

June 14, 2013

## **Shelton Petroleum raises SEK 215 million through directed issue of convertible debentures to Petrogrand**

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**The management of Shelton Petroleum AB ("Shelton Petroleum") and the management of Petrogrand AB ("Petrogrand") have decided to enter into an agreement regarding two directed issues of convertible debentures with a combined amount of approximately SEK 215 million and a tenure to 31 December 2013. The first convertible is unconditional and amounts to SEK 30 million and the second amounts to SEK 185 million and is conditional upon certain events. The conversion price for both convertibles amounts to SEK 20 per share. At full conversion, Petrogrand will control approximately 50 percent of the shares in Shelton Petroleum. Petrogrand will commit to distribute its shares in Shelton Petroleum to its shareholders by a Lex Asea dividend. The agreement is subject to approval by extra shareholders' meetings in Shelton Petroleum and Petrogrand respectively. Shareholders in Shelton Petroleum representing approximately 25 percent have expressed their support for the transaction. Shareholders in Petrogrand representing approximately 35 percent have expressed their support for the transaction.**

### **Background and motive**

Shelton Petroleum has during the past few years gradually developed from a pure exploration company to become an oil producing company. Today, the production from the two oil fields in Lelyaki and Rustamovskoye exceeds 500 barrels per day. Both fields have a considerable development potential. The operational achievements are reflected in the financial development. In 2012, the company doubled its turnover to SEK 100 million and generated a pretax profit of SEK 31 million. Shelton Petroleum's and Petrogrand's management believe that with external financing the company can continue to develop its existing licenses in a beneficial way for shareholders. The proceeds from the issues will primarily be used for expansion, increases in production of the producing fields and acceleration of the development of other licenses in the portfolio, including the offshore fields.

### **Advisors**

Advokatfirman Lindahl KB in Gothenburg is legal advisor to Petrogrand AB.

### **For further information, please contact:**

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### **Reasonable caution notice:**

The statement and assumptions made in the company's information regarding Petrogrand AB's ("Petrogrand") current plans, prognoses, strategies, concepts and other statements that are not historical facts are estimations or "forward looking statements" concerning Petrogrand's future activities. Such future estimations comprise but are not limited to statements that include words such as "may occur", "concerning", "plans", "expects", "estimates", "believes", "evaluates", "prognosticates" or similar expressions. Such expressions reflect the management of Petrogrand's expectations and assumptions made on the basis of information available at that time.

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.