



PETROGRAND

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The Board's commentary on the recent course of events in Petrogrand

At the Extraordinary General Meeting 14 of May 2014 Shelton Petroleum AB:s (publ) (" Shelton ") proposal of dismissal of the Board of Petrogrands AB (publ) (" Petrogrand") was rejected by a majority of votes. Herewith, Petrogrand:s Board thanks all involved shareholders for renewed confidence and wants to comment on the recent course of events between Petrogrand and Shelton.

On May 9, the board of Petrogrand sent a letter to the Board of Shelton proposing a settlement between the companies and a cooperative venture which would benefit the shareholders of both companies. The proposal includes that Petrogrand would finance the Russian operations and, along with Shelton manage it. In return Petrogrand would get a stake in the Russian operations. The letter also included a request to withdraw all EGMs and instead relate to the companies Annual General Meetings to save all shareholders time and the cost of each General Meeting. The proposals were rejected by Shelton without further negotiations.

On May 13, 2014 the Board of Shelton sent a letter to Petrogrand asking for an addition to the EGM requested on May 2, 2014 which Petrogrand has published in its notice to Extraordinary General Meeting on 27 May 2014. The notice was a proposal for an agreement between Shelton and Petrogrand. The proposal has not been seen or discussed with the Board of Petrogrand.

On May 14, 2014 Shelton announced a directed issue of 593,750 Class A shares in Shelton. The newly issued shares represent approximately 3.3 percent of the share capital and approximately 24 percent of the votes in Shelton Petroleum.

As the largest shareholder in Shelton, Petrogrand perceives this as a hostile act and stands more than critical to the Board's actions.

This is a translation of the Swedish version. In case of any discrepancy between the English and the Swedish version, the Swedish version shall take precedence.

For further information, please contact:

Maks Grinfeld, CEO, phone: +46 8 5000 7810
Certified Adviser First North: Mangold Fondkommission AB

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