

Press release  
Stockholm, 18 April 2011

## **Notice to attend annual 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 annual general meeting to be held at 10 a.m. on Tuesday, 17 May 2011 at the offices of Kilpatrick Townsend & Stockton Advokatbyrå, Hovslagargatan 5 B, 5th floor in Stockholm.

### **Notification and right to participate:**

The right to participate at the general meeting vests in a person who:

is entered as a shareholder in the share register maintained by Euroclear Sweden AB regarding circumstances pertaining on 11 May 2011;

and not later than 4pm on 11 May 2011 notifies the Company of the intention to participate at the general meeting. Notice of participation may be given by post to Shelton Petroleum AB, Birger Jarlsgatan 2, 114 34 Stockholm or by e-mail to [joakim.hedlund@sheltonpetroleum.com](mailto:joakim.hedlund@sheltonpetroleum.com). The notification must state the name/personal ID/registration number, address, daytime telephone number and shareholding. Authorization documents such as powers 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 must give notice thereof within the time and in the manner applicable to shareholders. A power of attorney form is available on [www.sheltonpetroleum.com](http://www.sheltonpetroleum.com).

Shareholders with nominee-registered shares must, in order to be entitled to participate at the general meeting, request that the nominee effect temporary re-registration (voting right registration) of the shares in ample time prior to 11 May 2011.

### **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

11. Resolution regarding guidelines for compensation to senior executives
12. Resolution regarding a Nomination Committee
13. Resolution regarding a reverse split of shares
14. Resolution regarding change of the articles of association
15. Resolution regarding a new share issue of A-shares due to the proposal regarding a reverse split of shares
16. Resolution regarding a new share issue of B-shares due to the proposal regarding a reverse split shares
17. Resolution regarding authorization for the Board of Directors to decide on new issues
18. Closure of the general meeting

#### **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 2010 financial year.

#### **Election of directors, Chairman of the Board and fees (items 8-10)**

The Nomination Committee proposes re-election of directors Per Höjgård, Peter Geijerman, Katre Saard, Richard N. Edgar, Zenon Potoczny and election of Freddie Linder, as well as re-election of Per Höjgård as Chairman of the Board. Ulf Cederin and Bruce D. Hirsche have declined re-election to focus on other businesses.

It is further proposed that the general meeting resolves that board fees be paid to the Chairman in the amount of SEK 175,000 and SEK 75,000 to each of the other directors, with the exception of Zenon Potoczny who is employed in the Group. Fees will thus total SEK 475,000, including for 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 2009 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 an incentive program. The fixed salary, which shall be individual and 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 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 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 2011. 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, though 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 2012 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.

### **Resolutions regarding a reverse split of shares and change of the articles of association (items 13 and 14) and regarding a new share issue of A-shares (item 15) and B-shares (item 16)**

The resolutions regarding a reverse split of shares (item 13), change of the articles of association (item 14) and new share issue of A-shares (item 15) and B-shares (item 16) are to be resolved as one resolution.

#### *Reverse split of shares*

The Board proposes that the general meeting, to achieve a more suitable number of shares for the Company, resolves on a reverse split of A-shares and B-shares 1:50, entailing that 50 A-shares and 50 B-shares are consolidated into 1 A-share and 1 B-share, respectively. As a consequence, the number of shares of the Company is reduced while the share capital remains unchanged.

It is proposed that the general meeting authorizes the Board to resolve on the record date for the reverse split.

The holders of A-shares and B-shares will free of charge receive such number of shares in order for each holder to have a number of shares which can evenly be split into 50.

### *Share capital and shares*

In order to execute the reverse split, the Board proposes that § 6 in the articles of association is changed so that the number of shares shall be not less than 7 600 000 and not more than 30 400 000 (currently not less than 380 000 000 and not more than 1 520 000 000).

### *Notice and attendance at general meetings*

The Board proposes that the provisions regarding time for notices in § 10 of the articles of association are changed in order to be in compliance with the Swedish Companies Act, entailing that a notice to an extraordinary general meeting, which shall not resolve on a change of the articles of association, shall be made not less than three weeks before the meeting, instead of two weeks. The Board also proposes that the time 4 pm in § 11 is deleted.

It is proposed that the Board of Directors, or the person appointed by the Board, be entitled to effect such minor adjustments to the resolutions as may be required for registration of the new articles of association at the Swedish Companies Registration Office.

### *New issues of A-shares and B-shares*

In order to execute the reverse split, the Board proposes that the general meeting resolves on a new share issue of not more than 600 A-shares and a new share issue of not more than 20,000 B-shares. The A-shares and B-shares are to be issued with deviation from the shareholders' preferential right and the share issues are to be made for the sole purpose to execute the reverse split. The new share issue shall be made at a subscription price equal to the quota value of the shares of the Company. It is proposed that the Board of Directors be entitled to effect such minor adjustments to the resolutions as may be required for registration of the new shares with the Swedish Companies Registration Office and Euroclear Sweden AB.

### **Authorization of the Board to decide on new issues (item 17)**

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 (after execution of the reverse split). 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 a 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 532,009,880 outstanding shares, of which 9,028,593 are class A shares (10 votes per share) and 522,981,287 are class B shares (1 vote per share). There are 613,267,217 voting rights.

The Company's annual report will be published not later than 26 April 2010. The Board's and Nomination Committee's complete proposals for resolutions and other documents pending the general meeting will be available at the Company's offices (address above) as from the same date and will be sent free-of-charge to shareholders who so request and provide their mailing address. During the

same period the documents will also be available on [www.sheltonpetroleum.com](http://www.sheltonpetroleum.com) and will be presented at the general meeting.

If requested by a shareholder and 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, circumstances that may affect the assessment of the Company's or its subsidiaries' financial situation, and the Company's relationship with another company within the Group.

Stockholm, April 2011

Shelton Petroleum AB (publ)

*The Board of Directors*

*For more information, please contact:*

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This information was released for publication on 18 April 2011 at 17:30 CET.

**About Shelton Petroleum**

Shelton Petroleum is a Swedish company focused on exploring and developing concessions in the Volga-Urals area in Russia and the resource-rich basins of Ukraine. The company holds three licenses in Russia 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, two leading Ukrainian oil and gas companies. Ukrainian operations include onshore as well as offshore projects. Shelton Petroleum is pursuing an integrated business model and has acquired significant equity stakes in Tomsk Refining AB and Baltic Oil Terminals PLC, the latter being an AIM listed company with a terminals and transshipment business in Kaliningrad on the coast of the Baltic Sea. The Shelton Petroleum share is traded on the NGM stock exchange under the symbol SHEL B. The company has applied for a listing of its share on NASDAQ OMX Main Market.