

Shelton Petroleum

Exploration and Production in Russia and Ukraine



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Shelton Petroleum overview

Market capitalization: SEK 150 million

Shares outstanding: 10.64 million

Trading at NGM (SHEL B)

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

Shelton Petroleum asset overview



Financial highlights

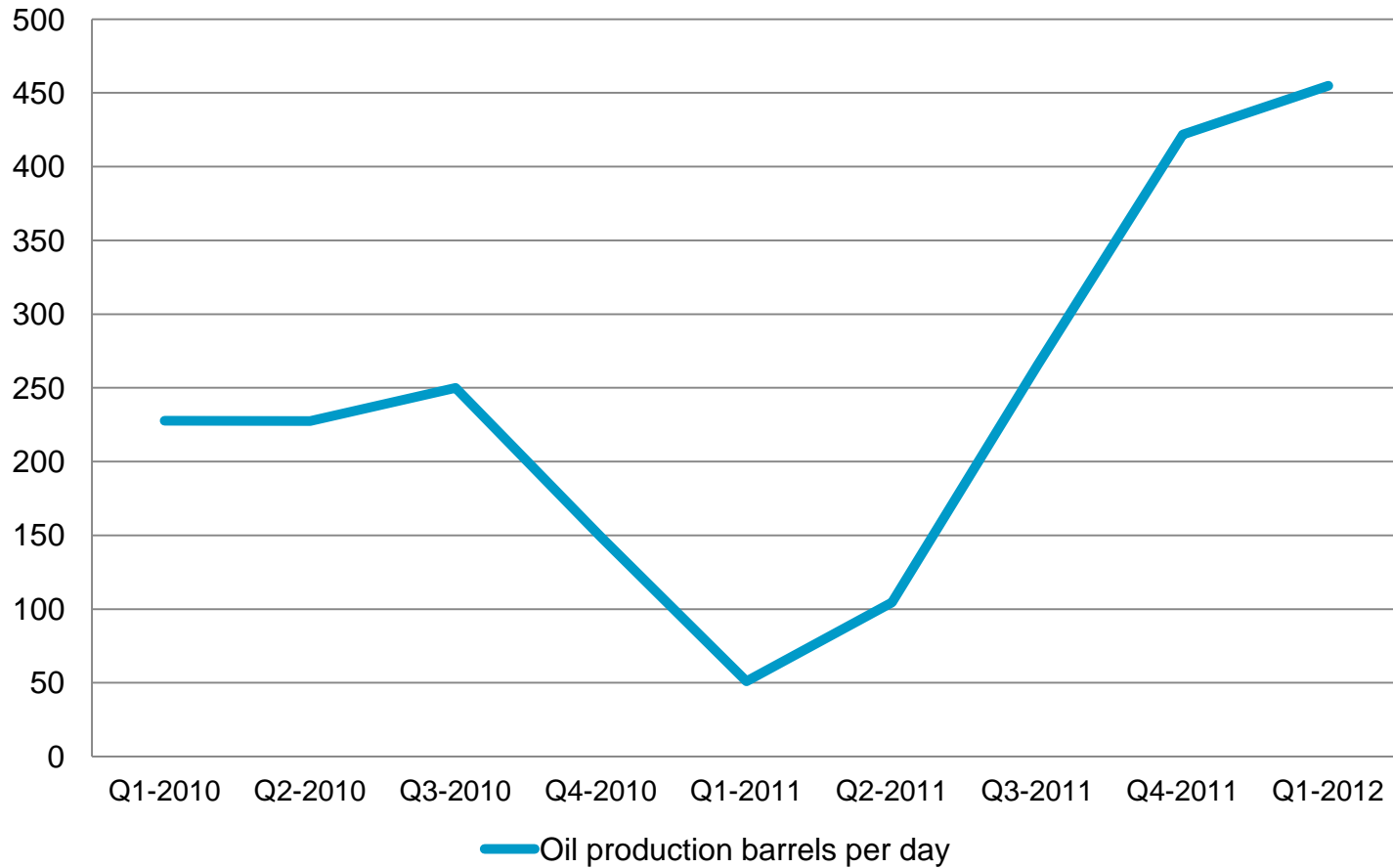
Record production in Q1 2012

Daily production of 450 barrels

Profitability = corporate milestone reached

	Q1-2012	2011	Q4-2011	Q3-2011	Q2-2011	Q1-2011	2010	2009	2008	2007
Production, barrels	41 400	77 300	38 800	24 400	9 500	4 600	77 900	0	0	0
Revenue, SEK thousand	29 796	47 183	21 988	20 573	4 588	34	29 291	0	9	0
Operating profit, SEK thousand	11 882	2 392	3 621	9 964	-5 947	-5 246	-11 440	-16 664	-8 791	-2 871

Positive trend in barrels per day



Prioritized objective to increase production



- Ukraine
Work program on Lelyaki
- Russia
Development of Rustamovskoye

A year full of activities



- 65 km of seismic data identifies three geological structures on Aysky
- Helium study of 120 sq km indicates presence of hydrocarbons on Aysky and Suyanovskoye



- Comprehensive project design for the development of Rustamovskoye (infrastructure for treatment, storage and transportation of oil and drilling new production wells)
- Close dialogue with authorities to obtain necessary permits
- Procurement of subcontractors for the manufacturing and installation of infrastructure and for drilling of production wells
- Construction of the drill pad has been completed.
- Securing supply of water and electricity
- Production from the second Russian well commenced



- 77 300 barrels of oil produced and 93 800 barrels of oil sold
- The first workover of well RS # 2 was conducted in Russia
- Improved sales flow in Russia by establishing a larger network of buyers. This resulted in higher sales prices
- New well drilled on Lelyaki in Ukraine
- A mobile rig performed workovers that increased production by 30% at Lelyaki in the fourth quarter
- Preparations for sidetracks

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

Exploration and production licenses

License	Geography	Primary product	Reserves			Resource potential	Working interest	Partner
			1P	2P	3P			
Production onshore								
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 %	
Exploration offshore								
Arkhangelskoye	Ukraine Black Sea	Gas and NGL	–	–	–	130	50 %	CNG
Biryucha	Ukraine Sea of Azov	Gas	–	–	–	166	50 %	CNG
North Kerchenskoye	Ukraine Sea of Azov	Gas	–	–	–	4	50 %	CNG
Total			3	9	14	342		

Expansion in Ukraine

- MoU signed with Nadra of Ukraine in March 2012
 - Strengthens market position and gives access to over 100 oil and gas projects and licenses
 - Review of projects commenced at Nadra's offices in Lviv and Poltava
 - Objective: to identify attractive licenses, transfer them to a new entity and start exploitation
 - State Service of Geology and Mineral Resources, responsible for all licensing activity, is also part of the agreement
- Political pressure to increase petroleum production
 - Production sharing agreement legislation passed
 - "Triple Black Sea gas production in two years", Energy Minister in May 2012
 - Exxon/OMV make "find of a lifetime" in Black Sea in Feb 2012
 - Auction and tender process started with the majors participating
 - Shelton Petroleum's presence and network open up opportunities



Why invest in Shelton Petroleum?

- Attractive risk-reward
- Proven oil fields, profitable oil production and large resource potential
- Significant improvement in tax regimes
- Increased production
 - Rustamovskoye - from exploration to production
 - Lelyaki – a classic redevelopment case
- Huge unexploited Black/Azov Sea potential
- Exposure to Ukraine's reborn oil and gas market
- Cash position 30 March 2012 - SEK 47 million
- Development will be implemented while balancing investments against finances



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