

Year-end report January - December 2020

January - December 2020

- Total revenue: SEK 39 (58) million
- Operating result: SEK -1 (4) million
- Impairment Ripiano -55 (0) million
- Net income SEK -55 (4) million
- Earnings per share: SEK -1.86 (0.14)

July - December 2020

- Revenue: SEK 19 (30) million
- Operating result: SEK -1 (2) million
- Impairment Ripiano -24 (0) million
- Net income SEK -25 (2) million
- Earnings per share: SEK -0.85 (0.07)

TOTAL PRODUCTION, BBL

	2020						2020	2019
	Jan	Feb	Mar	Apr	May	Jun		
Bashkiria	10 622	9 782	10 373	9 694	10 096	9 709		
Komi	36 428	35 649	35 227	28 814	24 106	27 509		
Total barrels	47 050	45 431	45 600	38 508	34 202	37 218		
	Jul	Aug	Sep	Oct	Nov	Dec	Total	Total
Bashkiria	9 592	9 424	9 454	9 673	9 315	9 592	117 326	125 633
Komi	25 022	23 274	22 412	22 181	22 344	23 796	326 764	291 615
Total barrels	34 614	32 699	31 866	31 854	31 659	33 388	444 089	417 248

PRODUCTION PER DAY, BBL

	2020						2020	2019
	Jan	Feb	Mar	Apr	May	Jun		
Bashkiria	343	337	335	323	326	324		
Komi	1 175	1 229	1 136	960	778	917		
Total barrels per day	1 518	1 567	1 471	1 283	1 103	1 241		
	Jul	Aug	Sep	Oct	Nov	Dec	Average	Average
Bashkiria	309	304	315	312	310	309	321	344
Komi	807	751	747	716	745	768	894	799
Total barrels per day	1 117	1 055	1 062	1 028	1 055	1 077	1 215	1 143

Statement from CEO

Dear Shareholders,

I am pleased to announce the year-end results for 2020.

2020 was a very difficult year. The entire world encountered unprecedented challenges, and the oil industry was one of those hit badly by the COVID crisis. Nevertheless, PetroSibir remained strong and quickly adapted to the new conditions. Efficient costs management combined with flexible Russian taxation of the oil industry helped us to minimise the losses. In addition, with our new partner in Bashkiriya we successfully drilled the first exploration well in the Suyanovskoye licence and are now drilling the second. The new reserves and production along with growing oil prices have substantially increased the assets value and bring new opportunities.

Pavel Tetyakov, CEO

Financial information January - December 2020

The consolidated financial information in this interim report has been prepared in accordance with IAS 34 and with the same accounting principles, IFRS, that were applied for the financial year 2019 as they are described in the annual report for 2019.

Consolidated information

In October Petrosibir announced that it had entered into an agreement with a partner to drill two exploration wells in the Suyanovskoye licence. The partner, who is the parent company of the drilling contractor, finances the drilling of the wells and Petrosibir finances other costs related to the drilling such as permitting documentation, pad and road construction, water supply etc. In exchange for financing the drilling the partner receives a 49% interest in the licence. Petrosibir continue to consolidate the entity within the group which holds the Suyanovskoye licence and reports a non-controlling interest for the partner's share of the company's equity and net income.

At the end of 2020 the first of the two wells had been completed with very promising initial flow rates from the two perforated horizons, the upper Bobrikovskiy and the lower Kyn-Pashyisky. Test production of the well will be finished in the spring 2021 with commercial production to start in Q2 - Q3 2021 after obtaining all necessary licence and permitting documentation.

In January 2021 Petrosibir spudded the second exploration well in the Suyanovskoye licence with an expected completion in the beginning of the second quarter.

Revenue in 2020 amounted to SEK 39,284 (52,093) thousand in 2020. The company's operating costs amounted to SEK -39,929 (-53,389) thousand and the company showed an operating profit of SEK -645 (4,426) thousand. The average Brent oil price in 2020 was USD 43 per barrel compared to USD 64 in 2019. Lower volumes combined with lower oil prices led to a lower revenue compared to 2019. The lower oil price also meant lower production taxes in 2020. In addition the company managed to efficiently optimise controllable operating expenses thus minimising overall slightly negative operating result.

The Company's oil trading generated gross revenue of SEK 56,483 (57,671) thousand and the cost of the traded oil amounted to SEK -48,425 (-51,952) thousand, i.e.a net result of SEK 8,058 (5,719) thousand. The net amount is reported as revenue.

Excluding production taxes, which are dependent on the international oil price, the operating costs amounted to SEK -25,096 thousand during the period compared to SEK -27,575 thousand in the same period 2019. The lower operating costs are attributable to all controllable factors including workovers and personnel related expenses.

The operating result for 2020 amounts to SEK -645 (4,427) thousand.

The outbreak of COVID-19 in 2020 caused countries globally to put severe measures in place to stop or slow down the spreading of the infection. The demand for oil decreased globally and prices fell sharply. At the same time oil producing countries reduced their output but not enough to compensate for the demand destruction caused by COVID. After the spring drop in oil prices the Brent price partially recovered during the rest of 2020 and closed the year at USD 50 per barrel. Petrosibir considered the effects of the COVID-19 outbreak an impairment event and therefore tested the assets in Bashkiria and Komi for impairment in relation to preparing the half year report and recorded an impairment loss of SEK -31,017 (0) thousand related to the investment in Ripiano.

In December Petrosibir completed its annual impairment test of the Bashkirian and Komi assets. Petrosibir has, following the annual impairment test in combination with other financial information from the operations in Komi, recorded an additional impairment of the Komi asset of SEK -24,467 thousand. The book value of the investment is SEK 76,698 thousand as of December 31, 2020.

Petrosibir has concluded that there is no impairment of the assets in Bashkiria.

The company's consolidated cash position on 31 December 2020 amounted to SEK 27,721 thousand compared to SEK 31,317 thousand on 31 December 2019, i.e. a cash flow of SEK -3,596 (9,024) thousand.

Shareholders' equity per share on 31 December 2020 was SEK 6.95 (10.28).

Bashkiria

January-December 2020

The revenue from selling our own produced oil amounted to 39,284 (57,815) thousand and the operating costs to – 33,006 (-46,917) thousand with an operating result of SEK 6,278 (10,898) thousand. The operating margin amounted to 20% (21%).

During 2020 the average Brent price of oil was USD 43 per barrel compared to USD 64 per barrel in 2019. A lower oil price combined with lower production and sales volumes led to lower revenue in the year compared to the prior year. The operations in Bashkiria produced 117,326 (125,633) barrels of oil during 2020 and sold 117,344 (125,899) barrels of oil. The average daily production amounted to 321 (344) barrels.

Net revenue from oil trading amounted to SEK 8,058 (5,722) thousand.

July-December 2020

The revenue from selling our own produced oil in the period amounted to SEK 15,369 (25,735) thousand. During the period 56,790 (62,767) barrels of oil were sold in Bashkiria. The average Brent price of oil was USD 44 per barrel during the period compared to USD 62 per barrel for the same period in 2019. The production amounted to 57,050 (63,364) barrels which corresponds to an average daily production of 310 (344) barrels. Lower production and sales volumes and lower Brent oil prices during the period compared to the same period in the prior year led to lower revenue. At the same time the team has successfully increased the netback from oil sales and continued the oil trading activities which added an incremental revenue of SEK 4,118 (4,578) thousand.

The operating costs in the period amounted to SEK -16,937 (-25,553) thousand. The operating costs in the period reflect lower production taxes, operating efficiencies and deferred payment of the discovery bonus for the new Ayskoye oil field. Altogether this resulted in an operating margin of 17% (18%) in the period compared to 2019.

Below are the income statements for the operations in Bashkiria for the period January – December 2020 and 2019 as well as for the period July – December 2020 and 2019, amounts in SEK thousand.

Bashkirian operations	Jan-Dec		Jul-Dec	
	2020	2019	2020	2019
Revenue	31 226	52 093	15 369	25 735
Revenue oil trading, net	8 058	5 722	4 118	4 578
Raw materials and consumables	-14 833	-25 814	-7 340	-12 933
Other operating expenses	-18 173	-21 103	-9 597	-12 620
Operating profit	6 278	10 898	2 550	4 760
Operating margin	20%	21%	17%	18%

In the second half of 2020, following the slow recovery of the economy from the first acute phase of COVID-19 crisis, the company managed to resume production intensification activities including testing the Bobrikovsky horizon. As a result, the company started exploiting that perspective interval for the first time ever in well #11, previously partly used for water injection, however with modest volumes. At the same period, the company optimised the current well fund to ensure all wells produce profitably.

Significant efforts throughout 2020 have been dedicated to mitigate risks of business interruption caused by COVID—19 related restrictions. Implemented measures within the organisation, internal procedures and external collaboration enabled prompt and financially effective adaptation to the challenges and allowed to continue the business in a relatively safe and stable mode in the second half of the year and beginning of 2021.

In relation to Suyanovskoye licence, now jointly developed with the 49% partner Geoservice, there was a major step change done over the second half of the year. Initial test results of Bobrikovskiy horizon of the first drilled well indicated 73 bopd flow rate at a 5.4m oil-saturated net pay. Currently production test is being run on the Kyn-Pashyisky horizon which has a 3.8m oil-saturated net pay and encouraging initial flow rates which will be confirmed by the end of Q1 2021. The company is currently working on reserves estimate project for the Yanbayskaya structure, the area within the licence where the first well is located, to be able to produce in the long run. Drilling of the second appraisal well, located in a structure called Orlinskaya, is being executed in line with the schedule, its results will be evaluated and communicated in due course.

In addition to continuing sustainable production at the Ayazovskoye field and exploring the potential of the Suyanovskoye licence the Company is evaluating alternative scenarios for potential further exploration and development of the assets that may include seismic surveys and drilling.

Komi

January-December 2020

There were six new wells drilled on the Sosnovskoye field between 2019 - 2020, five of them were successfully fraced enabling an increase of the total field production rate to the record high 1,625 bopd in the first half of 2020. However, the field's production declined to 1,176 bopd in the second half of the year. Weaker performance of some of the recently drilled and fraced wells caused a reassessment of the further drilling program and the whole geological model of the field. Thus A+B1+B2 recoverable reserves as per Russian classification for Sosnovskoye field were cut by 57% at the end of 2020, the next drilling cycle was postponed until 2024 and significantly reconsidered in terms of scope. In the short run the company plans to balance production and injection activities to slow down the depletion pattern on Sosnovskoye and Yuzhno-Tebukskoye fields.

The Dinyu-Savinoborskoye field was shut-down in April 2020 for economic reasons and will be started again only when Brent oil prices recover to the level equal or above 70 \$/bbl.

The above-mentioned factors negatively influenced the financial result of the Komi operations in 2020. Apart from those, there was a significant increase in operating costs, which are allocated to the producing subsidiaries by the fields' operating and management service company, Pechoraneftegaz which is 100% controlled by the majority shareholder of Ripiano.

Significant events occurring after the reporting period

The drilling of the second exploration well on the Suyanovskoye licence started in January 2021 and is expected to be completed in the beginning of the second quarter.

Annual General Meeting and dividend

The date for the annual general meeting has, due to the uncertain COVID situation, not yet been set but is planned to be held in May or June 2021 in Stockholm. The Board proposes that no dividend is paid for the financial year 2020.

Risk factors and uncertainties

A detailed account of the risks facing the Company can be found in the 2019 annual report. Risks include exploration , oil price , exchange rate , liquidity , credit , interest rate and political , among others. During the period, there has been no major changes in material risk factors or uncertainties for the group or the parent company compared to what was described in the 2019 annual report.

Upcoming financial reporting

Annual report 2020	April 2021
Annual General Meeting 2021	May / June 2021

This information was released for publication on 26 February 2021.

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. The Petrosibir share is traded on the OTC-list at beQuoted starting from 17 February 2016 under the symbol PSIB-B.

Petrosibir's exploration and production portfolio

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

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

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

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

The amounts may not add up due to roundings.

Note on the reserves and resources calculation

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

Resources have a lower probability of extraction than reserves.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK thousand	Jul-Dec 2020	Jul-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Total revenue	19 486	30 313	39 284	57 815
Raw material and consumables	-7 340	-12 933	-14 833	-25 814
Personnel costs	-4 730	-4 460	-8 653	-9 015
Other external expenses	-7 499	-9 371	-13 920	-15 588
Depreciation	-711	-1 551	-2 523	-2 972
Operating expenses	-20 280	-28 315	-39 929	-53 389
Operating result	-794	1 998	-645	4 426
Financial income	373	925	1 113	1 786
Financial expenses	62	-50	-245	-97
Impairment financial assets	-24 467	0	-55 484	0
Total financial items	-24 032	875	-54 616	1 689
Result before tax	-24 826	2 873	-55 261	6 115
Income tax	-522	-824	-167	-1 916
Result for the period	-25 348	2 049	-55 428	4 199
Other comprehensive income				
Translation differences	-24 008	3 950	-43 756	22 965
Total items which may be or have been re-classified to result for the period	-24 008	3 950	-43 756	22 965
Total comprehensive income for the period	-49 356	5 999	-99 184	27 164
Earnings per share	-0,85	0,07	-1,86	0,14
Average number of shares	29 773 862	29 773 862	29 773 862	29 773 862
Result attributable to shareholders of the parent	-25 348	2 049	-55 428	4 199
Result attributable to non-controlling interests	0	-	0	-
Comprehensive income to shareholders of the parent	-49 356	5 999	-99 184	27 164
Comprehensive income to non-controlling interests	0	0	0	0

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK thousand	Dec 31 2020	Dec 31 2019
ASSETS		
Non-current assets		
Exploration and evaluation assets	47 342	50 527
Oil and gas assets	88 532	118 725
Other fixed assets	1 697	2 901
Financial assets held for sale	73 698	129 182
Total non-current assets	211 269	301 335
Current assets		
Inventory	373	697
Other current receivables	2 587	1 523
Cash and cash equivalents	27 721	31 317
Total current assets	30 681	33 537
Total ASSETS	241 950	334 872
EQUITY AND LIABILITIES		
Equity attributable to shareholders	207 023	306 206
Non-controlling interests	1	-
Non-current liabilities		
Deferred income tax liabilities	12 632	16 078
Other provisions	1 464	2 389
Total non-current liabilities	14 096	18 467
Current liabilities		
Accounts payable	1 198	848
Current loans	12 669	0
Other current liabilities	6 963	9 351
Total current liabilities	20 830	10 199
Total EQUITY AND LIABILITIES	241 950	334 872

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Jul-Dec 2020	Jul-Dec 2019	Jan-Dec 2020	Jan-Dec 2019
Cash flow from operating activities				
Before change in working capital	340	3 908	2 444	8 297
Change in working capital	466	1 864	-697	1 726
Cash flow from operating activities	806	5 772	1 747	10 023
Investment in oil and gas assets	-11 635	-3 337	-12 492	-4 434
Disposal of financial assets	0	61	0	61
Cash flow from investing activities	-11 635	-3 276	-12 492	-4 373
Cash flow from financing activities	14 605	0	14 605	0
Cash flow for the period	3 776	2 496	3 860	5 650
Cash and cash equivalents at beginning of the period	28 217	28 144	31 317	22 033
Cash flow for the period	3 776	2 496	3 860	5 650
Exchange differences in cash and cash equivalents	-4 272	677	-7 456	3 634
Cash and cash equivalents at end of the period	27 721	31 317	27 721	31 317

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK thousand	2020	2019
Opening balance January 1	306 206	279 042
Total comprehensive income for the period	-99 184	27 164
Closing balance December 31	207 023	306 206

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 accounting policies are consistent with those applied in the preparation of the Annual report 2018 and in the way they were described in the 2019 Annual report, except for the adoption of new standards effective January 1, 2020. None of the new or revised standards, interpretations or amendments adopted by the EU had any significant 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 2019 annual report.

Note 3. Fair value

Financial instruments are classified in the following categories:

	Dec 31 2020	Dec 31 2019
Loans and accounts receivable	27 744	31 557
Financial assets held for sale	73 698	129 182
Total assets	101 442	160 739
Other financial liabilities	13 867	847
Total liabilities	13 867	847

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 held for sale

The equity investment in Ripiano Holding, SEK 74 (129) million, is reported as non-current financial assets held for sale.

Note 5. Related party transactions

There have been no related party transactions.