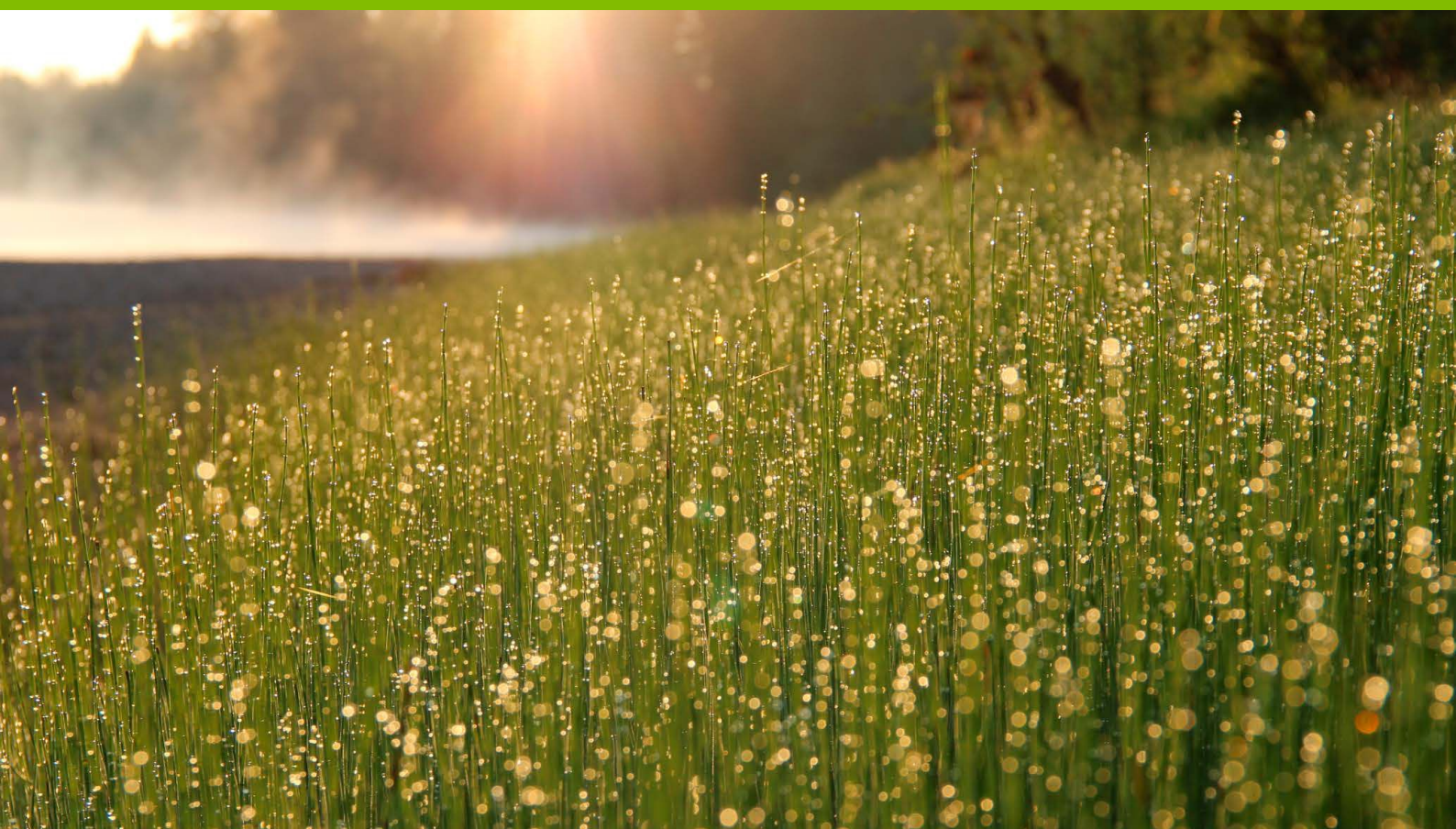




Interim Report for  
**12M and quarter**  
ended 31 December 2016

Selena Oil & Gas Holding AB

Company registration number 556643-6613



## FINANCIAL HIGHLIGHTS

### Fourth quarter

- The total production of crude oil in Q4 2016 amounted to 8.9 Mbbbl (Q4 2015: 1.7 Mbbbl) and there was no production of oil containing liquid in Q4 2016 (Q4 2015: 7.6 Mbbbl)
- Q4 2016 EBITDA amounted to a loss of -1,482 TSEK (Q4 2015: loss of -888 TSEK)
- Operating profit amounted to a loss of -1,547 TSEK in Q4 2016 (Q4 2015: loss of -636 TSEK)
- Q4 2016 Net Result was a loss of -2,269 TSEK (Q4 2015: a loss of -664 TSEK), including a net finance loss of -1,146 TSEK.

### 12M 2016

- The total production of crude oil in 2016 amounted to 28.2 Mbbbl (2015: 19.1 Mbbbl) and production of oil containing liquid amounted to 22.0 Mbbbl (2015: 7.6 Mbbbl)
- 2016 EBITDA amounted to a loss of -4,015 TSEK (2015: loss of -3,796 TSEK)
- 2016 Net Result was a loss of -7,303 TSEK (2015: a loss of -6,351 TSEK), including a net finance loss of -3,165 TSEK.

### TABLE KPIs

	12M 2016	12M 2015	Q4 2016	Q4 2015
Production, Mbbbl	50.1	26.7	8.9	9.3
Production, bopd	137.0	73.2	97.0	100.9
Revenue TSEK	8,885	5,223	1,945	1,462
EBITDA TSEK	(4,015)	(3,796)	(1,482)	(888)
EBITDA margin (%)	(45.2%)	(72.7%)	(76.2%)	(60.7%)
Operating income/loss TSEK	(4,210)	(3,626)	(1,547)	(636)
Net result TSEK	(7,303)	(6,351)	(2,269)	(664)

### Abbreviations

<b>EBITDA</b>	Earnings Before Interest, Tax, Depreciation and Amortisation
<b>EUR</b>	Euro
<b>RUR</b>	Russian rouble
<b>SEK</b>	Swedish krona
<b>USD</b>	US dollar
<b>TSEK</b>	Thousand SEK
<b>TUSD</b>	Thousand USD
<b>TRUB</b>	Thousand RUB

### Oil related terms and measurements

<b>boe</b>	Barrels of oil equivalents
<b>boepd</b>	Barrels of oil equivalents per day
<b>bopd</b>	Barrels of oil per day
<b>Mbbbl</b>	Thousand barrels (in Latin mille)
<b>Mmbbl</b>	Million barrels
<b>Mmboe</b>	Million barrels of oil equivalents
<b>Mboe</b>	Thousand barrels of oil equivalents
<b>Mboepd</b>	Thousand barrels of oil equivalents per day
<b>Mbopd</b>	Thousand barrels of oil per day

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## BACKGROUND INFORMATION

Selena Oil & Gas Holding AB (publ) ("SOGH", "Parent" or the "Company", and together with its subsidiaries the "Group") is an independent Swedish oil and gas holding company with proved and producing assets located in the Russian Federation. The Group is engaged in the exploration and production of oil in the Volga-Ural region of the Russian Federation, including in Perm. The Volga-Ural region has a well-developed infrastructure as well as a high concentration of heavy industry. Several major oil and gas pipelines pass through the region. 2,5 % of all Russian oil production originates from the Perm Region. The Volga-Ural region is located in the European part of Russia.

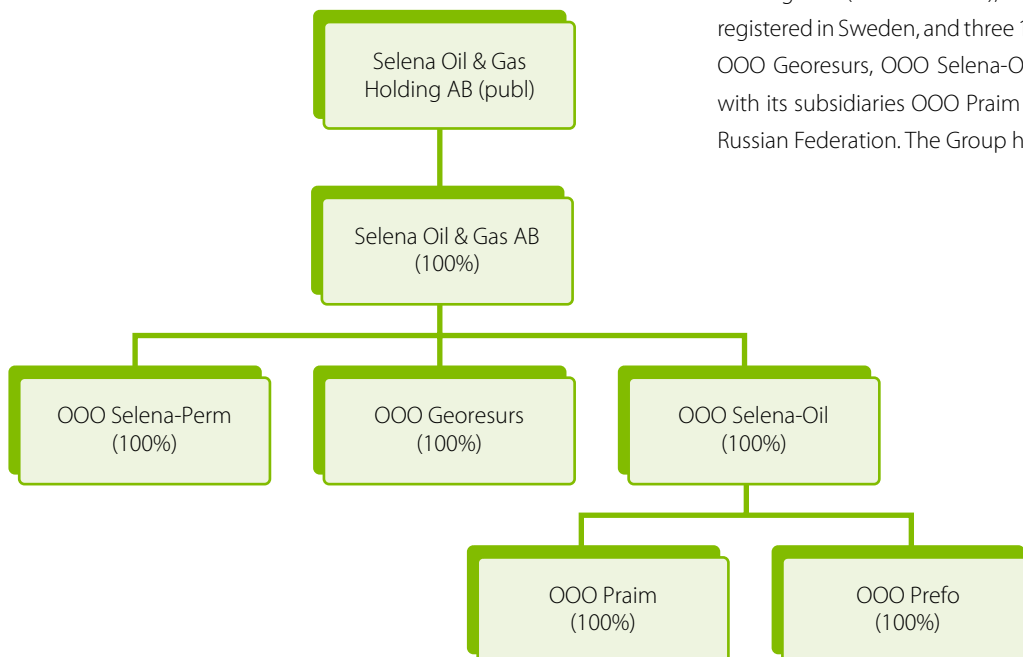
The Group was formed in 2010 with the purpose to consolidate various oil and gas assets in the Volga-Ural region of the Russian Federation, more specifically in Perm and Udmurtia regions.

The Group acquired its first energy assets in November 2010. Subsequently, Selena Oil & Gas AB through the reverse acquisition acquired a NASDAQ OMX First North listed company Emitter Holding AB (publ), subsequently renamed to Selena Oil & Gas Holding AB (publ), currently a legal parent company of the Group. The operations of the Group involve the exploration and extraction of oil. The history of the Group's subsidiaries dates back to 1997, and it started oil production in 2000. In 2011 the Group acquired Russian companies OOO Georesurs and OOO KRT-OilGasTrans (renamed to OOO Selena-Oil), together with its subsidiaries, all located in Perm and Udmurtia region of Russia. In 2013 oil production was temporarily discontinued due to reorganization and was re-started again in Q4 2014.

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## GROUP STRUCTURE

The structure of the Group as of 31 December 2016 is presented below:



As of 31 December 2016 the Group consisted of Selena Oil & Gas Holding AB (further SOGH), its subsidiary Selena Oil & Gas AB registered in Sweden, and three 100% subsidiaries: OOO Selena-Perm, OOO Georesurs, OOO Selena-Oil (previously OOO KRT-OilGasTrans) with its subsidiaries OOO Praim and OOO Prefo, all registered in the Russian Federation. The Group has no associated companies.

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## BASIS FOR PREPARATION OF THE INTERIM REPORT

This interim report has been made pursuant to the requirements of IAS 34 Interim Financial Reporting of the International Accounting Standards and the International Financial Reporting Standards (IFRS) adopted by the European Union. The same accounting methods were used in the preparation of interim reports as in the Annual Report for the financial year which ended on 31 December 2015.

This interim report shows results in thousands of SEK (TSEK). Exchange rates used for the conversion of subsidiary financial information are:

	SEK/RUB	SEK/USD
Average 12M 2016	0.1497	9.0971
Closing rate 31.12.2016	0.1286	8.5613

This Interim Report has not been audited.

The financials of the Parent company are prepared in accordance with accounting principles generally accepted in Sweden, applying RFR 2 issued by the Swedish Financial Reporting Board and the Annual Accounts Act (1995: 1554). RFR 2 requires the Parent company to use similar accounting principles as for the Group, i.e. IFRS to the extent allowed by RFR 2. The Parent company's accounting principles do not in any material respect deviate from the Group's principles.

### **Court resolution regarding dispute with minority shareholder Mr Yuri Gusev**

Selena Oil & Gas Holding AB has been part of a conflict with its minority shareholder, Mr Yuri Gusev, since September 2013. The basis for this dispute is decisions made at extraordinary shareholders meeting held on 31 May 2013. The case was subject to a process of legal trial at Stockholm Tingsrätt and had its final hearing in January 2016. The court delivered its verdict on 8 March 2016, in which the Company was ordered to abolish decisions made at the extraordinary shareholders meeting. The verdict provided Mr Yuri Gusev with a right to receive compensation for cost of legal trial in the amount of 1,100 TSEK. The provision for respective court fees compensation was made in Q1 2016.

### **Bankruptcy claim towards non-operational subsidiary OOO Prefo**

Subsequent to the year end OOO Prefo, a non-operational Group's subsidiary in Russia, received a bankruptcy claim from its creditor who's unpaid debt amounts to 2 800 TRUB. The Company considers the claim to be unjustified and the matter will be resolved in H2 2016.

### **Resolutions from AGM 2016 of June 28th 2016**

The Annual General Meeting of Selena Oil & Gas Holding AB resolved to adopt the submitted income statement and balance sheet, the consolidated income statement and the consolidated balance sheet for 2015. The AGM also adopted the proposed dispositions of the Company's result as presented in the Company's Annual Report for 2015.

Shareholders representing more than ten percent of capital and votes, voted to deny discharge from liabilities for Directors Lars Bergström, Jürgen Lamp, Indrek Rahumaa, Per-Olof Sjöstedt, and Poul Waern and also for the CEO, Magnus Stuart.

The AGM resolved to re-elect board members, Indrek Rahumaa, Jürgen Lamp, and to elect new board members Eimar Rahumaa and Petr Arbatov. Lars Bergström, PeO Sjöstedt and Paul Waern were thanked for their services to the Company, as they had declined re-election.

PricewaterhouseCoopers AB was re-elected as auditors, with Martin Johansson as responsible auditor until end of the annual general meeting 2017.

It was resolved to set Director's fees at SEK 50,000 for each Board member and at SEK 60,000 for the Chairman. The auditors will be paid in accordance to approved invoicing.

The AGM approved the proposal to increase the Company's share capital through a direct emission of 2,400,000 shares with the cash proceeds to the company of SEK 3,246,360.

The AGM approved the proposal to increase the Company's share capital through an issue of 2,422,154 shares with preferential rights for shareholders, to be executed before the end of 2016.

Selena Oil & Gas Holding AB files application for Company reconstruction

Selena Oil & Gas Holding AB has submitted an application for Company reconstruction (Swedish Law 1996:764) at the Stockholm District Court on 9 February 2017. The application has not been granted yet.

## COMMENTS ON THE RESULTS OF 12M 2016

### Production and investments

In 12M 2016 the Company acquired temporary abandoned wells – well 23 on Fedortsevskoye field and well 200 on Kulighinskoye field. Both wells were put in test production in 12M 2016. In total 28.2 thousand bbl of oil and 21.9 thousand bbl of oil containing liquid were produced in 12M 2016 (12M 2015: 19.1 and 7.6 thousand bbl respectively) and average production was 137.0 bbl per day of oil and oil containing liquid from Fedortsevskoye and Kulighinskoye fields in 12M 2016. As the result, the Company currently has eight wells in its ownership (including two non-producing wells). Investments amounted to 3,344 TSEK in 12M 2016 and related to acquisition of wells, construction works related to Fedortsevskoye and Kulighinskoye fields.

### Reserves

The company's reserves and prospective resources are as follows:

<b>Mmboe</b>	<b>1P</b>	<b>2P</b>	<b>3P</b>
Kulighinskoye field	2.2	4.4	7.1
Fedortsovskoye field	2.8	6.6	9.1
Borkmoskoye field	0.6	0.9	3.1
Komarihinskoye field	1.0	2.6	4.5
Tayozhniy area	2.6	3.7	8.1
Tokaresvskiy area	no assessment		
<b>Total</b>	<b>9.2</b>	<b>18.2</b>	<b>31.9</b>

### Revenue and results

The sales amounted to 8,885 TSEK in 12M 2016 (12M 2015: 5,223 TSEK). EBITDA amounted to a loss of -4,015 TSEK in 12M 2016 as compared to a loss of -3,796 TSEK in 2015. Net result for 12M 2016 was a loss of -7,303 TSEK including net finance loss in the amount of -3,165 TSEK.

A negative EBITDA and net result were heavily impacted by the loss accrued as a result of the court case resolution (1,100 TSEK) and related legal fees.

### Financial position and liquidity

Total assets of the Group amounted to 112,763 TSEK and increased by 19.5% as compared to the position as of 31 December 2015.

The Group's equity attributable to the equity holders of the Company amounted to 34,409 TSEK as of 31 December 2016 and increased from 31,277 TSEK as of 31 December 2015.

Total loans and borrowings amounted to 40,075 TSEK and increased by 22.0% as compared to the balance as of 31 December 2015. For further details of the borrowings please refer to note 3 and note 5 of this report.

Cash and cash equivalents balance decreased from 3,751 TSEK to 526 TSEK as of 31 December 2016.

### Comments on the Parent

The legal parent of the Group from 6 May 2011 is Selena Oil & Gas Holding AB, registration number 556643-6613. The legal / postal address of the company is P.O. Box 7614, SE-103 94 Stockholm, Sweden.

The Swedish parent company Selena Oil & Gas Holding AB is a holding company without significant operations. It supports the subsidiary companies with financing and pursues the Group's strategy in terms of new acquisitions and M&A initiatives as well as has the corporate headquarter and investor relations function.

The net assets of the Parent company amounted to 69,654 TSEK as of 31 December 2016 and net loss amounted to 4,534 TSEK for the period ended 31 December 2016.

## GROUP'S FINANCIAL POSITION

### Consolidated Statement of Financial Position as of 31 December 2016

<i>In thousand SEK</i>	Note	31 December 2016	31 December 2015
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		29,356	18,049
Intangible assets		65,147	58,077
Deferred tax asset		6,188	4,453
<b>Total non-current assets</b>		<b>100,691</b>	<b>80,579</b>
<b>Current assets</b>			
Inventories		238	52
Accounts receivable and prepayments		11,288	9,978
Loans issued		20	15
Cash and cash equivalents		526	3,751
<b>Total current assets</b>		<b>12,072</b>	<b>13,796</b>
<b>TOTAL ASSETS</b>		<b>112,763</b>	<b>94,375</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		73,717	70,471
Additional capital		0	0
Other equity		15,115	15,115
Translation reserve		(22,358)	(29,547)
Retained earnings		(32,065)	(24,762)
<b>Equity attributable to equity holders of the company</b>	2	<b>34,409</b>	<b>31,277</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		5,439	3,941
Loans and borrowings	3	13,260	11,092
Asset retirement obligations		2,239	895
<b>Total non-current liabilities</b>		<b>20,938</b>	<b>15,928</b>
<b>Current liabilities</b>			
Loans and borrowings	3	26,815	21,767
Accounts payable and accruals		28,207	24,258
Current income tax payable		0	1
Taxes payable		2,394	1,144
<b>Total current liabilities</b>		<b>57,416</b>	<b>47,170</b>
<b>Total liabilities</b>		<b>78,354</b>	<b>63,098</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>112,763</b>	<b>94,375</b>

## GROUP'S INCOME STATEMENT

### Consolidated Income Statement for period ended 31 December 2016

<i>In thousand SEK</i>	<i>Note</i>	<b>12M 2016</b>	<b>12M 2015</b>	<b>Q4 2016</b>	<b>Q4 2015</b>
Sales revenue		8,885	5,223	1,945	1,462
Cost of goods sold		(6,111)	(3,291)	(1,665)	(689)
<b>Gross profit</b>		<b>2,774</b>	<b>1,932</b>	<b>280</b>	773
Selling, general and administrative expenses		(6,984)	(5,558)	(1,827)	(1,409)
<b>Operating loss</b>		<b>(4,210)</b>	<b>(3,626)</b>	<b>(1,547)</b>	<b>(636)</b>
Net finance income / (expenses)		(3,165)	(2,211)	(1,146)	(124)
Other income / (expenses)		7	(344)	(3)	(298)
<b>Profit before income tax</b>		<b>(7,368)</b>	<b>(6,181)</b>	<b>(2,696)</b>	<b>(1,058)</b>
Income tax		65	(170)	427	394
<b>Net income / (loss)</b>		<b>(7,303)</b>	<b>(6,351)</b>	<b>(2,269)</b>	<b>(664)</b>
<b>Earnings per share</b>					
Basic earnings per share (SEK)	4	(0.14)	(0.12)	(0.04)	(0.01)
Diluted earnings per share (SEK)	4	(0.14)	(0.12)	(0.04)	(0.01)

### Consolidated Statement of Comprehensive Income for period ended 31 December 2016

<i>In thousand SEK</i>	<b>12M 2016</b>	<b>12M 2015</b>	<b>Q4 2016</b>	<b>Q4 2015</b>
<b>Net income</b>	(7,303)	(6,351)	(2,269)	(664)
<b>Other comprehensive income</b>				
Currency translation	611	(461)	32	(365)
Currency translation loss on intragroup lending	6,578	(4,090)	2,678	(2,397)
<b>Total comprehensive income / (loss), net of tax</b>	<b>(114)</b>	<b>(10,902)</b>	<b>441</b>	<b>(3,426)</b>



## GROUP'S CHANGES IN EQUITY

### Consolidated Statement of Changes in Equity for period ended 31 December 2016

<i>In thousand SEK</i>	Share capital	Other Equity	Currency translation	Retained earnings	Total
<b>As of 31 December 2014</b>	<b>70,471</b>	<b>15,115</b>	<b>(24,996)</b>	<b>(18,411)</b>	<b>42,179</b>
<b>Comprehensive income</b>					
Net profit / (loss) for the period	0	0	0	(6,351)	(6,351)
<b>Other comprehensive income</b>					
Effect on consolidation of foreign subsidiaries	0	0	(461)	0	(461)
Currency translation loss on intragroup lending	0	0	(4,090)	0	(4,090)
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>(4,551)</b>	<b>(6,351)</b>	<b>(10,902)</b>
<b>As of 31 December 2015</b>	<b>70,471</b>	<b>15,115</b>	<b>(29,547)</b>	<b>(24,762)</b>	<b>31,277</b>
<b>Comprehensive income</b>					
Net profit / (loss) for the period	0	0	0	(7,303)	(7,303)
<b>Other comprehensive income</b>					
Effect on consolidation of foreign subsidiaries	0	0	611	0	611
Currency translation loss on intragroup lending	0	0	6,578	0	6,578
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>7,189</b>	<b>(7,303)</b>	<b>(114)</b>
<b>Transactions with owners</b>					
Issue of new shares in progress	3,246	0	0	0	3,246
<b>As of 31 December 2016</b>	<b>73,717</b>	<b>15,115</b>	<b>(22,358)</b>	<b>(32,065)</b>	<b>34,409</b>

## GROUP'S CASH FLOWS STATEMENT

### Consolidated Statement of Cash Flows for period ended 31 December 2016

<i>In thousand SEK</i>	12M 2016	12M 2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	(7,368)	(6,181)
Adjustments for:		
Depreciation, depletion and amortization	188	174
Finance income	(15)	0
Finance costs	2,002	1,565
Other finance (income) / expense	168	153
Write down of assets	0	101
(Gain) / loss on disposal of assets	0	98
Net foreign exchange (gain) / loss	1,010	493
<b>Operating cash flow before changes in working capital</b>	<b>(4,015)</b>	<b>(3,597)</b>
<b>Changes in working capital:</b>		
Change in accounts receivable	(1,810)	(1,767)
Change in inventories	(186)	(37)
Change in accounts payable and accruals	3,671	3,710
Change in taxes payable	1,049	(68)
<b>Net cash generated by operating activities</b>	<b>(1,291)</b>	<b>(1,759)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	14	5
Proceeds from sale of property, plant and equipment	0	55
Purchase of property, plant and equipment	(2,923)	(12,975)
Purchase of intangible assets	(421)	(931)
<b>Net cash used in investing activities</b>	<b>(3,330)</b>	<b>(13,846)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	1,750	20,708
Repayment of borrowings	(2,653)	(893)
Repayment of interest	(1,226)	(430)
Proceeds from issue of share capital	3,246	0
<b>Net cash used in financing activities</b>	<b>1,117</b>	<b>19,385</b>
<b>Currency translation effect</b>	<b>279</b>	<b>(601)</b>
<b>Net change in cash and cash equivalents</b>	<b>(3,225)</b>	<b>3,179</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>3,751</b>	<b>572</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>526</b>	<b>3,751</b>

## PARENT'S FINANCIAL POSITION

### Parent Company Statement of Financial Position as of 31 December 2016

<i>In thousand SEK</i>	31 December 2016	31 December 2015
<b>ASSETS</b>		
<b>Non-current assets</b>		
Shares in subsidiaries	89,823	89,823
<b>Total non-current assets</b>	<b>89,823</b>	<b>89,823</b>
<b>Current assets</b>		
Accounts receivable and prepayments	12	71
Loans issued	3,336	1,774
Cash and cash equivalents	84	582
<b>Total current assets</b>	<b>3,432</b>	<b>2,427</b>
<b>TOTAL ASSETS</b>	<b>93,255</b>	<b>92,250</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
<b>Restricted reserve</b>		
Share capital	73,717	70,471
Additional capital	0	0
Restricted reserve	6,747	6,747
<b>Non-restricted reserve</b>		
Share premium	331,867	331,867
Retained earnings	(342,677)	(338,143)
<b>Equity attributable to equity holders of the company</b>	<b>69,654</b>	<b>70,942</b>
<b>Current liabilities</b>		
Loans and borrowing	11,128	10,371
Accounts payable and accruals	11,040	9,818
Taxes payable	1,433	1,119
<b>Total current liabilities</b>	<b>23,601</b>	<b>21,308</b>
<b>Total liabilities</b>	<b>23,601</b>	<b>21,308</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>93,255</b>	<b>92,250</b>

## PARENT'S INCOME STATEMENT

### Parent Company Statement of Comprehensive Income for period ended 31 December 2016

<i>In thousand SEK</i>	12M 2016	12M 2015	Q4 2016	Q4 2015
Revenue from sales	0	0	0	0
Cost of sale	0	0	0	0
<b>Gross profit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Selling, general and administrative expenses	(3,938)	(3,342)	(1,380)	(807)
<b>Operating loss</b>	<b>(3,938)</b>	<b>(3,342)</b>	<b>(1,380)</b>	<b>(807)</b>
Net finance income / (expenses)	(591)	(473)	(250)	(85)
Other income / (expenses)	(5)	(155)	(5)	(115)
<b>Profit before income tax</b>	<b>(4,534)</b>	<b>(3,970)</b>	<b>(1,635)</b>	<b>(1,007)</b>
Income tax	0	0	0	0
<b>Net income / (loss)</b>	<b>(4,534)</b>	<b>(3,970)</b>	<b>(1,635)</b>	<b>(1,007)</b>
Other comprehensive income	0	0	0	0
<b>Total comprehensive income / (loss), net of tax</b>	<b>(4,534)</b>	<b>(3,970)</b>	<b>(1,635)</b>	<b>(1,007)</b>

## PARENT'S CHANGES IN EQUITY

### Parent Company Statement of Changes in Equity for period ended 31 December 2016

<i>In thousand SEK</i>	Restricted equity		Share premium	Non-restricted equity	
	Share capital	Restricted reserve		Retained earnings	Total
<b>As of 31 December 2014</b>	<b>70,471</b>	<b>6,747</b>	<b>331,867</b>	<b>(334,173)</b>	<b>74,912</b>
Net profit / (loss) for the period	0	0	0	(3,970)	(3,970)
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(3,970)</b>	<b>(3,970)</b>
<b>As of 31 December 2015</b>	<b>70,471</b>	<b>6,747</b>	<b>331,867</b>	<b>(338,143)</b>	<b>70,942</b>
Net profit / (loss) for the period	0	0	0	(4,534)	(4,534)
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(4,534)</b>	<b>(4,534)</b>
<b>Transactions with owners</b>					
Issue of new shares in progress	3,246	0	0	0	3,246
<b>As of 31 December 2016</b>	<b>73,717</b>	<b>6,747</b>	<b>331,867</b>	<b>(342,677)</b>	<b>69,654</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Accounting policies

This interim report for the period ended 31 December 2016 has been made pursuant to the requirements of IAS 34 Interim Financial Reporting of the International Accounting Standards and the International Financial Reporting Standards (IFRS) adopted by the European Union. The same accounting methods were used in the preparation of interim reports as in the Annual Report for the financial year which ended on 31 December 2015.

### 2. Equity and share capital

The number of shares of the company at 31 December 2016 amounts to 54,498,477 shares and the share capital amounts to 73,716,990 SEK.

Largest shareholders as of 31 December 2016 were:

The major shareholders of the Company holding over 5% of the shares were as follows:

Shareholder	Number of Shares	Proportion
Speve Partners OU	19,869,505	36.45%
SOG Invest	17,115,694	31.41%
Yuri Gusev	9,147,755	16.79%
Others	8,365,523	15.35%
<b>Total</b>	<b>54,498,477</b>	<b>100.00%</b>

### 3. Loans and borrowings

The structure of non-current borrowings is as follows:

<i>In thousand SEK</i>	31.12.2016	31.12.2015
Loans from companies	13,255	11,041
Finance leases	0	47
Loans from related parties	5	4
<b>Total non-current borrowings</b>	<b>13,260</b>	<b>11,092</b>

The structure of current borrowings is as follows:

<i>In thousand SEK</i>	31.12.2016	31.12.2015
Loans from related parties	17,060	15,182
Loans from companies	9,706	6,519
Finance leases	49	66
<b>Total current borrowings</b>	<b>26,815</b>	<b>21,767</b>

Further details on loans and borrowings from related parties are disclosed in Note 5.

As at 31 December 2016 the effective interest rate on borrowings ranged between 5% p.a. to 12% p.a. Implicit interest rate in leasing agreement is 21.8%.

In 2015 the Company received a loan facility on oil off-take terms in the amount of 110 mRUB for the launch of Kulighinskoye field's wells 53 and 68. The terms of the agreement is 4 years and facility carries 3-months Mosprime interest rate while agreed oil price for off-take agreement equals KORTES index minus 15%. In H1 2016 the company was unable to provide full collateral under the agreement and loan was not serviced based on oral agreement with the creditor to proceed with further well investments to maximise the production. In Q4 2016 the Company received a notification letter from the creditor on termination of the loan facility and is currently in negotiations to remedy the situation with the creditor.

## NOTES TO THE FINANCIAL STATEMENTS

The Group does not apply hedge accounting and did not hedge its risks arising from currency liabilities or interest rate risks. The estimated fair value of borrowings approximates their carrying value.

### 4. Earnings per Share

The calculation of basic earnings per share at 31 December 2016 was based on the net profit / (loss) and a weighted average number of ordinary shares.

<i>In thousands of shares</i>	12M 2016	Q4 2016	2015
Number of shares at the beginning of the year, adjusted for exchange ratio used in reverse acquisition and reverse split ratio	52,098	52,098	52,098
Effect from transactions in the period	302	1,200	0
<b>Weighted average number of ordinary shares in thousands</b>	<b>52,400</b>	<b>53,298</b>	<b>52,098</b>

	12M 2016	Q4 2016	2015
Weighted average number of ordinary shares in thousands	52,400	53,298	52,098
Profit / (loss) for the period, TSEK	(7,303)	(2,269)	(6,351)
Basic earnings per share (SEK)	(0.14)	(0.04)	(0.12)
Diluted earnings per share (SEK)	(0.14)	(0.04)	(0.12)

Diluted earnings per share do not differ from basic earnings per share as the Group has no financial instruments issued that could potentially dilute the earnings per share.

### 5. Balances and Transactions with Related Parties

Transactions with related parties for 12M 2016 and balances with related parties as of 31 December 2016 were as follows:

<i>In thousand SEK</i>	Shareholders	Companies under common control	Key management personnel
Loans payable	3,497	6,870	6,698

Mr. Paul Waern, member of the Board of Directors, has granted loans to the Company. The loan principal and accrued interest balance amounted to 1,009 TSEK as of 31 December 2016; the loan carries 10% interest rate.

In September 2013 Bryum Estonia AS, 30.55% shareholder in the Company, provided loans to the Company carrying 5% interest rate. The balance and accrued interest amounted to 2,121 TSEK as of 31 December 2016.

In 2014 the Group received loan from OU SEE, a company related to Mr Indrek Rahumaa, member of the Board of Directors, carrying 8% interest rate. The balance and accrued interest amounted to 1,192 TSEK as of 31 December 2016.

Sixbees provided several loans to the Group in 2013 and 2014. The loan was fully assigned to Mr Indrek Rahumaa in Q4 2015. Principal and accrued interest balance amounted to 2,328 TSEK as of 31 December 2016; the loans carry 10% interest rates.

In May 2014 the Group received loan from Mr Petr Arbatov, board member of the Group. The balance and accrued interest on Mr. Arbatov's loans amounted to 3,263 TSEK as of 31 December 2016.

In 2015 and 2016 the Group received additional loans from Myrtyle, a company related to Mr Indrek Rahumaa, the loans carry 10% interest rates. The loan principal and accrued interest balance amounted to 3,959 TSEK as of 31 December 2016.

In addition to the above, there are certain intra-group transactions between the Group companies and members of the management of OOO Selena-Oil; however, such transactions are not material for the operations of the Group as a whole.

All related party transactions of the Group have been made on market terms in all material aspects.

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## CONFIRMATION BY THE BOARD OF DIRECTORS

The Board of Directors certifies that the interim report gives a true and fair overview of the Parent Company's and Group's operations, their financial position and results of operations, and describes significant risks and uncertainties facing the Parent Company and other companies in the Group.

Stockholm, March 6, 2017

*Jürgen Lamp*

Director, Chairman of the Board

*Indrek Rahumaa*

Director

*Petr Arbatov*

Director

*Eimar Rahumaa*

Director

*Magnus Stuart*

Managing Director



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## OTHER INFORMATION

### Financial Calendar

The subsequent financial reports will be disclosed by the Selena Oil & Gas Holding AB (publ) in 2017 on the dates indicated in the following table:

31 May 2017	Unaudited Interim report for Q1 2017
31 August 2017	Unaudited Interim report for Q2 and H1 2017
30 November 2017	Unaudited Interim report for Q3 and 9M 2017

### For further information, please contact:

**Magnus Stuart, managing director**

Tel: +46 706 211 350

*Selena Oil & Gas Holding AB (publ) (former Emitor Holding AB) is engaged in the production and transportation of oil and gas in the Volga-Ural region in the Russian Federation, including Perm and Udmurtia. The company is listed on NASDAQ OMX First North Premier in Stockholm under the ticker SOGH. For further information on Selena Oil & Gas Holding AB (publ), see the website [www.selenaoil.com](http://www.selenaoil.com)*

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## DISCLAIMER

*The statement and assumptions made in the company's information regarding current plans, forecasts, strategy and other statements that are not historical facts are estimates or "forward looking statements" regarding future activities. Such future estimates comprise, but are not limited to, statements that include words such as "may occur", "plans", "expects", "estimates", "believes", "anticipates" or similar expressions. Such expressions reflect the management's expectations and assumptions made on the basis of information available at the date of this report. These statements and assumptions are subject to a large number of risks and uncertainties. These, in their turn, comprise but are not limited to:*

- *changes in the financial, legal and political environment of the countries in which the Company operates*
- *changes in the available geological information concerning the Company's operations and reserves*
- *the Company's capacity to continuously guarantee sufficient financing for the expansion plans*
- *changes in currency exchange rates, in particular those relating to the RUR/USD rate*

*Due to the background of the risks and uncertainties that exist for any oil production company in an active development stage, SOGH's actual future development may significantly deviate from that indicated in the company's informative statements. SOGH assumes no implicit liability to immediately update any such future evaluations.*