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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.