

Nomination Committee proposal to election of Board

The Nomination Committee (consisting of the Chairman of the Nomination Committee Oscar Berglund and the members Björn Lindström and Anders Velandar) proposes that the general meeting 2014 shall re-elect the board members Björn Lindström, Hans Berggren, Richard N. Edgar, Peter Geijerman, Freddie Linder, Zenon Potoczny and Katre Saard. Björn Lindström is proposed to be elected as Chairman of the Board

The Nomination Committee thus proposes that the Board consists of seven directors and no alternate director.

It is further proposed that the general meeting resolves that board fees be paid to the Chairman in the amount of SEK 200,000 (increase by SEK 40,000 compared to previous year) and SEK 100,000 (increase by SEK 20,000 compared to previous year) to each of the other directors with the exception of Zenon Potoczny who is employed in the Group. A fee in the amount of SEK 50,000 (increase by SEK 50,000) shall be paid for committee work to the Chairman of the Audit Committee. Fees will thus total SEK 750 000, 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, share holding, independence and year of election for the present board members, which are proposed for re-election, can be found in the Company's annual report for 2013 and on the Company's website, www.sheltonpetroleum.com.

The Nomination Committee's opinion is that the company has a well functioning board, the size and composition of the board ensures the company's ability to conduct its operations effectively and with integrity. The Nomination Committee does therefore not propose any changes of the board composition.

The Nomination Committee has had the chance to interview the Directors of the Board and also taken part of an evaluation of the Board. The Nomination Committee is of the opinion that the proposed Board, taking the company's operations, stage of development and other conditions into account, gives an appropriate composition, characterized by versatility and breadth regarding competence, experience and background to meet the needs that the company' operations will require. The Nomination Committee has specifically taken the company's current position, future strategic development, governance and control and the requirements these factors have on the competence and composition of the Board into account. The Nomination Committee has found that the proposed Board has the competence and qualifications that are required.

The Nomination Committee has also discussed the independence of the Directors in accordance with the requirements in the Swedish Code of Corporate Governance.

The Nomination Committee's assessment is that Björn Lindström, Hans Berggren, Peter Geijerman, Richard N. Edgar, Freddie Linder and Katre Saard are independent in relation to the company, management and large shareholders. Finally the Nomination Committee assessed that Zenon Potoczny is independent in relation to large shareholders but not independent in relation to the company and management since he is employed in the group.

The majority of the Directors that the Nomination Committee proposes for election are thus independent in relation to the company and management (six out of seven Directors). In addition, all the Directors are independent in relation to large shareholders of the company. The Board that the Nomination Committee proposes meets the requirements of the Swedish Code of Corporate Governance.

The Nomination Committee proposes that the company should have one auditor and no alternate auditor. The Nomination Committee further proposes re-election of the authorized auditing firm Ernst & Young AB.

Stockholm in April 2014

The Nomination Committee of Shelton Petroleum AB (publ)