

*This is an English translation of the Swedish original and, in case of discrepancies, the Swedish original shall prevail.*

**Proposal from the board of directors of Shelton Petroleum AB (publ) on (A) reduction of share capital with retirement of shares and (B) increase in share capital by bonus issue without issuance of shares**

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The board of directors of Shelton Petroleum AB (publ) proposes that the paragraphs (A) – (B) below, shall be passed as one decision. The resolutions, according to the board of director's proposals below, are valid only when supported by shareholders holding at least two-thirds of both the votes cast and the shares represented at the general meeting.

Furthermore, the board of directors proposes that the general meeting authorises the managing director of the company, or anyone appointed by the managing director, to make such minor formal adjustments which may be required for registration of the resolutions below with the Swedish Companies Registration Office or Euroclear Sweden AB.

Documents as referred to in Chapter 12, section 7 and Chapter 20, sections 13 - 14 of the Swedish Companies Act are attached hereto.

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Stockholm, January 2015  
Shelton Petroleum AB (publ)  
*The board of directors*

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**(A) Reduction of share capital with retirement of shares**

The board of directors of Shelton Petroleum AB (publ) proposes that the share capital of the company shall be reduced with not more than SEK 23,170,615 with retirement of not more than 4,634,123 shares of series B. The shares that will be retired shall comprise of the shares that will be owned by an indirect wholly-owned subsidiary of the company after the agreement with Petrogrand AB (publ) has been effectuated according to the proposal under item 7 in the agenda in the notice to the general meeting.

The objective of the reduction of share capital is allocation to the non-restricted equity of the company. Consequently, the entire reduction amount comprising SEK 23,170,615 shall be allocated the non-restricted equity of the company.

After the reduction of share capital has been carried out, the share capital of the company will amount to not less than SEK 70,135,620 divided between 761,900 shares of series A and 13,265,224 shares of series B. The reduction of share capital will not otherwise than stated above have an impact on the company's restricted equity or the share's quotient value (irrespective of the class of shares) of SEK 5.

*The board of director's statement pursuant to Chapter 20, section 13 of the Swedish Companies Act*

The reduction can be accomplished without the obtaining of the Swedish Companies Registration Office or a general court's consent, as the company will accomplish an increase of the share capital by bonus issue without issuance of shares at the same time, as described in paragraph (B) below, which implies that the company's restricted equity or the share capital will not be reduced.

The reduction of the share capital and the bonus issues' effect on the company's restricted equity and share capital is set out in this paragraph (A), and, as concerns the bonus issue, from paragraph (B) below.

**(B) Increase of the share capital by bonus issue**

The board of directors of Shelton Petroleum AB (publ) proposes that the company's share capital is to be increased by bonus issue of SEK 23,170,615 by transfer of SEK 23,170,615 from the unrestricted shareholders' equity. No new shares shall be issued in connection with the increase of the share capital.

After the bonus issue, the share capital of the company will amount to SEK 93,306, 235 and every share's quotient value (irrespective of the class of shares) will change from SEK 5 to approximately SEK 6.65. The bonus issue will not otherwise have any effect on the company's restricted equity.

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