

Press release
Stockholm, 19 December 2014

Agreement to dissolve the cross-ownership with Petrogrand

Shelton Petroleum and Petrogrand have entered into an agreement to dissolve the cross-ownership between the companies through a share swap. The exchange ratio is 0.40 shares in Shelton Petroleum for each share in Petrogrand. The agreement is subject to shareholder resolution at general meetings in both companies. Dissolving the cross-ownership will enable the companies to focus on developing their respective license portfolios on their own.

"The agreement to be brought forward to the shareholders puts an end to the strenuous cross-ownership between the companies. It enables Shelton Petroleum to focus on developing the company and its license portfolio. There is great potential in the current production from the company's proven assets, which is evidenced by the recent reserves update that significantly increased the company's oil reserves," says Robert Karlsson, CEO of Shelton Petroleum.

Shelton Petroleum holds 11,585,308 shares in Petrogrand, equivalent to 29% of the capital and votes. Petrogrand owns 4,900,563 B-shares in Shelton Petroleum, equivalent to 26% of the capital and 19% of the votes. The agreement and proposal to the shareholders entails a swap of the holdings at an exchange ratio of 0.40 B-shares in Shelton Petroleum for each share in Petrogrand. The exchange ratio based on yesterday's closing price was 0.43 and the average ratio based on the volume weighted share price for the last thirty days is 0.37.

Following the share swap, Shelton Petroleum will not hold any shares in Petrogrand and Petrogrand will hold 266,440 B-shares in Shelton Petroleum, equivalent to 2% of the capital and 1% of the votes. The board of directors in Shelton Petroleum will propose that the shareholders resolve to cancel the 4,634,123 B-shares in Shelton Petroleum that the company receives in the swap. Following the cancellation of shares, the total number of A-shares and B-shares will amount to 14,027,124, which corresponds to a 25% reduction of the number of shares.

The financial result of the transaction will be included in Financial Items in the profit and loss statement. The result will be calculated as the difference between the market value as of the day of the exchange at the end of January 2015 of the Shelton Petroleum shares received and the acquisition value of the current holding in Petrogrand.

In light of the above, the board of directors shortly intends to call for an extra general meeting in Shelton Petroleum to be held in the end of January 2015. The proposal, board's report on the proposal and a fairness opinion will be made available at the company's head office and on the company's website www.sheltonpetroleum.com no later than three weeks prior to the general meeting.

Shelton Petroleum AB (publ)
The Board of Directors

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**About Shelton Petroleum**

Shelton Petroleum is a Swedish company focused on exploring and developing concessions in Russia and 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. The Shelton Petroleum share is traded on NASDAQ Stockholm under the symbol SHEL B.

The information provided herein is such that Shelton Petroleum AB is obligated to disclose it pursuant to the Securities Markets Act and/or the Financial Instruments Trading Act. The information was submitted for publication at 08.30 on 19 December 2014.

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