

**Interim Report January – September 2014**

**Petrogrand AB (publ)**

7 November 2014

**Third quarter of 2014**

- During the 3<sup>rd</sup> quarter, the Group had no operating income (-). The operating result for the 3<sup>rd</sup> quarter amounted to TSEK -5 665 (-144 803).
- Net financial items in the 3<sup>rd</sup> quarter amounted to TSEK 5 318 (-2 560), including currency effects TSEK 5 115 (-).
- Net result after tax for the 3<sup>rd</sup> quarter amounted to TSEK -347 (-147 364).
- Earnings per share for the period amounted to SEK -0.01 (-3.66).

**January – September 2014**

- During the nine month of the 2014, the Group had no operating income (-). The operating result for the period amounted to TSEK - 26 942 (-160 985), which includes about TSEK -10 000 of extraordinary costs.
- Financial income during the period amounted to TSEK 1 936 (2 329). Net financial items in the period amounted to TSEK 6 695 (-1 462) including currency effects of TSEK 4 840 (-2 366).
- Net result after tax for the period amounted to TSEK -20 248 (-162 447)
- Earnings per share for the period amounted to SEK -0.50 (-4.03).
- The Company holds 4 983 756 B-Shares in Shelton Petroleum AB (publ) at the end of the period.

*The figures in brackets represent the corresponding period 2013*

## MD's report

Dear shareholders,

During the first half of the year we focused on General Meetings, public offers and counter-offers. Therefore we have in the third quarter devoted ourselves to negotiations and business as well as improving the Company's finances.

A Stand-still agreement with Shelton Petroleum AB has brought good working environment for both companies during the third quarter. The agreement ended 30 September 2014 and Petrogrand's various cooperation proposals have so far not resulted in any settlements.

At the same time, we do not see the cross-ownership as a problem, as Petrogrand's management considers this ownership as a passive one and plans to sell over the market in very orderly fashion at the price that is advantageous.

The companies will each nominate one Member to the Nominating Committee, however we will return with further information on the website.

With regard to the sanctions that the European Union and the United States introduced against the Russian Federation, the weakened Rubble and a decline in the market price of oil, smaller companies are experiencing financial difficulties. Also larger oil companies have reprioritized their investments mainly to their own oil fields.

This in turn has led to that interesting items/assets came out on the market at favorable prices. Also various service works on the oil fields such as fracking, drilling, seismic research have become significantly cheaper.

This in turn will result in future investments to have more positive economic effect. Petrogrand's future projects will be paid in USD and with the ongoing currency turmoil, Petrogrand management has decided to place the greater proportion of liquid assets in the USD securities on Petrogrand's AB portfolio account with Sberbank, Moscow. This is a preparation for future bargains. At the same time, the Company's liquidity yields interest, as shown by the positive result of the quarter's financial net. This is done completely in accordance with the company's financial policy.

As previously announced, we have decided to implement fracking at the previously drilled well no. 6, at Niznepaninsky licence area. This decision was made after extensive review and reassessment of drilling data and we have a very positive forecast on the outcome of this measure. Right now negotiations take place with the service companies, regarding carrying out this work as soon as the winter roads are established.

At the same time, the company has continued to reduce their administrative costs.

As stated in the quarterly report, the company has a strong financial position and is well equipped for future efforts.

Best regards,  
Maks Grinfeld  
*Managing Director*  
*Petrogrand AB*

## **Comment on the Group's result and financial position per 30 September 2014.**

### **Turnover and result**

The Group had no operating income during the period January - September 2014 (-) and did not have any production related operating expenses (-).

The Group did not have any costs for sales and distribution during the period (-). Administration costs amounted to TSEK -26 942 (-22 378), which includes approximately TSEK -10 000 of extraordinary costs that mostly accrued during the first half of 2014.

The Operating result for the first three quarters amounted to TSEK -26 942 (-160 985).

Financial income amounted to TSEK 1 936 (2 329). Net financial items amounted to TSEK 6 695 (-1 462) which includes currency effects of TSEK 4 840 (-2 366) mainly due to the valuation of the investment in RUB and USD on the day of closing.

Result before tax amounted to TSEK -20 248 (-162 447). There was no tax charged for the period. Earnings per share for the period amounted to SEK -0.50 (-4.03).

### **Investments**

At the end of the third quarter 2013, the reserves for intangible assets impairment were made, thus no intangible fixed assets are reported on the Group's balance sheet per 30 September 2014.

### **Financing and liquidity**

During the period, assets amounting to TSEK 66 049 (100 966) were placed under portfolio management in Russia. Cash placed in Russia amounted to TSEK 38 687 (9 514) and in Sweden TSEK 133 798 (38 246) at the end of the period. As of 30 September 2014 the Groups available liquid assets in total amounted to TSEK 238 857 (148 756).

As of 30 September 2014 Petrogrand holds 4 983 756 B-shares in Shelton Petroleum AB(publ) ("Shelton"), price per share at the end of the period was SEK 18.20. The value of the investment based on the price amounts to TSEK 90 704. The unrealized depreciation amounting to TSEK -5 127 is stated as "*Unrealised value change of shares in Shelton Petroleum AB*" in "consolidated statement of profit or loss and other comprehensive income" (see page 9).

Total financial assets, including shareholding in Shelton, amount on 30 September 2014 to TSEK 329 562 (364 005).

### **Employees**

The number of employees in Group companies at the end of the period was 14 (24), whereof women 7(11) and men 7 (13).

### **Comments on the Parent Company**

Parent Company income statement includes write down of loans given to Russian subsidiaries under first three quarters 2014. Previous loans were written down before the start of the year, thus the value of loans in the balance sheet of the Parent Company is equal to SEK 0.

On the Parent Company's balance sheet the shares in Shelton are valued at the purchase cost of the shares.

### **Transactions with related parties**

James Smith, a member of the Board, has a consultant agreement with Petrogrand regarding advice on geology.

## **Major events during the report period**

On 19 January 2014 Shelton Petroleum AB released information about a public bid to Petrogrand's shareholders. After conclusion of the offer Shelton have reported to have acquired 28,8% of shares and votes in Petrogrand.

Extraordinary General Meeting, which took place on Friday 7 March 2014, resolved to re-elect Maks Grinfeld and Mikael Wallgren as Board members, new election of Lars Jacobsson. Timur Rodionov and James Smith previous deputies were elected Board Members. Mikael Wallgren was appointed by the EGM to serve as chairman of the Board.

On 21 March 2014 Petrogrand AB announced a cash offer to acquire all shares, warrants and convertibles in Shelton Petroleum AB. The acceptance period stretched to 1 July 2014. After acceptance period's end Petrogrand has decided not to conclude the offer to Shelton shareholders as the goal of acquiring 50% of shares and votes in Shelton was not achieved.

On 26 June 2014 Shelton and Petrogrand have reached an agreement, that among other restricted the right of the companies to request EGMs in corresponding company as well as not to vote on any general meetings until the end of September 2014. The companies continue the dialog in order to resolve cross-shareholding in a long-term perspective.

Annual General Meeting on 27 June 2014 has resolved to re-elect the sitting board.

On 25 September 2014 the Company has announced that following the results of the Petrogrand's well Zapadno-Ambarskaya No. 6 in Nizhnepaninsky license area, drilled in 2012, the Board of Directors has decided to undertake hydro-fracking on the well No. 6. In the fourth quarter 2014 negotiations take place with the service companies, regarding carrying out this work as soon as the winter roads are established.

### **Operations**

Petrogrand AB is an independent Swedish oil company within exploration and production assets 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 was the Nizhnepaninsky license area in the Tomsk region. The license area was discovered in the 1960's and in 2013 the State Committee for Natural Resources has registered the resources at 31,3 million tons, according to the Russian classification C3 (approximately 235 mmbbl). During winter and spring 2011, seismic surveys were carried out in the license area and the results laid the ground for exploration drilling which took place during the winter 2012.

Another project was the Muromsky-2 license area, also in the Tomsk region. After drilling an exploration well and seismic surveys were carried out during 2012 the license area's estimated resources amount to 20.5 million tons, according to the Russian classification of C3 (about 154 mmbbl).

### **The company is seeking partners**

The company has continued to seek Russian partners for its Tomsk licences to maximise the exploration potential. In the end of February 2014 the Company has made an announcement regarding a nonbinding letter of intent was signed with Gazprom Neft, regarding cooperation in exploration of the license area Nizhnepaninsky.

**Production status as of 30 September 2014**

The Group did not produce any oil during January- September 2014.

**Share data**

As of 31 September 2014 the share capital of Petrogrand AB amounts to SEK 40 265 898 divided into 40 265 898 outstanding shares, each with a new par value of SEK 1.

According to the Incentive Programme 2011/2014 the Company's employees have purchased 473 000 warrants. Each warrant entitled the holder to subscribe to one new share in the Company. All warrants have been cancelled on 15 July 2014.

# CONSOLIDATED INCOME STATEMENT

## QUARTER 3

(All amounts in TSEK)	Jul-Sept 2014	Jul-Sept 2013	Full Year 2013
<b>Operating income</b>			
Net sales of oil	-	-	-
Other operating income	-	-	-
<b>Total operating income</b>	-	-	-
<b>Cost of sales</b>			
Production costs	-	-	-
Amortization	-	-	-
<b>Gross profit</b>	-	-	-
Selling and distribution expenses	-	-	-
Administration costs	-5 665	-6 195	-31 680
Other operating expenses	-	-	-
Intangible assets impairment	-	-138 608	-138 608
<b>Operating profit</b>	<b>-5 665</b>	<b>-144 803</b>	<b>-170 288</b>
<b>Result from financial investments</b>			
Financial income	238	887	3 444
Change in real value of assets under external management	-	746	3 394
Interest effect on short term financial investment	-	-	-
Exchange rate effects	5 115	-	-3 768
Other financial costs	-35	-4 193	-3 940
<b>Result before tax</b>	<b>-347</b>	<b>-147 364</b>	<b>-171 158</b>
Tax on the period's result	-	-	-
<b>The period's Net result</b>	<b>-347</b>	<b>-147 364</b>	<b>-171 158</b>
Whereof attributable to the shareholders of the parent company	-347	-147 364	-171 158
Earnings per share before dilution, SEK	-0.01	-3.66	-4.25
Earnings per share after dilution, SEK	-0.01	-3.66	-4.25
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
Outstanding number of warrants at end of period (1 warrant corresponding to 1 share*)	-	473 000	473 000

\*) Of the options programme approved by the AGM on 15 June 2011 473 000 warrants have been assigned. All warrants have been cancelled on 15 July 2014

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME QUARTER 3

(All amounts in TSEK)	Jul-Sept 2014	Jul-Sept 2013	Full year 2013
<b>Income for the period</b>	-347	-147 364	-171 158
<b>Items that may be reclassified subsequently to income statement</b>			
Translation difference	-212	-6 215	-12 525
Unrealised value change of shares in Shelton Petroleum AB	-10 466	-	6 000
<b>Other comprehensive income for the period, net of taxes</b>	<b>-11 025</b>	<b>-153 579</b>	<b>-177 683</b>
<b>Total result attributable to:</b>			
Parent company shareholders	-11 025	-153 579	-177 683

# CONSOLIDATED INCOME STATEMENT

## January-September

(All amounts in TSEK)	Jan-Sept 2014	Jan-Sept 2013	Full year 2013
<b>Operating income</b>			
Net sales of oil	-	-	-
Other operating income	-	-	-
<b>Total operating income</b>	-	-	-
<b>Cost of sales</b>			
Production costs	-	-	-
Amortization	-	-	-
<b>Gross profit</b>	-	-	-
Selling and distribution expenses	-	-	-
Administration costs*	-26 942	-22 378	-31 680
Other operating expenses	-	-	-
Intangible assets impairment	-	-138 608	-138 608
<b>Operating profit</b>	<b>-26 942</b>	<b>-160 985</b>	<b>-170 288</b>
<b>Result from financial investments</b>			
Financial income	1 936	2 329	3 444
Change in real value of assets under external management	-	2 811	3 394
Interest effect on short term financial investment	-	-	-
Exchange rate effects	4 840	-2 366	-3 768
Other financial costs	-80	-4 236	-3 940
<b>Result before tax</b>	<b>-20 248</b>	<b>-162 447</b>	<b>-171 158</b>
Tax on the period's result	-	-	-
<b>The period's Net result</b>	<b>-20 248</b>	<b>-162 447</b>	<b>-171 158</b>
Whereof attributable to the shareholders of the parent company	-20 248	-162 447	-171 158
Earnings per share before dilution, SEK	-0.50	-4.03	-4.25
Earnings per share after dilution, SEK	-0.50	-4.03	-4.25
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
Outstanding number of warrants at end of period (1 warrant corresponding to 1 share)**)	-	473 000	473 000

\*) Which includes about TSEK 10 000 of extraordinary costs

\* \*) Of the options programme approved by the AGM on 15 June 2011 473 000 warrants have been assigned. All warrants were cancelled on 15 July 2014.



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

January - September

(All amounts in TSEK)	Jan-Sept 2014	Jan-Sept 2013	Full year 2013
Income for the period	-20 248	-162 447	-171 158
<b>Items that may be reclassified subsequently to income statement</b>			
Translation difference	-3 013	-13 217	-12 525
Unrealised value change of shares in Shelton Petroleum AB	-5 127	-	6 000
<b>Other comprehensive income for the period, net of taxes</b>	<b>-28 388</b>	<b>-175 664</b>	<b>-177 683</b>
<b>Total result attributable to:</b>			
Parent company shareholders	-28 388	-175 664	-177 683

## CONSOLIDATED BALANCE SHEET

(All amounts in TSEK)	2014-09-30	2013-09-30	2013-12-31
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
Intangible fixed assets	-	-	-
Shares in company of interest	90 704		36 000
Tangible fixed assets	489	778	648
<b>Total fixed assets</b>	<b>91 193</b>	<b>778</b>	<b>36 648</b>
<b>CURRENT ASSETS</b>			
Inventories	2 053	2 255	2 239
Short term convertible loan	-	215 249	185 811
Other current receivables	4 576	3 909	53 336
Assets under discretionary management	66 049	100 996	-
Cash and bank	172 809	47 760	93 034
<b>Total current assets</b>	<b>245 486</b>	<b>370 169</b>	<b>334 420</b>
<b>TOTAL ASSETS</b>	<b>336 679</b>	<b>370 947</b>	<b>371 068</b>
 <b>EQUITY AND LIABILITIES</b>			
<b>TOTAL EQUITY</b>	<b>333 202</b>	<b>363 608</b>	<b>361 589</b>
<b>LONG-TERM LIABILITIES</b>	-	-	-
<b>SHORT-TERM LIABILITIES</b>			
Accounts payable	356	1 093	971
Other short-term liabilities	2 322	4 012	4 377
Accrued costs and prepaid income	800	2 233	4 131
<b>Total short-term liabilities</b>	<b>3 477</b>	<b>7 339</b>	<b>9 478</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>336 679</b>	<b>370 947</b>	<b>371 068</b>

## CONSOLIDATED CASH FLOW STATEMENT

(All amounts in TSEK)	Jan-Sept 2014	Jan-Sept 2013	Full year 2013
<b>Cash flow from current operations</b>			
Operating result	-26 942	-160 985	-170 288
Adjustment for items not included in cash flow	4 720	137 171	140 755
Interest received	1 901	1 906	2 729
Interest paid	-16	-	-75
Tax	-	-	357
<b>Cash flow from current operations before changes in operating capital</b>	<b>-20 337</b>	<b>-21 908</b>	<b>-26 522</b>
<b>Cash flow from changes in operating capital</b>			
Decrease(+)/increase(-) in inventory	186	685	701
Decrease(+)/increase(-) in receivables	48 760	3 134	-46 294
Decrease(-)/increase(+) in liabilities	-2 793	-1 162	-202
<b>Total changes in operating capital</b>	<b>46 154</b>	<b>2 657</b>	<b>-45 795</b>
<b>Cash flow from current operations</b>	<b>25 817</b>	<b>-19 251</b>	<b>-72 317</b>
<b>Investment operations</b>			
Investment in intangible fixed assets	-	-662	-662
Investment in tangible fixed assets	-	-	-
Change in intangible assets	-	-	-
Investment in Financial assets under discretionary management	-	-201 520	52 409
Investment in / Repayment of Short financial loan	185 811	-215 249	-185 811
Change in financial assets	-136 560	152 933	-30 000
<b>Cash flow from investment operations</b>	<b>49 251</b>	<b>-264 498</b>	<b>-164 064</b>
<b>Financing operations</b>			
Dividend	-	-	-
<b>Cash flow from financing operations</b>	<b>-</b>	<b>-</b>	<b>-</b>
Decrease(-)/increase(+) in liquid assets	75 068	-283 749	-236 381
Liquid assets at beginning of period	93 034	132 378	332 939
Exchange rate differences in liquid assets	4 706	-1 429	-3 524
<b>Liquid assets at end of period</b>	<b>172 809</b>	<b>47 960</b>	<b>93 034</b>

## 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
<b>Incoming equity on 1 January 2013</b>	<b>268 410</b>	<b>1 432 114</b>	<b>-91 562</b>	<b>-1 069 690</b>	<b>539 272</b>
Result for the period	-228 144	-	-13 217	65 697	-175 664
<b>Balance on 30 September 2013</b>	<b>40 266</b>	<b>1 432 114</b>	<b>-104 779</b>	<b>-1 003 993</b>	<b>363 608</b>
Result for the period	-	-	6 692	-8 712	-2 019
<b>Balance on 31 December 2013</b>	<b>40 266</b>	<b>1 432 114</b>	<b>-98 087</b>	<b>-1 012 705</b>	<b>361 589</b>
Result for the period	-	-	-8 138	-20 248	-28 389
<b>Outgoing balance on 30 September 2014</b>	<b>40 266</b>	<b>1 432 114</b>	<b>-106 225</b>	<b>-1 032 953</b>	<b>333 202</b>

## KEY RATIOS

	9 months 2014-09-30	9 months 2013-09-30	12 months 2013-12-31
<b>Group</b>			
Total assets, TSEK	336 679	370 947	371 068
Total equity, TSEK	333 202	363 608	361 589
Equity ratio (%)	99.0%	98.0%	97.40%
Interest bearing debt, TSEK	-	-	-
Employees at end of period	14	22	14
Return on equity (%)	-5.83%	-32.72%	-38.00%
<b>Per share data</b>			
Earnings per share, SEK	-0.50	-4.03	-4.25
Equity per share, SEK	8.28	9.03	8.98

### 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

### January-September

(All amounts in TSEK)	Jan-Sept 2014	Jan-Sept 2013	Full year 2013
<b>Operating income</b>			
Other operating income	-	-	-
<b>Total operating income</b>	-	-	-
<b>Cost of sales</b>	-	-	-
<b>Gross profit</b>	-	-	-
Administration costs	-19 659	-8 314	-13 668
Other operating expenses	-	-	-209 358
<b>Operating profit</b>	<b>-19 659</b>	<b>-8 314</b>	<b>-223 026</b>
<b>Result from financial investments</b>			
Financial income	1 936	2 329	3 444
Change in real value of assets under discretionary management	-	2 811	3 394
Interest effect on short term financial investment	-	-	-3 768
Exchange rate effects	4 840	-2 366	-
Other financial costs	-7 804	-225 744	-19 343
<b>Result before tax</b>	<b>-20 689</b>	<b>-231 283</b>	<b>-239 300</b>
Tax on the period's result	-	-	-
<b>The period's Net result</b>	<b>-20 689</b>	<b>-231 283</b>	<b>-239 300</b>

## PARENT COMPANY BALANCE SHEET

(All amounts in TSEK)	2014-09-30	2013-09-30	2013-12-31
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
Intangible fixed assets	-	-	-
Tangible fixed assets	31	72	44
Financial fixed assets	585	585	585
Shares in companies of interest	95 831		30 000
<b>Total fixed assets</b>	<b>96 447</b>	<b>657</b>	<b>30 629</b>
<b>CURRENT ASSETS</b>			
Short term financial investment	-	215 249	185 811
Other current receivables	3 181	2 398	52 018
Assets under discretionary management	66 049	100 996	-
Cash and bank	172 485	47 468	92 686
<b>Total current assets</b>	<b>241 714</b>	<b>366 110</b>	<b>330 515</b>
<b>TOTAL ASSETS</b>	<b>338 161</b>	<b>366 767</b>	<b>361 144</b>
<b>EQUITY AND LIABILITIES</b>			
<b>TOTAL EQUITY</b>	<b>334 903</b>	<b>363 608</b>	<b>355 592</b>
<b>LONG-TERM LIABILITIES</b>	-	-	-
<b>SHORT-TERM LIABILITIES</b>			
Accounts payable	302	290	779
Other short-term liabilities	2 156	2 124	2 204
Accrued costs and prepaid income	800	745	2 569
<b>Total short-term liabilities</b>	<b>3 258</b>	<b>3 159</b>	<b>5 552</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>338 161</b>	<b>366 767</b>	<b>361 144</b>

## 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.

### 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

Full year report 2014: To be published on 27 February 2015.

### 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. Phone: +46 8 5000 7810  
Web site: [www.petrogrand.se](http://www.petrogrand.se)

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

### Certified Adviser

Certified Adviser First North: Mangold Fondkommission AB, +46 8 503 015 50,  
Web site: [www.mangold.se](http://www.mangold.se)

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

Stockholm, 7 November 2014

The Board of Petrogrand AB (publ)

### For further information, please contact:

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For further information on Petrogrand AB, see the website [www.petrogrand.se](http://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 RUB/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.
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