

## Interim report January - June 2019

### January – June 2019

- Total revenue: SEK 28 (32) million
- Operating result: SEK 2 (4) million
- Result from equity investment SEK 0 (7)
- Net result: SEK 2 (11) million
- Earnings per share: SEK 0.07 (0.36)

	2019						Jan-Jun	2018
	Jan	Feb	Mar	Apr	May	Jun	TOTAL	TOTAL
<b>Total production, bbl</b>								
Bashkiria	11 884	10 607	9 826	9 892	10 227	9 833	62 269	79 744
Komi	23 883	21 981	25 201	22 741	23 121	21 072	137 998	172 843
<b>Total barrels</b>	<b>35 767</b>	<b>32 587</b>	<b>35 027</b>	<b>32 632</b>	<b>33 348</b>	<b>30 905</b>	<b>200 267</b>	<b>252 587</b>
<b>Average per day, bbl</b>								
Bashkiria	383	379	317	330	330	328	344	441
Komi	770	785	813	758	746	702	762	955
<b>Total barrels per day</b>	<b>1 154</b>	<b>1 164</b>	<b>1 130</b>	<b>1 088</b>	<b>1 076</b>	<b>1 030</b>	<b>1 106</b>	<b>1 396</b>

### Statement from CEO

Dear Shareholders,

I am pleased to announce the results for the first half of 2019. It was an interesting period where in addition to operational focus we started testing the market for opportunities to divest our assets in Komi and Bashkiria. It was unfortunate that in the beginning of 2019 we faced some partner issues in our Komi JV but we continue looking for options to resolve the situation.

Thanks to the successful re-entry of a well on the Aysky licence in the second half of 2018 we managed to declare a new discovery and book the additional over 7 million barrels of oil in beginning of 2019. We have just put well 141 Aysky in production and are now looking at further exploration / appraisal opportunities across our portfolio.

Pavel Tetyakov, CEO

## Financial information January – June 2019

The consolidated financial information in this interim report has been prepared in accordance with IAS 34 and in accordance with the same accounting principles, IFRS, that were applied for the financial year 2018 and as they are described in the annual report for 2018.

### Consolidated information

Revenue for the period January - June 2019 amounted to SEK 27,502 (31,592) thousand. The company's operating costs amounted to SEK -25,074 (-27,109) thousand and the company shows an operating result of SEK 2,428 (4,485) thousand. The average Brent oil price January - June was USD 65 per barrel compared to USD 71 the same period in 2018. Lower oil prices and lower volumes of oil led to lower revenue as well as lower production taxes, which are included in operating expenses, in 2019.

During the period Petrosibir has, in addition to selling its own produced oil, also purchased oil for resale. The gross revenue from the oil trading amounted to SEK 15,845 (8,342) thousand and the cost of the traded oil amounted to SEK -14,701 (-7,983) thousand, i.e. a net result of SEK 1,144 (359) thousand. Petrosibir traded 37,300 barrels of oil. The net amount is reported in revenue.

Excluding production taxes, which are dependent on the world oil price and produced volumes, the operating costs amounted to SEK -12,193 thousand during the period compared to SEK -13,540 thousand in the same period 2018. Operating costs are thus stable in both Russia and Sweden. The lower operating result is mainly due to the lower oil price and the lower volumes of oil that were produced and sold.

As disclosed in the annual report 2018 Petrosibir stopped reporting the investment in Ripiano Holdings Ltd under the equity method as of 1 November 2018 and reclassified it to financial assets held for sale in the balance sheet. Petrosibir does therefore not report any share of the net income Ripiano Holdings in the income statement in the period January – June 2019. In the period January – June 2018 Petrosibir reported SEK 6,055 as share of the net income in Ripiano. See further comments on Ripiano below in the “Komi” section.

Non-current financial assets, SEK 129 million compared to SEK 129 million at December 31 2018, relates to the investment in Ripiano which is, as noted above, classified as assets held for sale.

The company's consolidated cash position at June 30, 2019 amounted to SEK 28,144 thousand compared to SEK 22,033 thousand at December 31, 2018. The company thus had a positive cash flow for the period of SEK 6,111 thousand. During the period the company has made limited investments.

Shareholders' equity per share at June 30, 2019 was SEK 10.08.

### ***Bashkiria***

#### **January - June 2019**

Revenue in the period amounted to SEK 27,502 (31,592) thousand. The operating costs amounted to SEK -21,364 (-24,316) thousand, leading to an operating result of SEK 6,138 (7,276) thousand. The operating margin amounted to 22% (23%).

During the period the average Brent price of oil was USD 65 per barrel compared to USD 71 per barrel in the same period 2018. Lower oil price and lower volumes led to lower revenue in the period compared to prior year. The operations in Bashkiria produced 62,269 (79,744) barrels of oil during January – June 2019 and sold 63,132 (83,490) barrels of own produced oil.

In 2018 the company initiated oil trading activities to utilise all of its Transneft pipeline quota. Over the first six months of 2019 such trading resulted in gross revenue of SEK 15,845 (8,342) thousand and the cost of purchasing the oil amounted to SEK -14,701 (-7,983) thousand with a net margin of SEK 1,144 (359) thousand.

Below are the income statements for the operations in Bashkiria for the period January – June 2019 and 2018, amounts in SEK thousand.

<b>Bashkirian operations</b>	<b>Jan-Jun</b>	
	<b>2019</b>	<b>2018</b>
Revenue own production	26 358	31 233
Revenue oil trading, net	1 144	359
Raw materials and consumables	-12 881	-13 567
Other operating expenses	-8 483	-10 749
<b>Operating profit</b>	<b>6 138</b>	<b>7 276</b>
<b>Operating margin</b>	<b>22%</b>	<b>23%</b>

In the first half of 2019 the company continued its efforts to keep the production stable. Management has also initiated a revision of available geophysical information aiming to update the hydrodynamic model of the Ayazovskoye field and investigate new cost-efficient opportunities for production increase in the second half of the year.

In the fourth quarter of 2018 the company successfully re-entered the old Soviet well #141 on the Aysky field that was drilled in 1971 and abandoned after operational problems allowing the Company to file a reserve report for the newly discovered oil field. The company managed to receive the production license ahead of initial schedule and commence regular operations in testing mode in August 2019. Current flow rate of the well #141 is 25 bopd and management plans to run flow enhancement workover in the third quarter.

## ***Komi***

Petrosibir owns 49% of the operations in the republic of Komi, a Russian region. Petrosibir's wholly owned subsidiary Sonoyta Ltd owns 49% of Ripiano Holdings Ltd which in turn owns 100% of Dinyu LLC and CNPSEI LLC.

As noted above and as disclosed in the annual report 2018, certain events initiated by the majority owner of Ripiano led management and the board to conclude that a significant influence over Ripiano no longer existed and Petrosibir consequently ceased to account for Ripiano under the equity method. Since the annual report 2018 was published in May 2019 the ownership over 1 Oil Holdings Ltd ("1 Oil"), the majority shareholder of Ripiano, has changed. Petrosibir has since that change tried to establish contact with the new owners in order to either create a working JV arrangement or to offer to sell Petrosibir's 49% stake.

The information flow from Ripiano is very limited, this includes operational information as well as financial information. Below we describe the operational information that we have managed to obtain.

## **January - June 2019**

Successful geotechnical program in Yuzhno-Tebukskoye and Dinyu-Savinoborskoye enabled stable flow rates on those fields offsetting the decline in volumes in Dinyu-Savinoborskoye caused by some of the few largest producing wells watering out. Since 2016 the watercut level in some of the wells increased by almost five times to between 74% and 84% thus affecting production. Sosnovskoye field is facing a faster than prognosed production decline after fracing the wells that were drilled in the drilling campaign over 2017 - 2018. The company will continue the program of geotechnical measures in the second half of 2019 that will include workovers and improved water injection program.

The company commenced a drilling program within Sosnovskoye field in the first half of 2019. The total program covers 12 wells targeting completion by August 2020. The first well #47 was successfully tested and put into production as of July with an initial flow rate of 180 bopd confirming the structure map based on 3D seismic with netpay of 5.8 m. Four more wells are expected to be placed in production by the end of 2019. The company has also continued a project to upgrade the field oil treatment facilities in the Sosnovskoye field including capacity expansion and new gas generation sets for both internal consumption and market sales with the view of the results of the ongoing drilling campaign.

## Significant events occurring after the reporting period

On 1 August 2019 Petrosibir announced that it had received a production licence for the Aysky oil field as a result of the reserves report that was filed earlier in 2019.

## Risk factors and uncertainties

A detailed account of the risks facing the company can be found in the 2018 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.

This information was released for publication on 29 August 2019 at 08:30 CET.

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

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## 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. Petrosibir shares are traded on the OTC-list at beQuoted under the symbol PSIB-B.

## Petrosibir's exploration and production portfolio

Production onshore					
	Product	Reserves			Working interest
		1P	2P	3P	
<b>Licence</b>					
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%
<b>Total</b>		<b>10</b>	<b>35</b>	<b>57</b>	

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

\* - The original Rustamovskoye licence has been divided into two licences: Ayazovskoye - production licence and Rustamovskoye - exploration licence. Both licences are held by Petrosibir's wholly-owned subsidiary AO 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 licences (2014).

Resources have a lower probability of extraction than reserves.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

SEK thousand	Jan-Jun 2019	Jan-Jun 2018	Jan-Dec 2018
<b>Total revenue</b>	<b>27 502</b>	<b>31 592</b>	<b>63 052</b>
Raw material and consumables	-12 881	-13 567	-27 668
Personnel costs	-4 555	-3 877	-8 304
Other external expenses	-6 217	-7 868	-14 432
Depreciation	-1 421	-1 795	-3 226
Writedown and disposals	0	0	-7 726
<b>Operating expenses</b>	<b>-25 074</b>	<b>-27 107</b>	<b>-61 356</b>
<b>Operating result</b>	<b>2 428</b>	<b>4 485</b>	<b>1 696</b>
Financial income	861	483	1 241
Financial costs	-47	-28	-322
Share of result from equity investment	0	6 970	6 981
Impairment of financial assets	0	0	-1 972
<b>Total financial items</b>	<b>814</b>	<b>7 425</b>	<b>5 928</b>
<b>Result before tax</b>	<b>3 242</b>	<b>11 910</b>	<b>7 624</b>
Income tax	-1 092	-1 153	-873
<b>Result for the period</b>	<b>2 150</b>	<b>10 757</b>	<b>6 751</b>
<b>Other comprehensive income</b>			
Translation differences	19 015	15 625	-4 576
<b><i>Total items which may be re-classified to result for the period</i></b>	<b>19 015</b>	<b>15 625</b>	<b>-4 576</b>
<b>Total other comprehensive income</b>	<b>21 165</b>	<b>26 382</b>	<b>2 175</b>
Earnings per share	0,07	0,36	0,23
Average number of shares	29 773 862	29 773 862	29 773 862

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

SEK thousand	Jun 30 2019	Jun 30 2018	Dec 31 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Exploration and evaluation assets	45 857	48 772	41 779
Oil and gas assets	117 024	113 865	102 909
Other fixed assets	2 932	2 955	2 539
Equity investments	0	137 075	0
Financial assets held for sale	129 182	0	129 182
<b>Total non-current assets</b>	<b>294 995</b>	<b>302 667</b>	<b>276 410</b>
<b>Current assets</b>			
Inventory	456	524	471
Other short-term receivables	972	749	964
Cash and cash equivalents	28 144	24 305	22 033
<b>Total current assets</b>	<b>29 572</b>	<b>25 578</b>	<b>23 468</b>
<b>Total ASSETS</b>	<b>324 567</b>	<b>328 245</b>	<b>299 878</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>300 207</b>	<b>303 249</b>	<b>279 042</b>
<b>Non-current liabilities</b>			
Deferred income tax liabilities	15 052	14 292	12 761
Other provisions	1 092	663	918
<b>Total non-current liabilities</b>	<b>16 144</b>	<b>14 955</b>	<b>13 679</b>
<b>Current liabilities</b>			
Accounts payable	633	2 145	836
Other current liabilities	7 583	7 896	6 320
<b>Total current liabilities</b>	<b>8 216</b>	<b>10 041</b>	<b>7 157</b>
<b>Total EQUITY AND LIABILITIES</b>	<b>324 567</b>	<b>328 245</b>	<b>299 878</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

	<b>Jan-Jun 2019</b>	<b>Jan-Jun 2018</b>	<b>Jan-Dec 2018</b>
<b>Cash flow from operating activities</b>			
Before change in working capital	4 389	8 048	14 220
Change in working capital	-138	2 775	-229
<b>Cash flow from operating activities</b>	<b>4 251</b>	<b>10 823</b>	<b>13 991</b>
Investment in oil and gas assets	-1 097	-572	-4 034
Investment in exploration and evaluation assets	0	-34	0
<b>Cash flow from investing activities</b>	<b>-1 097</b>	<b>-606</b>	<b>-4 034</b>
<b>Cash flow from financing activities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash flow for the period</b>	<b>3 154</b>	<b>10 217</b>	<b>9 957</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>22 033</b>	<b>13 981</b>	<b>13 981</b>
Cash flow for the period	3 154	10 217	9 957
Exchange differences in cash and cash equivalents	2 957	107	-1 905
<b>Cash and cash equivalents at end of the period</b>	<b>28 144</b>	<b>24 305</b>	<b>22 033</b>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

<b>SEK thousand</b>	<b>2019</b>	<b>2018</b>
<b>Opening balance January 1</b>	<b>279 042</b>	<b>276 867</b>
Total comprehensive income for the period	21 165	26 382
<b>Closing balance June 30</b>	<b>300 207</b>	<b>303 249</b>



## 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 OTC 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 2018 and in the way they were described in the 2018 annual report. New or revised standards, interpretations or amendments adopted by the EU that had an effect on the group are described below.

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 2018 annual report.

#### Additional accounting policies in 2019

##### *IFRS 16 Leasing*

The new standard which is effective since 1 January 2019 proscribes that a leaseholder's earlier operational leases should be recognised in the balance sheet. The Group has applied the standard since 1 January 2019 according to a simplified transition approach, which means that comparative numbers are not restated and that the whole effect of the change is reported in equity. The transition to the new standard did not have any effect on equity.

A detailed description of the standard and the effects of the transition can be found in note 1 in the Annual report 2018.

### Note 3. Fair value

Financial instruments are classified in the following categories:

	<b>Jun 30 2019</b>	<b>Dec 31 2018</b>
Loans and accounts receivable	28 145	22 033
Non-current financial assets	129 182	129 182
<b>Total assets</b>	<b>157 327</b>	<b>151 215</b>
Other financial liabilities	633	836
<b>Total liabilities</b>	<b>633</b>	<b>836</b>

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. Related party transactions

There have been no related party transactions.