

Interim report January - June 2021

January – June 2021

- Total revenue: SEK 30 (20) million
- Operating result: SEK -6 (0) million
- Operating result excluding write down: SEK 3 million (0) *
- Net income: SEK -8 (1) million
- Net income excluding write down: SEK 1 million (1) *
- Earnings per share: SEK -0.26 (0.03)

*The company expensed all costs related to drilling Orlinskaya-1 well, SEK 8.6 million

	2021						Jan-Jun	2020
	Jan	Feb	Mar	Apr	May	Jun	TOTAL	TOTAL
Total production, bbl								
Bashkiria	9 446	7 964	8 738	8 366	7 877	9 190	51 581	60 276
Komi	22 929	20 975	21 545	20 271	21 719	22 121	129 560	187 734
Total barrels	32 375	28 939	30 283	28 637	29 595	31 311	181 141	248 010
Average per day, bbl								
Bashkiria	305	284	282	279	254	306	285	331
Komi	740	749	695	676	701	737	716	1 032
Total barrels per day	1 044	1 034	977	955	955	1 044	1 001	1 363

Statement from CEO

Dear Shareholders,

I am pleased to announce the results of the first half of 2021 that was rich with events.

In spite of the continuing global COVID-19 pandemic the oil market is recovering with the oil prices reaching pre-crisis levels. The additional production from the new Yanbayskoye field combined with improved oil prices helped us to ensure profitable operations in spite of significant capital investments and natural production decline within our main Ayazovskoye oil field.

One of two Suyanovskaya licence exploration wells drilled recently led to a discovery of the new Yanbayskoye oil field that was put in production ahead of the original schedule. The other exploration well flowed non-commercial volume of hydrocarbons yet provided valuable information on the geology of the area. We plan to revisit the potential of Orlinskaya prospect once we have the new seismic data. The Yanbayskoye drilling success lays the path to unveil even bigger exploration potential of the Suyanovskaya licence, and we are planning to continue both production and exploration wells drilling based on the results of the ongoing 2D and 3D seismic campaign to be completed before the year end.

Pavel Tetyakov, CEO

Financial information January – June 2021

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 2020 and as they are described in the annual report for 2020. Certain reclassifications have been made in the comparative income statement and balance sheet for consistence to the annual report 2020.

Consolidated information

Petrosibir has maintained its COVID-19 security measures and restrictions to secure the wellbeing of personnel and to minimize disruptions on operations.

Revenue for the period January - June 2021 amounted to SEK 30,356 (19,798) thousand and the Company's operating costs amounted to -35,893 (-19,649) thousand. Excluding the expensed costs for Orlinskaya-1 well in the amount of SEK -8,620 the operating result was 3,083 (0.149) thousand. The average Brent oil price January - June was USD 65 per barrel compared to USD 43 in the same period in 2020. Higher oil prices led to both higher revenue and Mineral Extraction Tax (MET) (included in operating expenses). Excluding this production tax the operating costs both in Russia and Sweden remained stable with a slight increase up to SEK -12,967 thousand compared to SEK -12,156 thousand in the same period in 2020.

In the period Petrosibir, together with its partner, completed the drilling of the second exploration well within the Suyanovskaya licence – Orlinskaya-1. As announced earlier signs of oil were identified in two of four prospective horizons. Unfortunately, only a film of oil was obtained during an open hole in one of the two intervals, and it was decided to abandon the well at least until the new 3D seismic results. The drilling costs, which amounted to SEK -8,620, were expensed in the income statement for the period.

During the period Petrosibir continued its oil trading activities. The gross revenue from the oil trading amounted to SEK 44,094 (21,885) thousand with the net result of SEK 4,863 (3,940) thousand reported in revenue. Petrosibir traded a total of 109,300 (75,200) barrels of oil.

The Company's consolidated cash position on June 30, 2021 amounted to SEK 32,320 thousand compared to SEK 27,721 thousand on December 31, 2020. During the period the company invested SEK 8.6 million in the drilling of the second exploration well in the Suyanovskoye licence.

Shareholders' equity per share at June 30, 2021 was SEK 6.91.

Bashkiria

January - June 2021

Revenue in the period amounted to SEK 30,356 (19,797) thousand. The operating costs amounted to SEK – 24,682 (-16,069) thousand, leading to an operating result of SEK 5,674 (3,728) thousand. The operating margin amounted to 19% (19%). The numbers above, and in the table below, do not include the expensed costs of the Orlinskaya-1 well.

During the period the average Brent price of oil was USD 65 per barrel compared to USD 43 per barrel in the same period 2020. Higher oil price in spite of lower volumes led to higher revenue in the period compared to the prior year. A total of 51,581 (60,276) barrels of oil was produced in Bashkiria within the January – June 2021 period, with 51,170 (60,554) barrels of oil sold.

The oil trading activities to utilise all of the Transneft pipeline quota have grown during the period. Over the first six months of 2021 the oil trading resulted in gross revenue of SEK 44,094 (21,885) thousand with the net margin of SEK 4,863 (3,940) thousand.

Below are the income statements for the operations in Bashkiria for the period January – June 2021 and 2020, amounts in SEK thousand.

Bashkirian operations	Jan-Jun	
	2021	2020
Revenue own production	25 493	15 857
Revenue oil trading, net	4 863	3 940
Raw materials and consumables	-14 306	-7 493
Other operating expenses	-10 376	-8 576
Operating profit	5 674	3 728
Operating margin	19%	19%

In the first half of 2021 the Company benefited from the increased oil prices and larger scale of oil trading. Together with tight cost control this compensated for the effects of the natural production decline on Ayazovskoye field which considerably accelerated since May 2021. The Company continues its efforts to optimise production whilst developing a robust plan to drill more production wells in Ayazovskoye field based on the results of the ongoing 3D seismic survey.

Following the successful three-month trial production period, the new Yanbayskoye field was successfully launched in the beginning of June – several weeks ahead of the schedule thanks to the efforts of our local management. The production first started solely from Kyn-Pashiysky horizon and in July was increased with oil from the upper Bobrikovsky horizon upon the successful implementation of the joint production system of ESP and surface rod-pump - the dual production is the first in the Company's history. The current daily flow rate of Yanbayskoye oil field is stable at the level of 160 bopd. Management is evaluating options to enhance production before the end of 2021.

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.

The information flow from Ripiano continues to be limited, including both operational and financial information.

January - June 2021

In the first half of 2021 the company focused on stabilising production of the recently drilled and fraced wells in Sosnovskoye field. The combination of oil production optimisation and water injection activities helped to slow down the decline of Sosnovskoye and Yuzhno-Tebukskoye fields, and these efforts will continue in the second half of the year. The next stage of the drilling campaign in Sosnovskoye field is planned for 2024.

Following a sharp decline in the oil price the Dinyu-Savinoborskoye field was shut down in April 2020. A recent review of the potential to relaunch the field demonstrated poor economics due to a very small anticipated production that is not compensated by higher oil prices. The company is now evaluating the exploration potential of the Ivanshorskoye licence block surrounding the Dinyu-Savinoborskoye field. So far, two new potential well locations have been identified within the exploration licence area.

Significant events occurring after the reporting period

There have been no significant events after the reporting period.

Risk factors and uncertainties

A detailed account of the risks facing the company can be found in the 2020 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 31 August 2021 at 12:00 CET.

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
P.O. Box 5216
SE-102 45 Stockholm
Nybrogatan Business Center
Nybrogatan 34, 1st floor
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. Petrosibir shares are traded on the OTC-list at beQuoted 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	
Aysky**	Oil	4	13	20	100%
Suyanovskoye**	Oil	47	47	47	51%
Total		52	64	73	

* - 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 international reserve estimates for Aysky and Yanbayskaya (within Suyanovskoye) has not yet been done. 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 2021	Jan-Jun 2020	Jan-Dec 2020
Total revenue	30 356	19 798	39 284
Raw material and consumables	-14 306	-7 493	-14 833
Personnel costs	-3 860	-3 923	-8 653
Other external expenses	-8 072	-6 421	-13 918
Depreciation	-1 035	-1 812	-2 523
Writedown and disposals	-8 620	0	0
Operating expenses	-35 893	-19 649	-39 927
Operating result	-5 537	149	-643
Financial income	294	740	1 113
Financial costs	-673	-307	-245
Total financial items	-379	433	868
Result before tax	-5 916	582	225
Income tax	-1 906	355	-167
Result for the period	-7 822	937	58
Other comprehensive income			
Revaluation of investment in equity instruments	0	-31 017	-55 485
Translation differences	6 647	-19 748	-43 756
Total items which may be re-classified to result for the period	6 647	-50 765	-99 241
Total other comprehensive income	-1 175	-49 828	-99 183
Earnings per share	-0,26	0,03	0,00
Average number of shares	29 773 862	29 773 862	29 773 862
Result for the period attributable to			
shareholders of the parent company	-2 608	937	99
non-controlling interests	-5 214	0	-41
	-7 822	937	58
Total other comprehensive income attributable to			
shareholders of the parent company	4 039	-49 828	-99 142
non-controlling interests	-5 214	0	-41
	-1 175	-49 828	-99 183

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK thousand	Jun 30 2021	Jun 30 2020	Dec 31 2020
ASSETS			
Non-current assets			
Exploration and evaluation assets	31 399	44 859	47 342
Oil and gas assets	110 916	105 203	88 532
Other fixed assets	1 471	2 287	1 697
Investments in equity instruments	73 698	98 165	73 698
Total non-current assets	217 484	250 514	211 269
Current assets			
Inventory	817	408	373
Other short-term receivables	2 700	916	2 586
Cash and cash equivalents	32 320	28 217	27 721
Total current assets	35 837	29 541	30 680
Total ASSETS	253 321	280 055	241 949
EQUITY AND LIABILITIES			
Equity	205 848	256 378	207 023
Non-current liabilities			
Deferred income tax liabilities	14 794	14 155	12 632
Other provisions	1 605	2 169	1 464
Total non-current liabilities	16 399	16 324	14 096
Current liabilities			
Current loans	22 295	2 028	12 669
Accounts payable	694	725	1 198
Other current liabilities	8 085	4 600	6 963
Total current liabilities	31 074	7 353	20 830
Total EQUITY AND LIABILITIES	253 321	280 055	241 949

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Cash flow from operating activities			
Before change in working capital	-4 735	2 104	2 444
Change in working capital	857	-1 163	-697
Cash flow from operating activities	-3 878	941	1 747
Investment in oil and gas assets	0	-857	-12 492
Sale of fixed assets	394	0	0
Cash flow from investing activities	394	-857	-12 492
Cash flow from financing activities	6 330	0	14 605
Cash flow for the period	2 846	84	3 860
Cash and cash equivalents at beginning of the period	27 721	31 317	31 317
Cash flow for the period	2 846	84	3 860
Exchange differences in cash and cash equivalents	1 753	-3 184	-7 456
Cash and cash equivalents at end of the period	32 320	28 217	27 721

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK thousand	2021	2020
Opening balance January 1	207 023	306 206
Total comprehensive income for the period	-1 175	-49 828
Closing balance June 30	205 848	256 378

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 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 2020 and in the way they were described in the 2020 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 2020 annual report.

Note 3. Fair value

Financial instruments are classified in the following categories:

	Jun 30	Dec 31
	2021	2020
Loans and accounts receivable	32 544	27 744
Non-current financial assets	73 698	73 698
Total assets	106 242	101 442
Other financial liabilities	21 088	13 867
Total liabilities	21 088	13 867

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.