

Press release
Stockholm, 25 March 2014

Update from Shelton Petroleum

Shelton Petroleum provides an update on the extraordinary general meeting in Shelton Petroleum and Petrogrand and the operations in Ukraine

Extraordinary general meeting in Petrogrand

Shelton Petroleum (Shelton) holds approximately 25 per cent of the shares in Petrogrand. Shelton has in a letter, which was delivered to the board of Petrogrand on 19 March 2014, requested that Petrogrand gives notice to an extraordinary general meeting as soon as possible but no later than 2 April 2014, in order for the shareholders to appoint a new board in Petrogrand. Shelton will hold a dialogue with other shareholders in Petrogrand in order to create a board composition that will serve the interests of the shareholders and create value in the company.

Extraordinary general meeting in Shelton Petroleum

In a letter dated 18 March 2014, Petrogrand claimed to own more than the required 10 per cent of the shares in Shelton Petroleum, and on the basis of this Petrogrand requested that the board in Shelton gives notice for an extraordinary general meeting. Following that, Petrogrand has informed Shelton about its shareholding at the time of the request. The board in Shelton notes that the number of shares that Petrogrand owns is lower than the 10 per cent required to request an extraordinary general meeting. Shelton will therefore not give notice for an extraordinary general meeting based on the request.

Shelton Petroleum's operations in Ukraine

Shelton Petroleum's operations in Ukraine consist of two joint ventures. The producing Lelyaki oil field is part of a joint venture between Shelton Petroleum's wholly owned subsidiary Zhoda 2001 Corporation and Ukrnafta, Ukraine's largest oil and gas company. The daily operations at the Lelyaki oil field have not been affected by the recent political events in Ukraine.

Shelton Petroleum's wholly owned subsidiary Shelton Canada Corp is party to a Joint Investment Agreement (JIA) with Chornomornaftogaz (CNG) regarding three licenses in the Azov Sea and Black Sea to which CNG is the license holder. Following a referendum on 16 March 2014, Crimea has declared independence from Ukraine and requested to be part of the Russian Federation, which has been granted by the Russian President and the Russian Parliament. The new Crimean Prime-minister has declared that the CNG interests on Crimea will be nationalized by the Crimean Republic. It has been reported that private interests and agreements will be respected. Neither the referendum nor the nationalization of CNG, which is in violation of the Ukrainian constitution, has been recognized by the government in Kiev or the Western community.

Due to the events described above, the board of directors of Shelton Petroleum perceives an increased risk regarding potential future financial benefit from the JIA with CNG. This JIA accounted for 0 per cent of Shelton Petroleum's revenue and profit for 2013 and approximately 2 per cent of total assets in the balance sheet as of 31 December 2013.

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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 the takeover-rules. The information was submitted for publication at 08:45 (CET) on 25 March 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.