

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

The board of directors' of Shelton Petroleum AB (publ) statement pursuant to Chapter 12, section 7 of the Swedish Companies Act

In view of the board of directors of Shelton Petroleum AB (publ) proposed resolutions regarding reduction of the share capital with retirement of shares of series B and the increase of the share capital by bonus issue in accordance with to the paragraphs (B) mentioned above, the board of directors may give the following statement as referred to in Chapter 12, section 7 of the Swedish Companies Act.

The events of substantial importance for Shelton Petroleum AB (publ), that have occurred after the annual report for the period between 1 January 2013 to 31 December 2013 was submitted, are described in the interim report January – September 2014 and in the press releases, [appendix 1](#), and which are also available on the company's website.

It was noted that no transfers of value have been resolved on after the submission of the above mentioned annual report and that no other changes in the company's restricted equity has occurred other than those set forth in the [appendix 2](#).

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Stockholm, 2 January 2015
Shelton Petroleum AB (publ)
The board of directors

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**Appendix 1 to the board of directors' of Shelton Petroleum AB (publ)
statement pursuant to Chapter 12, section 7 of the Swedish Companies Act**

Press releases:

	Date	Name
1	2014-12-19	Agreement to dissolve the cross ownership with Petrogrand

**SHELTON**

PETROLEUM

Shelton Petroleum AB (publ) 556468-1491

Stockholm, 21 November 2014

Interim report January-September 2014

Significantly strengthened reserves base in Russia

January - September 2014

- Total revenue for the period: SEK 93 (72) million
- Write-down of exploration assets affects the operating result by SEK -7 (0) million
- Operating result for the period: SEK 16 (19) million
- Operating result and margin excluding write-down: SEK 23 (19) million, 24% (26%)
- Basic and diluted earnings per share: SEK 0.71 (0.14)

July - September 2014

- Revenue during the quarter: SEK 29 (26) million
- Write-down of exploration assets affects the operating result by SEK -7 (0) million
- Operating result during the quarter: SEK 1 (8) million
- Operating result and margin excluding write-down: SEK 8 (8) million, 27% (32%)
- Basic earnings per share: SEK 0.05 (0.53), Diluted earnings per share: SEK 0.05 (0.30)

<u>Oil production</u>	<u>Q3</u> <u>2014</u>	<u>Q3</u> <u>2013</u>	<u>Q1-Q3</u> <u>2014</u>	<u>Q1-Q3</u> <u>2013</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Barrels	79,100	57,700	245,537	156,810	248,870	177,850	77,300
Barrels per day	860	627	899	574	682	486	212

Statement from CEO Robert Karlsson

Production during the third quarter amounted to 860 barrels per day. Excluding a one-off item related to exploration assets, the underlying oil and gas business generated an operating result of SEK 8 million and operating margin of 27 per cent. In order to reflect the increased risk regarding future financial benefit from our interests located offshore Crimea, an adjustment has been made of the carrying value of these exploration assets. Although not affecting cash flow, it reduced the quarter's operating results by SEK 7 million. Shelton Petroleum's production in central Ukraine, on the other hand, is stable and unaffected by the recent events in the country.

Step by step Shelton Petroleum is demonstrating that it holds high quality assets in Russia. The cumulative production from the Rustamovskoye field of 400,000 barrels clearly shows that the oil can be produced under high profitability. On the back of the demonstrated commercial value of the field, the recently published reserves update, where total reserves increased from 6 to 41 million barrels, manifests the impact future drillings will have on production and cash flows. In the reserves auditor's financial model, a peak production of over 7,000 barrels per day could be reached on the Rustamovskoye field alone when the development plan is implemented.

On the adjacent Suyanovskoye license, a recent seismic program has identified three promising structures with estimated recoverable resources of 47 million barrels. Given further success in our exploration efforts, Suyanovskoye may become equally if not more important for us than the successful Rustamovskoye field. Increased oil reserves and resources provide stability and predictability in the planning of further drillings. In addition, they provide better support for investors and lenders, which in turn facilitates financing of field development.

Although the geopolitical events and development of the oil price has affected the oil sector in many ways, I am encouraged by the recent positive results in Russia and committed to further developing Shelton Petroleum.

