

Nomination Committee proposal to election of Board

The Nomination Committee (consisting of the Chairman of the Nomination Committee Björn Lindström Per Höjgård, Erik Lindholm and Katre Saard) proposes that the general meeting 2012 shall re-elect the board members Peter Geijerman (elected 2009), Katre Saard (elected 2009), Richard N. Edgar (elected 2010), Zenon Potoczny (elected 2010) and Freddie Linder (elected 2011). Björn Lindström and Hans Berggren are proposed to be elected as new members of the Board. Per Höjgård has declined re-election. 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 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.

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 2011 and on the Company's website, www.sheltonpetroleum.com.

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 of Shelton Petroleum AB, its management and its large share holders. He does not own any shares in Shelton petroleum AB.

Björn Lindström is 40 years old and has approximately 15 years of experience from Eastern Europe. Björn Lindström is one of the founders of Alpcot Capital Management Ltd and Alpcot Agro AB. Alpcot Capital Management Ltd is authorised 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'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 other changes of the board than electing Björn Lindström and Hans Berggren. Per Höjgård has declined re-election.

By electing Hans Berggren the board strengthens its competence and experience of the financial markets and their rules and regulations. Björn Lindström knows Shelton Petroleum well and adds new contacts in Eastern Europe.

The Nomination Committee has had the chance to interview the Directors 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's 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, after deliberations, 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 Hans Berggren, Richard N. Edgar, Peter Geijerman and Freddie Linder are independent in relation to the company, management and large shareholders. The Nomination Committee further assesses that Björn Lindström and Katre Saard are independent in relation to the company and management but not independent in relation to 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 five Directors are independent in relation to large shareholders of the company. The Board that the Nomination Committee proposes meet the requirements of the Swedish Code of Corporate Governance.

The Nomination Committee proposes that the public authorized accounting firm Ernst & Young AB are elected as auditors and that the public authorized accountant Per Hedström is the main responsible auditor.

Stockholm in April 2012

The Nomination Committee of Shelton Petroleum AB (publ)