

Year-end report January - December 2015

Transition of Petrosibir

There have been a number of significant transactions affecting Petrosibir in 2015. In December 2015 Petrosibir distributed the Ukrainian operations to its shareholders and also in December 2015 Petrosibir acquired a 49% interest in certain oil and gas assets in the Russian republic of Komi. Following these significant transactions Petrosibir has an oil production of approximately 1,350 barrels per day and 2P oil and gas reserves of 35 million barrels of oil equivalent. In relation to completing the transactions the company also changed its name to Petrosibir from Shelton Petroleum.

January - December 2015

Continuing Operations*

- Total revenue: SEK 29 (44) million
- Operating result: SEK 26 (2) million including a negative goodwill of SEK 34 (0) million
- Operating result excl one-off items: SEK -1 (2) million
- Operating profit Russian segment SEK 9 (19) million
- Basic and diluted earnings per share: SEK -2.57 (0.11)
- Ukrainian operations distributed in December
- 49% of oil and gas assets in Komi acquired in December
- The disciplinary committee of Nasdaq decided to delist Petrosibir from Nasdaq

October - December 2015

Continuing Operations*

- Revenue: SEK 6 (8) million
- Operating result: SEK 26 (0) million including a negative goodwill of SEK 34 (0) million
- Operating result excl one-off items: SEK -1 (0) million
- Operating profit Russian segment SEK 2 (3) million
- Basic and diluted earnings per share: SEK - 0.06 (0.00)

* **Continuing Operations** fully reflect the financial statements in this report and include the Russian and parent company operations but not the Ukrainian operations. Comparative numbers within brackets have been recalculated and does not include Ukrainian operations.



Statement from CEO

Dear fellow Shareholders,

You witnessed extreme volatility in oil and share prices in 2015 and material changes in the business structures of former Shelton Petroleum AB and Petrogrand AB which combined its best assets and human talents under the Petrosibir name. By this letter I would like to highlight how grateful I am for your support and share my vision for the Company's future.

Being appointed the Managing Director of Petrosibir in January, 2016, I am not new to the Company as in capacities of Board member of both Shelton Petroleum and Petrogrand, Managing Director of Petrogrand I was driving the business combination between these two companies.

Starting from April 2015, you have seen the end of a long and draining battle between Shelton Petroleum and Petrogrand, and the start of new battle for public listing. Despite our numerous efforts including elimination of cross-ownership structure, enhancing transparency, liquidity and production efficiencies, Petrosibir was delisted. However, with the business combination, Petrosibir's number of shares in the hands of small shareholders materially increased which shall lead to a better liquidity of the shares once the Company will be listed again. Now we are considering different options including listing at new stock exchange.

It makes me very proud to report that our Company passed a significant milestone by completing a complex business combination in the most efficient manner which provided you an access to low risk proved and probable reserves and exploration potential in Bashkiria and Komi Republics and absolute management focus on Russian operations. By the acquisition of 49% in Ripiano, Petrosibir has an oil production of approximately 1,350 barrels per day, proved and probable oil reserves of 35 million barrels and liquid funds to continue its drilling program.

This deal is the first step toward Petrosibir's strategic goal of turning itself into material independent oil company with production assets in Russia. The current turmoil in financial markets, politics and highly volatile commodity prices create opportunities. I see large international oil and gas companies divesting their Russian assets and some of private Russian producers are overleveraged and struggling to get the access to bank or equity financing. At the same time it is a unique opportunity to increase our scale through add-on acquisitions and new drilling to bring significant value to shareholders.

In addition to the above, I see my key role in bringing a core team who will work relentlessly on cost optimization of the existing and newly acquired oil fields, with material expertise of managing producing oil fields and geological success.

Summarizing all the above, I would like to ask you to be patient and to support the Company in 2016 and beyond. We already started to see the recovery in oil prices as a result of significant investment cuts, project deferrals and production declines.

Dmitry Zubatyuk, CEO

Financial result Russian and Ukrainian Operations excluding one-off items

The tables below are included to facilitate a comparison of the development of the Russian and Ukrainian operations to previous periods. The year-end report includes several non-recurring adjustments of values and reclassifications which were mainly incurred in the third and fourth quarters of 2015. These items are described in detail in this interim report in the section "Adjustments and reclassifications" and note 6. The tables below does not include the one-off adjustments and reclassifications.

Amounts in SEK th

	Q4	Q4	FY	FY
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Russia				
Revenue	6 132	8 440	28 649	44 252
Capitalized work	526	721	1 890	3 252
Expenses	-4 579	-6 393	-21 855	-28 641
Operating result	2 079	2 768	8 684	18 863
<i>Operating margin</i>	34%	33%	30%	43%
Ukraine (discontinued operations)				
Revenue	10 365	11 883	49 629	68 578
Expenses	-7 881	-10 976	-38 450	-47 320
Operating result	2 484	907	11 179	21 258
<i>Operating margin</i>	24%	8%	23%	31%
Parent company	-3 457	-3 032	-9 608	-16 911
Total operating result	1 106	643	10 255	23 210
<i>Total operating margin</i>	7%	3%	13%	21%

	Q4	Q4	2015	2014	2013	2012
Oil production	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Bashkiria	36 870	45 740	158 470	196 236	122 305	57 900
Komi*	15 190	0	15 190	0	0	0
Total barrels	52 060	45 740	173 660	196 236	122 305	57 900
<i>Discontinued operations</i>						
Ukraine	23 620	30 100	112 430	125 141	126 565	119 950
Total barrels	75 680	75 840	286 090	321 377	248 870	177 850
Bashkiria	401	497	434	538	335	159
Komi*	949	0	949	0	0	0
Total barrels per day	1 350	497	1 384	538	335	159
<i>Discontinued operations</i>						
Ukraine	328	327	326	343	347	329
Total barrels per day	1 678	824	1 709	880	682	486

* Total production from Komi covers the period 16 – 31 December 2015 and the daily production is thus calculated over that period.

January - December 2015

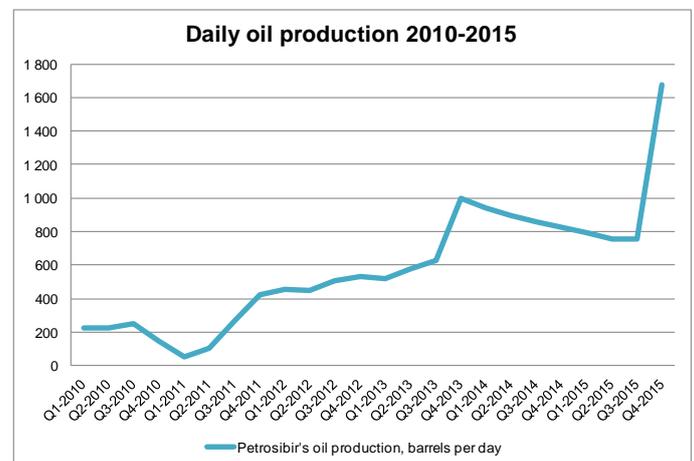
Financial development of the Russian and Ukrainian Operations

There have been a number of significant transactions affecting Petrosibir in 2015. On 11 December 2015 Petrosibir distributed the Ukrainian operations to its shareholders and on 16 December 2015 Petrosibir acquired Sonoyta Ltd from Petrogrand. Sonoyta owns 49% of Ripiano Holdings Ltd who in turn owns 100% of certain oil and gas assets in the Russian republic of Komi. In the comments below the Ukrainian operations are included up until the date of distribution, 11 December 2015, i.e. in the production and income statement comments for 2015 but not in the balance sheet comments per 31 December 2015. Sonoyta Ltd is included in the production and income statement comments from 16 December 2015 and in the Balance sheet comments per 31 December 2015.

It is recommended that the section "Adjustments and reclassifications" and note 6 below are read in parallel as they cover important items in the Condensed consolidated statement of comprehensive income and Condensed consolidated statement of financial position.

Revenue from oil sales amounted to SEK 78 (113) million. During the year, Petrosibir sold 267,750 (318,180) barrels of oil and produced 270,905 (321,377) barrels of oil. In addition the acquired assets in Komi contributed with 15,190 barrels from 16 December 2015. The prices of oil in USD in both Russia and Ukraine in 2015 were lower compared to 2014.

The average daily production during 2015 amounted to 760 barrels, compared to 880 barrels in 2014. In addition the production from the acquired assets in Komi contributed with a production of 949 barrels per day from 16 December 2015.



The Russian (continuing) and Ukrainian (discontinued) Operations, excluding one-off items, reported an operating result for the period January - December 2015 of SEK 10 (23) million, equivalent to an operating margin of 13% (21%). The operating result was negatively affected by the lower oil prices in 2015 compared to last year. In January to December 2015, the average price of Brent oil was USD 53 per barrel compared to USD 99 per barrel the same period last year.

Cash and cash equivalents amounted to SEK 36 million at the end of the year compared to SEK 14 million at 31 December 2014. Cash flow from operations during the period was SEK 2 million, whereas cash flow from investments in exploration and development activity was SEK -11 million, all related to the oil and gas operations in Russia. Cash flow from financing activities was SEK 4 million, reflecting a loan from Pareto Securities. The company's shareholding in Petrogrand has been pledged for this loan. The company also received net SEK 30 million in the acquisition of Sonoyta.

The accounts receivable balance amounted to SEK 0 million as of 31 December 2015 compared to SEK 54 million at 31 December 2014. The accounts receivable balance was entirely attributable to the Ukrainian operations which have been distributed and are not included in the balance sheet at the end of the year.

Non-current financial assets, SEK 95 million, relates to the equity investment in Ripiano which was acquired in the Sonoyta acquisition.

Assets held for sale relates to shares in Petrogrand and amounted to SEK 10 million at the end of the year compared to SEK 48 million 31 December 2014. The value of the Petrogrand share has been written down by 38 million during 2015.

In December 2015 Petrosibir distributed the Ukrainian operations to its shareholders. Prior to the distribution the Ukrainian operations were transferred to the newly established wholly owned subsidiary Zhoda Petroleum Ukraine AB. The shareholders received 1 share in Zhoda Petroleum Ukraine for each share in Petrosibir. The distribution affected Petrosibir's consolidated equity by SEK 43 million.

Shareholders' equity per share at 31 December 2015 was SEK 8.55 (15.34) and the equity to assets ratio was 94 (85) %.

The Russian and Ukrainian currencies continued to be volatile during the period. The Russian ruble weakened by 17 per cent against the Swedish krona compared to the year-end rate 2014 while the Ukrainian hryvnia weakened by 30 per cent against the Swedish krona. See note 6 for details regarding exchange differences that affects the condensed financial statements.

Adjustments and reclassifications

This year-end report include several non-recurring adjustments of values and reclassifications which mainly are the result of the agreement between Petrosibir and Petrogrand, the development on the oil and gas market, depreciation of the Ukrainian currency and the share price development in Petrogrand. These items are described below and in note 6.

Below is a summary of the reported net result adjusted for the one-off items described below:

Result for the period, total for the Group	-159 625
<u>Adjustment of one-off items:</u>	
Negative goodwill	-34 261
Reclassification writedown Petrogrand 2014	36 102
Writedown Petrogrand 2015	38 347
Writedown goodwill	6 807
Writedown Ukrainian operations	42 635
Reclassification translation differences Ukraine 2014	65 567
Translation differences Ukraine 2015	<u>18 084</u>
Result excluding one-off items	13 657

Ukrainian operations

Due to the distribution of the Ukrainian operations to the Petrosibir shareholders these operations are accounted for as discontinued operations in accordance with IFRS 5 in the financial reporting. The Ukrainian operations are therefore reported as discontinued operations below those of continuing operations in the Condensed consolidated statement of comprehensive income. The Ukrainian operations were distributed on 11 December 2015.

As can be seen in the tables above, the Ukrainian operations continue to show profitability despite the drop in the oil price. For the period 1 January – 11 December 2015, these operations recorded revenue of SEK 50 million and an operating profit of SEK 11 million, equivalent to an operating margin of 23%. Despite that but considering that the oil price and the geopolitical situation in Ukraine is likely to continue to be volatile, the company recorded an impairment charge attributed to the Ukrainian operations of approximately SEK 43 million in the third quarter 2015 which is reported within discontinued operations.

Furthermore, in relation to the distribution of the Ukrainian operations the accumulated exchange differences previously reported in Other Comprehensive Income were reclassified to financial items within discontinued operations. The amount reclassified from 2014 amounts to SEK -66 million and the accumulated exchange differences incurred in 2015 amounts to SEK -18 million, therefore a total of SEK – 84 million are reported in financial items in discontinued operations.

Shares in Petrogrand

Petrosibir is Petrogrand's largest shareholder and holds 11,585,308 shares equivalent to approximately 29% of the capital. In 2014 Petrosibir wrote down the value of the shares by SEK -36 million and recorded the write down in other comprehensive income. In the third quarter 2015 the company determined that the share price development of the Petrogrand share was no longer temporary and therefore reclassified the SEK -36 million from other comprehensive income to financial items in continuing operations. During 2015 the value of the shares in Petrogrand has dropped further and an additional write down of SEK -38 million has been recorded in financial items in continuing operations. There are a number of reasons for the drop in the share price of Petrogrand. Petrogrand sold its subsidiary Sonoyta Ltd to Petrosibir in exchange for shares in Petrosibir. The Petrosibir shares have been distributed to the shareholders of Petrogrand. Also the decision by the disciplinary committee of Nasdaq to delist Petrogrand from Nasdaq First North had a negative effect on the share price.

Acquisitions

On 16 December 2015 Petrosibir acquired 100% of the shares in Sonoyta Ltd from Petrogrand. At the date of acquisition Sonoyta held cash of approximately USD 4 million and 49% of the shares in Ripiano Holdings Ltd, a Cypriot company holding 100% of two Russian legal entities with production and exploration licenses in the Russian republic of Komi. Petrosibir issued 17,500,000 shares of series B to Petrogrand as consideration for the shares in Sonoyta. The fair value of the consideration amounted to SEK 96 million. The preliminary purchase price allocation has resulted in a negative goodwill of SEK 34 million which is included in the operating result in continuing operations. If the fair value of the acquired net assets exceeds the consideration it results in a so called negative goodwill which, according to IFRS 3, immediately should be recorded in the income statement. Below are preliminary values of the acquired net assets. Amounts are in SEK million.

	Fair value
Oil- and gas assets	97
Other assets	33
Liabilities	<u>0</u>
Net assets	130
Consideration paid	<u>96</u>
Negative goodwill	<u>-34</u>

As noted above the main asset of Sonoyta is the 49% interest in Ripiano Holding. The interest in Ripiano Holding is reported as an equity investment in the consolidated accounts of Petrosibir.

Impairment test

In accordance with IFRS the company has performed its annual impairment test of the Bashkirian assets and concluded that no adjustment of the carrying value of the assets is required. The main assumptions used in the test were a Brent oil price of USD 30 per barrel for 2016, USD 50 per barrel for 2017 and USD 55 per barrel periods 2018 and onwards, 2P reserves of oil and gas of 27 million barrels in Bashkiria and a discount rate of 15% in Russia.

In 2009 the company completed a reverse acquisition whereby a goodwill of SEK 7 million was recorded. The goodwill was attributed to the stock exchange listing that was included in the reverse acquisition. Due to the

delisting of the company from Nasdaq the company has recorded an impairment charge of SEK 7 million in the fourth quarter 2015.

The company made its impairment test of the Ukrainian operations in the third quarter in relation to the decision regarding the distribution. The company recorded an impairment charge related to the Ukrainian operations in the third quarter of SEK 43 million.

The assets in Komi were acquired 16 December 2015 and were therefore not subject to impairment test at 31 December 2015. Preliminary fair values have been assigned to the net assets in relation to the acquisition.

October – December 2015

Russian operations

Bashkiria

Petrosibir's production of oil in Bashkiria during the fourth quarter amounted to 36,870 (45,740) barrels. Production per day amounted to 401 (497) barrels. The decrease is due to the natural depletion that all wells are subject to as oil is extracted. Revenue in the fourth quarter for the Russian segment amounted to SEK 6.1 (8.4) million and operating profit to SEK 2.1 (2.8) million, corresponding to an operating margin of 34% (33%). The drop in the oil price negatively affected revenue.

Petrosibir has processed and interpreted an additional 142 kilometers of seismic data collected on the Suyanovskoye and Rustamovskoye oil fields to further delineate the previously identified promising structures. The purpose was also to identify future drilling locations.

Federal agencies have approved amendments to the license agreement regarding Suyanovskoye. Once the official documents are released Petrosibir can develop a project of exploration and evaluation of oil and gas reserves. The new license terms increases the flexibility of Petrosibir in terms of timing for drilling of exploration wells.

Komi

Production in Komi in the period 16 -31 December amounted to approximately 15,184 barrels or 949 barrels per day. Petrosibir's share of the net income in Ripiano Holding for the period was SEK -1.6 million. The negative result from Ripiano Holding is mainly due to exchange losses on loans denominated in USD. The Company continues work with cost efficient production enhancing measures.

Ukrainian operations (discontinued operations)

Production in the fourth quarter up until the operations were distributed amounted to 23,680 (30,100) barrels. Production per day amounted to 328 (327) barrels. Revenue in the fourth quarter in the Ukrainian segment amounted to SEK 10.4 (11.9) million and operating profit to SEK 2.5 (0.9) million, corresponding to an operating margin of 24% (8%). Revenue was negatively affected by the falling prices on oil.

As noted elsewhere in this report the Ukrainian operations were distributed to the shareholders on 11 December 2015.

Change of number of shares

In December 2015 Petrosibir issued 17,500,000 shares of series B to Petrogrand AB in exchange for all of the shares in Sonoyta Ltd, a Cypriot holding company with two main assets consisting of 4 MUSD in cash and 49% of the shares in Ripiano Holding Ltd, which in turn owns 100% of certain oil and gas assets in Komi in Russia via Russian subsidiaries.

Following the share issue the total number of shares of series B amounts to 35,399,347. The total number of shares of series A remains unchanged, 761,900. The total number of votes amounts to 43,018,347. The share capital has increased by SEK 87,500,000 and amounts to SEK 180,806,235.

In December 2015 Petrosibir received 6,387,385 shares of series B in Petrosibir as a result of a dividend from Petrogrand. These shares were cancelled in January 2016.

Significant events occurring after the reporting period

In January 2016 Petrosibir settled the short term loan from Pareto and by doing so became free of interest bearing debt.

In January 2016 the Board appointed Dmitry Zubatyuk as CEO of Petrosibir.

On 4 February 2016 the company was delisted from Nasdaq in accordance with the decision by the Disciplinary Committee of Nasdaq on 4 December 2015.

On 17 February 2016 Petrosibir's share of series B started trading on the OTC-list arranged by beQuoted.

The parent company

The parent company's total assets as at the period end amounted to SEK 258 (357) million. Cash and cash equivalents amounted to SEK 1 (7) million. The result after tax January – December 2015 was SEK -172 (-50) million. The negative result is an effect of write down of intra group loans SEK -67 million, shares in Petrogrand SEK -38 million and shares in Shelton Canada Inc SEK -62 million, the legal entity in the group that held the investments in Ukraine which were distributed in December 2015. The equity in the parent company was affected by the dividend of the Ukrainian operations, SEK -32 million, issue of shares in the acquisition of Sonoyta Ltd, SEK 93 million and received shares in Petrosibir when Petrogrand distributed such shares.

In the company's accounts the Petrosibir shares received as dividend are valued at zero in accordance with IFRS.

Annual General Meeting and dividend

The annual general meeting will be held on 24 May 2016 in Stockholm. The Board proposes that no dividend is paid for the financial year 2015.

Risk factors and uncertainties

A detailed account of the risks facing the company can be found in the 2014 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 2015	April 2016
Interim Report January – March 2016	20 May 2016
Interim Report April – June 2016	24 August 2016
Interim Report July – September 2016	18 November 2016
Annual General Meeting 2016	24 May 2016

This information was released for publication on 11 March 2016 at 08:30 CET.

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

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About Petrosibir

Petrosibir (previously Shelton Petroleum) 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 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					
License	Product	Reserves			Working interest
		1P	2P	3P	
Ayazovskoye*	Oil	7	23	41	100%
Ayazovskoye*	Gas	1	4	7	100%
Dinyu-Savinoborskoye	Oil	0	3	3	49%
Sosnovskoye	Oil	0	6	6	49%
Yuzhno-Tebukskoye**	Oil	0	0	0	49%
Total		8	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). Inkonko 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	Note	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
<i>Continuing operations</i>					
Total revenue		6 132	8 440	28 649	44 252
Work performed by the company for its own use and capitalized		526	721	1 890	3 252
Raw material and consumables		-2 836	-2 544	-15 746	-17 363
Negative goodwill		34 261	0	34 261	0
Personnel costs		-3 260	-2 555	-8 480	-10 128
Other external expenses		-1 921	-4 123	-6 559	-16 568
Depreciation and writedown		-6 971	-206	-7 557	-1 492
Operating expenses		19 273	-9 428	-4 081	-45 551
Operating result		25 931	-267	26 459	1 953
Financial income		-115	49	229	123
Share of result from equity investments		-1 620	0	-1 620	0
Financial expenses		-25 520	278	-74 522	-83
Total financial items		-27 255	327	-75 913	40
Result before tax		-1 324	60	-49 455	1 993
Income tax		5	7	23	-158
Result for the period		-1 319	67	-49 432	1 835
<i>Discontinued operations</i>					
Revenue		10 365	11 882	49 629	68 578
Operating costs		-7 882	-10 975	-38 450	-47 321
Operating result before impairment		2 483	907	11 179	21 257
Impairment charges		0	0	-42 635	-6 993
Operating result		2 483	907	-31 456	14 264
Other items, incl tax		-83 918	211	-78 737	-3 135
Result for the period		-81 435	1 118	-110 193	11 129
Result for the period, total for the Group		-82 754	1 185	-159 625	12 964
Other comprehensive income					
Financial assets available for sale	6	0	0	36 102	-36 102
Translation differences		71 718	1 323	42 818	-109 897
Total items which may be or have been re-classified to result for the period		71 718	1 323	78 920	-145 999
Total comprehensive income for the period		-11 036	2 508	-80 705	-133 035
Basic and diluted earnings per share					
Continuing operations		-0,06	0,00	-2,57	0,11
Discontinued operations		-3,90	0,06	-5,73	0,65
Average number of shares		20 889 655	18 661 247	19 222 928	17 047 428
Diluted average number of shares		20 889 655	18 661 247	19 222 928	17 063 378

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK thousand	Note	Dec 31 2015	Dec 31 2014
ASSETS			
Non-current assets			
Goodwill		0	6 807
Exploration and evaluation assets		45 429	53 399
Oil and gas assets		83 660	153 314
Other fixed assets		711	990
Financial assets		0	47 963
Equity investments	4	95 009	0
Total non-current assets		224 809	262 473
Current assets			
Inventory		132	180
Other current receivables		1 245	61 001
Cash and cash equivalents		36 134	13 674
Total current assets		37 511	74 855
Assets held for sale	4	9 616	0
Total ASSETS		271 936	337 328
EQUITY AND LIABILITIES			
Equity		254 530	286 299
Non-current liabilities			
Deferred income tax liabilities		5 341	15 488
Other provisions		240	322
Total non-current liabilities		5 581	15 810
Current liabilities			
Short term loans		4 000	0
Accounts payable		4 050	21 032
Other current liabilities		3 775	14 187
Total current liabilities		11 825	35 219
Total EQUITY AND LIABILITIES		271 936	337 328

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Okt-Dec 2015	Okt-dec 2014	Jan-Dec 2015	Jan-Dec 2014
<i>Continuing operations</i>				
Cash flow from operating activities				
Before change in working capital	-2 319	-2 604	-2 054	-611
Change in working capital	8 408	2 322	4 331	8 137
Cash flow from operating activities	6 089	-282	2 277	7 526
Investment in oil and gas assets	-1 397	-2 008	-6 646	-11 081
Investment in exploration and evaluation assets	-1 718	-2 714	-4 539	-8 825
Investment in equity investee	29 977	0	29 977	-5 056
Cash flow from investing activities	26 862	-4 722	18 792	-24 962
Cash flow from financing activities	-250	0	3 750	-730
Cash flow for the period	32 701	-5 004	24 819	-18 166
Cash flow from discontinued operations	571	-4 092	-2 134	601
Cash and cash equivalents at beginning of the period	14 072	23 993	13 674	33 729
Cash flow for the period	21 146	-9 096	22 685	-17 565
Exchange differences in cash and cash equivalents	916	-1 223	-225	-2 490
Cash and cash equivalents at end of the period	36 134	13 674	36 134	13 674

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK thousand	2015	2014
Opening balance January 1	286 299	318 643
Total comprehensive income for the period	-80 705	-133 035
Share issue	92 750	79 010
Issue costs	-250	-730
Dividend	-43 565	0
Conversion of convertible loan	0	22 410
Closing balance December 31	254 530	286 299

CONDENSED PARENT COMPANY INCOME STATEMENT

SEK thousand	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Total revenue	135	135	454	636
Personnel costs	-2 440	-1 291	-5 343	-5 288
Other external expenses	-1 161	-1 869	-4 453	-11 784
Operating results	-3 466	-3 025	-9 342	-16 436
Financial items	6 -90 657	-20 007	-162 889	-33 527
Result before tax	-94 123	-23 032	-172 231	-49 963
Income tax	0	0	0	59
Result for the period	-94 123	-23 032	-172 231	-49 904

CONDENSED PARENT COMPANY BALANCE SHEET

SEK thousand	Dec 31 2015	Dec 31 2014
ASSETS		
Non-current assets		
Financial non-current assets	226 338	334 242
Total non-current assets	226 338	334 242
Current assets		
Other receivables	21 091	16 702
Cash and cash equivalents	708	6 797
Total current assets	21 799	23 499
Assets held for sale	4 9 616	0
Total ASSETS	257 753	357 741
EQUITY AND LIABILITIES		
Equity	239 020	350 067
Non-current liabilities		
Loan from group companies	9 635	4 758
Total non-current liabilities	9 635	4 758
Current liabilities		
Short term loans	4 000	0
Other liabilities	5 098	2 916
Total current liabilities	9 098	2 916
Total EQUITY AND LIABILITIES	257 753	357 741

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 2014 and in the way they were described in the 2014 annual report. No new or revised standards, interpretations or amendments adopted by the EU had an effect on the group. In December 2015 the company acquired 100% of the Cypriot company Sonoyta Ltd.

As described earlier in this report the company reports the Ukrainian operations as discontinued operations in accordance with IFRS 5.

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 2014 annual report.

Note 3. Fair value

Financial instruments are classified in the following categories:

	Dec 31 2015	Dec 31 2014
Loans and accounts receivable	13 674	67 443
Assets held for sale	9 615	0
Non-current financial assets	95 009	47 963
Total assets	118 298	115 406
Other financial liabilities	7 979	21 032
Total liabilities	7 979	21 032

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 / Assets held for sale

The equity investment in Ripiano Holding, SEK 95 million, which was acquired in the Sonoyta acquisition is reported as non-current financial assets.

The holding in Petrogrand, SEK 10 million, is reported as assets held for sale. As of 31 December 2015 Petrosibir held 11,585,308 shares in Petrogrand corresponding to 28.8% of the shares and votes. Petrosibir has announced that the shareholding is not long term and therefore classified the shares in Petrogrand as assets held for sale. As at 31 December 2015, the price per share was SEK 0.83 and value of the shares amounted to SEK 10 million. An adjustment to fair value of the shares, SEK -38 million, was reported for the period January to December in financial items in the consolidated statement of comprehensive income and the parent company income statement. See also note 6 below.

Note 5. Related party transactions

At the time of entering into the agreement with Petrogrand in October 2015 two directors on Petrosibir board were also directors on the Petrogrand board. Due to this conflict of interest those directors did not participate in any of the discussions or resolutions by the board in Petrosibir which were related to the agreement with Petrogrand.

The company was party to a consultancy agreement with a company in which Richard N. Edgar is one of several partners. The hourly-based agreement included technical expertise. Richard N. Edgar was a director of the company until the annual general meeting in May 2015.

Note 6. Financial items and Exchange differences

As a result of the reclassifications of exchange differences and fluctuations in the exchange rates the company reports translation differences in other comprehensive income of SEK 42 (-110) million. The reclassified exchange differences relates to the Ukrainian operations which were distributed in December. Other translation differences reported in other comprehensive income arise when the income statements and balance sheets of foreign operations are translated from local currency to Swedish krona. The translation differences mainly relate to intra-group loans and fixed assets and do not affect cash flow. Below are breakdowns of financial items in continuing operations as well as a breakdown of the composition of other comprehensive income.

	Oct-Dec 2015	Jan-Dec 2015
Financial items, continuing operations		
Interest income and exchange differences	-115	229
Reclassified write down Petrogrand shares from other comprehensive income	0	-36 102
Writedown Petrogrand current period	-25 483	-38 348
Share of result from equity investments	-1 620	-1 620
Interest cost	<u>-37</u>	<u>-72</u>
Total financial costs, continuing operations	-27 255	-75 913
	Oct-Dec 2015	Jan-Dec 2015
Breakdown of other comprehensive income		
Financial assets available for sale		
Reclassification of write down Petrogrand shares *	0	36 102
Exchange differences		
Reclassified to discontinued operations, Ukraine	83 651	65 568
Exchange differences related to Russian operations	<u>-11 933</u>	<u>-22 750</u>
Exchange differences in other comprehensive income	71 718	42 818
Total other comprehensive income	71 718	78 920

* Reclassified to financial items in continuing operations

Financial items in the parent company

	Oct-Dec 2015	Jan-Dec 2015
Write down loans to subsidiaries	-67 000	-67 000
Write down of Petrogrand shares	-25 483	-38 348
Write down of shares in subsidiaries (Ukrainian operations)	0	-62 129
Net interest income and expense	<u>1 826</u>	<u>4 588</u>
	-90 657	-162 889

Exchange rates

The following exchange rates have been used when translating the financial statements of foreign operations in the respective periods presented in this report.

	<u>Jan-Dec 2015</u>		<u>Jan-Dec 2014</u>	
	<u>Balance sheet date</u>	<u>Average rate</u>	<u>Balance sheet date</u>	<u>Average rate</u>
1 Euro	9,14	9,36	9,52	9,10
1 USD	8,35	8,44	7,81	6,86
1 CAD	6,03	6,60	6,72	6,21
100 Rubles	11,42	13,90	13,75	18,09
100 Hryvnia	35,04	38,28	50,04	58,16

Note 7. Segment reporting

The group is organized in and managed from geographical regions. These correspond to the operating segments for which information is reported and followed up on by the management of the company. Operating segments per geographical region include all local reporting entities within each respective region. The operating segments apply the same accounting principles as the group. The operating segments' revenue, expenses and assets include items directly attributable to the segment and items that can be allocated to a specific operating segment in a reasonable and reliable way.

Sale of oil is accounted for as externally reported revenue for the operating segments. Internally reported revenue consists of invoiced expenses for intra-group services. The arm's length principle is applied and market price considered when transactions are made between operating segments. Group management follows up the profit or loss measure "operating result".

On 11 December 2015 Petrosibir distributed the Ukrainian operations to its shareholders and it is therefore reported as discontinued operations. The income statement segment information therefore includes the Ukrainian operations up until and including that date. Since the Ukrainian operations had been distributed before 31 December 2015 there is no segment balance sheet related to Ukraine per 31 December 2015.

Segment Income statements, SEK thousand

January - December 2015	Russia	Other	Elimi- nations	Total	Ukraine*
Revenue, external	28 649	0	0	28 649	49 629
Revenue, internal	0	576	-576	0	0
Capitalized own work	1 890	0	0	1 890	0
Raw materials and consumables	-15 746	0	0	-15 746	-31 194
Negative goodwill	0	34 261	0	34 261	0
Impairment charge	0	-6 807	0	-6 807	-42 635
Other operating expenses	-6 109	-10 256	576	-15 789	-7 256
Operating profit/loss	8 684	17 774	0	26 458	-31 456

January - December 2014	Russia	Other	Elimi- nations	Total	Ukraine
Revenue, external	44 252	0	0	44 252	68 578
Revenue, internal	0	728	-728	0	0
Capitalized own work	3 252	0	0	3 252	0
Raw materials and consumables	-17 363	0	0	-17 363	-41 368
Impairment charge	0	0	0	0	-6 993
Other operating expenses	-11 278	-20 815	728	-31 365	-5 953
Operating profit/loss	18 863	-20 087	0	-1 224	14 264

October - December 2015	Russia	Other	Elimi- nations	Total	Ukraine*
Revenue, external	6 132	0	0	6 132	10 365
Revenue, internal	0	170	-170	0	0
Capitalized own work	526	0	0	526	0
Raw materials and consumables	-2 836	0	0	-2 836	-6 611
Negative goodwill	0	34 261	0	34 261	0
Impairment charge	0	-6 807	0	-6 807	0
Other operating expenses	-1 743	-3 772	170	-5 345	-1 270
Operating profit/loss	2 079	23 852	0	25 931	2 484

October - December 2014	Russia	Other	Elimi- nations	Total	Ukraine
Revenue, external	8 440	0	0	8 440	11 883
Revenue, internal	0	170	-170	0	0
Capitalized own work	721	0	0	721	0
Raw materials and consumables	-2 544	0	0	-2 544	-8 724
Impairment charge	0	0	0	0	0
Other operating expenses	-3 849	-4 175	170	-7 854	-2 252
Operating profit/loss	2 768	-4 005	0	-1 237	907

Segment Balance sheets, SEK thousand

December 31, 2015	Russia	Other	Elimi- nations	Total	Ukraine*
Assets					
Tangible and intangible fixed assets	129 802	0	0	129 802	0
Current assets, external	1 946	35 565	0	37 511	0
Current assets, internal	0	22 726	-22 726	0	0
Investments in exploration and evaluation assets and oil and gas assets	11 185	0	0	11 185	0
December 31, 2014					
	Russia	Other	Elimi- nations	Total	Ukraine
Assets					
Tangible and intangible fixed assets	142 680	6 968	0	149 648	64 863
Current assets, external	4 706	8 972	0	13 678	61 176
Current assets, internal	0	19 072	-19 072	0	0
Investments in exploration and evaluation assets and oil and gas assets	19 906	0	0	19 906	3 562

* The Ukraine segment is reported as discontinued operations in the income statement as it was distributed to the shareholders of Petrosibir on 11 December 2015. The Ukrainian segment includes an impairment charge of SEK 42,635 thousand in 2015 and SEK 6,993 thousand in 2014.