

Press release
Stockholm 17 November 2015

Update regarding the interim report for January-September 2015

Following the recent shareholder approval of the agreement between Shelton Petroleum and Petrogrand, the development on the oil and gas market, depreciation of the Ukrainian currency and share price development in Petrogrand, Shelton Petroleum provides an update on several accounting items that affect the upcoming interim report. The items, which include both adjustment of values and reclassifications, do not by themselves affect the group's cash flows. The interim report will be published on 20 November 2015 in accordance with the previously announced financial calendar.

As previously announced, extraordinary shareholders' meetings in both Shelton Petroleum and Petrogrand on 9 November 2015 have approved an agreement between the two companies. As part of this agreement, Shelton Petroleum will acquire Petrogrand's ownership in its Russian oil assets for a consideration to be paid in Shelton Petroleum shares. Prior to this, Shelton Petroleum will distribute its Ukrainian operations to its shareholders and these operations are therefore not included in the transaction with Petrogrand.

Ukrainian operations

Due to the upcoming distribution of the Ukrainian operations to the Shelton Petroleum shareholders, these operations will in accordance with IFRS 5 be accounted for as discontinued operations in the financial reporting starting from the third quarter 2015. The Ukrainian operations will therefore be reported in the group's income statement on a single line below those of continuing operations.

In the preparation of the interim report, it is the opinion of the company that the oil price and the geopolitical situation in Ukraine will continue to be volatile. The board has therefore decided to adjust the group's value attributed to the Ukrainian operations from SEK 78 million to SEK 35 million in the upcoming interim report. An amount of approximately SEK 43 million will therefore be charged to the line for discontinued operations.

Furthermore, the weakening of the Ukrainian currency is no longer regarded as temporary. Previous adjustments (amounting to SEK 84 million) of the value of the Ukrainian operations due to the depreciation of the Ukrainian currency will therefore be reclassified (from other comprehensive income to the line for discontinued operations).

The Ukrainian operations show continued profitability despite the drop in the oil price. In the latest published interim report for January-June 2015, these operations recorded revenue of SEK 27 million and an operating profit of SEK 7 million, equivalent to an operating margin of 24 per cent. The operations have been profitable also in the third quarter.

Shares in Petrogrand

Shelton Petroleum is Petrogrand's largest shareholder and holds 11,585,308 shares equivalent to approximately 29% of the capital. Due to the development in the Petrogrand share price, Shelton Petroleum has in previous interim reports written down the book value of the shareholding by SEK 38 million. The third quarter has evidenced a further drop by SEK 11 million. In the preparation of the upcoming interim report, it is the opinion of the company that the share price development is no longer

temporary. Adjustments made in previous quarters and in the third quarter of the value of the shares in Petrogrand amounting to approximately SEK 49 million will therefore be reclassified from other comprehensive income to financial items in the group's income statement.

The amounts mentioned above, connected to both the Ukrainian operations and the Petrogrand shareholding, relate to the group's financial statements. The effects on the parent company's financial statements will be described in the upcoming publication of the interim report.

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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 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. Shelton Petroleum oil and gas 2P reserves amount to 34 million barrels. The company's 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 8:30 CET on 17 November 2015.

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