

## Interim Report January-June 2009

- Change in operations to oil and gas exploration and name change to Petrosibir<sup>1</sup>
- Gas formation penetrated in the second exploration well
- First oil reserves of 10 million barrels C1+C2 registered with the GKZ
- Merger with Shelton Canada will create a growth company with exploration and production activities in Russia and Ukraine
- The company is in the exploration phase and sales of oil and gas have not yet started
- After tax result for the period: SEK -9 million (SEK -4 million)
- Earnings per share: SEK -0,09 (SEK -0,05)

### Statement from the CEO

*“During the period, the company changed its name to Petrosibir and assumed new operations in oil and gas exploration. Petrosibir is conducting a successful exploration program on the Rustamovskoye license block in Bashkiria, an autonomous republic in the Russian Federation. We found both oil and gas in our first well. The drilling of the second well has gotten off to a good start, and we have penetrated a gas formation in the second well, too. I am looking forward with confidence to receiving the results from the deeper and potentially oil-bearing layers. That the company has now registered its first reserves is proof of the success of our exploration efforts.*”

*“Expansion is an important part of Petrosibir’s strategy. In July it was announced that Petrosibir had entered into agreements concerning a business combination with Shelton Canada. Together we will create a growth-oriented oil and gas company that focuses on both exploration and extraction. We gain a diversified portfolio with assets in Russia and Ukraine. The company’s reserves and resources base for oil and gas will increase dramatically. Petrosibir will strengthen its position in the oil industry and become more attractive to investors,” says CEO Robert Karlsson.*”

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<sup>1</sup> The extraordinary meeting of shareholders on 9 July 2009 voted to change the company’s name from Temporär Förvaltning i Stockholm AB to Petrosibir AB.

## The Petrosibir exploration program

In 2008 the first well on the Rustamovskoye block was drilled to a final depth of 2265 meters. Multiple oil layers and one gas layer were intercepted from the Carboniferous and Devonian periods. Production tests indicate that the well's flows of oil and gas are commercial. Petrosibir has continued with the exploration program into 2009. The gas formation that was penetrated both in the company's first well and in the old Soviet-era well #1017 has also been identified in the company's second well. The company is currently drilling down to the deeper and potentially oil-bearing layers from the Carboniferous and Devonian periods.

Once the drilling of the second well is complete, the company will have fulfilled the conditions of the exploration license, both in terms of the amount of seismic data collected and the number of wells drilled. Once this is done, the company will then proceed with production by extracting and selling oil.

## The period January to June 2009

Investments in oil and gas assets for the period amounted to SEK 11 million. The company is currently in a phase of exploration, and there has yet to be any sale of oil or gas. Operating expenses amounted to SEK 9 (4) million and consist primarily of personnel costs and expenses incurred during the merger between Temporär Förvaltning i Stockholm AB and Petrosibir AB. The group has 15 employees, of which one is employed with the parent company Petrosibir AB.

The group had SEK 22 million in cash and cash equivalents at the end of the period.

Equity per share as at 30 June 2009 was SEK 0.50.

## The TFS-Petrosibir merger

During the period, the company assumed new operations in oil and gas exploration and changed its name from Temporär Förvaltning i Stockholm AB (TFS) to Petrosibir AB. The merger of TFS and Petrosibir occurred via a so-called reverse takeover and a public offering that was accepted by 100% of the shareholders of the acquired company. See Note 3 for more information.

The resulting merged company has undergone inspection by the listing committee at Nordic Growth Markets, which decided that that company fulfils the NGM listing requirements. The company's B-share is currently traded under the ticker PETS on the NGM stock exchange.

## Major events occurring after the reporting period

On 16 July 2009, it was announced that Petrosibir and Shelton Canada Corp are to enter into business combination. Shelton is a public Canadian company listed on the Toronto Stock Exchange. The transaction will create a growth-oriented oil and gas company focused on both exploration and production. The company gains a diversified portfolio of assets in Russia and Ukraine. The resulting merged company will have reserves of approx. 8 million barrels of oil equivalent (P1 + P2) and estimated resources of approx. 100 million barrels of oil equivalent. The reserves that Petrosibir recently registered with the Russian State reserves committee, GKZ, are not included in the reserve figures above. The initial daily production is approx. 300 barrels of oil. The merger creates economies of scale and a strengthening of the company's operational expertise within exploration and production. The share's trading liquidity is expected to increase, which provides improved access to capital. The company gains access to an enlarged network for continued expansion within the Russian and

Ukrainian operations. The merger is to be affected via a so-called Plan of Arrangement under Canadian law. Among other things, the merger is conditional upon approval by a two-thirds majority at an extraordinary meeting of Shelton shareholders in the fall of 2009. For more information about the merger, please visit [www.petrosibir.com](http://www.petrosibir.com). Shelton's website can be viewed at [www.sheltoncdn.com](http://www.sheltoncdn.com)

At the extraordinary meeting of shareholders on 9 July, shareholders voted to change the company's name to Petrosibir. Robert Karlsson was appointed as the new CEO. The nomination committee's proposals were adopted, which appointed the following persons to the board of directors: Per Höjgård (chairman), Ulf Cederin, Peter Geijerman, Robert Karlsson and Katre Saard. Ernst & Young was appointed company auditor. It was further decided to decrease the company's share capital, to install an options program, as well as to grant the board of directors an authority to issue 200,000,000 new series B shares.

In July a gas formation was penetrated in the company's second exploration well. In August the company announced that it had registered with the GKZ its first reserves of approx. 10 million barrels of oil from the northern section of the license block.

### The parent company

The parent company's balance sheet total as at the end of June amounted to SEK 110 million. Cash and cash equivalents amounted to SEK 6 million. During the first six months of the year, the company has made investments totaling SEK 78 million. The result after tax for the period January-June 2009 amounted to SEK -1 million (SEK -1 million).

### Risk factors and uncertainties

A detailed account of the risks facing the company appears in the management's report in the 2008 annual report of Petrosibir Exploration. There has been no major change in material risk factors or uncertainties during the period. Risks include exploration risk, exchange rate risk, liquidity risk, credit risk, interest rate risk and political risk, among others.

## Upcoming financial reporting

Interim report January-September 2009	12 November 2009 (new date)
Year-End Report 2009	25 February 2010

## Publication under Swedish law

Petrosibir is publishing this information in accordance with the Swedish Financial Markets Act (Sw. *Lag om värdepappersmarknaden*) and/or the Swedish Financial Trading Act (Sw. *lag om handel med finansiella instrument*). This information was released for publication on 20 August 2009 at 15:45 CET.

This report has not been audited by the company's auditor.

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## About Petrosibir

*Petrosibir is a Swedish company focussed on oil and gas exploration. The company holds an exploration license in the Russian republic of Bashkiria, located southwest of the Ural Mountains. The Petrosibir license block comprises 52 square kilometers and is surrounded by other producing oil- and gas fields. Petrosibir has found oil in its first well and measured commercial flow rates. The company is currently drilling the second well and has penetrated a gas-bearing layer. Five holes were drilled in the Petrosibir license block during the Soviet era, and hydrocarbons were found in four of these. The Petrosibir share is traded on the NGM stock exchange under the symbol PETS. In July 2009 Petrosibir announced that it had entered into a merger agreement with Shelton Canada Corp, a Canadian company that has oil and gas assets in Ukraine and is listed on the Toronto Venture Exchange.*

**GROUP STATEMENT OF COMPREHENSIVE INCOME**

SEK th	Apr-Jun 2009	Apr-Jun 2008	Jan-Jun 2009	Jan-Jun 2008
Net revenue	0	0	0	0
Other revenue	0	0	0	0
<b>Total revenues</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Work performed by the company for its own use and capitalized	340	325	660	509
Personnel costs	-1 233	-899	-2 347	-1 908
Other external expenses	-5 284	-548	-6 957	-2 203
Depreciation, amortization & impairment: plant, property, equipment, intangible assets	-74	-29	-149	-56
<b>Operating expenses</b>	<b>-6 591</b>	<b>-1 476</b>	<b>-9 453</b>	<b>-4 167</b>
<b>Operating result</b>	<b>-6 251</b>	<b>-1 151</b>	<b>-8 793</b>	<b>-3 658</b>
Financial items	-81	65	-76	127
<b>Result before tax</b>	<b>-6 332</b>	<b>-1 086</b>	<b>-8 869</b>	<b>-3 531</b>
Income tax	0	0	0	0
<b>Result for the period</b>	<b>-6 332</b>	<b>-1 086</b>	<b>-8 869</b>	<b>-3 531</b>
<b>Other result totals</b>				
Exchange rate differential	-268	-638	-4 561	-2 080
<b>Other total result for the period</b>	<b>-268</b>	<b>-638</b>	<b>-4 561</b>	<b>-2 080</b>
<b>Total result for the period</b>	<b>-6 600</b>	<b>-1 724</b>	<b>-13 430</b>	<b>-5 611</b>
Earnings per share for the period	-0,05	-0,02	-0,09	-0,05

**GROUP COMPREHENSIVE BALANCE SHEET**

SEK th	30 Jun 2009	31 Dec 2008
<b>ASSETS</b>		
<b>Non-current assets</b>		
Oil and gas assets	74 666	67 598
Goodwill	6 807	0
Machinery and inventories	852	705
Other long-term receivables	8 000	8 712
<b>Total non-current assets</b>	<b>90 325</b>	<b>77 015</b>
<b>Current assets</b>		
Other short-term receivables	5 748	3 617
Cash and cash equivalents	21 578	5 517
<b>Total current assets</b>	<b>27 326</b>	<b>9 134</b>
<b>Total ASSETS</b>	<b>117 651</b>	<b>86 149</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>103 290</b>	<b>78 773</b>
<b>Provisions</b>		
Deferred income tax liabilities	5 636	6 002
<b>Short-term liabilities</b>		
Liabilities to suppliers	3 651	16
Other current liabilities	5 074	1 358
<b>Total current liabilities</b>	<b>8 725</b>	<b>1 374</b>
<b>Total EQUITY AND LIABILITIES</b>	<b>117 651</b>	<b>86 149</b>

**GROUP COMPREHENSIVE CASH FLOW STATEMENT**

SEK th	Note	2009 Apr-Jun	2008 Apr-Jun	2009 Jan-Jun	2008 Jan-Jun
Cash flow from operating activities		1 095	-7 059	-578	-10 532
Cash flow from investing activities	3	18 617	-1 088	16 644	-11 487
Cash flow from financing activities		0	0	0	0
Cash flow for the period		19 712	-8 147	16 066	-22 019
Cash and cash equivalents at start of the period		1 855	35 485	5 517	49 339
Exchange differences in cash and cash equivalents		11	-6	-5	12
Cash and cash equivalents at end of the period		21 578	27 332	21 578	27 332

**GROUP COMPREHENSIVE STATEMENT OF CHANGES IN EQUITY**

SEK th	2009	2008
Opening balance 1 January	78 772	86 626
Result for the period	-13 430	-5 611
Share issues	37 948	0
Closing capital 30 June	103 290	81 015

**PARENT COMPANY COMPREHENSIVE INCOME STATEMENT**

SEK th	2009 Apr-Jun	2008 Apr-Jun	2009 Jan-Jun	2008 Jan-Jun
Net revenue	0	0	0	0
Other revenues	1	0	1	0
<b>Total revenues</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>
Personnel costs	-188	-60	-602	-209
Other external expenses	928	-426	-719	-741
<b>Operating results</b>	<b>741</b>	<b>486</b>	<b>-1 320</b>	<b>950</b>
Financial items	255	2	397	5
<b>Result before tax</b>	<b>996</b>	<b>484</b>	<b>923</b>	<b>945</b>
Income tax	0	0	0	0
<b>Result for the period</b>	<b>996</b>	<b>484</b>	<b>923</b>	<b>945</b>

**PARENT COMPANY COMPREHENSIVE BALANCE SHEET**

SEK th	2009 30 Jun	2008 31 Dec
<b>ASSETS</b>		
<b>Non-current assets</b>		
Financial non-current assets	103 426	0
<b>Total non-current assets</b>	<b>103 426</b>	<b>0</b>
<b>Current assets</b>		
Other receivables	880	135
Cash and cash equivalents	6 396	35 281
<b>Total current assets</b>	<b>7 276</b>	<b>35 416</b>
<b>Total ASSETS</b>	<b>110 702</b>	<b>35 416</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>109 625</b>	<b>33 963</b>
<b>Liabilities</b>		
Other liabilities	1 077	1 453
<b>Total liabilities</b>	<b>1 077</b>	<b>1 453</b>
<b>Total EQUITY AND LIABILITIES</b>	<b>110 702</b>	<b>35 416</b>

## Notes to the financial statements

### **Note 1. Information about the company**

Petrosibir AB (publ) (formerly Temporär Förvaltning i Stockholm AB), with Swedish corporate identity number 556468-1491 and registered office in Stockholm, Sweden, is listed on the NGM stock exchange under the ticker PETS. The company's and its subsidiaries' operations are described under "About Petrosibir" herein.

### **Note 2. Accounting principles**

The interim report for the period ended 30 June 2009 has been prepared in accordance with IAS 34 and the Swedish Annual Reports Act (Sw. *Årsredovisningslagen*). The group financial statements have been prepared, just as in the year-end accounts for 2008, in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and by the Swedish Annual Reports Act. The parent company's financial statements have been prepared in accordance with the Swedish Annual Reports Act and the recommendations "RFR 2.2 on 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 2008 and in the manner in which they were described in the 2008 annual report, with certain exceptions (listed below) on account of new or revised standards, interpretations or amendments adopted by the EU to be applied starting 1 January 2009. Only those new or revised standards that have had an effect on the group are described below.

The interim report does not contain the entirety of the information that appears in the annual report and, accordingly, the interim report should be read in conjunction with the 2008 annual report.

#### **New or revised standards**

##### *IAS 1 Presentation of financial statements (revised)*

The revised standard divides up changes in equity as a result of transactions with owners and other changes. The presentation of changes in equity will only contain details regarding transactions with owners. Changes other than those in transactions with owners are to be presented in one row in the presentation of changes in equity. In addition, the standard introduces the concept of "Group statement of comprehensive income," which shows all items pertaining to revenues and costs, either in one separate presentation or in two related presentations. The group has chosen to present all revenues and costs separately in the item "Group statement of comprehensive income."

### **Note 3. Acquisition of subsidiaries**

On 20 May 2008, Petrosibir AB ("Petrosibir", formerly Temporär Förvaltning i Stockholm AB) acquired Petrosibir Exploration AB ("Exploration", formerly Petrosibir AB). The acquisition was effected via a directed issuance of new shares to the existing shareholders of Exploration. As a result of the issue, the previous shareholders in Exploration became the major shareholders in Petrosibir, and the surviving business and operations are in all material senses a continuation of Exploration's business and operations. The transaction has therefore been accounted for as a so-called reverse takeover in accordance with IFRS 3 "Business combinations", which means that a reevaluation of Exploration's assets and liabilities has not been carried out; rather, the group financial statements have been prepared as though Exploration had acquired Petrosibir.

The number of shares issued amounted to 139,246,835, with an estimated value of SEK 0.55. This is reflected in the parent company's equity. Meanwhile, in the group financial statements, the acquisition

value has been calculated based on the number of shares outstanding in Petrosibir immediately prior to the acquisition: 69,996,997 shares, with an estimated value of SEK 0.55.

Following the transaction, Petrosibir's ownership stake in Exploration amounted to 100%.

Petrosibir's contribution to the group's net result for the period 20 May-30 June amounted to SEK 57 thousand.

Below is a presentation of the estimated fair values of the acquired assets and liabilities as at the time of acquisition:

	<b>SEK th</b>
Non-current financial assets	12 000
Current assets	1 992
Cash and cash equivalents	20 013
Current liabilities	<u>- 1 023</u>
Net assets	32 982
Goodwill	<u>6 807</u>
<b>Purchase price</b>	<b><u>39 789</u></b>

As noted above, the acquisition was carried out via a non-cash issuance of new shares.

The acquired non-current financial assets referred to a loan granted by Petrosibir to Exploration prior to the acquisition. In the cash flow analysis, this loan has been presented together with the acquired cash and cash equivalents as a positive item in the investing activities.

#### **Note 4. Related party transactions**

In 2008 Petrosibir signed a financial advisory and equity funding agreement with Alpcot Capital Management Ltd ("ACM"). The contract is results-based and entails no running monthly expense. A fee to ACM of SEK 3 275 thousand has been charged to the period. ACM is controlled by a number of shareholders of Petrosibir, two of whom are members of Petrosibir's board of directors.

## Board's assurance

The Board of Directors and the Chief Executive Officer affirm that this half-year report gives a true and fair view of the company's and the group's operations, standing and financial results, and that it describes the principal risk factors and uncertainties that the company and group companies face.

Stockholm, 20 August 2009

Petrosibir AB (publ.)

Per Höjgård  
*Chairman of the Board*

Ulf Cederin  
*Member of the Board*

Peter Geijerman  
*Member of the Board*

Robert Karlsson  
*Member of the Board, CEO*

Katre Saard  
*Member of the Board*