

Interim management information January-September 2016

Starting 2016 Petrosibir publishes so called interim management statements per 31 March and 30 September instead of quarterly interim reports prepared in accordance with IAS 34. Petrosibir will continue to publish half yearly interim reports prepared in accordance with IAS 34. The consolidated financial information in this statement has been prepared in accordance with the same accounting principles, IFRS, that were applied for the financial year 2015 and as they are described in the annual report for 2015.

January - September 2016

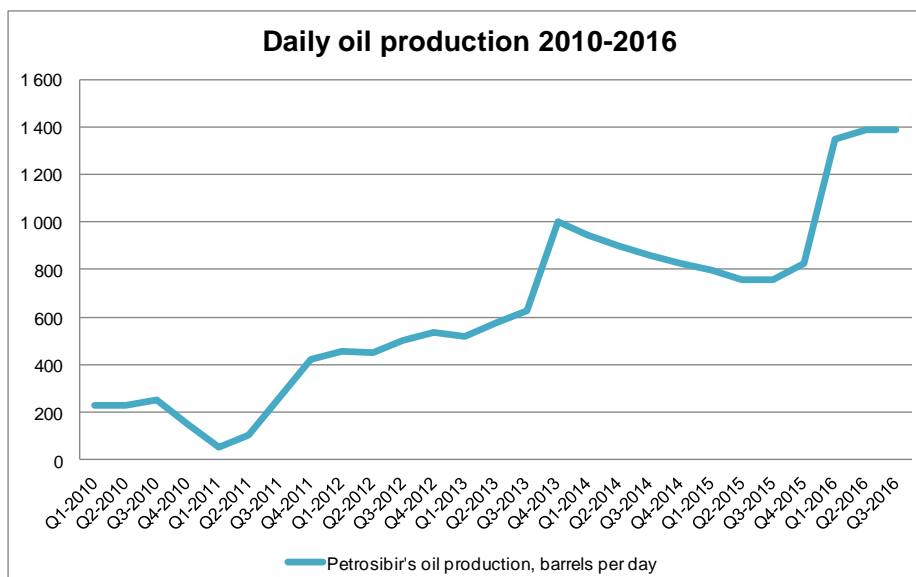
(all numbers relate to continued operations)

- Total revenue: SEK 19 (23) million
- Operating result: SEK -11 (1) million including one-off items of SEK -9 (0) million
- Result from equity investment SEK 7 (0) million
- Basic and diluted earnings per share: SEK -0.18 (-2.58)

July - September 2016

- Revenue: SEK 7 (7) million
- Operating result: SEK -1 (1) million including one-off items of SEK -2 (0) million
- Result from equity investment SEK -1 (0) million
- Basic and diluted earnings per share: SEK - 0.07 (-2,58)

<u>Oil production</u>	Q3	Q3	Q1-Q3	Q1-Q3	2015	2014	2013	2012
	2016	2015	2016	2015				
Bashkiria	37 550	39 430	114 810	121 600	158 470	196 236	122 305	57 900
Komi	90 070	0	261 530	0	15 190	0	0	0
Total barrels	127 620	39 430	376 340	121 600	173 660	196 236	122 305	57 900
<i>Discontinued operations</i>								
Ukraine	0	30 350	0	88 810	112 430	125 141	126 565	119 950
Total barrels	127 620	69 780	376 340	210 410	286 090	321 377	248 870	177 850
<i>Discontinued operations</i>								
Bashkiria	408	429	419	445	434	538	335	159
Komi	979	0	954	0	42	0	0	0
Total barrels per day	1 387	429	1 374	445	476	538	335	159
<i>Discontinued operations</i>								
Ukraine	0	330	0	325	308	343	347	329
Total barrels per day	1 387	758	1 374	771	784	880	682	486



The production numbers above for Komi and Ukraine for 2015 have been recalculated compared to what has been disclosed earlier. In the table and graph above the production for 2015 has been divided by 365 days whereas it previously was divided by the actual number of days that the operations were owned by Petrosibir.

Comments from the CEO

Our oil production remained relatively flat at a daily average production of 1,387 barrels of oil per day in the third quarter (408 bopd in Bashkiria and 979 bopd in Komi) but one of our key targets is to increase the production.

On Ayazovskoye water injection was initiated earlier this year to maintain the pressure in the reservoir and the existing water injection system can help sustain the current production. In order to increase the production volumes on Ayazovskoye we want to commence a workover program in the fourth quarter of 2016. This program will include several recompletions as well as so called acid jobs.

In Komi several workovers have been successfully completed and production is expected to increase.

In August 2016, we spudded well #9 on Ayazovskoye. The well has encountered oil in at least two upper Devonian formations, Orlovsky and Pashiysky. Open-hole tests confirmed high potential of the reservoirs. We plan to test Orlovsky first. It will be the first cased-hole test of that horizon on the field. Production on the rest of the field is currently from Pashiysky. If we confirm commercial flow rates it will reduce the future drilling risks.

As part of the infrastructure investments in Bashkiria in 2015 / 2016 equipment to take care of the associated gas will be put into operation. As a consequence we expect savings on energy costs as well as reduced license risk.

Finally, I am pleased that we have managed to reduce the difference between our selling price (oil at the field) and the price of selling oil into Transnefts' pipeline.

Nikolay Millionshchikov
CEO

Financial information January- September 2016

Consolidated information

During the period January - September 2016 revenue amounted to SEK 18,679 (22,517) thousand. The company's operating costs amounted to SEK -31,525 (-23,354) thousand and the company showed an operating result of SEK -11,407 (527) thousand. A lower Brent oil price compared to 2015 combined with lower oil volumes led to lower revenue as well as lower production taxes. The average Brent oil price January – September 2016 was USD 42 per barrel compared to USD 56 per barrel the same period 2015.

The operating costs are higher than the same period 2015 and include one-off items of non-recurring nature. As has been reported in the half-year interim report 2016 the operating costs include a compensation to Petrogrand for a breach of a warranty in the Share and Purchase Agreement related to the acquisition of Sonoyta Ltd as well as higher personnel costs in relation to changing CEO in the company twice in 2016. In the third quarter the company also made a review of its capitalized costs for exploration and evaluation assets in Bashkiria and wrote off an amount of SEK 2,099 thousand. Adjusting for the one-off items described above the operating costs would have amounted to SEK -22,763 and the operating result to SEK -2,645 thousand. The reported operating result for the third quarter amounts to SEK -1,467 thousand but would, adjusted for the writedown in Bashkiria, have been positive and amount to SEK 632 thousand.

In May 2016 Petrosibir sold all of its 11,585,308 shares in Petrogrand for a price of SEK 0.70 per share or SEK 8,110 thousand net of commission. The carrying value at 31 December 2015 was SEK 9,616 thousand and Petrosibir reports a loss of SEK 1,506 thousand in financial items.

The company held a consolidated cash position of SEK 27,046 thousand at the end of the period compared to SEK 36,134 thousand at 31 December 2015. In the beginning of the year the company repaid a short-term loan of SEK 4,000 thousand from a credit institution and has during the period invested SEK 6,346 thousand in drilling, infrastructure and exploration in Bashkiria.

Petrosibir's share of the result from the equity investment in Ripiano Holdings amounted to SEK 7,370 for the period January – September 2016.

Financial assets amount to SEK 114 million and consists of the equity investment in Ripiano Holdings which was included in the Sonoyta acquisition. The value during the period has been affected by Petrosibir's share of the net result in Ripiano Holdings and currency effects.

Shareholders' equity per share at 30 September 2016 was SEK 9,35 (8.55) and the equity to assets ratio was 92 (94) %.

Significant events occurring after the reporting period

On 27 October and 17 November 2016 Petrosibir issued press releases with updates on the drilling activities in Bashkiria. For further details on this see section Bashkiria below.

Bashkiria

January-September 2016

Revenue in the period amounted to SEK 18,504 (22,517) thousand and the operating costs amounted to SEK -17,592 (-17,276) thousand including a write off of capitalized exploration costs of SEK -2,099 (0) thousand. Adjusting for the write off the operating costs amounted to SEK -15,493 (-17,276) thousand and the adjusted operating result to SEK 4,450 (6,605) thousand. The adjusted operating margin amounted to 24% (29%).

During the first nine months of 2016 the average Brent price of oil was USD 42 per barrel compared to USD 56 per barrel in the same period 2015. The lower oil price combined with lower production and sales volumes led to lower revenue in the period compared to prior year. The operations in Bashkiria produced 114,810 (121,600) barrels of oil during January – September 2016 and sold 115,000 (120,100) barrels of oil.

July-September 2016

Revenue in the quarter amounted to SEK 7,320 (7,226) thousand. During the quarter 37,330 (38,730) barrels of oil were sold in Bashkiria. The average Brent price of oil was USD 46 per barrel during the third quarter of 2016 compared USD 51 per barrel in the third quarter 2015. The production in the third quarter amounted to 37,550 (39,430) barrels which corresponds to an average daily production of 408 (429) barrels. Despite lower production / sales volumes and lower Brent oil prices during the quarter compared to prior year the revenue is slightly higher. Local management in Bashkiria has been successful in its price negotiations with customers and has managed to narrow the gap between the company's selling price (oil collected at the field) and the price for selling oil into Transneft pipeline.

Adjusted for the write off described above, the operating costs in the third quarter amounted to SEK -5,767 (-5,153) thousand. The largest item in operating costs is the production tax and since the production volumes and the oil prices were lower in the quarter in 2016 compared to 2015 the production taxes were lower.

The adjusted operating margin in the operations in Bashkiria amounted to 29% (35%) in the quarter. Below are the income statements for the operations in Bashkiria for the period January – September 2016 and 2015 as well as for the period July – September 2016 and 2015, amounts in SEK thousand.

Bashkirian operations	Jan - Sep		Jul - Sep	
	2016	2015	2016	2015
Revenue	18 504	22 517	7 320	7 226
Capitalized own work	1 439	1 364	569	451
Raw materials and consumables	-9 646	-12 910	-3 009	-3 755
Other operating expenses	-7 946	-4 366	-4 857	-1 398
of which one-off items	2 099	0	2 099	0
Adjusted Operating profit	4 450	6 605	2 122	2 524
Adjusted Operating margin	24%	29%	29%	35%

The company is continuously working on production increasing measures as well as stabilizing the oil pressure. In July well #11 was converted to a water injection well enabling stabilization of the reservoir pressure and maintaining the overall field production levels. Currently Petrosibir is executing workovers targeting intensification of the flow rate and an increase in the reservoir pressure through the existing wells.

In August the company commenced drilling of the production well #9 on Ayazovskoye. The new well is located approximately 400 meter north of the well #12 and has the depth of 2,596 meters. Open hole tests proved oil saturation in Orlovskiy horizon (2,481 – 2,536 meters at reservoir pressure 200atm), mud filtrate in Bobrikovskiy horizon (1,985 – 2,039 meters at reservoir pressure 170atm) and oil from Pashiyskiy horizon (2,547 – 2,596 meters at reservoir pressure 110atm). The test in the pipe of the Orlovskiy horizon has confirmed a high reservoir quality, however, at low flow rates. There is a workover plan in place to increase the productivity. Petrosibir is also going to test the Pashiyskiy horizon of well #9, which is the main producing horizon of the Ayazovskoye field and successfully exploited in the well #12.

Local management in Bashkiria is continuously working on extending the customer base for selling the oil. The competition among customers has resulted in a narrowing of the gap between the price of selling oil into Transneft pipeline and the average net-back price to the company during January-September 2016 compared to the same period prior year. Efforts in this direction are continuing.

The oil treatment center which was constructed during 2015-16 is planned to start operating and be up and running before the end of the fourth quarter. In the scope of the launch, a new gas processing facility will also come into operation which will reduce the environmental fees currently paid for burning associated gas. The gas processing facility will also reduce the energy costs since the associated gas can be used for own energy purposes.

Looking forward to 2017 the company is reviewing the possibility of drilling new production well(s) on Ayazovskoye and an exploration well on Suyanovskoye. Investment decisions will, however, have to be balanced against the company's availability of funds and business priorities.

Komi

In mid-December 2015 Petrosibir acquired 49% of Ripiano Holdings Ltd which in turn owns 100% of certain oil and gas assets in the Russian republic of Komi. January – September 2016 is the first full nine months that the Komi operations are included in Petrosibir's financial statements.

January-September 2016

Revenue in the period amounted to SEK 117,146 thousand and the operating costs to SEK -103,269 thousand which resulted in an operating profit of SEK 13,877 which corresponds to an operating margin of 12%. Petrosibir's 49% share of the operating profit amounts to SEK 6,800 thousand.

Ripiano Holdings showed a net profit for the period January – September 2016 of SEK 15,040 thousand and Petrosibir's 49% share of the net profit is SEK 7,370 thousand. Ripiano Holdings' Russian subsidiaries have loans denominated in USD and during the period the ruble appreciated against the USD which resulted in significant exchange gains on the USD loans which in turn contributed to the net profit.

In order to mitigate the currency exposure and reduce the finance costs associated with the USD denominated loans Ripiano has repaid a larger portion of the USD 10 million debt in July 2016. Management of Ripiano is currently evaluating more efficient local financing options for its investment program.

Production in the first nine months of 2016 amounted to 261,530 barrels of oil which is equal to an average daily production of 954 barrels. During 2016 the Komi operations have increased the daily average production month by month from approximately 950 barrels per day in the end of 2015 to 983 barrels per day in September due to workovers on the oil fields, see more details below.

July-September 2016

Revenue in the third quarter in the Komi operations amounted to SEK 51,652 thousand and the operating costs to SEK -43,071 thousand which resulted in an operating profit of SEK 8,581 thousand which is equal to an operating margin of 17%. Petrosibir's 49% share of the operating result amounts to SEK 4,205 thousand.

The production in the third quarter in Komi amounted to 183,816 barrels which corresponds to an average daily production of 1,998 barrels. Petrosibir's 49% share of total production and average daily production amounts to 90,070 barrels and 979 barrels respectively.

Below is the income statement for the Komi operations for January – September and July - September 2016, amounts in SEK thousand.

Komi operations	Jan - Sep 2016	Jul - Sep 2016
Revenue	117 146	51 652
Raw materials and consumables	-90 767	-40 300
Other operating expenses	-12 502	-2 771
Operating profit	13 877	8 581
Operating margin	12%	17%
Petrosibir's share of operating profit, 49%	6 800	4 205

Geological and technical projects planned for 2016 are being successfully implemented resulting in continued increased flow rates since beginning of the year across all three oil fields. During July-September successful workovers on Yuzhno-Tebuuskoye as well as a set-up of screw pumps on Sosnovskoye and Yuzhno-Tebuuskoye were completed, which among other things, resulted in increase of the daily flow rates in the third quarter of 4% compared to the first quarter. The operating margin increased from 8% in the first six months to an average of 12% for January-September and 17% in the third quarter. The increased operating margin is a result of production growth, higher average oil price due to increased export sales as well as efforts on reducing the cost structure.

Upcoming financial reporting

Year-end Report January – December 2016	27 February 2017
Annual report 2016	April 2017
Interim Management Statement January – March 2017	24 May 2017
Interim Report January – June 2017	25 August 2017
Interim Management Statement July – September 2017	24 November 2017
Annual General Meeting 2017	26 May 2017

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

For more information, please contact:

Nikolay Millionshchikov, 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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK thousand	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Jan-Dec 2015
<i>Continuing operations</i>					
Revenue	7 338	7 226	18 679	22 517	28 649
Work performed by the company for its own use and capitalized	569	450	1 439	1 364	1 890
Raw material and consumables	-3 008	-3 755	-9 646	-12 910	-15 746
Negative goodwill	0	0	0	0	34 261
Personnel costs	-2 235	-1 566	-8 785	-5 220	-8 480
Other external expenses	-3 798	-1 524	-12 440	-4 638	-6 559
Depreciation and write down	-333	-184	-654	-586	-7 557
Operating expenses	-9 374	-7 029	-31 525	-23 354	-4 081
Operating result	-1 467	647	-11 407	527	26 458
Financial income	22	294	93	344	229
Financial costs	-35	-49 002	-1 547	-49 002	-74 522
Share of result from equity investments	-553	0	7 370	0	-1 620
Total financial items	-566	-48 708	5 916	-48 658	-75 913
Result before tax	-2 033	-48 061	-5 491	-48 131	-49 455
Income tax	-1	6	11	18	23
Result for the period	-2 034	-48 055	-5 480	-48 113	-49 432
Result discontinued operations	0	-32 309	0	-28 758	-110 193
Result for the period, total for the Group	-2 034	-80 364	-5 480	-76 871	-159 625
Other comprehensive income					
Financial assets available for sale	0	38 883	0	36 102	36 102
Exchange differences	12 996	-18 408	33 971	-28 900	42 818
Total items which may be or have been re-classified to result for the period	12 996	20 475	33 971	7 202	78 920
Total comprehensive income for the period	10 962	-59 889	28 491	-69 669	-80 705
Earnings per share					
Continuing operations	-0,07	-2,58	-0,18	-2,58	-2,57
Discontinued operations	0,00	-1,73	0,00	-1,54	-5,73
Average number of shares	29 773 862	18 661 247	29 773 862	18 661 247	19 222 928

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK thousand	Sep 30 2016	Sep 30 2015	Dec 31 2015
ASSETS			
Non-current assets			
Goodwill	0	6 807	0
Exploration and evaluation assets	49 959	49 117	45 429
Oil and gas assets	114 519	90 305	83 660
Other fixed assets	272	817	711
Financial assets available for sale	0	34 756	0
Equity investments	114 189	0	95 009
Total non-current assets	278 939	181 802	224 809
Current assets			
Inventory	166	17	132
Other current receivables	2 473	3 089	1 245
Cash and cash equivalents	27 046	3 559	36 134
Total current assets	29 685	6 665	37 511
Assets that will be distributed / held for sale	0	79 911	9 616
Total ASSETS	308 624	268 378	271 936
EQUITY AND LIABILITIES			
Equity	283 021	216 629	254 530
Non-current liabilities			
Deferred income tax liabilities	5 737	5 600	5 341
Other provisions	345	218	240
Total non-current liabilities	6 082	5 818	5 581
Current liabilities			
Short term loans	0	4 000	4 000
Accounts payable	11 738	1 892	4 050
Other current liabilities	7 783	2 954	3 775
Total current liabilities	19 521	8 846	11 825
Liabilities that will be distributed	0	37 085	-
Total EQUITY AND LIABILITIES	308 624	268 378	271 936

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Jan-Dec 2015
<i>Continuing operations</i>					
Cash flow from operating activities					
Before change in working capital	-1 636	1 083	-9 694	265	-2 054
Change in working capital	812	-3 313	2 181	-4 077	4 331
Cash flow from operating activities	-824	-2 230	-7 513	-3 812	2 277
Investment in oil and gas assets	-3 864	-1 665	-4 693	-5 249	-6 646
Investment in exploration and evaluation assets	-851	-297	-1 653	-2 821	-4 539
Disposal of financial assets	0	0	8 029	0	0
Investment in equity investee	0	0	0	0	29 977
Cash flow from investing activities	-4 715	-1 962	1 683	-8 070	18 792
Cash flow from financing activities	0	4 000	-4 016	4 000	3 750
Cash flow for the period	-5 539	-192	-9 846	-7 882	24 819
<i>Cash flow from discontinued operations</i>	0	3 372	0	9 421	-2 134
Cash and cash equivalents at beginning of the period	32 509	11 742	36 134	13 674	13 674
Cash flow for the period	-5 539	3 180	-9 846	1 539	22 685
Exchange differences in cash and cash equivalents	75	-850	757	-1 141	-225
Cash and cash equivalents at end of the period	27 045	14 072	27 045	14 072	36 134
Cash held in discontinued operations	0	10 513	0	10 513	0

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK thousand	2016	2015
Opening balance January 1	254 530	286 298
Comprehensive income for the period	28 491	-69 669
Closing balance September 30	283 021	216 629

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 licenses in the Russian republics of Bashkiriya 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					
License	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					
License	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.