



# PETROGRAND

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## **Petrogrand's comment on Shelton Petroleum's proposal to swap shares**

The Board of Petrogrand believes that the ongoing dispute between Petrogrand and Shelton Petroleum is negatively affecting both companies and their shareholders and the Board of Petrogrand is continues to work hard to find a settlement between the companies.

In an attempt towards resolving the dispute, Petrogrand sent on May 9 a proposal to Shelton Petroleum whereby Petrogrand would exchange their shareholding in Shelton Petroleum as payment for 50 per cent ownership in the Russian operation. Petrogrand would also finance the expansion of the Russian business and manage the operation. This was considered to be an approach that would create value for the shareholders in both companies with a commercial logic. Although this proposal is fully in line with Shelton Petroleum's initial desire for cooperation and Petrogrand's financial participation, the proposal was rejected by Shelton Petroleum without further discussion.

On May 22 Shelton Petroleum sent a settlement proposal to the Board of Petrogrand with a suggestion that Petrogrand and Shelton Petroleum will exchange shares and thereby dissolve the cross-ownership that prevails. The proposal was rejected by the Board of Petrogrand as the proposal would lead to a direct capital destruction and immediate write-down of the invested amount of approximately 96 million SEK. The proposal creates no value for the shareholders of Petrogrand or the shareholders of Shelton Petroleum. Nevertheless the proposal was announced by Shelton Petroleum on June 4, without consultation with the Board of Petrogrand. The Board of Petrogrand maintains its negative view on the proposal.

Petrogrand is open and welcomes Shelton Petroleum to negotiate in order to try to reach a settlement that creates value and is beneficial for the shareholders of both companies, such proposal will be presented in the near future.

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:**

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