

Appendix 2 to the Board's report pursuant to chapter 18 section 6, chapter 13 section 6 and chapter 12 section 7 of the Swedish Companies Act

Press releases:

Date	Headline
2015-09-11	Production report August 2015
2015-10-07	Shelton Petroleum and Petrogrand to enter into a business combination
2015-10-07	Notice for EGM on 9 November 2015
2015-10-14	Production report September 2015

Press release
Stockholm, 11 September 2015

Production report for August 2015

Shelton Petroleum's total oil production in August 2015 amounted to 23,450 barrels, equivalent to 756 barrels per day.

The table below summarizes the production broken down by oil field.

	Aug 2015	Aug 2014	Jan-Aug 2015	Jan-Aug 2014	2014	2013	2012
Lelyaki	10,130	10,070	79,480	85,771	125,141	126,565	119,950
<u>Rustamovskoye</u>	<u>13,320</u>	<u>16,430</u>	<u>109,060</u>	<u>134,876</u>	<u>196,236</u>	<u>122,305</u>	<u>57,900</u>
Total barrels	23,450	26,500	188,540	220,647	321,377	248,870	177,850
Lelyaki	327	325	327	353	343	347	328
<u>Rustamovskoye</u>	<u>430</u>	<u>530</u>	<u>449</u>	<u>555</u>	<u>538</u>	<u>335</u>	<u>158</u>
Total barrels per day	757	855	776	908	881	682	486

Shelton Petroleum holds 100% of the Rustamovskoye license in Russia. Shelton Petroleum has a 45% working interest in Kashtan Petroleum (holder of the license to the Lelyaki oil field) through its wholly owned subsidiary Zhoda 2001 Corporation. Ukrnafta, Ukraine's largest oil and gas company, owns the remaining 55%. The production data in the table above represents Shelton Petroleum's working interest.

For more information, please contact:
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About Shelton Petroleum

Shelton Petroleum is a Swedish company focused on exploring and developing concessions in Russia and Ukraine. In Russia, the company holds licenses in the Volga-Urals area in Bashkiria and has commenced production on the Rustamovskoye field after a successful exploration program. In Ukraine, Shelton Petroleum's wholly owned subsidiary has a joint venture with Ukrnafta and Chornomornaftogaz. Shelton Petroleum oil and gas 2P reserves amount to 34 million barrels. The company's share is traded on Nasdaq Stockholm under the symbol SHEL B.

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Press release
Stockholm, 7 October 2015

Notice to Extraordinary General Meeting of shareholders in Shelton Petroleum AB (publ)

The shareholders of Shelton Petroleum AB (publ) (hereinafter the “Company”) are hereby given notice to attend the Extraordinary General Meeting to be held at 10.00 a.m. CET on Monday, 9 November 2015, at Hotel Scandic Anglais, Humlegårdsgatan 23 in Stockholm.

Notification and right to participate

The right to participate at the general meeting vests in a person who: is registered as a shareholder in the share register maintained by Euroclear Sweden AB regarding circumstances pertaining on 3 November 2015; and not later than 3 November 2015 notifies the Company of their intention to participate at the general meeting.

Notice of participation may be given by post to Shelton Petroleum AB (publ), Hovslagargatan 5B, 111 48 Stockholm or by e-mail to gunnar.danielsson@sheltonpetroleum.com. The notification should state the name, personal ID or registration number, address, daytime telephone number and shareholding of the shareholder. Authorisation documents such as power of attorney and registration certificates should, where appropriate, be submitted to the Company prior to the general meeting. Shareholders who wish to be accompanied by one or two assistants may give notice thereof within the time and in the manner applicable to shareholders. A power of attorney form is available on www.sheltonpetroleum.com.

Shareholders with nominee-registered shares must, in order to be entitled to participate at the general meeting, request that the nominee effects a temporary re-registration (voting right registration) of the shares in ample time prior to 3 November 2015.

Proposed agenda

1. Opening of the general meeting
2. Election of a chairman of the general meeting
3. Preparation and approval of the voting register
4. Election of one or two persons to attest the minutes
5. Determination of whether the general meeting has been duly convened
6. Approval of the agenda
7. Resolution regarding an agreement between the Company and Petrogrand AB (publ):
 - (A) Approval of agreement between the Company and Petrogrand AB (publ)
 - (B) Resolution regarding a distribution of all of the shares in a wholly-owned subsidiary (NewCo)
 - (C) Resolution regarding an issue of new shares of series B for non-cash consideration and an amendment of the articles of association, including changing the name of the Company.

- (D) Resolution regarding a reduction of the share capital with retirement of shares and an increase of the share capital by way of bonus issue
8. Election of Board of Directors
 9. Closure of the general meeting

Chairman of the general meeting (item 2)

It is proposed that the lawyer Carl Westerberg, be elected to chair the general meeting.

Resolution regarding an agreement between the Company and Petrogrand AB (publ) (item 7)

(A) The Board's resolution proposal regarding agreement between the Company and Petrogrand, etc.

The Company has concluded an agreement with Petrogrand. Petrogrand is one of the Company's largest shareholders, currently holding 4,700,000 shares, which represents about 25% of the shares and about 18% of the votes in the Company (the "**Initial Shelton Shares**"). The Company is the largest shareholder in Petrogrand, currently holding 11,585,308 shares, representing about 29% of the shares and votes in Petrogrand (the "**Petrogrand Shares**").

In summary, the agreement provides that the Company and Petrogrand will enter into a series of transactions for the purposes of dissolving the cross-ownership between the Company and Petrogrand, and combining the Company's and Petrogrand's Russian assets (the "**Transaction**"), whereby a "New Shelton" will be formed for the purposes of creating value for all shareholders in both the Company and Petrogrand.

The Transaction comprises two main transaction steps:

- **Transaction Step 1:** The Company transfers all of its Ukrainian oil assets to a newly established wholly-owned subsidiary (a Swedish limited company) of the Company ("**NewCo**"). The Company's Ukrainian oil assets comprise primarily a 45% ownership (through wholly-owned subsidiaries) in Kashtan Petroleum, the operator and owner of the Lelyaki licence. As soon as reasonably practicable thereafter, the Company distributes all of its shares in NewCo to its shareholders. As Petrogrand is a shareholder in the Company, Petrogrand will become a shareholder in NewCo in connection with the distribution of the shares in NewCo. The intention is that NewCo will assume the Company's current name "Shelton Petroleum" and that the shareholders in NewCo will be offered liquidity in the shares through a listing on a market place.
- **Transaction Step 2:** As soon as reasonably practicable after completion of Transaction Step 1, the Company acquires all of the shares ("**Sonoyta Shares**") in Sonoyta Ltd ("**Sonoyta**"), a Cypriot holding company holding (i) USD 4 million in cash and (ii) 49 % of the shares in Ripiano Holdings Ltd ("**Ripiano**"), which in turn holds (among other things) certain Russian oil assets comprised of three oil licences in Komi, from Petrogrand for a total consideration of 17,500,000 newly issued shares of series B in the Company (the "**Additional Shelton Shares**"), which (based on the closing price of the Shelton Petroleum share on 6 October 2015) corresponds to a total consideration of SEK 124,250,000 for the Sonoyta Shares. Petrogrand will as soon as reasonably practicable thereafter distribute all of the Initial Shelton Shares and Additional Shelton Shares to its shareholders. The Initial Shelton Shares and the Additional Shelton Shares will amount to, and Petrogrand will therefore until the shares have been distributed be owner of, a total of 22,200,000 shares of series B, representing about 61% of the shares and about 52% of the votes in the Company after the Company's acquisition of the Sonoyta Shares. To that end, Petrogrand has applied for, and the Swedish Securities Council has granted (subject to certain conditions), an exemption from the Swedish mandatory bid requirements. As the Company is a shareholder in Petrogrand, the Company will receive Initial Shelton Shares and Additional Shelton Shares in connection with the distribution of these shares, which are proposed to be retired through a reduction of the Company's share capital.

After the completion of Transaction Step 2, Dmitry Zubatyuk (member of the Company's Board and Petrogrand's CEO) will assume the position as the Company's CEO.

The Board is of the opinion that Transaction Step 2 involves such related party transactions that are covered by the Swedish Securities Council's (*Aktiemarknadsnämnden*) statement in AMN 2012:05. The Board will therefore in accordance with the Swedish Securities Council's statement in AMN 2012:05 prepare a statement and obtain a fairness opinion regarding the fairness of Transaction Step 2, from a financial point of view, for the Company's shareholders. These documents, together with the Company's agreement with Petrogrand, will be available on the Company's website (www.sheltonpetroleum.com) no later than three weeks before the general meeting.

Against the background described above, the Board proposes that the general meeting approves the Transaction, and authorises the Board and the senior management to, as soon as reasonably practicable, effectuate the Transaction.

(B) The Board's resolution proposal regarding a distribution of all of the shares in NewCo

As a result of the Transaction, the Board proposes that all of the shares in the wholly-owned subsidiary NewCo shall be distributed as a dividend. One share of series B in the Company shall entitle to one share in NewCo of series B (equivalent to a book value of SEK 5.20 per share) and that one share of series A in the Company shall entitle to one share in NewCo of series A (equivalent to a book value of SEK 5.20 per share). Accordingly, the distribution corresponds to a total book value of approximately SEK 97 million.

Furthermore, the Board proposes that the general meeting shall authorise the Board of Directors to set the record day for the dividend, provided, however, that the record day shall not be set later than the day before the next annual general meeting.

The CEO, or the person that is appointed by the CEO, is authorised to make such minor adjustments to the resolution as may be required in connection with the registration with the Swedish Companies Registration Office, Euroclear Sweden AB or other formal requirements.

Distributable funds pursuant to Chapter 17, Section 3 of the Swedish Companies Act

According to the Company's last adopted balance sheet, showing the Company's financial position as at 31 December 2014, the unappropriated earnings at the disposal of the annual general meeting were SEK 256,761,202. After the mentioned balance sheet date, no distributions have been declared and there has not been any change in the restricted equity. Accordingly, the unappropriated earnings at the disposal of the extraordinary general meeting are SEK 256,761,202.

(C) The Board's resolution proposal regarding an issue of new shares of series B for non-cash consideration and an amendment of the articles of association

As a result of the Transaction, the Board proposes that the general meeting resolves on an increase of the Company's share capital of not more than SEK 87,500,000 by way of an issue of not more than 17,500,000 new shares of series B on the following terms:

- the right to subscribe for the issued shares shall be vested solely in Petrogrand;
- payment for the subscribed shares shall be made by Petrogrand contributing 1 share in Sonoyta per each 10,294 shares of series B in the Company, which at a subscription of 17,500,000 shares of series B represents all 1,700 shares in Sonoyta;
- Petrogrand shall subscribe for the new shares on a separate subscription list no later than 31 December 2015. The Board shall have the right to extend the subscription period;
- Petrogrand shall pay for the subscribed shares no later than 31 December 2015. The Board shall have the right to extend the payment period; and
- the new shares carry the right to dividends for the first time on the first record day for dividends occurring after the registration of the issue of new shares with the Swedish Companies Registration Office and the entry of the new shares in the share register maintained by Euroclear Sweden AB.

The proposed issue of new shares (assuming subscription in full) will increase the Company's share capital from SEK 93,306,235 to SEK 180,806,235 and increase the number of outstanding shares from 18,661,247 (divided among 761,900 shares of series A and 17,899,347 shares of series B) to 36,161,247 shares (divided among 761,900 shares of series A and 35,399,347 shares of series B), corresponding to a dilution of 94% in relation to the current number of shares and 69% in relation to the current number of votes, and 48% in relation to the number of shares and 41% in relation to the number of votes after full dilution (calculated as the number of new shares and votes in relation to the number of current together with the number of new shares and votes).

The above issue of new shares of series B requires an amendment of the Company's articles of association. Accordingly, the Board proposes that the share capital limits and the limits on the number of shares in the Company's articles of association are amended in accordance with the following.

	Current articles of association	Proposed articles of association
Minimum share capital	38,000,000	58,500,000
Maximum share capital	152,000,000	234,000,000
Minimum number of shares	7,600,000	9,750,000
Maximum number of shares	30,400,000	39,000,000

As the intention is that NewCo shall assume the name "Shelton Petroleum", it is further proposed that the articles of association is changed as regards the Company's name. The proposed name will be presented in the Board's complete resolution proposals.

The CEO, or the person that is appointed by the CEO, is authorised to make such minor adjustments to the resolution as may be required in connection with the registration with the Swedish Companies Registration Office, Euroclear Sweden AB or other formal requirements.

(D) The Board's resolution proposal regarding a reduction of the share capital with retirement of shares and an increase of the share capital through a bonus issue

As the Company holds shares in Petrogrand, the Company will receive 6,387,386 own shares of series B in connection with Petrogrand's distribution of the Initial Shelton Shares and the Additional Shelton Shares (the distribution constitutes a part of Transaction Step 2 as described above).

Against this background, the Board proposes that the general meeting resolves that the Company's share capital shall be reduced with not more than SEK 31,936,931 through a retirement of not more than 6,387,386 own shares of series B in the Company for allocation to non-restricted equity. The reduction shall be effectuated as soon as reasonably practicable after the Company has received the own shares from Petrogrand.

The Board also proposes that the general meeting resolves that the Company's share capital shall be increased with not more than SEK 31,936,931 through a redistribution of not more than SEK 31,936,931 from the Company's non-restricted equity. No new shares shall be issued in connection with the increase of the share capital.

The Board's statement pursuant to Chapter 20, Section 13 paragraph 4 of the Swedish Companies Act

The reduction of the share capital can be accomplished without obtaining the Swedish Companies Registration Office or a general court's consent, as the Company will accomplish an increase of the share capital by way of bonus issue at the same time, resulting in that neither the Company's restricted equity nor the share capital will be reduced.

The CEO, or the person that is appointed by the CEO, is authorised to make such minor adjustments to the resolution as may be required in connection with the registration with the Swedish Companies Registration Office, Euroclear Sweden AB or other formal requirements.

Election of Board of Directors (item 8)

As a result of the Transaction and the creation of a “New Shelton”, the following is proposed.

- The Board shall consist of five ordinary members.
- The Board shall consist of the ordinary members Björn Lindström, Dmitry Zubatyuk, Sven-Erik Zachrisson, David Sturt and Hans Berggren. Björn Lindström shall be the chairman of the Board.
- The new Board shall assume its office as soon as the ownership of the Sonoyta Shares has been effectively transferred to the Company.
- If Petrogrand has not effectuated the distribution of all Initial Shelton Shares and Additional Shelton Shares on or before 31 December 2015 (a) all these ordinary members of the Board shall immediately be dismissed, (b) the Board shall instead consist of seven ordinary members with Björn Lindström, Hans Berggren, Peter Geijerman, Zenon Potoczny, Katre Saard, Cheddi Liljeström and Dmitry Zubatyuk as the ordinary members and (c) Björn Lindström shall be the chairman of the Board.

The following is further proposed.

- The chairman of the Board shall receive an annual remuneration of SEK 200,000 and the other members of the Board, not employed by the Company, shall receive SEK 100,000.
- An annual remuneration shall be paid with SEK 50,000 for committee work to the chairman of the audit committee.

Majority requirements and conditions

The Board proposes that the proposed resolutions in item 7 and 8 are conditional upon each other and also upon that an extraordinary general meeting in Petrogrand (planned to take place on the same day as the general meeting) approves Transaction Step 2 and the Company’s agreement with Petrogrand. In addition, the proposed resolutions in item 7 shall be approved as one resolution. Under the Swedish Companies Act, the resolution regarding item 7 therefore requires approval by shareholders representing at least two thirds (2/3) of both the votes cast as well as the shares represented at the general meeting. In addition and as follows from the Swedish Securities Council’s statement in AMN 2012:05, such resolution requires approval by simple majority whereby the shares held by Petrogrand shall be disregarded.

Documents

The Board’s complete proposed resolutions in accordance with item 7 and 8 above, the documents mentioned in item 7(A) and documents pursuant to the Swedish Companies Act, will be made available no later than three weeks before the general meeting at the Company’s office (addresses above) and will be sent free-of-charge to shareholders who so request and provide their mailing address. The documents will also be made available no later than three weeks before the general meeting on the Company’s website (www.sheltonpetroleum.com). The documents will also be available at the general meeting.

Miscellaneous

The Company currently has 18,661,247 shares registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*), of which 761,900 are shares of series A (10 votes/share) and 17,899,347 are shares of series B (1 vote/share). The number of voting rights amount to 25,518,347.

If requested by a shareholder and provided that the Board deems that it can take place without causing material damage to the Company, the Board and the CEO shall provide information about circumstances that may affect the assessment of an item on the agenda or the Company’s and the Company’s subsidiaries financial situation (and the Company’s relationship with another company within the Group).



Stockholm, October 2015

Shelton Petroleum AB (publ)
The Board of Directors

For more information, please contact:

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The information provided herein is such that Shelton Petroleum AB is obligated to disclose it pursuant to the Securities Markets Act (2007:528) and/or the Financial Instruments Trading Act (1991:980). The information was submitted for publication at 8.00 a.m. CET on 7 October 2015.

About Shelton Petroleum

Shelton Petroleum is a Swedish company focused on exploring and developing concessions in Russia and Ukraine. In Russia, the company holds licenses in the Volga-Urals area in Bashkiria and has commenced production on the Rustamovskoye field after a successful exploration program. In Ukraine, Shelton Petroleum's wholly owned subsidiary has a joint venture with Ukrnafta and Chornomornaftogaz. Shelton Petroleum oil and gas 2P reserves amount to 34 million barrels. The company's share is traded on Nasdaq Stockholm under the symbol SHEL B.

Press release
Stockholm, 7 October 2015

Shelton Petroleum and Petrogrand to enter into a business combination

- Shelton Petroleum and Petrogrand have entered into an agreement to form a combined and enlarged oil group with Russian oil assets exclusively
- Shelton Petroleum will according to the agreement issue 17,500,000 B shares for a contribution by Petrogrand of (i) its 49% ownership in its oil assets in Komi and (ii) USD 4 million of cash
- The combined license portfolio will consist of Shelton Petroleum's assets in Bashkiria and Petrogrand's assets in Komi, with a net production of about 1,350 barrels of oil per day and 32 million barrels of 2P oil reserves
- Petrogrand and Shelton Petroleum have approximately 10,000 shareholders
- The new board of directors and management of the combined entity will hold representatives of both Shelton Petroleum and Petrogrand
- Shelton Petroleum's oil assets in Ukraine will be spun-off to existing shareholders and will not be part of the new joint entity
- After the transaction, Petrogrand plans to shift its focus to new business ventures within real estate
- The proposed business combination puts an end to the cross-ownership between Petrogrand and Shelton Petroleum that has been criticized by the Securities Council
- The agreement is conditional upon the approval at the extraordinary general meetings of both companies
- Petrogrand and Shelton Petroleum are currently subject to a review by the Disciplinary Committee of Nasdaq Stockholm

Shelton Petroleum AB (SHEL B, Nasdaq Stockholm) ("Shelton Petroleum") and Petrogrand AB (PETRO, Nasdaq First North Stockholm) ("Petrogrand") have entered into an agreement (i) to form a new combined and enlarged oil group with exclusively Russian oil assets and (ii) to dissolve the cross-ownership between the two companies. Shelton Petroleum's and Petrogrand's operations in Bashkiria and Komi regions respectively, both located in the European part of Russia, will be managed as one oil group.

The combined company will have a net working interest oil production of about 1,350 barrels of oil per day and 2P oil reserves of about 32 million barrels. The entity will be owned by the current shareholders of both Shelton Petroleum and Petrogrand, in total about 10,000 shareholders. The combined businesses will benefit from an attractive license portfolio and an improved position on the financial markets. Synergies are anticipated within operational management, oil sales, purchasing power as well as central administration.

Transaction overview

The new entity with operations in Russia

Shelton Petroleum will according to the agreement acquire a subsidiary of Petrogrand holding USD 4 million of cash as well as Petrogrand's stake in the Komi assets (49%) for a total consideration of 17,500,000 newly issued shares of series B in Shelton Petroleum. Petrogrand will distribute these

shares, together with the 4,700,000 B shares in Shelton Petroleum it already holds, to its shareholders in accordance with the Lex Asea rules. Since Shelton Petroleum holds 28.8% of the shares in Petrogrand, Shelton Petroleum will through Petrogrand's dividend distribution receive 6,387,386 shares in Shelton Petroleum. These shares will be cancelled.

In summary, Shelton Petroleum has 761,900 A shares and 17,899,347 B shares prior to the transaction. A total of 17,500,000 B shares will be issued and 6,387,386 of these will be cancelled. Following the completion of all the steps in the transaction, it is anticipated that the number of shares in Shelton Petroleum will amount to 761,900 A shares and 29,011,961 B shares, comprising 36,630,961 votes. The new enlarged Shelton Petroleum will change its name following the business combination.

Further information about the proposed new issue of shares, etc. can be found in a separate press release containing the notice to the EGM issued by Shelton Petroleum on the date hereof.

Board of directors and management

It is proposed that Björn Lindström, David Sturt, Dmitry Zubatyuk, Hans Berggren and Sven-Erik Zachrisson shall be appointed members of the board of directors of Shelton Petroleum. Björn Lindström shall be appointed chairman of the board and Dmitry Zubatyuk shall be appointed CEO.

Distribution of Shelton Petroleum's assets in Ukraine

As a part of the proposed transaction, Shelton Petroleum will distribute the company's assets in Ukraine to its shareholders. For historical reasons, the Ukrainian operations will continue to operate under the name Shelton. The Ukrainian assets consist of a 45% ownership in Kashtan Petroleum, license holder and operator of the Lelyaki oil field, as well as a Joint Investment Agreement regarding offshore licenses. The production from the Lelyaki field in August 2015 net to Shelton Petroleum amounted to about 330 barrels of oil per day. 2P reserves in Ukraine net to Shelton Petroleum amount to 8 million barrels.

Given the geopolitical development in the area, it is the opinion of Shelton Petroleum and Petrogrand that it makes sense from both an operational and financial point of view to continue developing Russian and Ukrainian assets in separate entities.

The Ukrainian assets will be distributed to the shareholders of Shelton Petroleum prior to the issue of the consideration shares to Petrogrand. As a consequence, the current shareholders of Shelton Petroleum, including Petrogrand, will receive shares in the Ukrainian assets on a pro-rata basis in relation to their holding in Shelton Petroleum. Petrogrand shall not be a long-term shareholder and has undertaken to dispose of its shares. It is the intention of the parties to create liquidity in the shares of the company holding the Ukrainian assets.

Petrogrand after the transaction

After the transaction, Petrogrand is planning to change its name and enter into the real estate business with cash generating operations in Moscow and Stockholm. It is Shelton Petroleum's intention to divest its shareholding in Petrogrand following the transaction. Petrogrand will publish a more detailed update on the future operations in due time.

Nasdaq Disciplinary Committee and dissolving the cross-ownership

The transaction will also put an end to the cross-ownership between the two companies. Prior to the transaction, Petrogrand holds 4,700,000 B shares in Shelton Petroleum, equivalent to 25.2% of the total number of shares and 18.4% of the total votes. Shelton Petroleum holds 11,585,308 shares in Petrogrand, equivalent to 28.8% of the total number of shares and votes. During the end of 2013 and the first six months of 2014, i.e. when Petrogrand was managed by the previous management and board of directors, there were several conflicts between the two companies. Both companies were criticized by the Swedish Securities Council, which requested the companies to solve the conflicts.

As a result of the conflicts, which took place approximately 18 months ago, Nasdaq Stockholm has initiated an investigation of both Petrogrand and Shelton Petroleum regarding possible insufficient disclosure of information to the market and investors and non-compliance with the relevant takeover rules and good practices on the Swedish stock market.

Based on the fact that the cross-ownership has not been dissolved and Nasdaq Stockholm's investigation, the matter has been submitted to the Disciplinary Committee of Nasdaq Stockholm for further assessment and ruling on an appropriate sanction. Potential sanctions are a warning (where the non-compliance is of less serious nature or excusable), a fine (in the case of Shelton as a stock exchange listed company, corresponding to not more than 15 times the annual fee paid by it to Nasdaq Stockholm, approximately SEK 3 million) or delisting (where the breach is material). As at the date hereof, Petrogrand and Shelton Petroleum are awaiting the Disciplinary Committee's decision on a hearing date where both parties can present their respective cases to the committee.

The companies have previously made several attempts to break up the cross-ownership but no solution has been reached until now. In the beginning of the second quarter 2015, a new governance of Petrogrand was implemented with a new board of directors and a new Chief Executive Officer. Since then, Petrogrand has focused on reinstating proper corporate governance, controlling damage caused by previous mismanagement and dissolving the cross-ownership on terms that are beneficial for all parties going forward. The current constructive dialogue resulted in the proposal that is now being put forward to the shareholders in both companies. The board of Petrogrand and Shelton Petroleum believe that the proposal balances the interests of the shareholders of both companies and creates a profitable oil company with solid production, a strong license portfolio and a platform for future expansion. It should also satisfy Nasdaq Stockholm's request to dissolve the cross-ownership between Shelton Petroleum and Petrogrand.

General meeting of shareholders

The agreement entered into by the board of directors is subject to shareholders' approval at extraordinary general meetings to be held on 9 November 2015 and certain other conditions.

Given the cross-ownership, Petrogrand and Shelton Petroleum will not be entitled to vote at each others general meeting in any matter constituting a related party transaction. Both companies will use its best reasonable efforts to obtain written undertakings from its shareholders to vote in favor of the proposals. Shelton Petroleum and Petrogrand will publish independent fairness opinions on the transaction. Shelton Petroleum will issue a prospectus prior to listing the newly issued shares.

The agreement entered into between Shelton Petroleum and Petrogrand as well as the notice to the extraordinary general meetings will be made available on www.sheltonpetroleum.com and www.petrogrand.se. These documents provide a fuller description of the transaction than what is included in this press release.

For more information, please contact:

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About Shelton Petroleum

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About Petrogrand

Petrogrand's overall business concept is to conduct oil production through acquired Russian subsidiaries and oil licenses. The company is also to manage and refine Russian oil resources and, when favorable, divest assets and licenses. The shares in Petrogrand are listed at Nasdaq First North Stockholm under the symbol PETRO, an alternative market place (i.e. not a regulated market) and the company's Certified Adviser is Mangold Fondkommission AB. For more information visit our webpage www.petrogrand.se.

Important information

This press release is not and does not form part of any offer for sale of securities.

This press release may not, directly or indirectly, be distributed or published to or within the United States of America, Australia, Hong Kong, Japan, Canada, New Zealand or South Africa.

This press release contains forward-looking statements, which, in respect of the transactions described herein, mean certain risks and uncertainties, including in relation to the expected advantages of the transactions. Actual events or results can due to a number of risks and uncertainties significantly differ from what has been described in this press release, including that the expected advantages cannot be realized.

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Press release
Stockholm, 14 October 2015

Production report for September 2015

Shelton Petroleum's total oil production in September 2015 amounted to 21,870 barrels, equivalent to 729 barrels per day.

The table below summarizes the production broken down by oil field.

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Lelyaki	9,330	9,270	88,810	95,041	125,141	126,565	119,950
Rustamovskoye	<u>12,540</u>	<u>15,620</u>	<u>121,600</u>	<u>150,496</u>	<u>196,236</u>	<u>122,305</u>	<u>57,900</u>
Total barrels	21,870	24,890	210,410	245,531	321,377	248,870	177,850
Lelyaki	311	309	325	348	343	347	328
Rustamovskoye	<u>418</u>	<u>521</u>	<u>445</u>	<u>551</u>	<u>538</u>	<u>335</u>	<u>158</u>
Total barrels per day	729	830	771	899	880	682	486

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About Shelton Petroleum

Shelton Petroleum is a Swedish company focused on exploring and developing concessions in Russia and Ukraine. In Russia, the company holds licenses in the Volga-Urals area in Bashkiria and has commenced production on the Rustamovskoye field after a successful exploration program. In Ukraine, Shelton Petroleum's wholly owned subsidiary has a joint venture with Ukrnafta and Chornomornaftogaz. Shelton Petroleum oil and gas 2P reserves amount to 34 million barrels. The company's share is traded on Nasdaq Stockholm under the symbol SHEL B.

This is an English translation of the Swedish original. In case of discrepancies, the Swedish original shall prevail.