

Shelton Petroleum

Exploration and Production in Russia and Ukraine



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Shelton Petroleum overview

Market capitalization: SEK 250 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 five 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
- Solid track record in corporate transactions
- Cash position strengthened by oil terminal sale
- NASDAQ OMX Stockholm Main Market listing



Financial highlights 2012

Daily production of over 500 barrels

SEK 100 million turnover

Operating margin 25%*

	Q1-2013	2012	Q4-2012	Q3-2012	Q2-2012	Q1-2012	2011	2010	2009	2008	2007
Production, barrels	46 750	177 850	49 150	46 400	40 900	41 400	77 300	77 900	0	0	0
Revenue, SEK th	22 858	99 914	23 848	23 890	22 380	29 796	47 183	29 291	0	9	0
Operating profit, SEK th	5 820	29 614	6 696	5 272	5 763	11 882	2 392	-11 440	-16 664	-8 791	-2 871

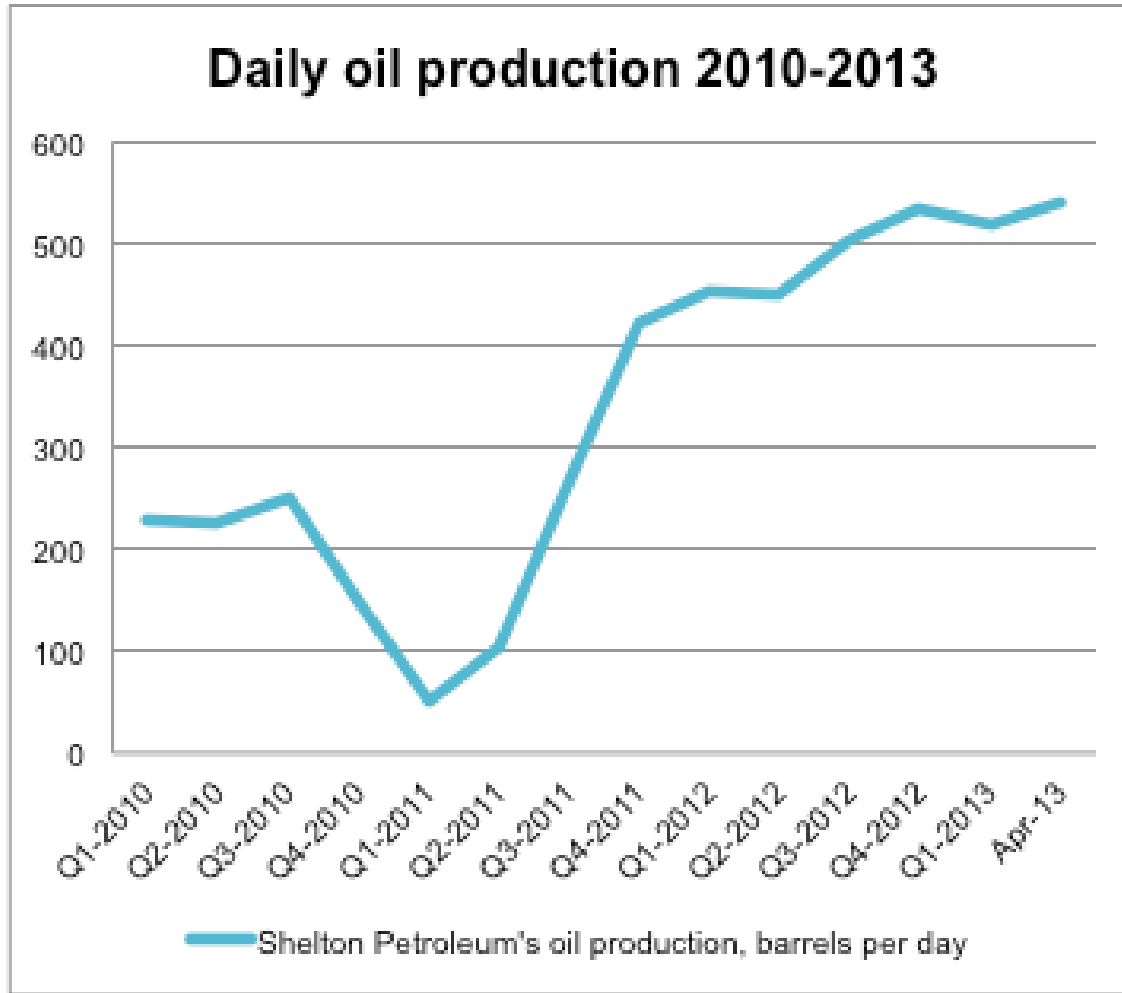
* Excluding one-off items

Recent developments

- New well encounters oil on the Rustamovskoye field
- Strong and stable operating margin in Q1
- Divestment of shares in Pan European Terminals strengthens financial position by SEK 27 million



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

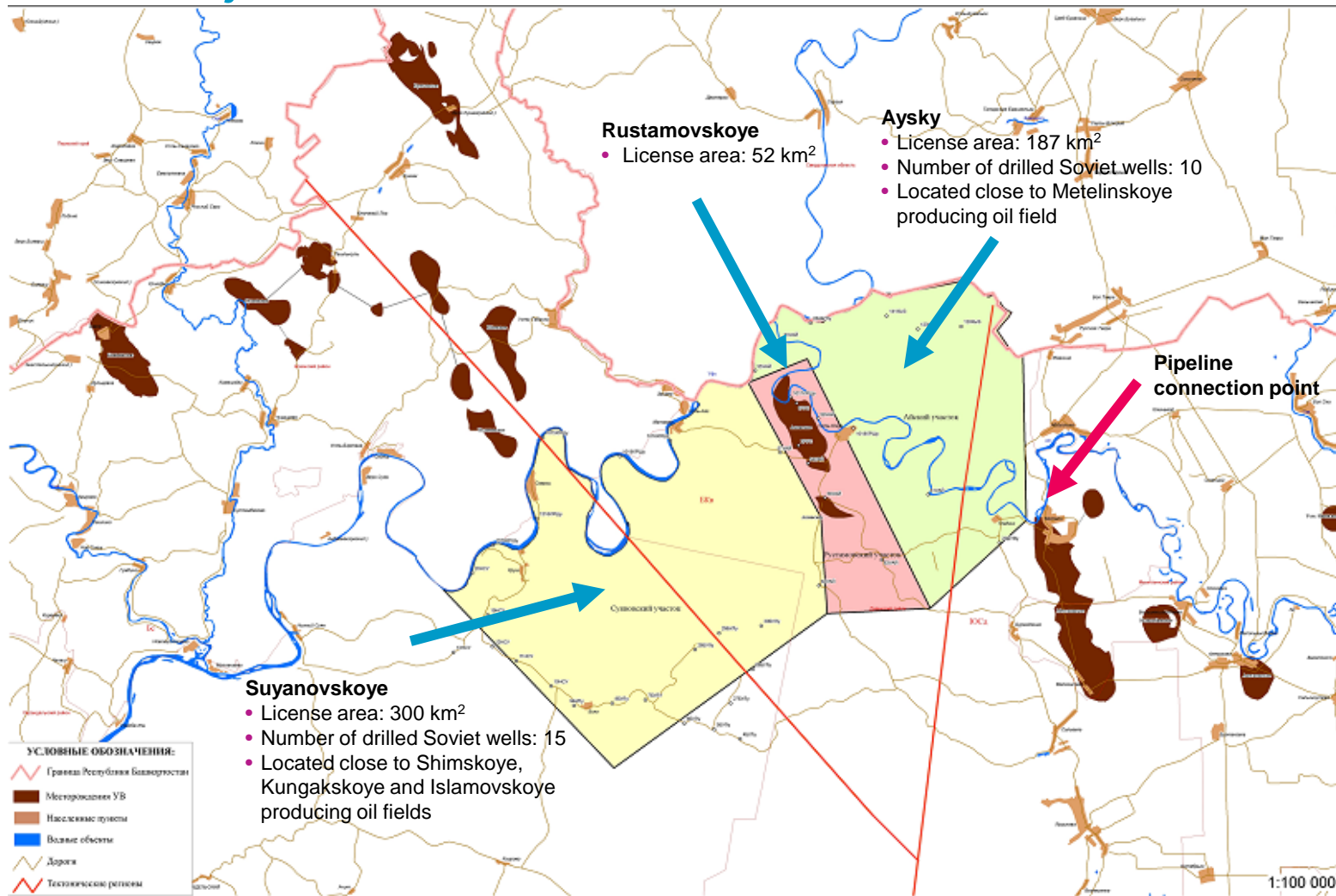
Shelton Petroleum in Russia

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



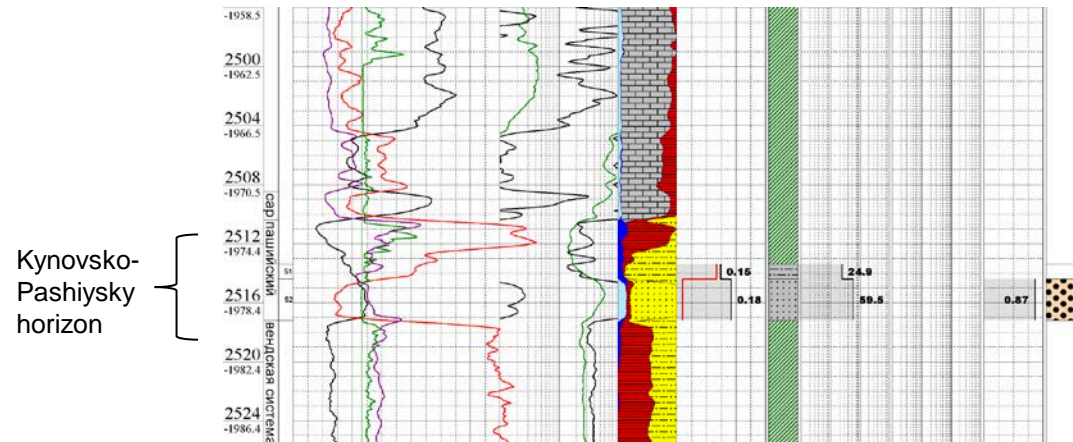
Rustamovskoye development program

- Two successful exploration wells
- Development drilling program launched
 - Increase production volumes
 - Increase reserve base
- Step by step drilling to manage geological risks and balance investments against financial resources
- Current transportation by truck but spare capacity in pipeline running through the block
- New project design allowing for horizontal drillings with superior well economics



New oil discovery on the Rustamovskoye field

- New well encountered oil in a sandstone formation at target depth
- Oil in three out of three wells on Rustamovskoye
- Series of logs performed
- Five-meter interval to be perforated for production testing
- Incremental production and important reservoir data



Assembly of rig at Rustamovskoye



Drilling rig at Rustamovskoye



Shelton Petroleum in Ukraine

Overview of the Ukrainian operations

- A combination of production and large resource potential
- Attractive netbacks on oil and gas
- Joint venture with Ukrnafta
 - Ukrnafta is Ukraine's largest oil and gas company
 - Onshore Lelyaki oil field JV in Poltava
 - Current field production is 800 bopd, of which Shelton Petroleum has a 45% working interest
 - 2P reserves of 8 mmboc, with significant upside
- Joint activity agreement with Chornomornaftogaz
 - Chornomornaftogaz is Ukraine's leading offshore company
 - Offshore licenses Arkhangelskoye, Biryuchya fields and North Kerchenskaya in the Black Sea and Azov Sea
 - Unrisked resource potential of 600 million boepd, of which Shelton Petroleum has a 50% working interest



Lelyaki - “A classic redevelopment case”

- Located in Poltava, Ukraine
- Low cost and low geological risk, reduced production tax
- 385 million barrels lifted, over 1 billion barrels original oil in place
- Peak production 85,000 barrels per day
- Ongoing work program
 - New wells into production
 - Sidetracks of suspended wells
 - Workovers to repair or improve existing wells
- 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 over 100 million barrels
 - Exploration potential in deeper zones



Offshore licenses in Ukraine

- Joint Investment Agreement with state-owned Chornomornaftogaz (CNG)
- Unrisked resource potential of 600 million barrels of oil equivalent, of which Shelton Petroleum has a 50% working interest
- CNG has several rigs and produces approximately 20,000 boepd
- JIA includes three licences offshore Black Sea and Azov Sea at shallow water depth implying relatively low cost drilling
- Analog pools are producing significant volumes of gas
- Attractive netbacks on oil and gas
- Ukraine imports approximately 70% of its oil and gas consumption, yet only 5% of the offshore resources are exploited. Political interest to increase production



Expansion in Ukraine

- Political pressure to increase petroleum production
 - “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 with Shell, Chevron and Exxon taking on new licenses in 2012. Offshore license acquired for \$300+400 million
 - Production sharing agreement legislation passed. Shell signed \$10 billion investment deal in 2013
 - Shelton Petroleum’s presence and network open up opportunities
- 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, continue to build political network
 - State Service of Geology and Mineral Resources, responsible for all licensing activity, is also part of the agreement



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
 - Horizontal drillings with superior well economics
- **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

