

Press release  
Stockholm, 10 December 2013

## **Comment to Petrogrand's request to convert Convertible 2**

**Petrogrand AB has requested the conversion of Convertible Debenture 2 of 185,249,280 SEK to 9,262,464 new B-shares in Shelton Petroleum. Since the conditions agreed by the parties in July 2013 have not been fulfilled, Petrogrand's request for conversion is a breach of contract.**

As both Shelton Petroleum and Petrogrand have previously announced, the right to convert Convertible 2 according to the agreement is subject to the completion of a particular transaction. In the fall of 2013, shareholders of both Petrogrand and Shelton Petroleum approved, at extraordinary general meetings, Convertible 2 with this specific condition for conversion. Since this condition has not been fulfilled, Petrogrand's request for conversion constitutes a breach of contract. In previous contacts with Petrogrand, Shelton Petroleum has clearly communicated that conversion without a fulfillment of this condition constitutes a breach of the contractual agreement between the companies.

Shelton Petroleum will contest this breach of contract in order to protect the interests of the company and its shareholders. The company will keep the market updated.

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### **Facts about Shelton Petroleum**

Shelton Petroleum is a Swedish company focused on exploring and developing concessions in Russia and the resource-rich basins of Ukraine. The company holds three licenses in the Volga-Urals area 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.