

The Nomination Committee's motivated proposals regarding the Board of Directors

The Nomination Committee (consisting of the chairman of the Nomination committee Björn Lindström and the members Per Höjgård and Lars Hylander) proposes that the general meeting re-elects the following Members of the Board of Directors; Per Höjgård, Peter Geijerman, Katre Saard, Richard N. Edgar and Zenon Potoczny, as well as to elect Freddie Linder as a new Member of the Board of Directors and to re-elect Per Höjgård as the Chairman of the Board of Directors. Ulf Cederin and Bruce D. Hirsche have declined re-election in order to focus on other business.

The Nomination Committee thus proposes that the Board of Directors consists of six members and no deputy members.

It is further proposed that the general meeting resolves that board fees be paid to the Chairman in the amount of SEK 175,000 and SEK 75,000 to each of the other directors, with the exception of Zenon Potoczny who is employed in the Group. Fees will thus total SEK 475,000, including for committee work. It is proposed that the auditors be paid fees in accordance with approved invoices.

Information regarding age, education, experience, assignments in the Company and other significant assignments, holdings, independency and also the year that the current Members of the Board of Directors proposed for re-election were elected as a Member of the Board of Directors, is found in the Company's annual report for the financial year of 2010 and also on the Companies webpage, www.sheltonpetroleum.com.

Freddie Linder, born 1947, has over 39 years of experience from the petroleum industry. Freddie has a Business of Science degree in geology from the University of Lund. He currently holds the position as Senior Advisor for Preem AB. He was Marketing Director at Preem AB during 2006-2008 and previous to that, during 1994-1996 he worked as Managing of Group Business Development at OK Petroleum, which later became Preem AB. He was Managing Director at Svenska Petroleum Exploration A/S during 1990-1994. Prior to 1990 he has held positions in Svenska Petroleum Exploration AB; inter alia as Technical Director during the period when the company built a production portfolio through exploration and acquisition in Norway, Lithuania and Angola, and prior to that inter alia Exploration Manager during the company's exploration and development activities in Sweden, Norway, Egypt, Tunisia, the United Kingdom and Angola.

Freddie Linder is currently serving as Member of the Board of Directors of VindIn AB, a joint venture between inter alia Preem, Boliden, StoraEnso and Holmen. The company builds windmill parks for power production and is currently establishing its second park in the northern part of Sweden. Freddie has previously served as a Member of the Board of Directors of Scanlube AB, a joint venture between Preem AB and Texaco Oil (later Norsk Hydro/Uno X), a company that produces lubricants for the Scandinavian market.

Freddie Linder is, in accordance with the definition in the Swedish Code of Corporate Governance, independent to Shelton Petroleum AB, its company management and major shareholders. He does not own any shares in Shelton Petroleum AB.

The assessment of the Nomination Committee is that the Company has a well functioning Board of Directors, whose size and composition ensures the Company's ability to operate effectively and with integrity. The Nomination Committee does therefore refrain from proposing any changes with regard to the composition of the Board of Directors except for the proposal to elect Freddie Linder, as a result of Ulf Cederin and Bruce D. Hirsche declining re-election.

By electing Freddie Linder the Board of Directors strengthens its current high competence and experience in the petroleum industry.

The Nomination Committee has interviewed the Members of the Board of Directors. The Nomination Committee assesses that the proposed Board of Directors, considering the Company's business, stage of development and other circumstances, has an appropriate compilation, characterized by versatility and width as regards its competence, experience and background, in order to meet the needs that the Company's business will require. The Nomination Committee has taken particular consideration to the Company's current position, future strategic development, governance and control, and the requirements that these aspects call for in terms of the Board of Director's competence and compilation. After deliberations, it is the Nomination Committee's overall view that the proposed Board of Directors has the competence and the qualities that are required.

The Nomination Committee has also discussed the independence requirements for Members of the Board of Directors stipulated in the Swedish Code of Corporate Governance.

The Nomination Committee has assessed that Per Höjgård, Richard N. Edgar and Freddie Linder are independent of the Company, the Company's management and its major shareholders. The Nomination Committee further has further assessed that Katre Saard is independent of the Company and the Company's management, however not independent of its major shareholders. Finally, the Nomination Committee assesses that Zenon Potoczny is independent of the Company's major shareholders, however not independent of the Company since he is employed in the Group.

The majority of the proposed Members of the Board of Directors are thus independent of the Company and the Company's management (five out of six members). Four of these are also independent in relation to the Company's major shareholders. The composition of the Board of Directors thus meets the independence requirements stipulated in the Swedish Code of Corporate Governance.

Stockholm in April 2011

The Nomination Committee in Shelton Petroleum AB (publ)