

Shelton Petroleum

Exploration and Production in Russia and Ukraine



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Shelton Petroleum overview

Market capitalization: SEK 170 million

Shares outstanding:

Basic	10.64 million
Fully diluted	11.88 million

Trading NGM (SHEL B)

Average daily turnover SEK 500 th

Management & board ownership 11%

- Oil and gas exploration and production company founded in 2007
- Operations in Russia and Ukraine
- Producing oil in Russia following a successful exploration program
- Combination of production and huge resource potential in Ukraine
- Significant management ownership with vast sector experience

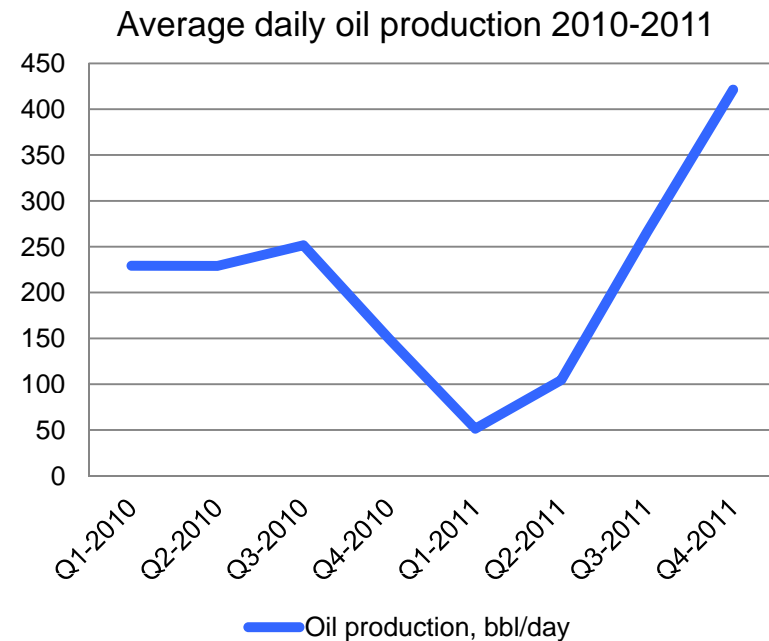
Fourth quarter highlights

SEK million	2011	2010	Q4 2011	Q4 2010
Total revenue	47	29	22	2
Operating result	2	-11	4	-6
Production (bbl)	77,300	77,900	38,800	13,700
Production bopd	212	213	421	149

- Profitability at current production levels
- 30% increase in Ukraine production during Q4
- Steps taken in the Rustamovskoye development program
- Multi-well infill development program on Rustamovskoye announced
- Helium studies indicate active petroleum system on Suyanovskoye
- Significantly reduced production taxes in Russia and Ukraine
- Exchange of convertible bond completed

Increasing production is the prioritized objective

- Production 2011 on par with 2010...
- ... but Q4 production 2011 accounts for 50% of full year production
- Increasing production through
 - Development of Rustamovskoye
 - Work program on Lelyaki



Tax reductions significantly raise profitability



USD/bbl	Russia	Ukraine
Sales price	46	117
VAT	-7	-19
<u>Production tax</u>	<u>-22</u>	<u>-57</u>
Net price	17	41
Tax amendment	+10	+15
New net price	27	56

Tax amendment effective as of 1 January 2012.

Based on domestic sales in Russia. Oil can be sold at world market price on export but is then subject to export tax

Shelton Petroleum asset overview



Exploration and production portfolio

Production onshore	Geography	Primary product	Reserves			Resource potential	Working interest	Partner
			1P	2P	3P			
Rustamovskoye	Russia	Oil	1	1	6	43	100%	
Lelyaki	Ukraine	Oil	3	8	8	-	45%	Ukrnafta

Exploration onshore								
Aysky*	Russia	Oil	-	-	-	-	100%	
Suyanovskoye	Russia	Oil	-	-	-	-	100%	

* Aysky and Suyanovskoye were added to the portfolio in autumn 2009 and have not yet been subject to an independent audit. The independent seismic service company Udmurtgeofizika estimates Russian C1+C2 reserves and C3 resources to amount to 12 and 10 million recoverable barrels of oil respectively, based on Shelton Petroleum's seismic program and wells drilled during the Soviet era.

Exploration offshore								
Arkhangelskoye	Ukraine Black Sea	Gas & NGL	-	-	-	130	50%	CNG
Biryucha	Ukraine Azov Sea	Gas	-	-	-	166	50%	CNG
North Kerchenskoye	Ukraine Azov Sea	Gas	-	-	-	4	50%	CNG

All reserves and resources in the tables are in million barrels of oil equivalent net to Shelton Petroleum. Reserves are based upon assessment carried out in year 2009 by Trimble Engineering Associates and AGR TRACS International Consultancy Ltd.

Russian licence blocks in Bashkiria



- Mature oil region with developed infrastructure
- Russia's largest refining capacity
- Located west of the Ural mountains
- Favorable climate conditions make year-round operations possible
- One of the top nine regions for investment climate in Russia according to Deutsche Bank
- Shelton Petroleum methodology
 - Exploratory drilling during the Soviet era confirms oil presence
 - Surrounding producing fields and availability of pipelines
 - Modern cost-effective helium studies
 - Step by step seismic coverage
 - Improve on Soviet drilling practice from the 1960's
 - Infill development drilling

Bashkirian licenses operated by Shelton Petroleum

- **Rustamovskoye**
 - Two exploration wells on production and oil sold locally
 - Infill development drilling program targeting up to 6 new wells
 - 3P reserves of 6 mmbbl
Contingent resource potential of 43 mmbbl
- **Aysky**
 - A seismic program of 65 km identified three structures
 - Russian C1+C2 reserves and C3 resources estimated to amount to 12 and 10 mmbbl respectively
 - Recent pilot helium survey confirms active oil and gas presence on Aysky and...
 - ...provide supporting evidence that the structure extends into the company's neighboring Rustamovskoye block
- **Suyanovskoye**
 - Helium study indicates active petroleum system



Rustamovskoye development program

- Drilling program of up to six new infill wells from one pad
 - Field potential of up to 40 producing wells in a high scenario
 - Multiple layer potential from Carboniferous and Devonian
- Comprehensive project design and drilling preparations completed
- Testing of new pumping design to be completed before start of new drilling
- Spare capacity in Bashneft pipeline running through the block
- Reduced production tax significantly increases cash flow potential
- Development will be implemented while balancing investments against finances



Oil and gas in Ukraine



- One of the largest energy consumers in Europe
- Significant net importer of oil and gas despite large domestic reserves
- Ukrainian offshore as "the last frontier", less than 5% of resources are exploited and the majors are moving in
- Exxon/OMV make "Find of a lifetime" in Black Sea (1.5-3 trillion cubic feet) – 22 Feb 2012
- Shelton Petroleum methodology
 - Mature onshore field with low cost and low geological risk
 - Highly prospective shallow offshore fields
 - Partnerships with Ukraine's leading oil and gas companies

Lelyaki oil field in Poltava

- In partnership with Ukrnafta, Ukraine's largest oil and gas company, 45% ownership
- 385 mmbbl lifted, over 1 billion bbl original oil in place
- 2P reserves of 8 mmboe
- Simulation model to be conducted
- Low cost and low geological risk, modern reservoir engineering to increase production levels
- Reduced production tax significantly increases cash flow potential
- Cash generative with further upside through self-financed investments



Lelyaki - “A classic redevelopment case”

- Work program 2012
 - Two new wells into production 309 and 310
 - Two sidetracks of suspended wells
 - Fifteen workovers
- Current production of 300 bopd with a field potential of over 1,000 bopd

<u>Month</u>	<u>bbl</u>	<u>bopd</u>
January	9,500	307
December	9,100	294
November	8,600	289
October	8,100	262
September	7,000	241



Offshore Black/Azov Sea potential

- 50% JIA with state-owned Chornomornaftogaz CNG
 - CNG produces 20,000 boepd
 - CNG owns a number of offshore rigs and operates 1,200 km pipeline of which 280 km is in the sea
- Gas encountered in wells drilled during the Soviet era on shallow waters
- Resource potential of up to 300 mmboc of gas net to Shelton Petroleum
 - Arkhangelskoye (Black Sea)
 - Biryucha (Azov Sea)
 - North Kerchenskoye (Azov Sea)
- Arkhangelskoye pool analogue produces 6,000 boepd with pipeline with spare capacity
- The oil majors are targeting the Black Sea

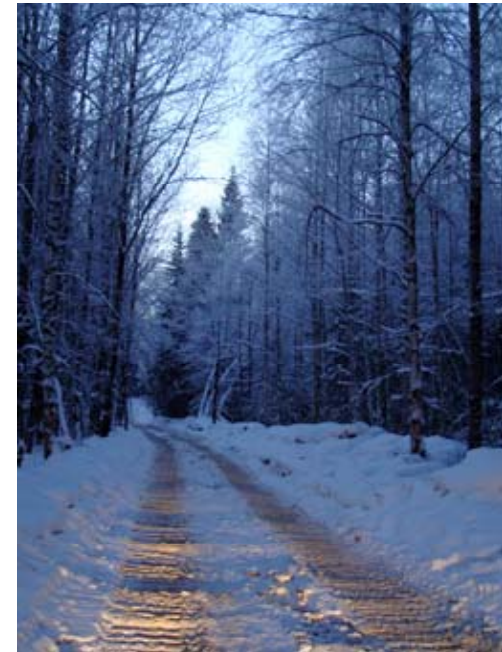


Keys to value creation

- **Rustamovskoye**
 - Develop field with up to six additional wells targeting production of 3.2 mmbbl
 - Successful development may, if resources are converted to reserves, result in up to 40 producing wells
- **Lelyaki**
 - Current production 300 bopd (net to Shelton Petroleum)
 - Increase production by drilling new wells and by re-entering and sidetracking suspended wells
 - Significant potential in applying western reservoir engineering
- **Aysky and Suyanovskoye**
 - Prove reserves through collection of seismic data and drilling
- **Offshore Black/Azov Sea**
 - Analyze historical exploratory data, collect new seismic data to prepare for carefully addressed drilling
- **Development will be implemented while balancing investments against finances**

Why invest in Shelton Petroleum?

- Shelton Petroleum provides:
 - Proven and producing assets in Volga-Urals and Ukraine
 - Development program on Rustamovskoye and exploration of adjacent Aysky and Suyanovskoye fields
 - Acceleration of low risk development program at Lelyaki
 - Huge unexploited Black/Azov Sea potential
 - Exposure to a large resource base and growth from existing properties
 - Expansion opportunities at attractive valuations
 - Cash position 31 December 2012 - SEK 46 million
 - Equity stakes in Baltic Oil Terminals and Tomsk Refining



APPENDIX

Board of Directors



Per Höjgård, Chairman

Mr. Höjgård has worked within the areas of business, finance and company management, having held the position of CFO of Preem AB, Sweden's largest oil company with sales of approx. US\$12bn, for 17 years. Mr. Höjgård serves on the boards of the Preem group. He is an independent member of the board. Per Höjgård holds a degree in Business Administration from Lund University.

B-shares owned / options: 0 / 3,253,805, which entitles to a subscription of 65,076 B-shares



Richard N. Edgar, Board member

Chairman and Director of Shelton. 30 years of experience in the oil and gas exploration and development programs in Canada, Australia and Eastern Europe. BSc in Geology from the University of Alberta.

B-shares owned / options: 92,756 / 2,000,000, which entitles to a subscription of 40,000 B-shares



Peter Geijerman, Board member

Entrepreneur in Russia since 1997. Founder of a company which owns and runs an industrial group in western Siberia. Investment manager at Alpcot Agro. Peter Geijerman has a degree of Master of Business administration from the French INSEAD institute, Master of science in clinical medicine from the Swedish Karolinska medical institute, graduate of the Language and intelligence school of the Swedish armed forces.

B-shares owned / options: 0 / 0



Zenon Potoczny, Board member

President and CEO of Shelton since 1996. Raised in Ukraine. His background includes several years as a process engineer and project manager within the Department of Energy, Mines and Resources, Canada. President of the Canada Ukraine Chamber of Commerce. MSc in Engineering and an MBA from the University of Toronto.

B-shares owned / options: 223,703 / 4,000,000, which entitles to a subscription of 80,000 B-shares



Katre Saard, Board member

Partner and investment manager at Alpcot Capital Management. More than 10 years' experience of investment management in the East European financial markets. One of the founders of East Capital. Katre Saard has a Master of Science in Business Administration and economics from Stockholm School of Economics.

B-shares owned / options: 213,716 / 0



Freddie Linder, Board member

Forty years of experience from the petroleum industry. Currently holds the position as Senior Advisor for Preem AB and serves as Member of the Board of Directors of VindIn AB. He was Director of Marketing at Preem AB during 1996-2008 and previous to that he was Managing Director at Svenska Petroleum Exploration A/S with a production of 20,000 bopd. Mr Linder has a BSc degree in geology from the University of Lund.

Shares owned / options: 0 / 0

Management



Robert Karlsson, CEO of Shelton Petroleum

Has extensive experience within finance, company management and financial markets in Sweden and Russia. His background includes CFO of a Nasdaq OMX listed IT consultancy, investment manager in Moscow for the listed investment company ORESA Ventures and four years with KPMG, including two years in St. Petersburg. Holds a MSc in Business Administration from the Stockholm School of Economics.

B-shares owned / options: 17,867 / 5,423,007 options, which entitles to a subscription of 108,460 B-shares



Zenon Potoczny, President and Board Director

His background includes several years as a process engineer and project manager within the Department of Energy, Mines and Resources, Canada. President of the Canada Ukraine Chamber of Commerce. MSc in Engineering and an MBA from the University of Toronto.

B-shares owned / options: 223,703 / 4,000,000 options, which entitles to a subscription of 80,000 B-shares



Gunnar Danielsson, CFO

Was previously CFO at Kopylovskoye AB, a company listed on Nasdaq OMX First North focusing on exploration and production of gold in Russia. Over twenty years within the audit division of Ernst & Young, seven of which were spent in Moscow. Holds a degree in Business Administration from Stockholm University.

B-shares owned / options: 2,000 / 0



Sergey Titov, Manager Business Development

One of the founders of Petrosibir. Broad experience of the Russian oil sector, including being the CEO of Tyumenneftegaz.

B-shares owned / options: 363,192 / 0

Reserves and resources

- Reserves
 - The amount of oil and natural gas which a deposit is expected to provide with existing technology and reasonable economy. Reserves are often classified as proved (1P), probable (2P) or possible (3P).
- Resources
 - Estimated volumes of oil and gas that are judged to be potentially recoverable with existing and established technology from known or as yet unconfirmed deposits, but that for one or more reasons cannot currently be assessed as commercially recoverable.

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