

Documents for the Annual General Meeting in

SHELTON PETROLEUM AB

Tuesday May 22, 2012

N.B: The English text is an in-house translation for information purposes only.

Proposed agenda

1. Election of a chairman of the general meeting
2. Preparation and approval of the voting register
3. Election of one or two persons to attest the minutes
4. Determination of whether the general meeting has been duly convened
5. Approval of the agenda
6. Presentation of the annual report and auditor's report as well as consolidated financial statements and auditor's report for the group
7. Resolutions regarding
 - a. adoption of the income statement and balance sheet as well as consolidated income statement and consolidated balance sheet
 - b. allocation of the Company's profits or losses in accordance with the adopted balance sheet
 - c. discharge from liability for the directors and CEO
8. Determination of the number of directors and alternate directors
9. Determination of fees for the Board of Directors and the auditors
10. Information regarding appointments held in other companies by candidates for election to the Board of Directors, election of directors and any alternate directors and election of auditor
11. Resolution regarding guidelines for compensation to senior executives
12. Resolution regarding a Nomination Committee
13. Resolution regarding an issue of stock options
14. Resolution regarding authorization for the Board of Directors to decide on new issues
15. Closure of the general meeting

Complete proposals

Chairman of the annual general meeting (item 1)

The Nomination Committee proposes that the Chairman of the Board, Per Höjgård, be elected to chair the annual general meeting.

Allocation of the Company's earnings (item 7 b)

The Board proposes that no dividend be issued for the 2011 financial year. The Board proposes that an amount of SEK 224 014 991 is carried forward.

Election of directors, Chairman of the Board, auditor and fees (item 8-10)

The Nomination Committee proposes re-election of directors Peter Geijerman, Katre Saard, Richard N. Edgar, Zenon Potoczny and Freddie Linder. The Nomination Committee proposes that Björn Lindström and Hans Berggren are elected as new directors to the Board. Per Höjgård has declined re-election. Björn Lindström is proposed to be elected as Chairman of the Board.

Hans Berggren, 62 years old, has a Master of Law from the University of Stockholm and has also studied at University of Grenoble in France. His professional background includes serving as General Counsel at NASDAQ OMX between 1987-2005 and as Senior Advisor between 2006-2009. He has extensive experience from the Swedish and International financial markets. He has also served as director on several Boards in Sweden and abroad, including Russia.

Hans Berggren is currently a Board Director in the Cyprus based company F G Volga Farming Ltd, which is active in agriculture operations in Russia.

Hans Berggren is, according to the definition in the Swedish Code of Corporate Governance, independent in relation to Shelton Petroleum AB, its management and its larger shareholders. He does not own any shares in Shelton Petroleum AB.

Björn Lindström is 40 years old and has approximately 15 years of experience from investments and operations in Eastern Europe. Björn Lindström is one of the founders of Alpcot Capital Management Ltd and Alpcot Agro AB. Alpcot Capital Management Ltd is authorized by the Financial Services Authority in Great Britain and manages approximately USD 300 million in assets.

Björn Lindström was one of the founders of East Capital Asset Management AB and Gustavia Capital Management AB and had the position of managing director in both companies. He was also the fund manager for East Capital Russia Fund and Gustavia Balkan Fund. Björn holds a Master of Science in Business Administration and Economics from the Stockholm School of Economics. He graduated from the Language and Intelligence School of the Swedish Armed Forces in 1992.

Björn Lindström currently serves as a Board Director in Alpcot Agro AB, Alpcot Capital Management Ltd and companies within the Alpcot Capital Management Ltd group.

Björn Lindström is, according to the definition in the Swedish Code of Corporate Governance, independent of Shelton Petroleum AB, its management, but not of its large shareholders. He owns 40,296 A shares and 945,553 B shares in Shelton Petroleum AB.

The Nomination Committee proposes re-election of the authorized public accounting firm Ernst & Young AB and as responsible auditor the authorized public accountant Per Hedström.

It is further proposed that the general meeting resolves that board fees be paid to the Chairman in the amount of SEK 160,000 and SEK 80,000 to each of the other directors, with the exception of Zenon Potoczny who is employed in the Group. Fees will thus total SEK 560,000, including committee work. It is proposed that the auditors be paid fees in accordance with approved invoices.

Guidelines for compensation to senior executives (item 11)

The Board proposes that the general meeting adopt guidelines for compensation to senior executives with essentially the same content as the guidelines adopted at the 2011 annual general meeting, entailing the following. Compensation to management shall be on market terms and competitive in order to enable the Company to retain qualified employees. The compensation level for the individual executive shall be based on factors such as position, expertise, experience and performance. In addition to fixed salary, it shall be possible for management to receive variable salary, pensions, other benefits as well as to participate in incentive program. The fixed salary, which shall be differentiated based on the individual's responsibilities, experience and performance, shall be determined based on market principles. Variable salary shall be based on the Company's earnings growth, aimed at promoting the company's long term value creation. The annual variable portion of salary may normally not exceed 30 per cent of the fixed salary. Share- and share-price-related incentive programs are to be designed so that the vesting period or the period from the commencement of an agreement to the date for acquisition of shares is to be no less than three years. Other benefits shall correspond to what is deemed reasonable relative to practice on the market. The portions are intended to create a balanced compensation and benefits program which reflects the performance and responsibilities of the employees as well as the Company's earnings trend. The Board shall be entitled to deviate from these guidelines where special reasons exist in an individual case.

Resolution regarding the Nomination Committee (item 12)

The Nomination Committee proposes that the general meeting resolves on the following principles for election of a Nomination Committee: The Company shall have a Nomination Committee which shall consist of the Chairman of the Board and three other members, who shall each represent the three largest shareholders (by votes) of the Company, based on the share register maintained by Euroclear Sweden AB of registered shareholders (per group of owners) on 31 October 2012. A shareholder who is not registered in its own name in the aforementioned register and who wishes to be represented on the Nomination Committee, shall notify this to the Chairman of the Board and shall provide evidence of its shareholding.

As soon as possible, after the end of the month of October, the Chairman of the Board shall contact the three largest shareholders (by votes) in accordance with the above, and request that they appoint one member each. If anyone of those shareholders refrains from using its right to appoint a member, the right passes to the shareholder that after these shareholders has the largest shareholding. The names of the members of the Nomination Committee and the names of the shareholders, whom they represent, shall be made public not later than six months before the annual general meeting. The Nomination Committee elects its Chairman, however the Chairman of the Board shall not be Chairman of the Committee.

The Nomination Committee's duties shall be to prepare and present proposals to the shareholders at the 2013 annual general meeting regarding election of a chairman of the meeting, the Chairman of the Board, directors and, where appropriate, auditors, as well as fees to the Board of Directors and auditors. The appointment shall extend until such time as a new Nomination Committee is appointed. In the event that the shareholder, who the member represents, has materially reduced its holding in the Company, the member shall resign from the Nomination Committee and the Committee shall offer the largest shareholder, who is not represented on the Nomination Committee, the opportunity to appoint a new member. In the event a member for other reason resigns from the Nomination

Committee before the Committee's work is complete, a new member shall be appointed according to the same principles. No fees shall be paid to the members of the Nomination Committee. However, where necessary the Company may be liable for reasonable costs for external consultants which the Nomination Committee considers necessary for the performance of its duties.

Resolution regarding issue of stock options (item 13)

Shareholders representing approximately 12 per cent of the shares in the company propose that the general meeting resolves to issue stock options. The company shall, with departure from the shareholders' preferential rights, issue a maximum of 320 000 stock options series 2012/2015 to Robert Karlsson, Zenon Potoczny and Gunnar Danielsson. The options shall be subscribed to during the period May 22, 2012 – June 15, 2012. The stock options shall be issued at a price corresponding to a calculated market value of the stock options on May 21, applying the Black & Scholes model, based on a subscription price upon execution of 150 per cent of the volume weighted average price during the period May 7, 2012 – May 18, 2012, though not below the shares quota value at the time. The stock options can be exercised during the period June 1, 2015 – June 15, 2015. Upon full subscription of the shares under the stock options the company's share capital can increase by a maximum of SEK 1 600 000, calculated using the quota value of SEK 5. A full subscription of the shares under the stock options corresponds to a dilution of 2,92%.

Authorization for the Board of Directors to decide on new issues (item 14)

The Board of Directors proposes that the general meeting authorize the Board, on one or more occasions during the period until the next annual general meeting, to decide on new issues of shares, warrants and/or convertible debentures in exchange for cash payment and/or with provisions regarding payment in kind or by set-off or otherwise with conditions, and that it thereupon be possible to derogate from the shareholders' pre-emption rights. The purpose of the authorization and the reason for the derogation from the shareholders' pre-emption rights is to facilitate the raising of capital for expansion through corporate acquisitions or acquisitions of business assets and for the Company's business. The total number of shares which may be issued pursuant to the authorization may not exceed 5 million. In the event the authorization is exercised in full, the increase in the share capital will correspond to a dilution effect of approximately 50 per cent, calculated on the total number of shares before an exercise of the authorization. In the event an issue takes place by way of deviation from the shareholders' pre-emption rights, the issue shall take place on market terms. Any issue pursuant to the authorization shall relate to class B shares.

Miscellaneous

The Company currently has 10,640,588 outstanding shares, of which 180,580 are class A shares (10 votes per share) and 10,460,008 are class B shares (1 vote per share). There are 12,265,808 voting rights.

Appendix 1

Shareholder proposal to resolution regarding issue of stock options with deviation from the shareholder's preferential rights (item 13)

Issue of stock options

The shareholders Loleta Holdings, Alpcot Capital Management Ltd and Katre Saard (representing approximately 12 per cent of the shares in the company), proposes that Shelton Petroleum AB, 556368-1491, ("the Company") issue warrants of series 2012/2015 on the following conditions. Detailed conditions regarding, among other things, can be found in the Terms and Conditions for Warrants 2012-2015, appendix A.

Number of issued stock options

The Company shall issue a maximum of 320,000 warrants of series 2012/2015.

Right to subscribe

With deviation from the preferential rights of the shareholders the following persons shall have the right to subscribe to the warrants.

Name	Maximum no. of warrants
Robert Karlsson	144,000
Zenon Potoczny	96,000
Gunnar Danielsson	80,000
Total	320,000

Oversubscription

Oversubscription shall not be possible.

Issue price

The warrants are issued at a price corresponding to a calculated fair value for the warrants using the Black & Scholes model as of 21 May 2012 based on the subscription price at exercise of 150 per cent of the volume weighted price during the period 7 May up to and including 18 May 2012, however not below the quota value of the share at the time.

Period of subscription

The warrants shall be subscribed to during the period 22 May 2012 up to and including 15 June 2012 on a separate subscription list.

Payment

Subscribed warrants shall be paid in cash no later than 31 July 2012.

Increase of share capital and dilution

The increase of the Company's share capital can, at full exercise of the warrants amount to maximum SEK 1,600,000, provided that the quota value of the shares are SEK 5 and that no recalculation has taken place in accordance with appendix A. The dilution, at full exercise of the warrants, amounts to 2.92 per cent.

Reasons for deviation of the preferential rights of the shareholders

The reason for the deviation of the preferential rights of the shareholders is that the proposer of the resolution wishes to promote the long term interests of the Company by offering certain members of management a well balanced incentive program which gives them a possibility to take part in a positive value increase in the Company.

Authorizations

The Board shall have the right to extend the subscription period. The Board, or whom the Board appoints, shall be authorized to make those minor changes in the resolution that may be required for registration at the Swedish Companies Registration Office and Euroclear Sweden AB respectively.

Majority requirement

A resolution in accordance with the above proposal requires approval from both at least nine tenths of the votes given at the general meeting as well as at least nine tenths of the shares represented at the general meeting.