

Press release
Stockholm, 26 February 2014

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Shelton Petroleum increases the bid for Petrogrand to 0.34 Shelton B shares for each Petrogrand share and extends the acceptance period

- The Offer is increased to 0.34 Shelton B shares for each Petrogrand share.
- The acceptance period is extended up to and including 12 March 2014

On 22 January 2014 Shelton Petroleum AB (publ) ("Shelton") announced an offer to acquire all outstanding shares in Petrogrand AB (publ) ("Petrogrand") for a consideration of 0.30 Shelton B shares for each Petrogrand share (the "Offer"). On 17 February 2014 Shelton published a prospectus which is also an offer document regarding the Offer (the "Prospectus"). The Prospectus has been approved and registered by the Swedish Financial Supervisory Authority.

Following discussions with a number of shareholders in Petrogrand, Shelton Petroleum has decided to increase the consideration under the Offer to 0.34 Shelton B shares for each Petrogrand share. The increased Offer constitutes a premium of approximately 52.8% based on the volume weighted average share price for Shelton's B shares on NASDAQ OMX Main Market and Petrogrand's shares on NASDAQ OMX First North during the past month up until and including 21 January 2014 (the last trading day prior to the announcement of the Offer). Compared to the last closing price for the Petrogrand share, SEK 7.00 per share, on NASDAQ OMX First North on 21 January 2014, the Offer constitutes a premium of 57.4%. Compared to the previous lower Offer, the increased Offer constitutes a premium of approximately 13.3%.

Based on the latest closing price paid for the Shelton B share on 21 January 2014 (SEK 32.40 per share), the increased Offer represents a value of approximately SEK 11.02 for each Petrogrand share. The increased Offer values Petrogrand to approximately SEK 443.6 million.

At full acceptance of the increased Offer approximately 13,690,405 new B shares in Shelton will be issued in the Offer, which is equivalent to a dilution of 53.0% for the existing shareholders of Shelton.

An extraordinary shareholders meeting in Shelton on 9 January 2014 authorized the Board to resolve, among other things, on issue of B shares with provisions regarding payment in kind. As for the previous lower Offer the Board intends to issue B shares under this authorization in connection with the increased Offer.

Due to the increased Offer Shelton has also decided to extend the acceptance period up to and including 12 March 2014. Settlement of consideration will begin as soon as possible after Shelton has announced that the conditions of the Offer have been fulfilled, or otherwise has announced a decision to complete the Offer. Provided that such announcement is given on 14 March 2014 at the latest, settlement is expected to commence on or around 17 March 2014.

Due to the above, Shelton Petroleum will as soon as possible prepare and publish a supplement to the Prospectus. The right to withdraw an acceptance of the Offer applies in accordance with what is set out in the Prospectus.

Except for the increased consideration, the terms and conditions set out in the Prospectus, among other things that the Offer being accepted to such an extent that Shelton becomes the owner of more than 50% of the total number of shares and votes (on a fully diluted basis), remain unchanged during the extended acceptance period. According to what is set out in the Offer and the Prospectus, Shelton reserves the right to waive, in whole or in part, one or more of the conditions of the Offer, including, to complete the Offer at a lower level of acceptance. Shelton reserves the right to extend the acceptance period and to postpone the date for settlement statements of the consideration.

For other terms and conditions of the Offer please refer to the Prospectus that can be downloaded in electronic form from Shelton's website www.sheltonpetroleum.com and from Pareto Securities AB's website www.paretosec.com. A printed version of the Prospectus can be obtained from Shelton's and Pareto Securities' offices.

Stockholm 26 February 2014

Shelton Petroleum AB (publ)

The Board of Directors

For more information, please contact:

Robert Karlsson, CEO Shelton Petroleum, +46 709 565 141
robert.karlsson@sheltonpetroleum.com
www.sheltonpetroleum.com

The information provided herein is such that Shelton Petroleum AB is obligated to disclose it pursuant to the Securities Markets Act (2007:528) and the Takeover rules. The information was submitted for publication at 08:30 (CET) on 26 February 2014.

About Shelton Petroleum

Shelton Petroleum is a Swedish company focused on exploring and developing concessions in Russia and the resource-rich basins of Ukraine. In Russia, the company holds three 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, two leading Ukrainian oil and gas companies. The Shelton Petroleum share is traded on NASDAQ OMX Stockholm under the symbol SHEL B.

IMPORTANT INFORMATION

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This press release contains forward looking statements which in relation to the Offer means certain risks and uncertainties, including the expected advantages of the acquisition for Shelton and Shelton's strategic and operational expectations. Actual events or results can due to a number of risks and uncertainties significantly differ from what has been described in this press release, including among other things that the Offer cannot be completed or that the completion is delayed and that the expected advantages of the Offer for Shelton cannot be realized.



All information in this press release has been submitted as of 26 February 2014, and Shelton has no intention, and does not undertake to, update the information.

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