

Shelton Petroleum

Exploration and Production in Russia and Ukraine



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Shelton Petroleum overview

Market capitalization: SEK 150 million

Shares outstanding:

Basic	10.64 million
Fully diluted	11.88 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

Why invest in Shelton Petroleum?

- Attractive risk-reward: Profitable oil production as well as licenses with large exploration potential
- Production and development on Rustamovskoye and exploration of adjacent fields
- Production increase through low risk development program at Lelyaki
- Huge unexploited Black/Azov Sea potential
- Expansion opportunities at attractive valuations
- Cash position 31 December 2012 - SEK 46 million



Shelton Petroleum asset overview



Financial highlights

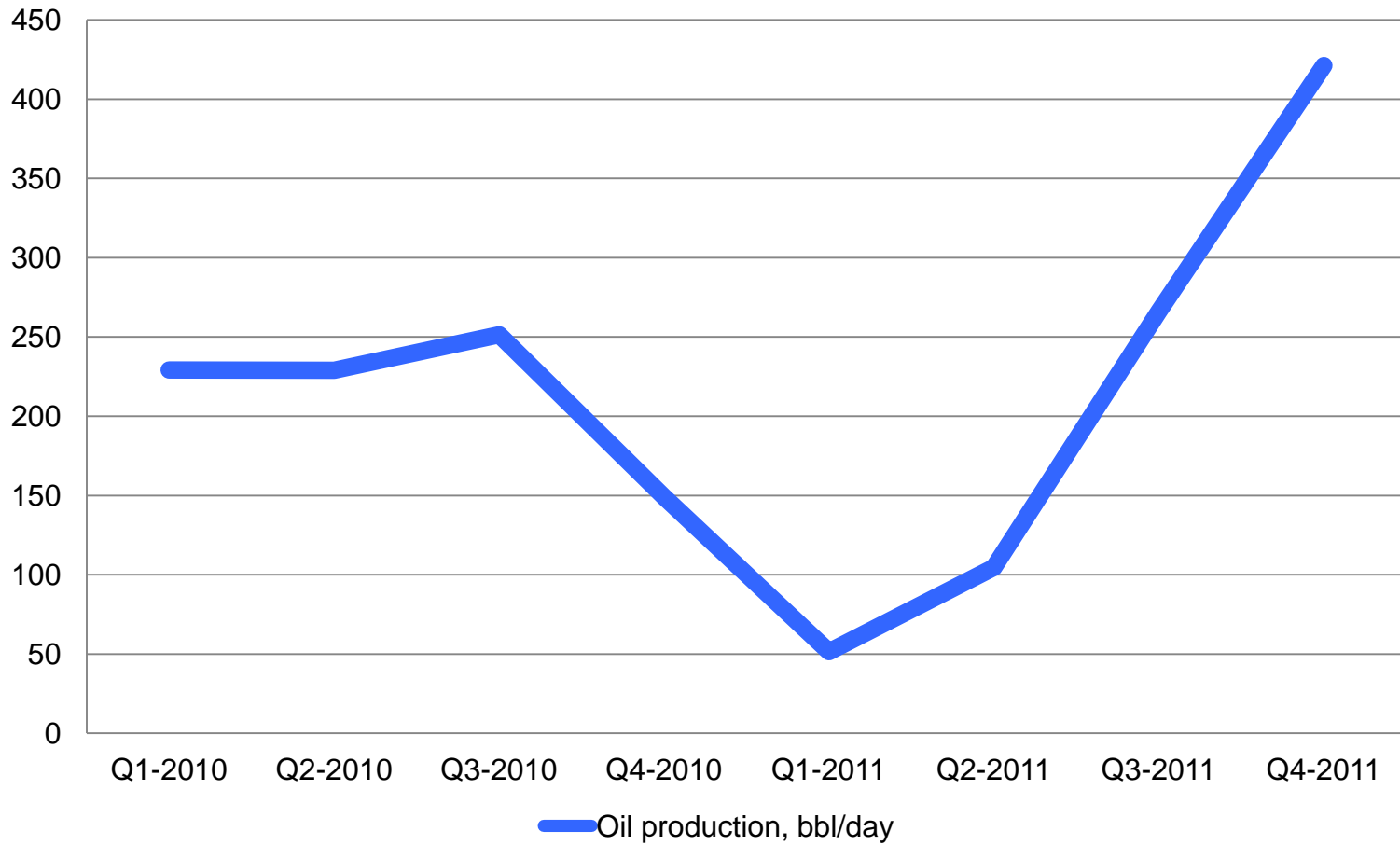
Record production in Q4 2011

Year-end production of over 400 bbl/day

Profitability = corporate milestone reached

Key figures	2011	Q4 2011	Q3 2011	Q2 2011	Q1 2011	2010	2009	2008	2007
Production, bbl	77 300	38 800	24 400	9 500	4 600	77 900	0	0	0
Total revenue, SEK thousand	47 183	21 988	20 573	4 588	34	29 291	0	9	0
Operating profit, SEK thousand	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	Ukraine	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

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
 - 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



Keys to value creation

- **Rustamovskoye**
 - Presence of oil proved by existing wells
 - Develop field by new infill drilling of production wells
- **Lelyaki**
 - Current production +300 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
- **Significant improvement in tax regimes**
- **Development will be implemented while balancing investments against finances**



APPENDIX

Board of Directors



Per Höjgård, Chairman

Mr. Höjgård has worked within the areas of business, finance and company management, having held the position of CFO of Preem AB, Sweden's largest oil company with sales of approx. US\$12bn, for 17 years. Mr. Höjgård serves on the boards of the Preem group. He is an independent member of the board. Per Höjgård holds a degree in Business Administration from Lund University.

B-shares owned / options: 0 / 3,253,805, which entitles to a subscription of 65,076 B-shares



Richard N. Edgar, Board member

Chairman and Director of Shelton. 30 years of experience in the oil and gas exploration and development programs in Canada, Australia and Eastern Europe. BSc in Geology from the University of Alberta.

B-shares owned / options: 92,756 / 2,000,000, which entitles to a subscription of 40,000 B-shares



Peter Geijerman, Board member

Entrepreneur in Russia since 1997. Founder of a company which owns and runs an industrial group in western Siberia. Investment manager at Alpcot Agro. Peter Geijerman has a degree of Master of Business administration from the French INSEAD institute, Master of science in clinical medicine from the Swedish Karolinska medical institute, graduate of the Language and intelligence school of the Swedish armed forces.

B-shares owned / options: 0 / 0



Zenon Potoczny, Board member

President and CEO of Shelton since 1996. Raised in Ukraine. His background includes several years as a process engineer and project manager within the Department of Energy, Mines and Resources, Canada. President of the Canada Ukraine Chamber of Commerce. MSc in Engineering and an MBA from the University of Toronto.

B-shares owned / options: 223,703 / 4,000,000, which entitles to a subscription of 80,000 B-shares



Katre Saard, Board member

Partner and investment manager at Alpcot Capital Management. More than 10 years' experience of investment management in the East European financial markets. One of the founders of East Capital. Katre Saard has a Master of Science in Business Administration and economics from Stockholm School of Economics.

B-shares owned / options: 213,716 / 0



Freddie Linder, Board member

Freddie Linder has forty years of experience from the petroleum industry. He has held a number of senior positions within Preem, including that of Director of Marketing during 1996-2008. He was previously Managing Director at Svenska Petroleum Exploration A/S with a net production of 20,000 barrels per day. He has held a number of positions in the upstream industry, notably as Technical Director and Exploration Manager gaining experience from a variety of exploration and production ventures. Mr. Linder has a BSc degree in geology from the University of Lund.

Shares owned / options: 0 / 0

Management



Robert Karlsson, CEO of Shelton Petroleum

Has extensive experience within finance, company management and financial markets in Sweden and Russia. His background includes CFO of a Nasdaq OMX listed IT consultancy, investment manager in Moscow for the listed investment company ORESA Ventures and four years with KPMG, including two years in St. Petersburg. Holds a MSc in Business Administration from the Stockholm School of Economics.

B-shares owned / options: 17,867 / 5,423,007 options, which entitles to a subscription of 108,460 B-shares



Zenon Potoczny, President and Board Director

His background includes several years as a process engineer and project manager within the Department of Energy, Mines and Resources, Canada. President of the Canada Ukraine Chamber of Commerce. MSc in Engineering and an MBA from the University of Toronto.

B-shares owned / options: 223,703 / 4,000,000 options, which entitles to a subscription of 80,000 B-shares



Gunnar Danielsson, CFO

Was previously CFO at Kopylovskoye AB, a company listed on Nasdaq OMX First North focusing on exploration and production of gold in Russia. Over twenty years within the audit division of Ernst & Young, seven of which were spent in Moscow. Holds a degree in Business Administration from Stockholm University.

B-shares owned / options: 2,000 / 0



Sergey Titov, Manager Business Development

One of the founders of Petrosibir. Broad experience of the Russian oil sector, including being the CEO of Tyumenneftegaz.

B-shares owned / options: 363,192 / 0

Reserves and resources

- Reserves
 - The amount of oil and natural gas which a deposit is expected to provide with existing technology and reasonable economy. Reserves are often classified as proved (1P), probable (2P) or possible (3P).
- Resources
 - Estimated volumes of oil and gas that are judged to be potentially recoverable with existing and established technology from known or as yet unconfirmed deposits, but that for one or more reasons cannot currently be assessed as commercially recoverable.

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