



Press release, Stockholm February 24th, 2014

Selena Oil & Gas Holding AB (publ) (the “Company”) describes important events during the year 2013: i) Impairment of asset values of 232.7 million as a result of changes in the Company’s investment in OOO Selena-Perm ii) Position after settlement with former shareholders and iii) planning of short-term financing for of the Company.

Background information

This announcement is published by Selena Oil & Gas Holding AB (Publ) and precedes the Company’s Year End Report and 12 month report due to be published on February 28th 2014.

Selena Oil & Gas Holding AB has during 2012 and 2013 experienced a series of complex events that have impeded the Company’s progress. These events caused tension among shareholders and uncertainty with regard to the Company’s share.

This announcement provides information on such key events during 2013 as well as comments and clarifications by the Company and its Board of Directors, followed by an update on the Board’s position on financing and executing the Company’s business plan.

Review of selected significant events in 2013

The Group’s holding in the Russian subsidiary OOO Selena-Perm

On 21 December 2012, Selena Oil & Gas Holding AB made public that it has obtained information on a registration of a new issue of shares in its Russian subsidiary OOO Selena-Perm. The new issue had taken place without the Company’s authorization and had been formally registered with the Russian authorities. This event effectively reduced the Company’s holding in its subsidiary OOO Selena-Perm from 100% to 12% and as a consequence reduced the Company’s reported 2P reserves by 55%. The Company publicly denounced the share issue and attributed it to a dispute between its major shareholders, of which one group was led by Mr. Oleg Popov and Ms. Nadezhda Popova. On January 14th 2013, Mr Oleg Popov was elected as the Chairman of the Company and assumed effective control over all its subsidiaries.

Representatives of the Board of Directors and several shareholders in the Company immediately filed an appeal to the registration with the Russian courts. In February 2013, the court of first instance in Perm rejected the appeal. Subsequent appeals were not successful and all appeals possibilities were exhausted. The Board of Directors has not identified any other realistic means to restore the Company’s full ownership to OOO Selena-Perm.

The consequence of the above makes it imperative for the Company to recognize a decrease in value of its investment into OOO Selena-Perm by year-end 2013 in relation to partially lost assets of OOO Selena-Perm. This loss will be reflected on the Company's reported profit and loss for 2013 as well as its balance sheet through impairment of asset values. The effect will be that the Company will report an impairment of SEK 232.7 million and that shareholders' free equity in Selena Oil & Gas Holding AB, stand-alone entity, will be reduced by SEK 232.7 Million. Such losses are partially offset by a decrease in liabilities to Bryum Limited, as discussed below.

The Company's settlement with Ms Nadezhda Popova

Despite the reduction of the Company's shareholding in OOO Selena-Perm to 12 % in December 2012, the Company continued to receive operating information and exercise managerial control over its Russian assets over the course of 2013 and negotiated with the Popov's family regarding the possibilities to resolve the complicated situation. The financial results of subsidiary OOO Selena-Perm were consolidated with the Company's results in 2013.

In May 2013 the Company's Board of Directors called for an Extraordinary Shareholders' Meeting proposing to its shareholders a resolution regarding a settlement and certain transactions between the Company and its shareholder Ms Nadezhda Popova to recover the value lost due to the share capital decrease in OOO Selena-Perm, whereby the Company's 100% ownership of OOO Selena-Perm would be restored, but OOO Selena-Perm would divest a material part of its assets to a company controlled by Ms Popova. To offset the negative impact on the Company's asset value, Ms Popova agreed to acquire from Bryum Limited and to subsequently extinguish Company's debt in the principal amount of USD 2,158 million, with all interest and penalties accrued whereon.

The validity of the above settlement was disputed by the Company's shareholder Mr. Gusev and a prospective court case is pending between him and the Company. The Company has been informed by large shareholders that negotiations to terminate the dispute amicably are ongoing. Furthermore, the Company submitted its defences to Mr. Gusev's petition on February 17, 2014.

Due to the pending dispute, the Company's Board of Directors did not take any action to carry out the settlement approved in May 2013, despite the authorisation granted by the EGM, with the sole exception of accepting the extinguishing of overdue loans acquired by Ms Popova from Bryum Limited. The Board of Directors does not, however, see any legal or practical possibility to restore the situation existing prior to December 2012 (i.e., on the asset side, to restore 100% ownership in OOO Selena-Perm with all its pre-restructuring assets, and on the liability side, to restore an overdue liability to Bryum Limited with related interest and sanctions). Due to the Russian courts' acceptance of the legality of the share capital increase in OOO Selena-Perm, the Board of Directors firmly believes its duty to be the mitigation of the consequences of the same to the best possible extent.

Comments to the statement from the Swedish Securities Council (Aktiemarknadsnämnden)

The Board of Directors accepts the criticism directed to the Company from the Swedish Securities Council (Aktiemarknadsnämnden) and pronounces its full submission to the issued statement.

The regretful shortcomings in the Company's reporting over the course of 2013 are to a large extent attributable to the disputes described above and the resulting frequent changes to the operational and legal management of the Company.

Status vis-à-vis the Company's creditors

As has been reported during 2013 the Company has been subject to petitions on bankruptcy charges three times through actions made by creditors. All these cases have been settled out of court and the Company has established repayment plans. The Company maintains operative contact with its creditors and are actively seeking solutions on refinancing its debt.

Comments on the company's plans for 2014

Selena Oil & Gas Holding has since September been informed of a negotiation process between its four principal shareholders with an objective to resolve conflicting interests and to seek an accord on the mission as well as capitalization strategies of the Company.

The Board of Directors has taken measures to arrange for the short-term financing of the Company's business plans. Such financing is under way and plans are being made to raise minor capital through short and medium term credit facilities.

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Selena Oil & Gas Holding AB (publ) (former Emitter Holding AB) is engaged in the production and transportation of oil and gas in the Volga-Ural region in the Russian Federation, including Perm and Udmurtia. The company is listed on NASDAQ OMX First North Premier in Stockholm under the ticker SOGH. Mangold Fondkommission is the company's Certified Adviser and liquidity provider, telephone +46 8-503 015 50.