

Shelton Petroleum



Årsstämma 2015

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Highlights 2014

Daily production of over 860 barrels

Significantly strengthened reserves base

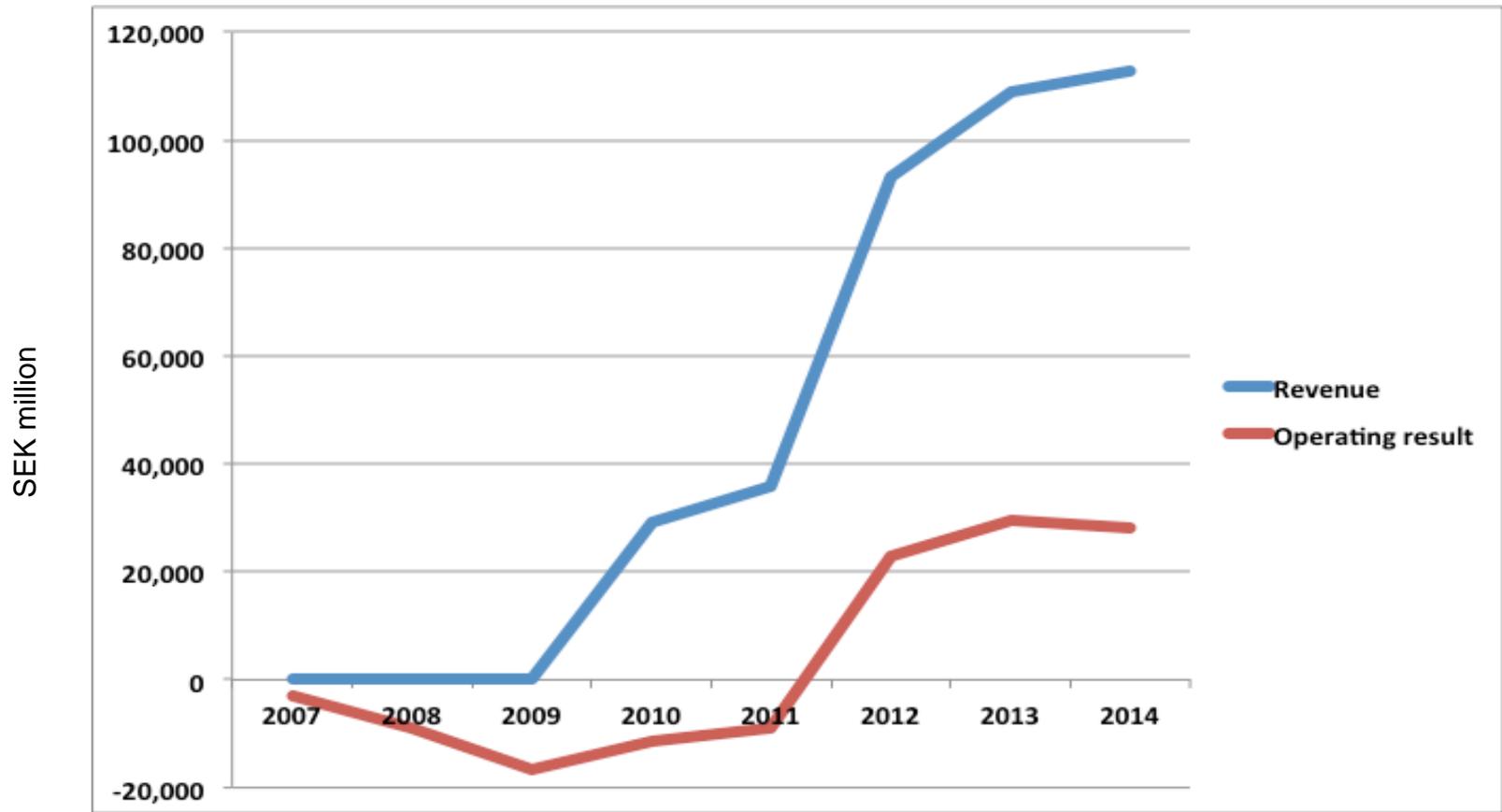
Geopolitical events and falling oil price

28% shareholding in Petrogrand

Operating margin 27%*

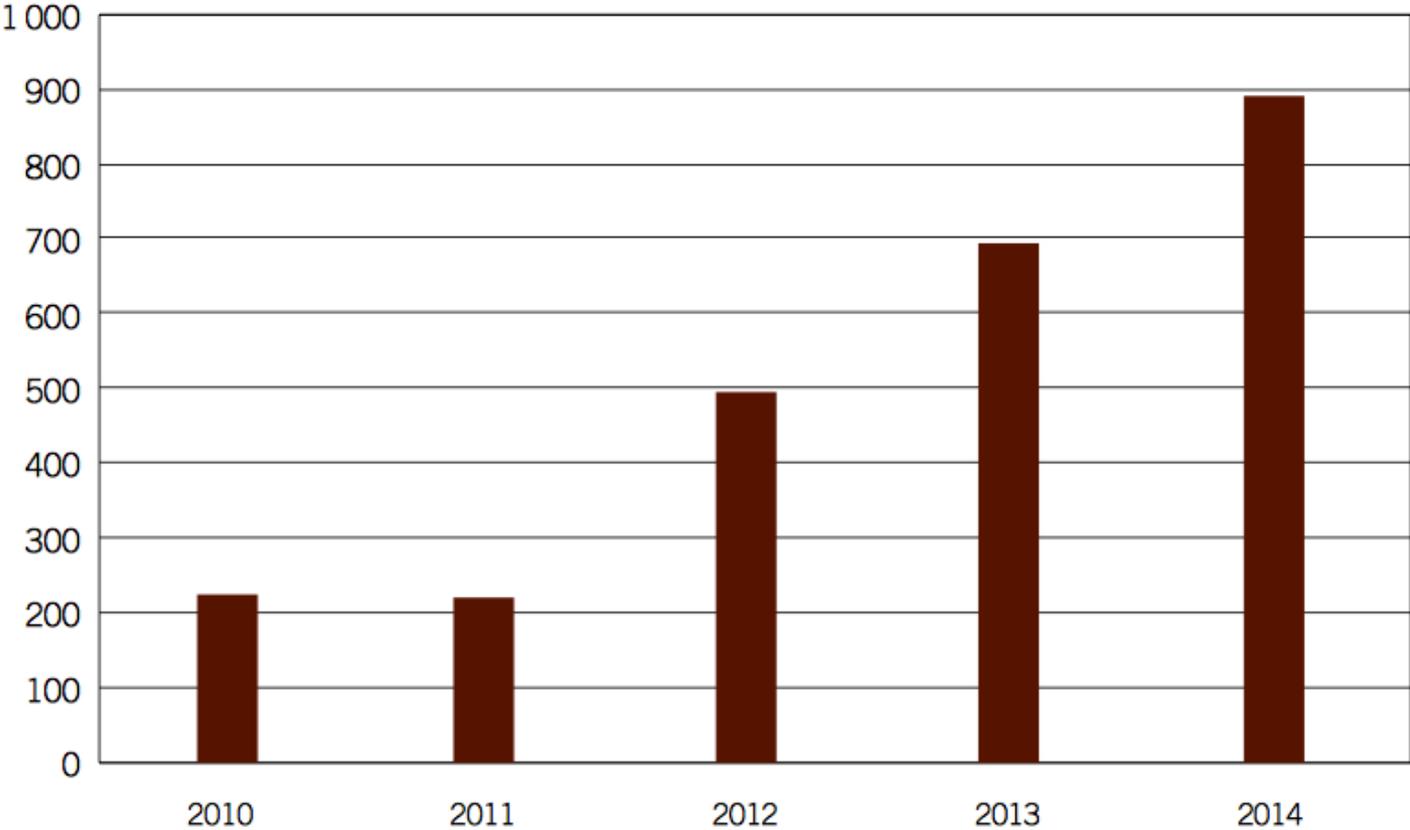
* Excluding one-off items

Financial development

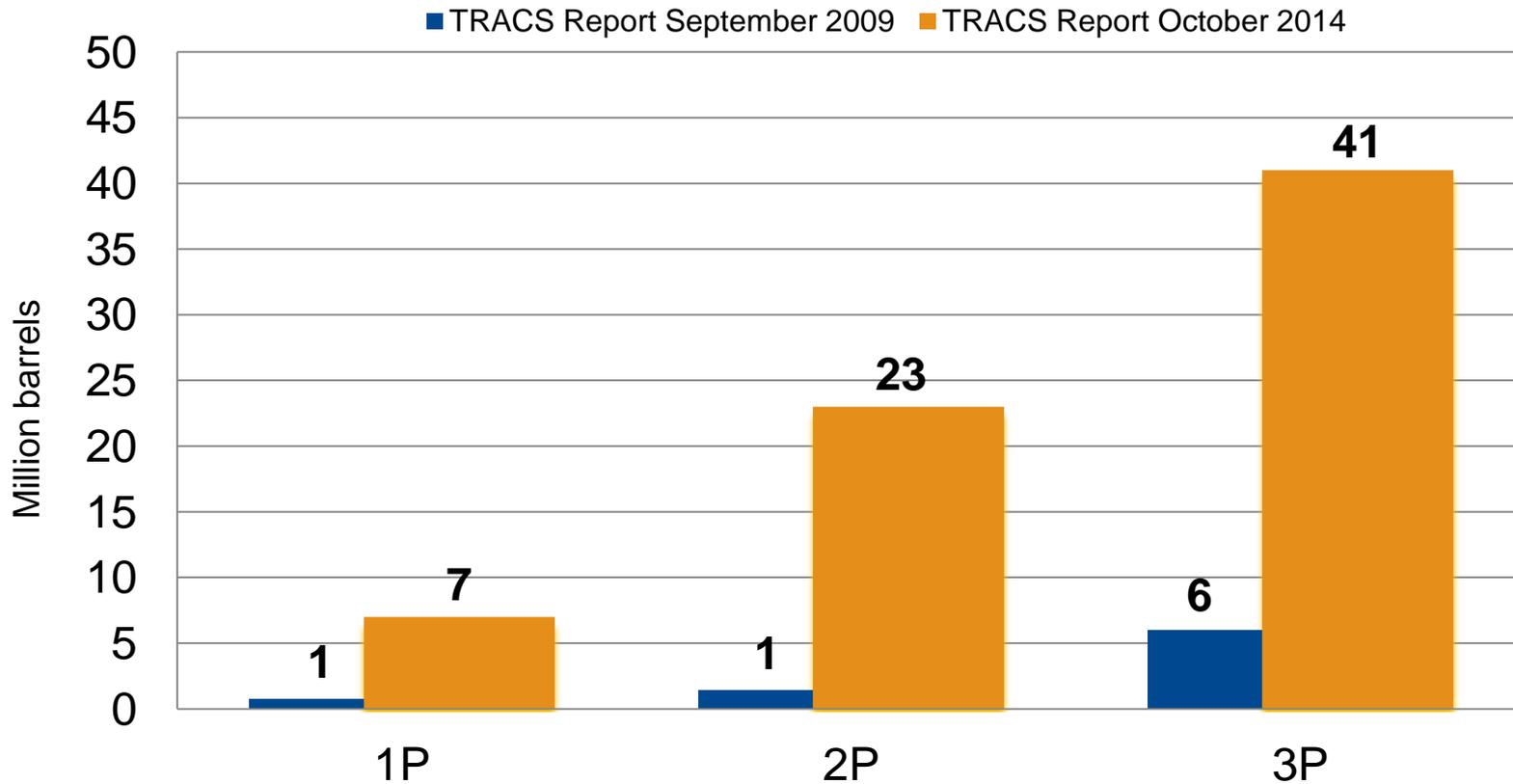


Excluding positive and negative one-off items

Oil production in barrels per day



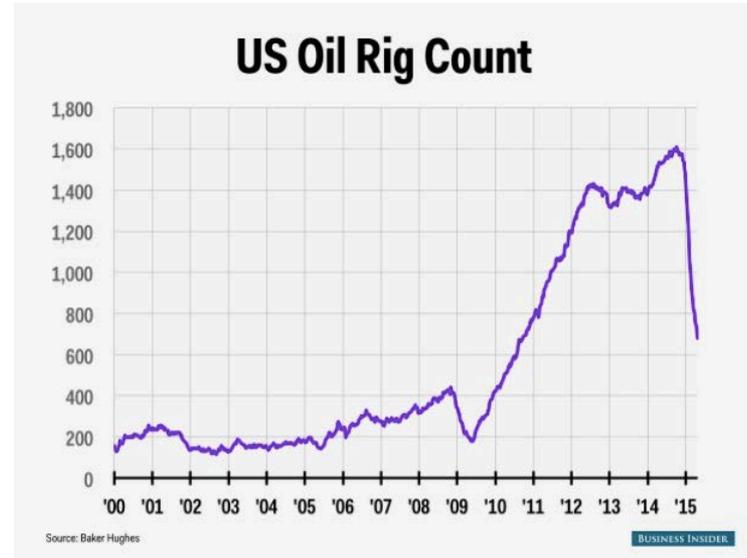
Increase in oil reserves in Russia



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

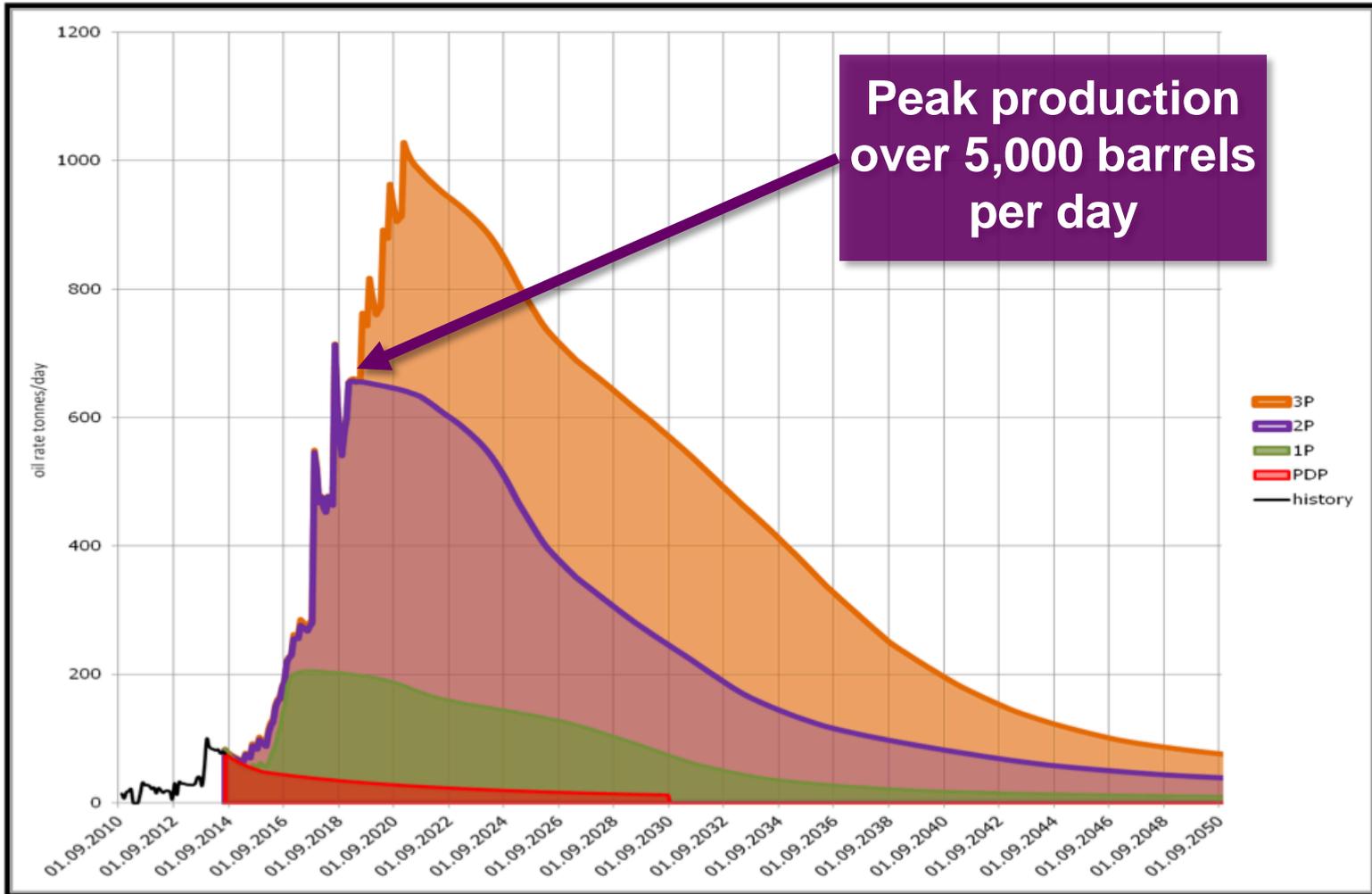


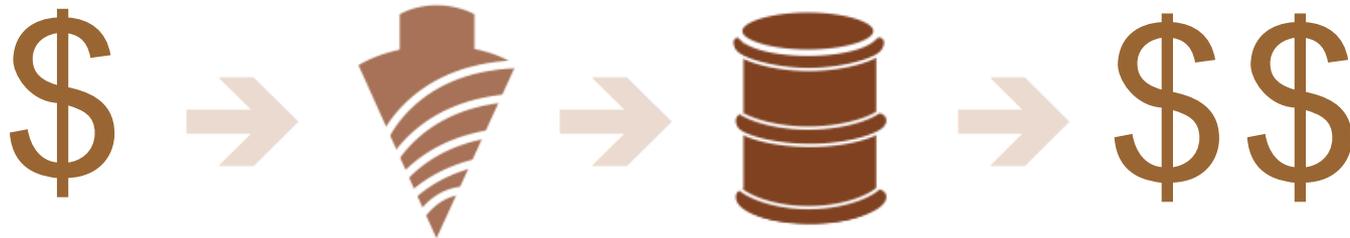
Figure 10-26. Ayazovskoye oil field. Kynov+Pashiysky material balance model results.

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

