

Press release
Stockholm, 16 June 2014

Update on the Convertible Bond 2013/2014

The conversion period for the convertible bond 2013/2014 has expired. Holders of the entire outstanding amount of SEK 12.9 million have requested conversion to shares of series B. After such conversion, Shelton Petroleum has no interest-bearing debt. On 14 May 2014 Shelton Petroleum announced a repurchase of SEK 9.5 million of the convertible bond and as part of the agreement issued shares of series A in an issue by way of set off. The Securities Council (*Sw. Aktiemarknadsnämnden*) recently issued a statement, available on its website, related to this.

The Convertible Bond 2013/2014 was extended in the fall of 2013 and expires on 30 June 2014. The last day for requesting conversion was yesterday, 15 June 2014. Of the original amount of SEK 22,410,000, SEK 12,910,000 will be converted to shares of series B and SEK 0 will be repaid in cash. In May 2014, convertible bonds amounting to SEK 9,500,000 were repurchased by way of set off against issued shares of series A. The closing price for Shelton Petroleum's shares of series B as of Friday 13 June 2014 was SEK 22.50 while the conversion price was SEK 16.00.

Following the conversion described above, Shelton Petroleum's share capital will increase by SEK 4,034,375 and 806,875 new shares of series B will be issued. After the issue, the total number of shares in Shelton Petroleum will amount to 18,661,247, of which 17,896,917 are of series B and 764,330 are of series A. Following the conversion Shelton Petroleum will not have any interest-bearing debt.

At the request of Petrogrand the Securities Council has issued a statement regarding the above mentioned agreement with a large holder of the convertible bond entailing a repurchase of SEK 9.5 million and the related set off by way of issue of shares. The Securities Council has in its statement responded to three questions from Petrogrand. Firstly, the Securities Council confirmed that the agreement concluded by Shelton Petroleum was not a disallowed defense measure according to the Act on public offers on the stock exchange. Secondly, the council however considered that the board of Shelton Petroleum seriously breached sound practice on the stock market by concluding the agreement during the ongoing offer from Petrogrand. Thirdly, the council confirmed that the new holder of shares of series A has a legal right to vote for the shares and that sound practice does not hinder such right. The full statement by the Securities Council will be available shortly at www.aktiemarknadsnamnden.se.

Shelton Petroleum notes that Petrogrand on two occasions already before the acceptance period of its offer had started, seemingly without reason extended the acceptance period to 1 July 2014, i.e. the day after the convertible bond 2013/2014 expires. Petrogrand's public offer and their actions have in many ways severely limited Shelton Petroleum's chances of refinancing the convertible bond.

In the light of the Securities Council's review of the repurchase of the convertible bond and the following issue of A shares, Shelton Petroleum has held a dialogue with the other holders of the convertible bond and informed them that further repurchases of the convertible bond will not take place and that it can only be settled by conversion under the conversion period or repaid in accordance with its terms. All of the remaining holders of the convertible bond have requested conversion in accordance with the terms of the bond.



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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 14:45 (CET) on 16 June 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.

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