gazprom Neft Vostok was completed. As a consequence of the sale, Petrogrand during 2010 presented its financial reports according to IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*. In the Group income statement, continued and discontinued operations were thus reported separately.

Of the comparative figures within parenthesis for the respective period in 2010, the first figure represents the continuing operations and the second figure represents the discontinued operations.

The Group had no operating income during 2011 (TSEK 14,022 / 12,499) and also did not have any production related operating expenses (- / TSEK -9 778).

The Group did not have any costs for sales and distribution during the period (- /TSEK -96). Administration costs amounted to TSEK -27,890 (-23,470 / -2,441) and other operating expenses were TSEK -1,930 (-4,416 / -9,199).

The Operating result for the year amounted to TSEK -29,820 (-13,864 / -9,015).

Financial income amounted to TSEK 4,572 (5,575 / -). Net financial items amounted to TSEK 12,140 (-33,731 / -82) which includes currency effects amounting to TSEK -8,288 (-58,603 / -). Net financial items include the result from financial investments involving the company's excess liquidity, see below in section *Financing and liquidity*.

Result before tax amounted to TSEK- 17,680 (-47,595 / -9,097). There was no tax charged in the quarter (- / TSEK -98). Earnings per share for the full year amounted to SEK -0,44 (-1,18 / -0,23).

Investments

The Group's investments in tangible and intangible fixed assets during 2011 amounted to TSEK 58,645 (46,550), of which investments in intangible fixed assets represented TSEK 57,462 (45,140). The investments in intangible fixed assets during the fourth quarter are mainly due to preparations relating the drilling of exploration wells in the license areas Nizhnepaninsky and Muromsky-2.

Financing and liquidity

The major part of the Group's excess liquidity assets is still placed in RUB in the leading Russian bank Sberbank. The fixed-rate investment in Renaissance Capital matured during the third quarter. The fixed-rate investment has during the year generated an interest income amounting to TSEK 9,514 (7,552). At maturity, the balance was been transferred to Sberbank asset management.

In the company's reporting currency SEK, the result of the asset management in Sberbank is reported as a *change in real value of assets under discretionary management*, amounting to TSEK 6,346 (12,400) for the full year 2011. During the fourth quarter we have witnessed a strong recovery of our portfolio and have managed to turn the negative accumulated result we reported for the first three quarters of 2011. The change in real value during the fourth quarter amounted to TSEK 8,587 (7,223).

The Groups' liquid assets in SEK amounted to TSEK 158,795 (178,410) as of 31 December 2011. In addition, assets placed in RUB in discretionary management amounted to TSEK 340,347 (278,155). Available assets in total thus amounted to TSEK 499,142 as of 31 December 2011 (597,156).

Employees

The number of employees in Group companies at the end of the period was 34 (28), of which 16 (16) were women and 18 (12) were men.

Comment on the Parent Company

In the balance sheet item *Financial fixed assets* the loans given to the Russian subsidiaries to cover acquisitions of and investments in oil license areas are reported.

Transactions with related parties

There were no transactions with related parties during 2011.

Major events during the report period

Application submitted to Tomsknedra shows additionally increase in C3 resources in the Nizhnepaninsky license block

In late November Petrogrand reported that the final report had been submitted to Tomsknedra on increased C3-resources. The final report C3-resources amounts to 54.8 million tons (411 mmbbl). In addition to this an updated C3-resource number on Muromsky-2 was submitted. This update showed C3-resources amounting to 20.5 million tons (154 mmbbl).

Operations

Petrogrand AB is an independent Swedish oil company within exploration and production which previously operated only in the Tomsk region in western Siberia in Russia. Following the sale of its production subsidiary STS-Service early in 2010, a new business plan for future operations was developed. Petrogrand's general business concept is to carry on oil production through acquired Russian oil companies and oil licenses. Petrogrand will also manage, enhance the value of and sell Russian oil assets.

The first investment in line with the new business plan is the Nizhnepaninsky license area in the Tomsk region. The license area was discovered in the 1960's and the State Committee for Natural Resources has in 2012 determined the reserves at 54.8 million tons, according to the Russian classification C3 (approximately 411 mmbbl). During winter and spring 2011, seismic surveys were carried out in the license area and the results will lay the ground for exploration drilling which will take place during the winter 2012.

Another project regarded as particularly interesting is the Muromsky-2 license area, also in the Tomsk region. The license area has reserves supposedly amounting to 20.5 million tons, according to the Russian classification of C3 (about 154 mmbbl). Drilling of the exploration well will take place during the winter 2012.

Production status as of 31 December 2011

The Petrogrand Group did not produce any oil during the fourth quarter 2011.

Major events following the end of the report period

Operational update

In January 2012 Petrogrand reported that the construction of the winter roads had progressed according to plan and mobilisation of the drilling equipment had begun. Some of the equipment had already reached the drilling location. The company could report that there was no reason to change the spud dates which previously had been communicated. 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.

It was also reported that the company had 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).

Petrogrand reinforces its organisation in Russia

In mid-February Petrogrand announced that with the increased activity the company was strengthening its organisation in Russia within operational management, geology and procurement. Of the newly employed the following three persons will work in leading positions in the Moscow office.

- Igor G. Solyarskiy has been employed as first vice-president for Petrogrand. Recently he has worked for the state owned Transneft where he was vice-president during the last 10 years
- Sergey E. Chigay has recently worked for Gazprom Dobycha Shelf where he was deputy manager for the geology and exploration department. His responsibilities will include evaluation of new projects and as technical controller for the on-going operations.
- Alexander Y. Baranov worked recently for the state owned oil company Rosneft. He will be responsible for procurement and prepare an operation to handle sale and purchase of crude oil.

Spudding of well in Yuzhno-Nazinskaya (N-232)

On 17 February Petrogrand could report the spudding of well N-232 in Nizhnepaninsky license area. The planned depth of the well is 2800 m. For this, the Uralmash 3D- 76 drilling unit will be used. This machine allows for drilling wells up to 5000 m deep. The targets are Cretaceous, Jurassic, Weathering mantle and Palaeozoic deposits. The company plan to do extensive testing during and after drilling and the estimated drilling time is 60-70 days, excluding testing.

Share data

The share capital of Petrogrand AB amounts to SEK 268,410,272 divided into 40,265,898 outstanding shares, each with a par value of SEK 6.67. The number of shares is the result of a consolidation of shares 1:100 with record date 20 August 2010.

In addition, there is a latent dilution due to an Incentive Program 2010/2013 which was approved at the AGM on 21 June 2010. Company employees and board members are included in the incentive program. Within the program, 108 million have been subscribed and purchased. 100 warrants give the right to subscribe for 1 share.

The AGM on 15 June 2011 resolved in accordance with the Board's proposal to implement an incentive programme 2011/2014 through issue and transfer of not more than 1 030 000 subscription warrants. Each warrant entitles the holder to subscribe for one new share in the Company. The remaining options may be offered to existing and future employees up until the AGM of 2012. The company's employees have currently applied to purchase 476,000 warrants within the program.

Assuming full exercise of all subscription warrants, the share capital will increase by no more than 14,065,144.22 SEK, equivalent to a dilution of about 4.98 per cent of share capital and voting rights.

CONSOLIDATED INCOME STATEMENT

QUARTER 4

	Oct-Dec 2011	Oct-Dec 2010	Oct-Dec 2010
(All amounts in TSEK)		Continuing operations	Discontinued operations
Operating income			
Net sales of oil	-	-	-
Other operating income	-	-	-
Total operating income	-	-	-
Cost of sales			
Production costs	-	-	-
Amortization	-	-	-
Gross profit	-	-	-
Selling and distribution expenses	-	-	-
Administration costs	-5 103	-5 820	-
Other operating expenses	-683	-4 416	-2 969
Operating profit	-5 786	-10 236	-2 969
Result from financial investments			
Financial income	1 256	1 776	-
Change in real value of assets under external management	8 587	7 223	-
Interest effect on short term financial investment	-	3 406	-
Exchange rate effects	4 009	-522	-
Other financial costs	0	-442	3
Result before tax	8 066	1 206	-2 966
Tax on the period's result	0	-	2
Result from continuing operations		1 206	
Result from discontinued operations		-2 964	
The period's Net result	8 064	-1 758	-2 964
Whereof attributable to the shareholders of the parent company	8 064	-1 758	-2 964
Earnings per share before dilution, SEK	0,20	-0,04	-0,07
Earnings per share after dilution, SEK	0,20	-0,04	-0,07
Number of shares issued at end of period*)	40 265 898	40 265 898	40 265 898
Average number of shares outstanding for the period*)	40 265 898	40 265 898	40 265 898
Average number of shares outstanding for the period after dilution*)	40 265 898	40 265 898	40 265 898
Outstanding number of warrants at end of period (1 warrant corresponding to 1 share*) **)*****)	2 110 000	2 110 000	2 110 000

*) All shares and warrants have been adjusted for the consolidation of shares 1:100 effective 2010-08-20

***) Of the options programme approved by the AGM on 21 June 2010, 1 080 000 warrants have been assigned

****) Of the options programme approved by the AGM on 15 June 2011 regarding 1 030 000 warrants, 0 warrants have been assigned

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME QUARTER 4

(All amounts in TSEK)	Oct-Dec 2011	Oct-Dec 2010 Continuing operations	Oct-Dec 2010 Discontinued operations
The period's Net result	8 064		
Translation difference	-84		
Net result from continuing operations	0	1 206	
Translation difference	0	-	
Total result from continuing operations	0	1 206	
Net result from discontinued operations	0	-2 964	-2 964
Translation difference	0	647	647
Total result from discontinued operations	0	-2 317	-2 317
The period's Total result	7 980	-1 113	
Total result attributable to:			
Parent company shareholders	7 980	-1 113	

CONSOLIDATED INCOME STATEMENT

FULL YEAR

	Full year 2011	Full year 2010	Full year 2010
(All amounts in TSEK)		Continuing operations	Discontinued operations
Operating income			
Net sales of oil	-	-	12 485
Other operating income	-	14 022	14
Total operating income	-	14 022	12 499
Cost of sales	-		
Production costs	-	-	-9 602
Amortization	-	-	-176
Gross profit	-	14 022	2 721
Selling and distribution expenses	-	-	-96
Administration costs	-27 890	-23 470	-2 441
Other operating expenses	-1 930	-4 416	-9 199
Operating profit	-29 820	-13 864	-9 015
Result from financial investments			
Financial income	4 572	5 575	-
Change in real value of assets under external management	6 346	12 400	-
Interest effect on short term financial investment	9 514	7 552	-
Exchange rate effects	-8 288	-58 603	-
Other financial costs	-4	-654	-82
Result before tax	-17 680	-47 595	-9 097
Tax on the period's result	-	-	-98
Result from continuing operations		-47 595	
Result from discontinued operations		-9 195	
The period's Net result	-17 680	-56 790	-9 195
Whereof attributable to the shareholders of the parent company	-17 680	-56 790	-9 195
Earnings per share before dilution, SEK	-0,44	-1,41	-0,23
Earnings per share after dilution, SEK	-0,44	-1,41	-0,23
Number of shares issued at end of period*)	40 265 898	40 265 898	40 265 898
Average number of shares outstanding for the period*)	40 265 898	40 265 898	40 265 898
Average number of shares outstanding for the period after dilution*)	40 265 898	40 265 898	40 265 898
Outstanding number of warrants at end of period (1 warrant corresponding to 1 share)* **)*****)	2 110 000	2 110 000	2 110 000

*) All shares and warrants have been adjusted for the consolidation of shares 1:100 effective 2010-08-20

***) Of the options programme approved by the AGM on 21 June 2010, 1 080 000 warrants have been assigned

****) Of the options programme approved by the AGM on 15 June 2011 regarding 1 030 000 warrants , 0 warrants have been assigned

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FULL YEAR

(All amounts in TSEK)	Full year 2011	Full year 2010 Continuing operations	Full year 2010 Discontinued operations
The period's Net result	-17 680		
Translation difference	-4 041		
Net result from continuing operations		-47 595	
Translation difference		-	
Total result from continuing operations		-47 595	
Net result from discontinued operations		-9 195	-9 195
Translation difference		-13 844	-13 844
Total result from discontinued operations		-23 039	-23 039
The period's Total result	-21 721	-70 634	
Total result attributable to:			
Parent company shareholders	-21 721	-70 634	

CONSOLIDATED BALANCE SHEET

(All amounts in TSEK)	2011-12-31	2010-12-31
ASSETS		
FIXED ASSETS		
Intangible fixed assets	90 441	41 695
Tangible fixed assets	1 470	788
Total fixed assets	91 912	42 483
CURRENT ASSETS		
Inventories	6 301	-
Short term financial investment	-	140 591
Other current receivables	10 799	1 530
Assets under discretionary management	340 347	278 155
Cash and bank	158 795	178 410
Total current assets	516 242	598 687
<i>Assets classified as held for sale</i>	-	-
TOTAL ASSETS	608 154	641 170
EQUITY AND LIABILITIES		
TOTAL EQUITY	603 628	625 349
LONG-TERM LIABILITIES	-	-
SHORT-TERM LIABILITIES		
Accounts payable	443	1 091
Other short-term liabilities	1 637	733
Accrued costs and prepaid income	2 445	2 065
Total short-term liabilities	4 526	3 890
<i>Liabilities directly associated with assets classified as held for sale</i>	-	11 932
TOTAL EQUITY AND LIABILITIES	608 154	641 170
Specification Disposal group	2011-12-31	2010-12-31
<i>Assets classified as held for sale</i>		
Fixed assets	-	-
Current assets	-	-
Total assets	-	-
<i>Liabilities directly associated with assets classified as held for sale</i>		
Provisions	-	-
Current liabilities	-	11 932
Total liabilities	-	11 932

CONSOLIDATED CASH FLOW STATEMENT

(All amounts in TSEK)	Full year 2011	Full year 2010
Cash flow from current operations		
Operating result	-29 820	-22 881
Adjustment for items not included in cash flow	-2 379	-54 304
Interest received	28 223	12 476
Interest paid	-1	-283
Tax	-	-98
Cash flow from current operations before changes in operating capital	-3 977	-65 090
Cash flow from changes in operating capital		
Decrease(+)/increase(-) in inventory	-6 301	-
Decrease(+)/increase(-) in receivables	-9 267	-731
Decrease(-)/increase(+) in liabilities	-11 295	-10 950
Total changes in operating capital	-26 863	-11 681
Cash flow from current operations	-30 840	-76 771
Investment operations		
Investment in intangible fixed assets	-57 462	-45 140
Investment in tangible fixed assets	-1 183	-1 410
Investment in Financial assets under discretionary management	-77 141	-278 155
Investment in / Repayment of Short financial loan	148 112	-140 591
Sale of subsidiary	-	798 325
Cash flow from investment operations	12 326	333 029
Financing operations		
Dividend	-	-80 531
Sale of subsidiary	-	-
Cash flow from financing operations	-	-80 531
Decrease(-)/increase(+) in liquid assets	-18 514	175 727
Liquid assets at beginning of period	178 410	2 683
Exchange rate differences in liquid assets	-1 100	-
Liquid assets at end of period	158 795	178 410

STATEMENT OF CHANGES IN EQUITY

Attributable to shareholders of the Parent company

(All amounts in TSEK)	Share capital	Additional paid in capital	Other reserves	Retained earnings	Total equity capital
Incoming equity on Jan 1, 2010	268 410	1 432 114	-73 572	-850 438	776 514
Total result for the period			-13 844	-56 787	-70 631
Dividend				-80 532	-80 532
Balance on December 31, 2010	268 410	1 432 114	-87 417	-987 758	625 349
Total result for the period			-4 041	-17 680	-21 721
Outgoing balance on Dec 31, 2011	268 410	1 432 114	-91 457	-1 005 438	603 628

KEY RATIOS

	12 months 2011-12-31	12 months 2010-12-31
Group		
Total assets, TSEK	608 154	641 170
Total equity, TSEK	603 628	625 349
Equity ratio (%)	99,3%	97,5%
Interest bearing debt, TSEK	-	-
Employees at end of period	36	28
Return on equity (%)	-2,86%	-7,68%
Per share data		
Earnings per share, SEK	-0,44	-1,41
Equity per share, SEK	14,99	15,53

Key ratio definitions

Total assets, TSEK	Total assets at end of period
Total equity, TSEK	Total equity at end of period
Equity ratio (%)	Total equity according to above divided by total assets expressed as a percentage
Interest bearing debt, TSEK	Total interest bearing debt at end of period
Earnings per share, SEK	Net result after tax for the period divided by the average number of outstanding shares for the period before dilution
Equity per share, SEK	Total equity according to above at end of period divided by the total number of shares outstanding at end of period
Return on equity (%)	Net result after tax for the period divided by the average equity for the same period

PARENT COMPANY INCOME STATEMENT FULL YEAR

(All amounts in TSEK)	Full year 2011	Full year 2010
Operating income		
Other operating income	-	14 022
Total operating income	-	14 022
Cost of sales	-	-
Gross profit	-	14 022
Administration costs	-13 114	-13 457
Other operating expenses	-693	-16 123
Operating profit	-13 807	-15 557
Result from financial investments		
Financial income	9 135	6 166
Change in real value of assets under discretionary management	6 346	12 400
Interest effect on short term financial investment	9 514	7 552
Exchange rate effects	-12 280	-58 603
Other financial costs	0	-14 446
Result before tax	-1 092	-62 488
Tax on the period's result	-	-
The period's Net result	-1 092	-62 488

PARENT COMPANY BALANCE SHEET

(All amounts in TSEK)	2011-12-31	2010-12-31
ASSETS		
FIXED ASSETS		
Intangible fixed assets	5 178	-
Tangible fixed assets	136	37
Financial fixed assets	132 651	52 837
Total fixed assets	137 965	52 874
CURRENT ASSETS		
Short term financial investment	-	140 591
Other current receivables	747	566
Assets under discretionary management	340 347	278 155
Cash and bank	157 927	176 501
Total current assets	499 021	595 812
TOTAL ASSETS	636 986	648 687
EQUITY AND LIABILITIES		
TOTAL EQUITY	632 403	633 495
LONG-TERM LIABILITIES	-	-
SHORT-TERM LIABILITIES		
Accounts payable	311	991
Other short-term liabilities	1 976	204
Accrued costs and prepaid income	2 297	13 997
Total short-term liabilities	4 584	15 192
TOTAL EQUITY AND LIABILITIES	636 986	648 687

Accounting policy

Basis for the preparation of the interim report

This interim report has been prepared in accordance with IAS 34, Interim reporting. The consolidated group accounting has been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by EU and the Annual Accounts Act.

The interim report does not include all the information and notes included in the annual report.

Discontinued operations

In December 2009, Petrogrand AB and Gazprom Neft Vostok signed a sale and purchase agreement concerning the sale of Petrogrand's subsidiary STS-Service. Consequently, Petrogrand has based the financial reports during 2010 according to IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*. In the Group income statement for the comparative periods in 2010, continued and discontinued operations are thus reported separately and in the balance sheet, assets and liabilities held for sale are reported on separate lines. In the income statement for discontinued operations, all income and costs, including financial items that are directly attributable to the divested subsidiary are included.

Parent company

The interim report for the parent company has been prepared in accordance with the Annual Accounts Act and the Securities Market Act, which is in accordance with the rules in RFR 2 *Accounting for Legal Entities*.

Future reporting dates

Interim report Q1 2012:	To be published 4 May 2012
Interim report Q2 2012:	To be published 22 August 2012
Interim report Q3 2012:	To be published 31 October 2012

The AGM 2012 will be held in Stockholm on 10 May 2012.

Company information

The full name of the parent company is Petrogrand AB (publ). It is a public limited company with head offices in Stockholm and the corporate registration number 556615-2350. The address of the parent company is Birger Jarlsgatan 41A, SE-111 45 Stockholm. The telephone number is +46 8 5000 7810 and fax number is +46 8 5000 7815. Internet web site: www.petrogrand.se

Certified Adviser

Certified Adviser First North: Mangold Fondkommission AB

This report has not been subject to review by the company's auditors.

Stockholm, 29 February 2012

The Board of Petrogrand AB (publ)

For further information, please contact:

Maks Grinfeld, MD, tel; +46 8 5000 7810

Sven-Erik Zachrisson, Chairman of the Board of Directors, tel: +46 8 5000 7810

For further information on Petrogrand AB, see the website www.petrogrand.se

Reasonable caution notice: The statement and assumptions made in the company's information regarding Petrogrand AB's ("Petrogrand") current plans, prognoses, strategies, concepts and other statements that are not historical facts are estimations or "forward looking statements" concerning Petrogrand's future activities. Such future estimations comprise but are not limited to statements that include words such as "may occur", "concerning", "plans", "expects", "estimates", "believes", "evaluates", "prognosticates" or similar expressions. Such expressions reflect the management of Petrogrand's expectations and assumptions made on the basis of information available at that time.

These statements and assumptions are subject to a large number of risks and uncertainties. These, in their turn, comprise but are not limited to i) changes in the financial, legal and political environment of the countries in which Petrogrand conducts business, ii) changes in the available geological information concerning the company's projects in operation, iii) Petrogrand's capacity to continuously guarantee sufficient financing to perform their activities as a "going concern", iv) the success of all participants in the group, or of the various interested companies, joint ventures or secondary alliances, v) changes in currency exchange rates, in particular those relating to the RUR/USD rate. Due to the background of the many risks and uncertainties that exist for any oil-prospecting venture and oil production company in its initial stage, Petrogrand's actual future development may significantly deviate from that indicated in the company's informative statements.

This report has been prepared both in Swedish and English. In case of any divergence in the content of the two versions, the Swedish version shall have precedence.
