



# PETROGRAND

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## **Petrogrand and Shelton Petroleum have signed an agreement regarding share exchange**

On 18 December 2014, Petrogrand and Shelton Petroleum have entered into an agreement regarding an exchange of shares for the purpose of dissolving the companies' cross ownership. The agreement will enable the companies to continue the development of their respective businesses independently.

The agreement is conditioned upon the approval of the extraordinary general meeting of both companies. Therefore, extraordinary general meetings will be held in both companies in late January 2015. Petrogrand's board will convene an extraordinary general meeting in accordance with the rules for related party transactions and will provide additional information regarding the agreement on Petrogrand's website in good time prior to such extraordinary general, including a statement from the board of directors and a fairness opinion.

Prior to the exchange of shares, Petrogrand holds 4,900,563 shares of class B in Shelton Petroleum, amounting to approximately 26 % of the shares and approximately 19 % of the votes. Shelton Petroleum in turn holds 11,585,308 shares in Petrogrand, amounting to approximately 29 % of the shares and votes. In summary, the proposal to the shareholders entails a transaction where Shelton Petroleum and Petrogrand will switch their respective shareholdings in each other. The share exchange is based on an exchange ratio of 0.40 shares in Shelton Petroleum for each share in Petrogrand.

Following completion of the exchange, Petrogrand will hold 266,440 shares of class B in Shelton Petroleum, amounting to 2% of the shares and 1% of the votes. Shelton Petroleum will no longer hold any shares in Petrogrand.

The Securities Council (Sw. Aktiemarknadsnämnden) and Nasdaq Stockholm have been informed of the terms of the agreement in advance.

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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These statements and assumptions are subject to a large number of risks and uncertainties. These, in their turn, comprise but are not limited to I) changes in the financial, legal and political environment of the countries in which Petrogrand conducts business, II) changes in the available geological information concerning the company's projects in operation, III) Petrogrand's capacity to continuously guarantee sufficient financing to perform their activities as a "going concern", IV) the success of all participants in the group, or of the various interested companies, joint ventures or secondary alliances, V) changes in currency exchange rates, in particular those relating to the RUB/USD rate. Due to the background of the many risks and uncertainties that exist for any oil-prospecting venture and oil production company in its initial stage, Petrogrand's actual future development may significantly deviate from that indicated in the company's informative statements.