

Shelton Petroleum

Exploration and Production in Russia and Ukraine



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Shelton Petroleum overview

Market capitalization: SEK 200 million

Shares outstanding:

Basic	10.64 million
Fully diluted	11.88 million

Trading at NASDAQ OMX Stockholm

Management & board ownership 20%

- 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 large resource potential in Ukraine
- Significant management ownership with vast sector experience

Listing at NASDAQ OMX Stockholm Main Market

- Shelton Petroleum is one of four oil and gas companies on the main market
- From exploration to profitable production
- Increase liquidity and strengthen position on the financial markets
- Platform for future growth, investments and partnerships



Why invest in Shelton Petroleum?

- Attractive risk-reward
- Proven oil fields, profitable oil production and large resource potential
- Healthy profit at current production level
- Positive trend in production
 - Rustamovskoye – from exploration to production
 - Lelyaki – a classic redevelopment case
- Significant improvement in tax regimes
- Large unexploited Black/Azov Sea potential and exposure to Ukraine's reborn oil and gas market
- NASDAQ OMX Stockholm Main Market listing



Financial highlights

Daily production of over 500 barrels

SEK 100 million turnover

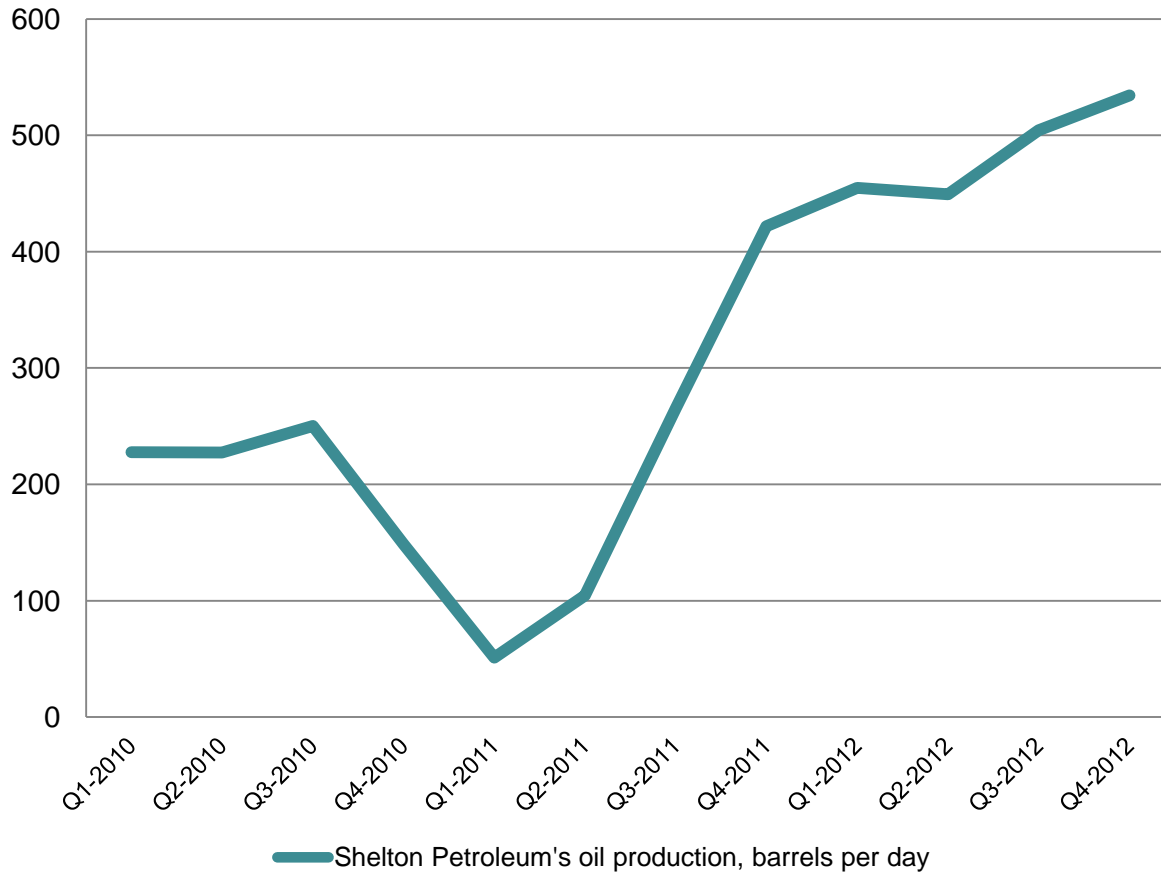
Operating margin 25%*

	2012	Q4-2012	Q3-2012	Q2-2012	Q1-2012	2011	Q4-2011	Q3-2011	Q2-2011	Q1-2011	2010	2009	2008	2007
Production, barrels	177 850	49 150	46 400	40 900	41 400	77 300	38 800	24 400	9 500	4 600	77 900	0	0	0
Revenue	99 914	23 848	23 890	22 380	29 796	47 183	21 988	20 573	4 588	34	29 291	0	9	0
Operating profit	29 614	6 696	5 272	5 763	11 882	2 392	3 621	9 964	-5 947	-5 246	-11 440	-16 664	-8 791	-2 871

Amounts in SEK th

* Excluding one-off items

Positive trend in barrels per day



Shelton Petroleum asset overview



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**

The columns may not add up due to rounding

Aysky and Suyanovskoye have not been subject to a western audit. The independent seismic service company Udmurtgeofizika has estimated that Russian C1-C3 reserves and resources may amount to over 20 million barrels

All amounts are in million barrels of oil equivalent net to Shelton Petroleum

Prioritized objectives



Increase production

- Development of Rustamovskoye
- Work program on Lelyaki

Create value in offshore assets

- Offshore gas exploration in Ukraine

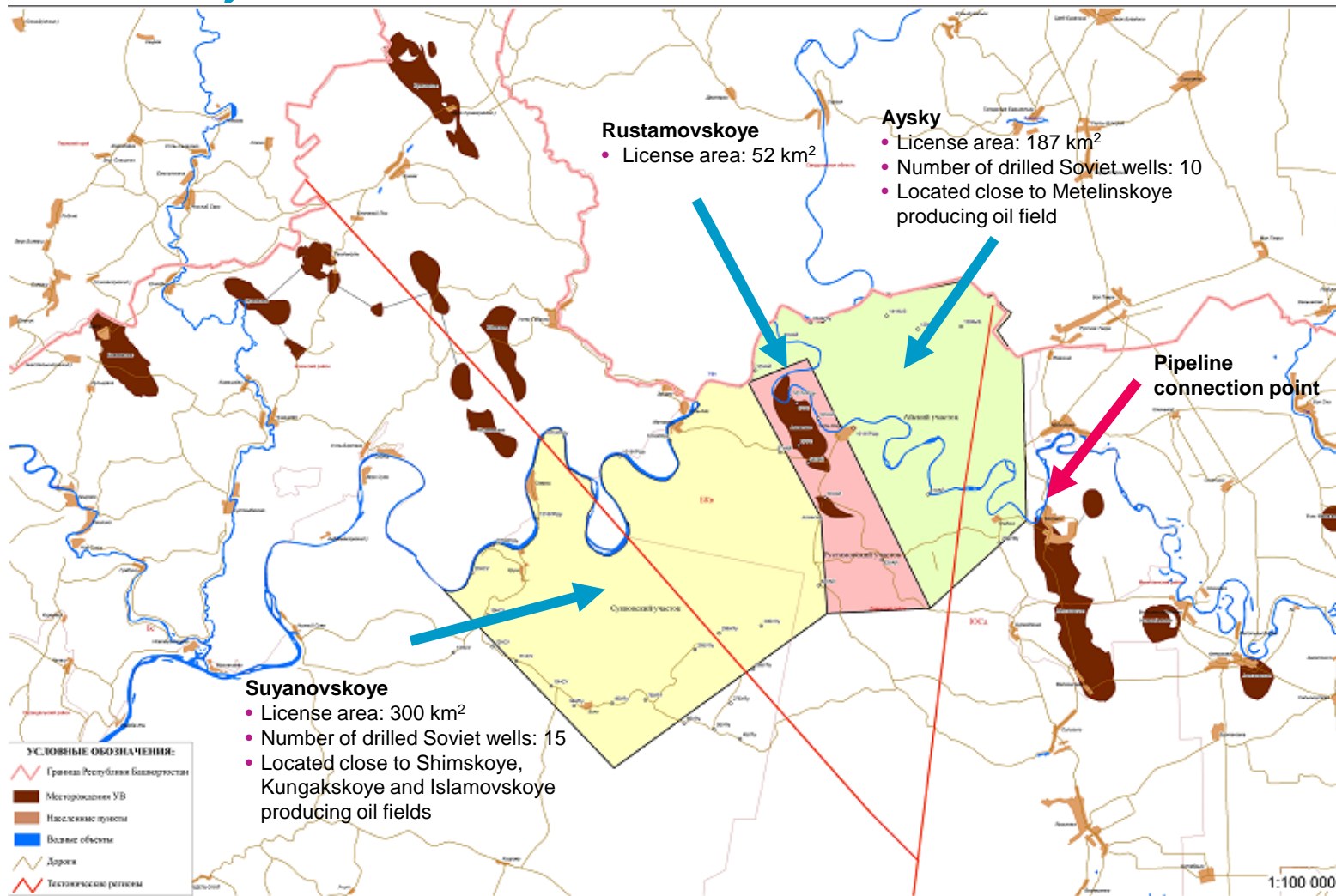
Shelton Petroleum in Russia

Russian licence blocks in Bashkiria



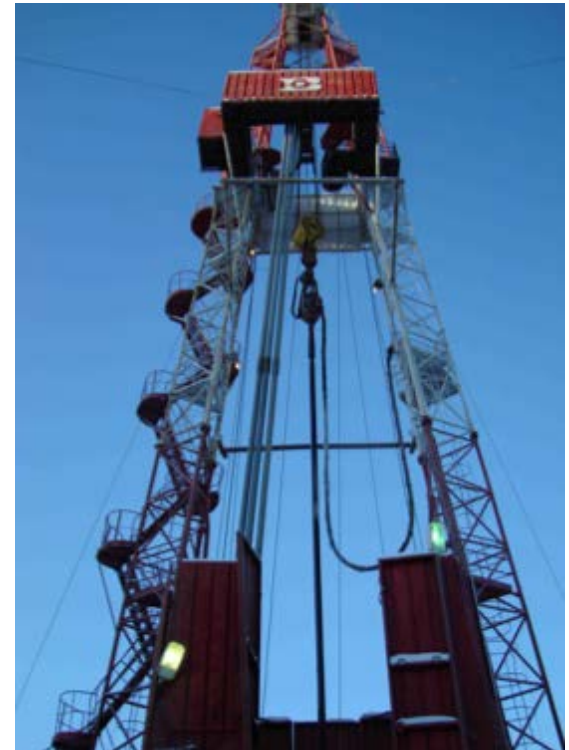
- Mature oil region with developed infrastructure
- Russia's largest refining capacity
- Located west of the Ural mountains
- Favorable climate conditions make year-round operations possible
- One of the top nine regions for investment climate in Russia according to Deutsche Bank
- Shelton Petroleum 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

Three adjacent licenses



Rustamovskoye development program

- First well spudded targeting a Devonian sandstone at 2,300 meters
- First phase: 1 well + option for 1 more
- Step by step drilling to manage geological risks and balance investments against financial resources
- Multi-layer potential including Carboniferous
- Convert resources into reserves
- Current transportation by truck but spare capacity in pipeline running through the block
- New project design to assess horizontal wells with superior well economics



Assembly of new rig at Rustamovskoye



Assembly of new rig at Rustamovskoye



Shelton Petroleum in Ukraine

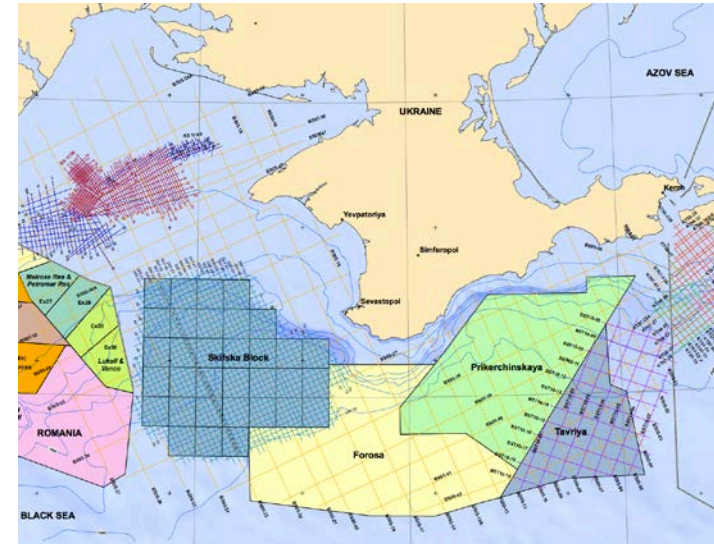
Lelyaki - “A classic redevelopment case”

- Located in Poltava, JV with Ukrnafta
- Low cost and low geological risk, reduced production tax with highly attractive netbacks
- 385 million barrels lifted, over 1 billion barrels original oil in place
- Peak production 85,000 barrels per day
- Current field production is 800 bopd, of which Shelton Petroleum has a 45% working interest. 2P reserves of 8 million barrels
- Ongoing work program
 - Drill new wells, sidetracks of suspended wells and complete workovers
- Significant future potential in applying Western reservoir engineering
 - The pool has been producing for several decades without much attention to enhanced recovery, such as water flooding
 - Digitization program and simulation study to identify pockets of oil
 - Lift recovery rate to 45-50% and increase total field reserves by 100 million barrels
 - Exploration potential in deeper zones



New offshore activity in Ukraine triggered by PSA

- Ukraine imports approximately 70% of its oil and gas consumption, yet only 5% of the offshore resources are exploited
- Political pressure to increase petroleum production
- Production sharing agreement (PSA) legislation passed during 2012
- Shell signed \$10 billion investment deal in 2013 for gas asset
- ExxonMobil consortium acquired Black Sea license for \$300+400 mln
- “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
- Shelton Petroleum’s presence and network open up opportunities
- Chornomor has recently acquired two new offshore drilling rigs
- Chornomor has increase production by 32% YoY



Shelton Petroleum offshore in Ukraine

- Partnership with leading offshore company
 - Joint Investment Agreement with state-owned Chornomornaftogaz (CNG)
 - CNG has several rigs and produces approximately 20,000 boepd
- License portfolio with significant resource potential
 - 600 million barrels of oil equivalent, of which Shelton Petroleum has a 50% working interest
 - JIA includes three licences offshore Black Sea and Azov Sea
- Prolific gas portion of the Black Sea
 - Gas has been found on the Shelton assets in Soviet drillings
 - Analog pools are producing significant volumes of gas – up to 6,000 boepd
- Attractive netbacks and low-cost drillings
 - Gas prices almost three times higher than in North America
 - Shallow water depth implies relatively low cost drilling
- Shelton Petroleum is evaluating its strategic options
 - Advancing existing offshore portfolio
 - Opportunities to take on new licenses



Keys to value creation

- **Rustamovskoye**
 - Presence of oil proved by existing wells (~200 bopd)
 - Develop field by step by step infill drilling of production wells
- **Lelyaki**
 - Current production ~350 bopd (net to Shelton Petroleum)
 - Increase production by workovers, drilling new wells and by 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

