

Year-end report January - December 2017

January - December 2017

- Total revenue: SEK 43 (27) million
- Operating result: SEK -2 (-14) million
- Result from equity investment SEK 7 (8) million
- Net income SEK 6 (-3) million
- Earnings per share:
SEK 0.19 (-0.09)

July - December 2017

- Revenue: SEK 22 (16) million
- Operating result: SEK 0 (-3) million including
- Result from equity investment SEK 1 (0) million
- Net income SEK 2 (2) million
- Earnings per share:
SEK 0.06 (0.06)

	2017						Total 2017	Total 2016
	Jan	Feb	Mar	Apr	Maj	Jun		
Total production, bbl								
Bashkiria	13 280	12 030	13 290	12 660	13 045	12 605		
Komi	32 820	27 720	29 150	29 390	27 910	26 415		
Total barrels	46 100	39 750	42 440	42 050	40 955	39 020		
	Jul	Aug	Sep	Okt	Nov	Dec	Total 2017	Total 2016
Bashkiria	13 250	13 190	13 103	13 757	13 841	14 293	158 344	152 850
Komi	28 045	26 430	27 771	30 155	28 340	29 453	343 599	354 180
Total barrels	41 295	39 620	40 874	43 912	42 181	43 746	501 943	507 030

	2017						Total 2017	Total 2016
	Jan	Feb	Mar	Apr	Maj	Jun		
Production per day								
Bashkiria	428	430	429	422	421	420		
Komi	1 059	990	940	980	900	881		
Total barrels per day	1 487	1 420	1 369	1 402	1 321	1 301		
	Jul	Aug	Sep	Okt	Nov	Dec	Total 2017	Total 2016
Bashkiria	427	425	437	444	461	461	434	418
Komi	905	853	926	973	945	950	942	968
Total barrels per day	1 332	1 278	1 362	1 417	1 406	1 411	1 375	1 385

Statement from CEO

Dear Shareholders,

I am pleased to update you on the 2017 results. Thanks to the combination of good operational achievements and favourable market conditions we have almost doubled our revenues and improved the operating result by seven times compared to the previous period.

We have been focusing on operations with the constant efforts to stabilise and increase production, reduce operating costs and overheads and improve our oil sales. Thanks to pressure maintenance system and pump optimization we managed to increase production in Bashkiria and successfully completed the six-well drilling campaign in Komi achieving target production levels. We are planning to continue our fracing campaign in both regions and will update you in due course.

In addition we continuously look at the opportunities to increase shareholder value and improve share liquidity.

I am looking forward to provide you with more details on the work in progress and future plans at the Annual General Meeting in June 2018.

Pavel Tetyakov, CEO

Financial information January - December 2017

The consolidated financial information in this interim report has been prepared in accordance with IAS 34 and with the same accounting principles, IFRS, that were applied for the financial year 2016 as they are described in the annual report for 2016.

Consolidated information

Revenue in 2017 amounted to SEK 42,946 (27,307) thousand. The company's operating costs amounted to SEK -44,760 (-41,059) thousand and the company shows an operating result of SEK -1,814 (-13,752) thousand. The average Brent oil price in 2017 was USD 54 per barrel compared to USD 44 in 2016. Higher volumes and higher oil prices in 2017 led to higher revenue as well as higher production taxes in 2017.

The operating costs amounted to SEK -44,760 (-41,059) thousand and includes production tax which is related to produced volumes of oil and the oil price. Since both the volumes and the oil price was higher in 2017 the production taxes were higher. Excluding the production tax operating costs amounted to SEK -25,576 (-30,000) thousand, i.e. a reduction of SEK 4,424 thousand compared to 2016. Also included in operating costs are the costs for workovers that have been carried out during the year. They amount to SEK 2,240 thousand compared to SEK 2,071 thousand in 2016. The remaining operating costs amount to SEK -23,336 thousand and are lower than in 2016 by SEK 4,593 thousand – a result of the across-the-company cost reduction program.

It is worth noting that the operating result in the second half of 2017 is slightly positive, SEK 438 thousand, which means that the Russian operations cover not only its own costs but also the central costs of the company. This is also an effect of the cost reduction program mentioned above.

Petrosibir's share of the result from the equity investment in Ripiano Holdings amounted to SEK 7,427 (7,831) thousand in 2017.

Non-current financial assets, SEK 114 million, relates to the equity investment in Ripiano Holdings who owns 100% of two operating companies in the Russian republic of Komi.

The company's consolidated cash position on 31 December 2017 amounted to SEK 13,980 thousand compared to SEK 16,139 thousand on 31 December 2016.

Shareholders' equity per share on 31 December 2017 was SEK 9.30

Bashkiria

January-December 2017

The revenue in the period amounted to SEK 42,934 (27,083) thousand and the operating costs amounted to SEK -38,390 (-26,031) thousand and the operating result to SEK 4,544 (1,052) thousand. The operating margin amounted to 11% (4%).

During 2017 the average Brent price of oil was USD 54 per barrel compared to USD 44 per barrel in 2016. A lower oil price combined with higher production and sales volumes led to higher revenue in the year compared to prior year. The operations in Bashkiria produced 158,344 (152,850) barrels of oil during 2017 and sold 156,344 (152,940) barrels of oil.

July-December 2017

The revenue in the period amounted to SEK 22,464 (15,899) thousand. During the period 79,606 (75,270) barrels of oil were sold in Bashkiria. The average Brent price of oil was USD 57 per barrel during the period compared to USD 47 per barrel in the same period in 2016. The production amounted to 81,434 (75,590) barrels which corresponds to an average daily production of 443 (411) barrels. Higher production and sales volumes and higher Brent oil prices during the period compared to prior year led to higher revenue. Local management in Bashkiria has also been successful in improving the netback from oil sales,

The operating costs in the period amounted to SEK –18,965 (-16,104) thousand. The operating costs in the period include well workover costs following completed drilling and higher depreciation due to full year effect from oil treatment center and the new well #9. Altogether this resulted in a higher margin in the period compared to 2016. The operating margin for the operations in Bashkiria amounted to 16% (neg) in the period.

Below are the income statements for the operations in Bashkiria for the period January – December 2017 and 2016 as well as for the period July – December 2017 and 2016, amounts in SEK thousand.

Bashkirian operations	Jan-Dec		Jul-Dec	
	2017	2016	2017	2016
Revenue	42 934	27 083	22 464	15 899
Raw materials and consumables	-19 973	-11 792	-10 692	-5 155
Other operating expenses	-18 417	-14 239	-8 273	-10 949
Operating profit	4 544	1 052	3 499	-205
Operating margin	11%	4%	16%	neg

In the second half of 2017 the company continued its efforts to stabilise production through water injection and pump optimization. The conversion of well #11 into injection increased the reservoir pressure and led to higher production from well #2 as well as stable flow rate from well #12. Management is now working on further improvements of the pressure maintenance system.

In the fourth quarter of 2017 the company successfully re-entered an old Soviet well #54 that has never produced and was abandoned after drilling. By the end of 2017 the well had produced 1,800 barrels of oil. The current flow rate is 20 bopd, and management is planning to frac the well in the first half of 2018 along with well #9 drilled in 2016 but suspended due to low flow rate.

In December 2017 the company completed and obtained approval for the field technological development scheme for the Ayazovskoye oil field and the project to upgrade the oil treatment facility. These documents will enable the company optimizing the water injection system and will also help reduce production taxes thanks to adjusting the official state reserves.

In spring 2017 the company also managed to get access to Transneft pipeline in the neighboring Tatarstan region, this resulted in higher netback prices thus driving up the revenues compared to 2016.

Komi

January-December 2017

The revenue in the period amounted to SEK 297,626 (190,394) thousand and the operating costs to SEK -278,218 (-173,386) thousand which resulted in the operating profit of SEK 19,408 (17,008) thousand and the operating margin of 7% (9%). Petrosibir's 49% share of the operating profit amounts to SEK 9,510 (8,334) thousand. The lower margin is due to enhanced workover programs on Dinyu-Savinoborskoye and Yuzhno-Tebukskoye fields in the second half of 2017.

Ripiano Holdings showed a net profit for the period January – December 2017 of SEK 15,157 (15,981) thousand and Petrosibir's 49% share of the net profit is SEK 7,427 (7,831) thousand.

Petrosibir's share of the production in 2017 amounted to 343,599 (354,180) barrels of oil which is equal to an average daily production of 942 (968) barrels. The production in 2017 is lower than in 2016 due to a few major producing wells in the Dinyu-Savinoborskoye field watering out. This reduction was partially compensated by the added production from the six new wells in the Sosnovskoye field and successful workovers in the Yuzhno-Tebukskoye field.

July-December 2017

The Komi revenue in the second half of 2017 amounted to SEK 148,268 (124,900) thousand and the operating costs to SEK -140,251 (-113,188) thousand which resulted in the operating profit of SEK 8,017 (11,712) thousand which is equal to an operating margin of 5% (9%). Petrosibir's 49% share of the operating profit amounts to SEK 3,928 (5,739) thousand. The operating margin in the period was lower compared to last year due to an intensive workover program within Dinyu-Savinoborskoye and Yuzhno-Tebukskoye fields.

The production (gross) in the second half of 2017 in Komi amounted to 347,335 (372,880) barrels which corresponds to an average daily production of 1,888 (2,026) barrels. Petrosibir's 49% share of total production and average daily production amounts to 170,194 (182,720) barrels and 925 (993) barrels respectively.

Below are the income statements for the Komi operations for January – December and July - December 2017 and 2016, amounts in SEK thousand.

Komi operations	Jan-Dec		Jul-Dec	
	2017	2016	2017	2016
Revenue	297 626	190 394	148 268	124 900
Raw materials and consumables	-179 208	-137 384	-92 186	-86 917
Other operating expenses	-99 010	-36 002	-48 065	-26 271
Operating profit	19 408	17 008	8 017	11 712
Operating margin	7%	9%	5%	9%
Petrosibir's share of operating profit, 49%	9 510	8 334	3 928	5 739

The drilling campaign in the Sosnovskoye oil field commenced in February 2017 with 6 wells drilled during the year. Four out of six wells were successfully fraced to reach the target cumulative flow rate of 850 bopd. The two last wells are planned for fracing during the first half of 2018.

Strong production results in Sosnovskoye along with successful geotechnical program in Yuzhno-Tebukskoye nearly offset the decline in volumes in Dinyu-Savinoborskoye caused by a few largest producing wells watering out.

The company has commenced a project to upgrade the field oil treatment facilities in the Sosnovskoye and Yuzhno-Tebukskoye fields in addition to building pipelines connecting these fields to Transneft. Once the project is completed the company will benefit from substantially reduced oil transportation costs compared to the current costs which are based on trucking the oil to Transneft. Another project the company is currently working on is the Sosnovskoye field infrastructure development that will also include further drilling opportunities.

Significant events occurring after the reporting period

There have been no significant events after the reporting period.

Annual General Meeting and dividend

The annual general meeting will be held on 28 June 2018 in Stockholm. The Board proposes that no dividend is paid for the financial year 2017.

Risk factors and uncertainties

A detailed account of the risks facing the company can be found in the 2016 annual report. During the period, there has been no major change in material risk factors or uncertainties for the group or the parent company. Risks include exploration risk, oil price risk, exchange rate risk, liquidity risk, credit risk, interest rate risk and political risk, among others.

Upcoming financial reporting

Annual report 2017	May 2018
Annual General Meeting 2018	28 June 2018

This information was released for publication on 29 March 2018.

This report has not been reviewed by the Company's auditors.

For more information, please contact:

Pavel Tetyakov, CEO, +46 8 407 1850
Gunnar Danielsson, deputy CEO and CFO, +46 70 738 0585
www.petrosibir.com

Petrosibir AB

Swedish corporate identity number: 556468-1491
Hovslagargatan 5B
SE-111 48 Stockholm
Tel: +46 8 407 18 50
www.petrosibir.com

About Petrosibir

Petrosibir is a Swedish company focused on exploring and developing concessions in Russia. Petrosibir's Ukrainian operations have been distributed to its shareholders. The company holds licences in the Russian republics of Bashkiria and Komi. Petrosibir's 2P oil and gas reserves amount to 35 million barrels of oil equivalent. The Petrosibir share is traded on the OTC-list at beQuoted starting from 17 February 2016 under the symbol PSIB-B.

Petrosibir's exploration and production portfolio

Production onshore					
Licence	Product	Reserves			Working interest
		1P	2P	3P	
Rustamovskoye / Ayazovskoye*	Oil	7	23	41	100%
Rustamovskoye / Ayazovskoye*	Gas	1	4	7	100%
Dinyu-Savinoborskoye	Oil	1	3	3	49%
Sosnovskoye	Oil	1	6	6	49%
Yuzhno-Tebukskoye**	Oil	0	0	0	49%
Total		10	35	57	

Exploration onshore					
Licence	Product	Contingent and risked prospective resources			Working interest
		L	M	H	
Rustamovskoye	Oil	1	4	6	100%
Aysky	Oil	4	13	20	100%
Suyanovskoye	Oil	47	47	47	100%
Total		52	64	73	

* - The original Rustamovskoye license has been divided into two licenses: Ayazovskoye - production license and Rustamovskoye - exploration license. Both licenses are held by Petrosibir's wholly-owned subsidiary ZAO IngeoHolding.

** - Petrosibir's share of the oil reserves 2P and 3P on the Yuzhno-Tebukskoye oil field is 0.4 million barrels of oil. Due to roundings it states "0" in the row for Yuzhno-Tebukskoye.

The amounts may not add up due to roundings.

Note on the reserves and resources calculation

Amounts are reported in millions of barrels of oil equivalent. Reserves and resources refer to the amounts of oil and gas attributable to Petrosibir's share in the fields where the company conducts joint operations via joint ventures and joint investment agreements. Calculations in the assessments have been made in accordance with SPE PRMS with the exception of Suyanovskoye resources, which are of category D according to Russian standards. AGR TRACS has made the assessment for Rustamovskoye and Aysky (2014). GeoSeis Group has made the assessment for Suyanovskoye (2014). Enkonko GeoStream Service Group, part of Key Energy Services, made assessment of the Dinyu-Savinoborskoye, Sosnovskoye and Yuzhno-Tebukskoye licenses (2014).

Resources have a lower probability of extraction than reserves.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK thousand	Jul-Dec 2017	Jul-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Total revenue	22 467	15 966	42 946	27 307
Raw material and consumables	-10 692	-5 154	-19 973	-11 792
Personnel costs	-3 023	-3 978	-6 912	-10 528
Other external expenses	-6 717	-7 873	-14 190	-16 515
Depreciation and writedown	-1 597	-1 702	-3 685	-2 224
Operating expenses	-22 029	-18 707	-44 760	-41 059
Operating result	438	-2 741	-1 814	-13 752
Financial income	337	110	481	181
Share of result from equity investments	1 372	-92	7 427	7 831
Financial expenses	-179	0	-314	-1 512
Total financial items	1 530	18	7 594	6 500
Result before tax	1 968	-2 723	5 781	-7 252
Income tax	-74	4 549	-270	4 467
Result for the period	1 894	1 826	5 511	-2 785
Other comprehensive income				
Translation differences	-4 638	37 592	-27 815	58 361
Total items which may be or have been re-classified to result for the period	-4 638	37 592	-27 815	58 361
Total comprehensive income for the period	-2 744	39 418	-22 305	55 576
Earnings per share	0,06	0,06	0,19	-0,09
Average number of shares	29 773 862	29 773 862	29 773 862	29 773 862

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK thousand	Dec 31 2017	Dec 31 2016
ASSETS		
Non-current assets		
Exploration and evaluation assets	48 709	50 761
Oil and gas assets	116 421	124 963
Other fixed assets	3 223	2 378
Equity investments	114 217	127 504
Total non-current assets	282 570	305 606
Current assets		
Inventory	1 589	243
Other current receivables	1 136	2 385
Cash and cash equivalents	13 980	16 139
Total current assets	16 705	18 767
Assets held for sale	0	0
Total ASSETS	299 275	324 373
EQUITY AND LIABILITIES		
Equity	276 867	299 171
Non-current liabilities		
Deferred income tax liabilities	13 296	13 500
Other provisions	637	758
Total non-current liabilities	13 933	14 258
Current liabilities		
Accounts payable	1 334	1 267
Other current liabilities	7 141	9 677
Total current liabilities	8 475	10 944
Total EQUITY AND LIABILITIES	299 275	324 373

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Jul-Dec 2017	Jul-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Cash flow from operating activities				
Before change in working capital	2 353	-3 066	2 334	-11 124
Change in working capital	1 489	-1 611	-2 809	-242
Cash flow from operating activities	3 842	-4 677	-475	-11 366
Investment in oil and gas assets	-1 242	-13 318	-1 242	-14 147
Investment in exploration and evaluation assets	0	578	0	-224
Disposal of financial assets	0	0	0	8 029
Cash flow from investing activities	-1 242	-12 740	-1 242	-6 342
Cash flow from financing activities	0	0	0	-4 016
Cash flow for the period	2 600	-17 417	-1 717	-21 724
Cash and cash equivalents at beginning of the period	11 315	32 509	16 139	36 134
Cash flow for the period	2 600	-17 417	-1 717	-21 724
Exchange differences in cash and cash equivalents	65	1 047	-442	1 729
Cash and cash equivalents at end of the period	13 980	16 139	13 980	16 139

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK thousand	2017	2016
Opening balance January 1	299 171	243 610
Total comprehensive income for the period	-22 305	55 577
Issue costs	0	-16
Closing balance December 31	276 867	299 171

Notes to the financial statements

Note 1. Information about the company

Petrosibir AB (publ) is a Swedish legal entity, with corporate identity number 556468-1491 and registered office in Stockholm, Sweden. The Petrosibir share of series B is traded on OTC-list at beQuoted under the ticker PSIB-B. The company's and its subsidiaries' operations are described under "About Petrosibir" herein.

Note 2. Accounting principles

The interim report has been prepared in accordance with IAS 34 and the Swedish Annual Reports Act (Sw. *Årsredovisningslagen*). The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Swedish Annual Reports Act. The parent company's financial statements have been prepared in accordance with the Swedish Annual Reports Act and the recommendation RFR 2 "Financial Reporting for Legal Entities" issued by the Swedish Financial Reporting Board (Sw. *Rådet för finansiell rapportering*).

The same accounting principles have been applied during the period as were applied during the financial year 2016 and in the way they were described in the 2016 annual report. No new or revised standards, interpretations or amendments adopted by the EU had an effect on the group.

The interim report does not contain all the information that appears in the annual report and, accordingly, the interim report should be read in conjunction with the 2016 annual report.

Note 3. Fair value

Financial instruments are classified in the following categories:

	Dec 31 2017	Dec 31 2016
Loans and accounts receivable	14 366	16 139
Non-current financial assets	114 217	127 504
Total assets	128 583	143 643
Other financial liabilities	1 334	1 267
Total liabilities	1 334	1 267

The reported values equal, in all material respects, the fair value. Petrosibir has not offset any financial assets and liabilities and has no agreements that allows set-off.

Note 4. Non-current financial assets

The equity investment in Ripiano Holding, SEK 114 million, which was acquired through Sonoyta acquisition is reported as non-current financial assets.

Note 5. Related party transactions

There have been no related party transactions.