

# Shelton Petroleum



Årsstämma 2015

21 maj 2015

# Disclaimer

Statements and assumptions made in this Presentation with respect to Shelton Petroleum AB's ("Shelton") current plans, estimates, strategies and beliefs, and other statements that are not historical facts, are forward-looking statements about the future performance of Shelton. Forward-looking statements include, but are not limited to, those using words such as "may", "might", "seeks", "expects", "anticipates", "estimates", "believes", "projects", "plans", "strategy", "forecast" and similar expressions. These statements reflect Shelton's management's expectations and assumptions in light of currently available information. However, forward-looking information is always subject to uncertainty.

In the light of the many risks and uncertainties surrounding any oil and/or gas production and exploration company at an early stage of its development, the actual results of Shelton could differ materially from those presented and forecasted in this Presentation. In furnishing the Presentation, Shelton do not assume any unconditional obligation to update any such statements and/or forecasts or to correct any inaccuracies therein or to provide the recipient with access to any additional information.

This Presentation is addressed to the shareholders of Shelton and potential shareholders of Shelton to whom it is supplied directly on behalf of Shelton, for their own use and benefit, and may not be relied upon by any other person or entity or for any other purposes than in connection with an investment in Shelton and planned capital market activities. Shelton does not assume any responsibility to any other third party to whom this Presentation is shown or in the hands of which it may come. Furthermore, Shelton's opinions are strictly limited to the matters specifically stated herein and are not to be read or construed as extended by implication to any other matters in connection with capital market activities. This Presentation may not be read or construed as constituting an offer under any applicable law, statute or regulation. The Presentation is not a prospectus under any law or regulation and has not been and will not be approved by or registered with any authority. Distribution of the Presentation in certain jurisdictions may be restricted by law. Accordingly, persons obtaining the Presentation are required to inform themselves about and to observe any such restrictions. This Presentation may particularly not be relied upon by prospective investors situated in Canada, Japan, Switzerland, United States of America or any other country where further acts of registration are required under the applicable law, statute or regulation in order to distribute this Presentation.

The Presentation is governed by and construed in accordance with Swedish law and any dispute arising out of or in connection with the Presentation shall be settled exclusively in accordance with Swedish laws and exclusively by competent Swedish courts.

# Highlights 2014

Daily production of over 860 barrels

Significantly strengthened reserves base

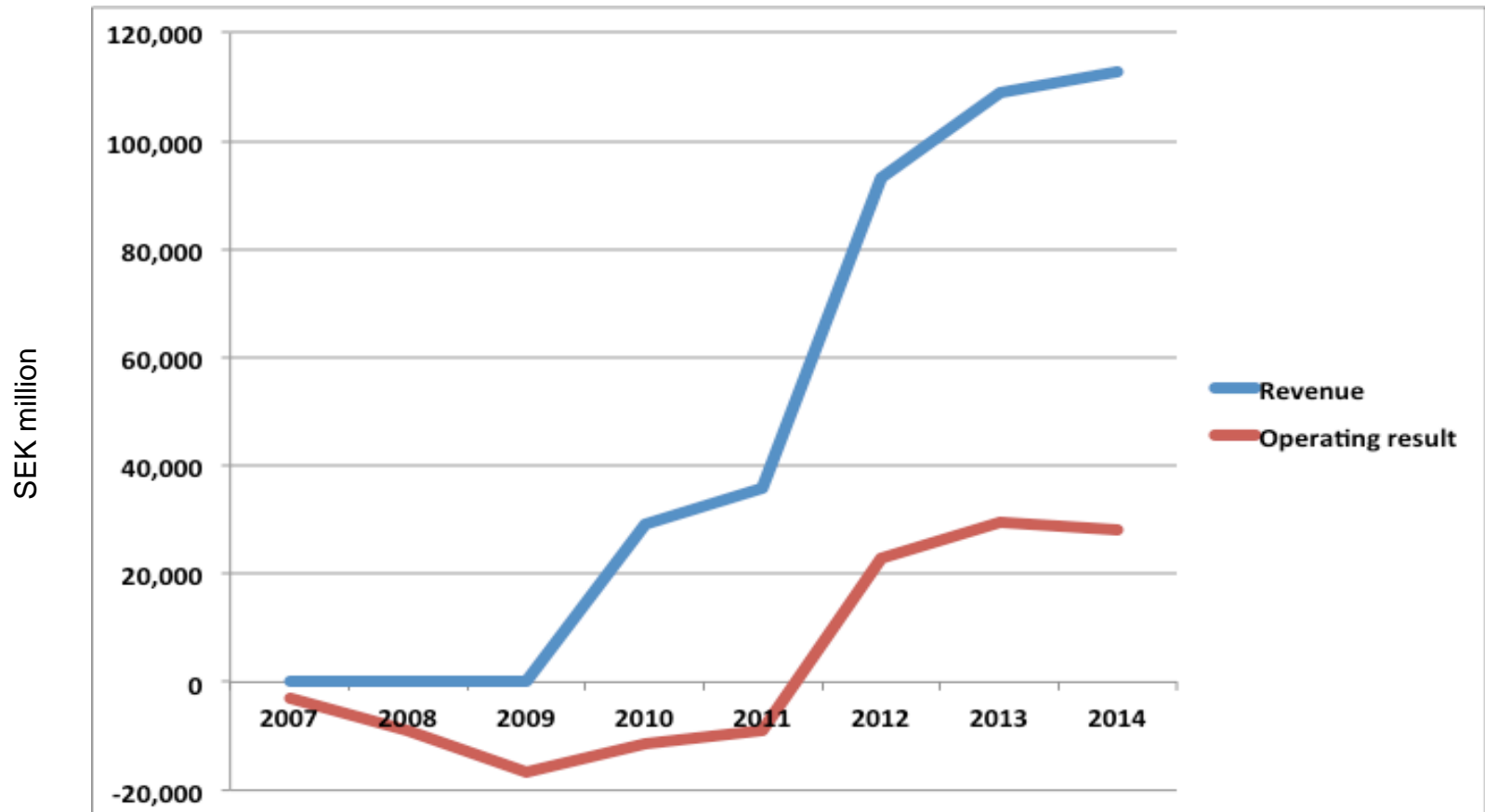
Geopolitical events and falling oil price

28% shareholding in Petrogrand

Operating margin 27%\*

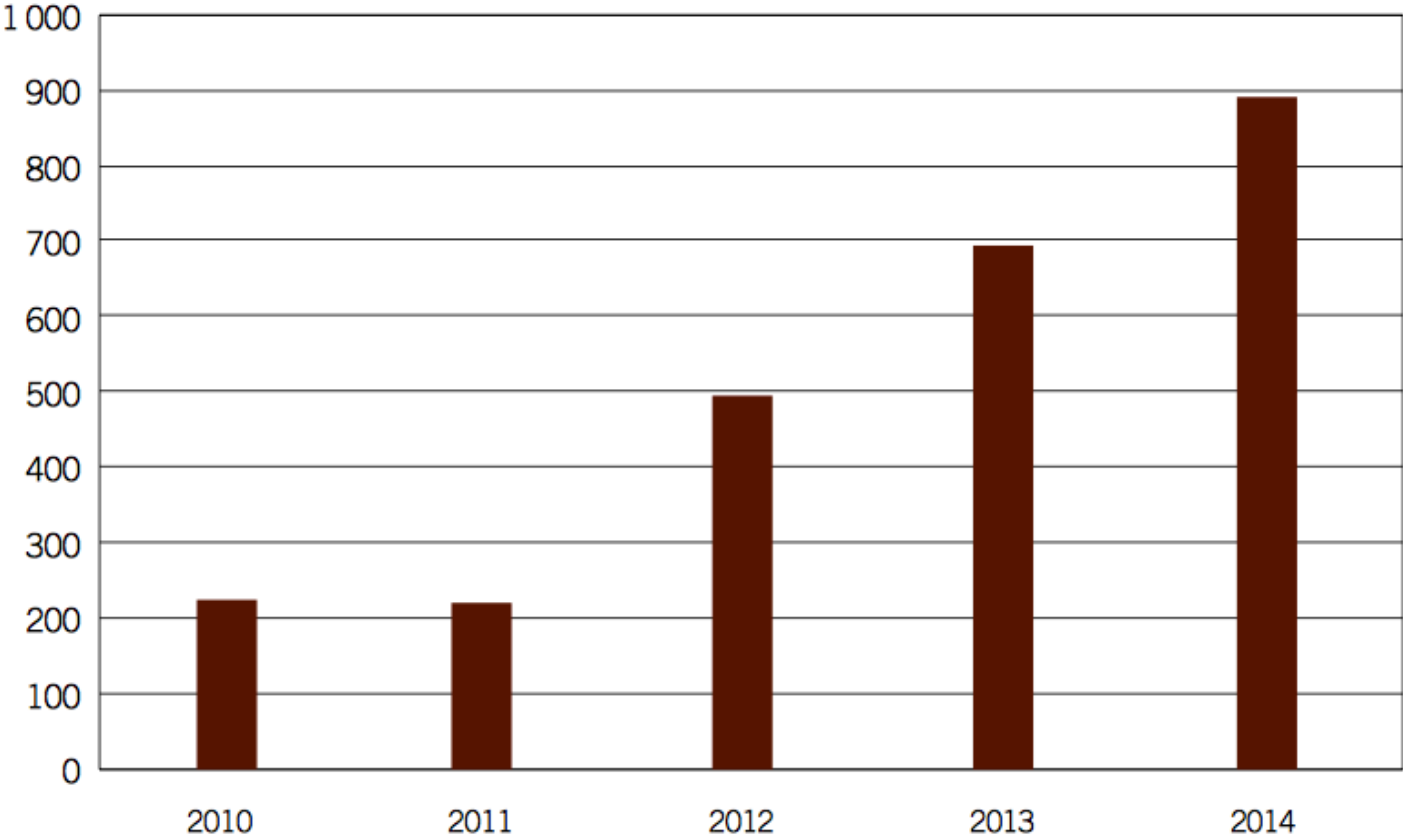
\* Excluding one-off items

# Financial development

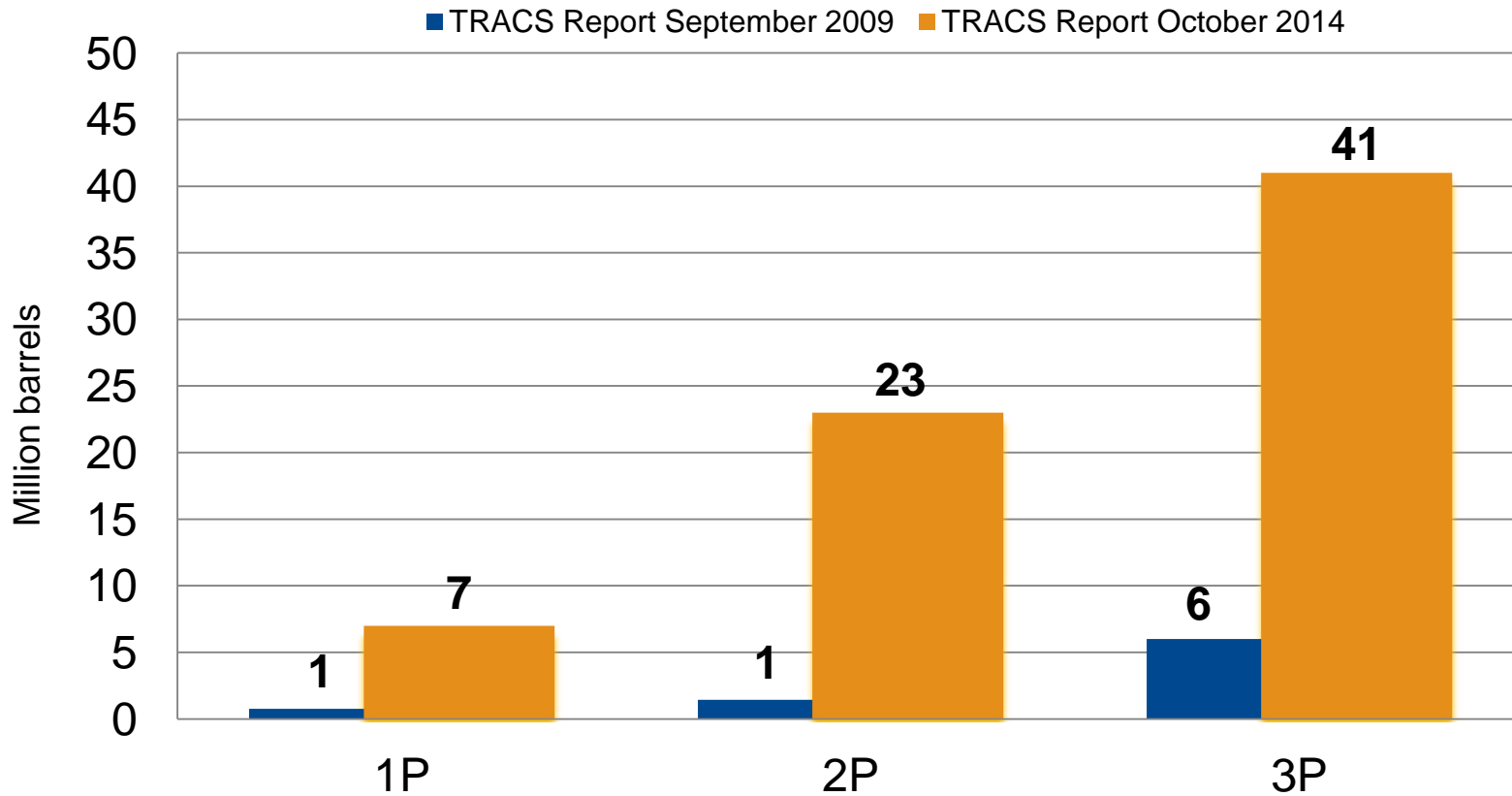


Excluding positive and negative one-off items

# Oil production in barrels per day



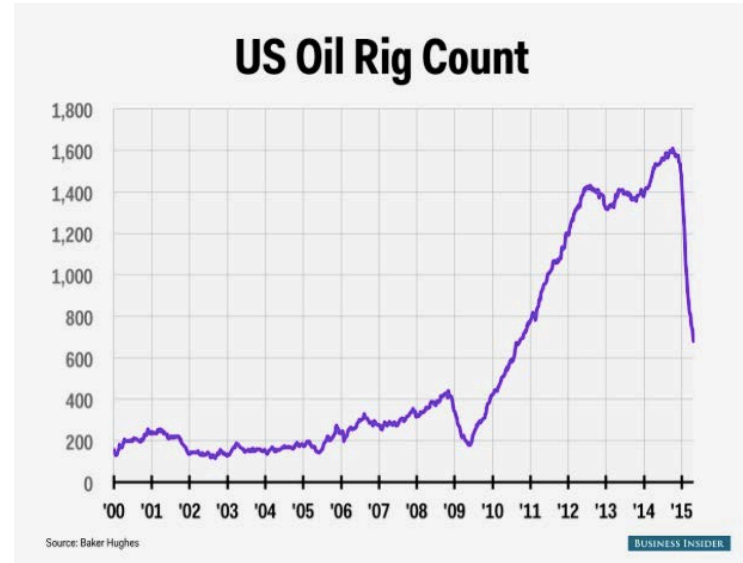
# Increase in oil reserves in Russia



# Where will the markets stabilize?



SOURCE: WWW.TRADINGECONOMICS.COM | ICE



Rig count in the world's largest oil-producing nation

The market environment is dynamic, to say the least

The past 18 months have been a rough ride

We have a significant increase in reserves,  
a strong asset base and an experienced team

Where do we go from here?



# 2P production profile on the Rustamovskoye field

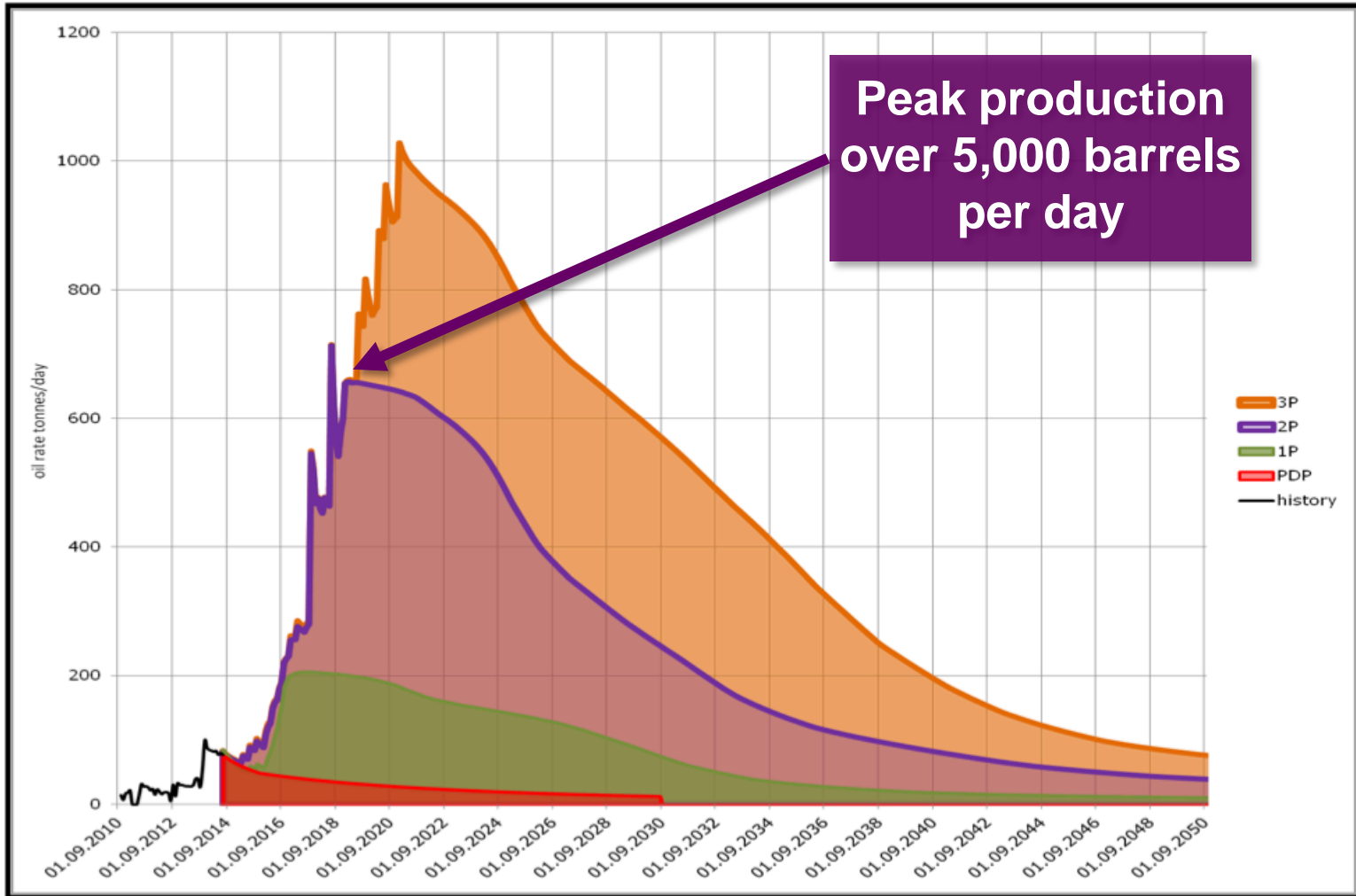
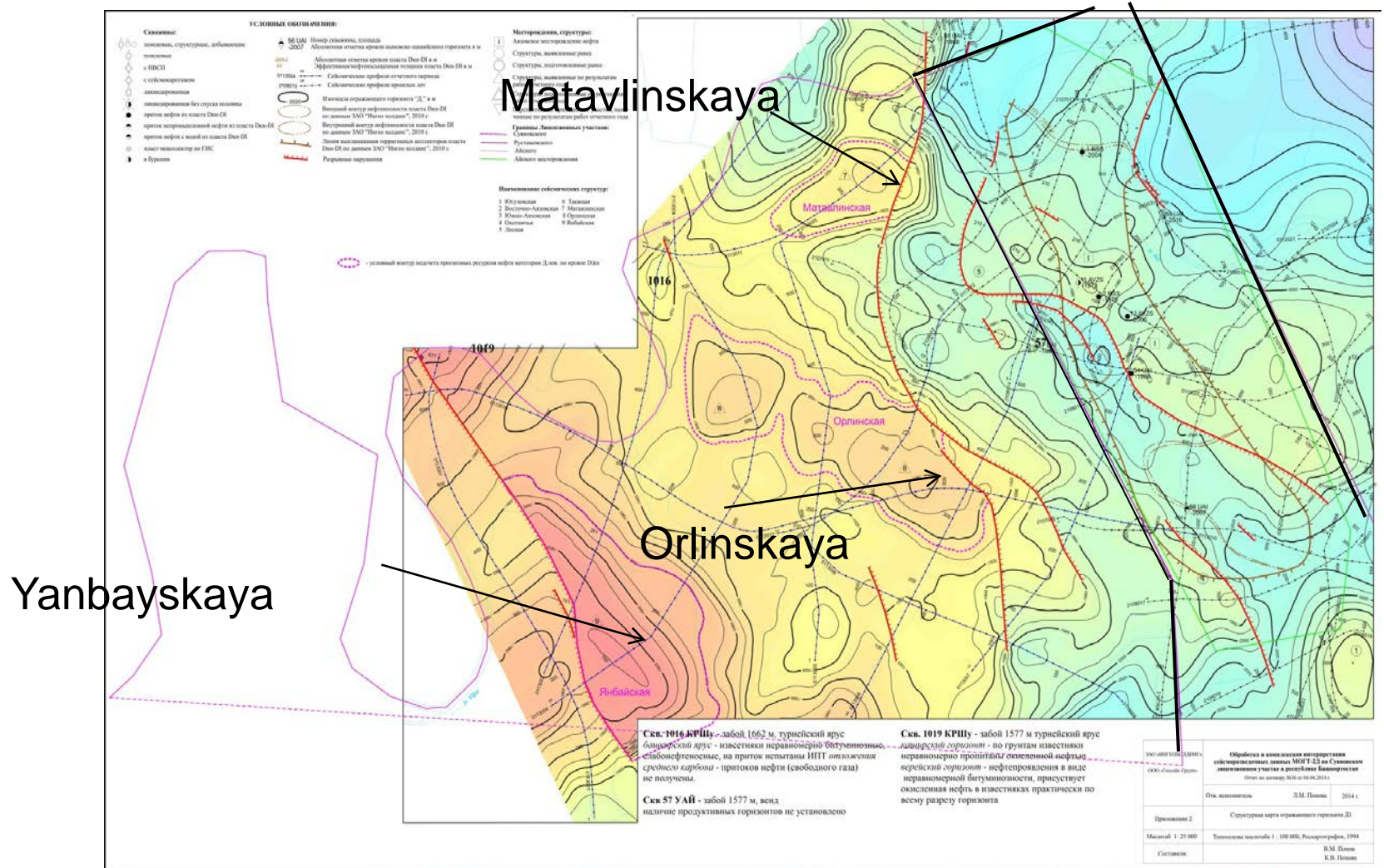


Figure 10-26. Ayazovskoye oil field. Kynov+Pashiysky material balance model results.

# Seismic program on neighboring Suyanovskoye Three structures and 47 million barrels of oil resources

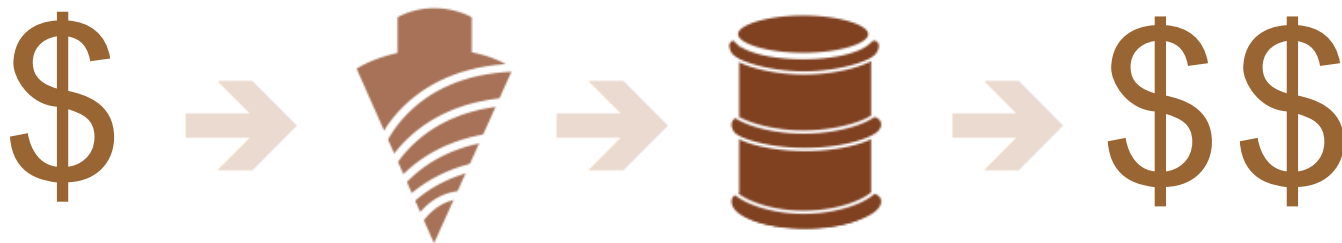


# Lelyaki - “A classic redevelopment case”

- Joint venture with Ukrnafta, onshore in Ukraine
  - Previously one of the largest producing onshore fields in Soviet Union
  - Current field production is 800 bopd, of which Shelton Petroleum has a 45% working interest
  - 2P reserves of 8 mmbbl (net to Shelton), with significant upside
- Attractive field economics
  - The current work program is self-financed
  - Low cost development with attractive net backs
  - Delayed payments – dividends paid in 2015
- Significant future potential in applying modern reservoir engineering



## How will the development be financed?



- Cash flow from oil sales is currently being invested into the assets
- A full-scale development program requires financing
- SEK 50 million shareholding in Petrogrand
- SEK 37 million receivable in Ukraine
- Industrial partnerships on the asset (farm-out) or corporate level
- Shelton Petroleum is free from interest-bearing debt



# Why invest in Shelton Petroleum?

- Attractive risk-reward on proven oil fields
- Low production costs and healthy profit at current oil price
- Significant upgrade in reserves and resources has operational and financial benefits
- Increase in production from 34 million barrels 2P
  - Rustamovskoye Russia – “Unleashing potential”
  - Lelyaki Ukraine – “A classic redevelopment case”
- Production tax discount in Russia
- Shareholding in Petrogrand of SEK 50 million
- Expansion opportunities in the wake of Ukraine’s efforts to reduce energy dependency
- Pursuing corporate transactions
- Nasdaq Stockholm Main Market listing

