



# PETROGRAND

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## **Petrogrand AB provides update on conversion of Convertible 2**

As stated in earlier press release the Boards of Petrogrand AB and Shelton Petroleum AB have had negotiations on a solution on conversion of Convertible 2, which would benefit both companies and their shareholders.

The Board of Petrogrand notes now that conditions are lacking in order to reach an agreement between the companies regarding additional capital to Shelton Petroleum beyond the Convertible 2.

Petrogrand will now convert Convertible 2 with the intention that this capital will allow Shelton Petroleum to continue investing for the benefit of the shareholders of both companies. As the disagreement persists regarding Petrogrand's right to conversion, Petrogrand will let court decide the issue.

## **Background**

Petrogrand has requested the conversion of Convertible 2 of SEK 185 249 280 to 9 262 464 new B-shares in Shelton Petroleum AB, which was presented on 9 December 2013.

The two companies have entered into an agreement dated 10 July 2013, which governs the transaction and how it will be implemented. There is a disagreement between the parties regarding Petrogrand's right to convert the Convertible 2, referring to the terms of the agreement of 10 July 2013.

Convertible 2 is an independent financial instrument and is as such not subject to the agreement of 10 July 2013. According to Petrogrand's opinion, there is no breach of the terms of the Convertible 2 and therefore Petrogrand has continued to request the conversion.

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.

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