

## Interim report January – September 2010

- Production of oil commenced in Russia
- Significant equity interest in Tomsk Refining acquired
- Equity swap and strategic relationship with Baltic Oil Terminals in November
- SEK 10 million raised through a private placement
- Revenue for the period January-September: SEK 27 (0) million
- Operating result for the period: SEK -5 (-11) million
- Profit for the period after tax: SEK -7 (-11) million
- Basic and diluted earnings per share: SEK -0.02 (-0.08)

### Statement from the CEO

*Shelton Petroleum has reached several significant milestones since the publishing of our last interim report. Following a successful exploration program, we have commenced production of our first Russian oil on the Rustamovskoye field in Bashkiria. We are currently finalizing arrangements to put the other exploration well on production and also plan to start a development drilling program during 2011.*

*Shelton Petroleum's long-term strategy is to become an integrated oil and gas company. An integrated business model adds new revenue streams and spreads the operational risks between the upstream and downstream segments. In September, we acquired a significant equity interest in Tomsk Refining, a Swedish company that owns a brand new refinery in Tomsk in Western Siberia. Furthermore, Shelton Petroleum recently announced a share swap and strategic relationship with Baltic Oil Terminals PLC, an AIM listed company with a terminals and transshipment business in Kaliningrad on the coast of the Baltic Sea.*

*During 2011, we look forward to increasing our production volumes and to take further steps towards becoming an integrated oil company by consolidating and strengthening our position on the downstream side.*

*Robert Karlsson*

## Shelton Petroleum's reserves and strategic objectives

| License   | Country           | Phase          | Primary product | Reserves  |            |            | Resources |           |            |
|---|-------------------|----------------|-----------------|-----------|------------|------------|-----------|-----------|------------|
|   |                   |                |                 | 1P        | 2P         | 3P         | Low       | Med       | High       |
| Lelyaki   | Ukraine           | Production     | Oil             | 3         | 8          | 8          | -         | -         | -          |
| Arkhangelskoye  | Ukraine Black Sea | Expl: 3 wells  | Gas & NGL       | -         | -          | -          | 1         | 55        | 130        |
| North Kerchenskoye                                    | Ukraine Azov Sea  | Expl: 3 wells  | Gas             | -         | -          | -          | 1         | 2         | 4          |
| Biryucha  | Ukraine Azov Sea  | Expl: 1 well   | Gas             | -         | -          | -          | 1         | 10        | 166        |
| Rustamovskoye   | Russia            | Production     | Oil             | 1         | 1          | 6          | 7         | 14        | 43         |
| Aysky*  | Russia            | Expl: 10 wells | Oil             | -         | -          | -          | -         | -         | -          |
| Suyanovskoye*   | Russia            | Expl: 15 wells | Oil             | -         | -          | -          | -         | -         | -          |
| <b>Total</b>  |                   |                |                 | <b>3</b>  | <b>9</b>   | <b>14</b>  | <b>9</b>  | <b>82</b> | <b>342</b> |
| <b>Present value @ 10% discount rate, USD million</b> |                   |                |                 | <b>54</b> | <b>151</b> | <b>186</b> | -         | -         | -          |

\* Aysky and Suyanovskoye were added to the portfolio in autumn 2009 and have not yet been subject to an independent audit  
All reserves and resources are net to Shelton Petroleum.  
All amounts are in million barrels of oil equivalent.  
Columns may not add due to rounding.

Reserves are based upon assessment carried out by Trimble Engineering Associates and AGR TRACS International Consultancy Ltd.

Shelton Petroleum operates upon a good base of reserves and resources. The company has formulated the following strategic objectives:

### Ramp up production at Lelyaki, Ukraine

The Lelyaki oil field was previously one of the largest producing oil fields in the Soviet Union, with a cumulative production of 385 million barrels of oil. The company plans to increase production by drilling new wells and by re-entering and sidetracking suspended wells. Well interventions show very good economics as the required investments are low. The new wells are drilled in close proximity to pipeline infrastructure for rapid tie-in.

### Increase production in Bashkiria

Shelton Petroleum will continue exploration and increase extraction of oil in order to realize the potential of the Rustamovskoye, Aysky and Suyanovskoye license blocks. The short-term objective is to increase production from Rustamovskoye, where the company has completed a successful exploration program and found oil in the first two wells.

### Convert resources to reserves

Shelton Petroleum will take steps to pursue its potentially high-yield exploration opportunities offshore in Ukraine and onshore in Russia. Work will include analyzing historical exploratory data, collecting new seismic and selective and carefully assessed drilling.

### Acquire new licenses and integrate vertically into the oil refining business

Shelton Petroleum has built effective personal relationships, strategic regional partnerships and a portfolio of projects onshore and offshore. Local knowledge and experience enables the company to identify, acquire and exploit attractively valued assets in Russia and Ukraine. Shelton Petroleum holds a significant share holding in Tomsk Refining AB, which owns a newly built refinery in Western Siberia, and Baltic Oil Terminals, an AIM listed company with a terminals and transshipment business in Kaliningrad on the coast of the Baltic Sea.

## July – September 2010

*The merger between Petrosibir and Shelton Canada Corp. was completed on 31 December 2009 and the group adopted the new name Shelton Petroleum during the first quarter of 2010. Consequently, the consolidated balance sheets for 30 September 2010 and 31 December 2009 include both companies but the profit and loss statements for July-September 2009 and January-September 2009 refer only to Petrosibir. From 1 January 2010 the consolidated profit and loss statement includes operations in Ukraine, including sales of oil produced. All numbers are net to Shelton Petroleum, unless otherwise indicated.*

Revenue for the third quarter 2010 amounted to SEK 8.1 million compared to SEK 0.0 million in the third quarter 2009. Oil production at Lelyaki during the third quarter amounted to 20,000 barrels, or 218 barrels per day, net to Shelton Petroleum, which is in line with the first and second quarters of the year. Investments at Lelyaki are self-financed through cash generated by sale of oil.

In addition, one of the two successful exploration wells on the Rustamovskoye field was put into production. In September well RS#2 was completed and is now producing the company's first Russian oil. Currently, produced oil is being stored and therefore not included in sales. Shelton Petroleum is currently finalizing arrangements to put the other exploration well into production and expect revenue recognition from these two wells during Q4 2010.

The price of Ukrainian oil has increased significantly during 2010 compared to 2009. At the auctions in August and September, the company sold oil at USD 59 per barrel compared to an average price of USD 45 in the first quarter and USD 54 in the second quarter. Revenue during the quarter increased to SEK 8.1 million due to the increased average prices. The inventory level as per the balance sheet date amounted to 9,500 barrels of oil, compared to 8,600 barrels at the end of the second quarter.

Operating expenses amount to SEK -11.5 (-2.7) million and consist primarily of costs for raw materials, consumables and personnel costs. The operating result for the period amounted to SEK -6.6 (-1.9) million. Financial items include an exchange rate loss due to a weakening of the dollar, which affected the loan to a shareholder in Tomsk Refining that was converted into shares in that company. The total comprehensive income includes exchange rate differences not affecting cash flow on the internal group loan in foreign currency.

As production in Bashkiria commenced, there was a shift from intangible to tangible fixed oil assets in the balance sheet. The group had SEK 38 million in cash and cash equivalents at the end of the period compared to SEK 13 million at September 30, 2009. Equity per share at 30 September 2010 was SEK 0.52 (0.46) and the equity assets ratio was 78 (91) per cent.

## Major events occurring after the reporting period

As a result of the acquisition at the end of September of 3,900,000 shares in Tomsk Refining AB the number of shares and votes in Shelton Petroleum increased in October.

In November Shelton Petroleum entered into a strategic relationship with Baltic Oil Terminals PLC, a UK public company listed on the AIM market in London. Under the terms of a strategic relationship, Shelton issued 54,000,000 new B Shares to Baltic for 14,957,368 new ordinary shares of Baltic Oil Terminals. Following completion of the equity swap, Shelton owns approximately 19.5 per cent of Baltic's enlarged issued share capital.

After an audit by The State Geological Survey of Ukraine, Shelton's subsidiary Kashtan Petroleum was recommended to temporarily halt its production in October while a review was conducted to resolve whether Kashtan Petroleum or its subcontractor is licensed to carry on certain economic activity. The subcontractor in this case is Ukrnafta, Ukraine's largest oil and gas company, of which the Ukrainian state is a fifty percent shareholder. Kashtan Petroleum has replied that Ukrnafta holds all necessary permits necessary for Kashtan Petroleum to produce oil. It is to be noted that Kashtan Petroleum has lifted oil under this arrangement for many years. Ukrnafta has informed Kashtan Petroleum that there are also other cases in the region where production has been halted for apparently groundless reasons. Ukrnafta representatives have met with the Minister of Environmental Protection, of which The State Geological Survey is a part, and agreed that the issue will be put on the agenda of the next meeting, after which Ukrnafta expects a resolution of the dispute and restoration of production. As a consequence, the revenue from Ukraine will be lower in the fourth quarter compared to the third quarter. An offsetting factor is the expected sales of the first Russian oil that is currently being produced.

## The parent company

The parent company's balance sheet total as at the period end amounted to SEK 286 million. Cash and cash equivalents amounted to SEK 14 million. The result after tax for the period January-September was SEK -9 million.

## Risk factors and uncertainties

A detailed account of the risks facing the company appears in the 2009 annual report. During the period, there has been no major change in material risk factors or uncertainties during the period for the group or the parent company. Risks include exploration risk, oil price risk, exchange rate risk, liquidity risk, credit risk, interest rate risk and political risk, among others.

## Upcoming financial reporting

|   |                  |
|---|------------------|
| Year-end Report January – December 2010 | 25 February 2011 |
| Annual Report 2010                      | 27 April 2011    |
| Interim Report January – March 2011     | 27 May 2011      |
| Interim Report April – June 2011        | 26 August 2011   |
| Interim Report July – September 2011    | 29 November 2011 |

## Publication under Swedish law

Shelton Petroleum is publishing this information in accordance with the Swedish Financial Markets Act (Sw. Lag om värdepappersmarknaden) and/or the Swedish Financial Trading Act (Sw. Lag om handel med finansiella instrument). This information was released for publication on 30 November 2010 at 08:30 CET.

This report has not been reviewed by the company's auditors.

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## About Shelton Petroleum

Shelton Petroleum is a Swedish company focused on exploring and developing concessions in the Volga-Urals area in Russia and the resource-rich basins of Ukraine. Shelton Petroleum has built effective personal relationships, strategic regional partnerships and a portfolio of projects onshore and offshore. The company holds three licenses in the Russian republic of Bashkiria, located southwest of the Ural Mountains. The license blocks, which border one another, have an area of over 500 square kilometers and are surrounded by other producing oil fields. The company has commenced production from one of its two successful exploration wells in Russia. In Ukraine, Shelton Petroleum's wholly-owned subsidiary Zhoda 2001 has a strategic partnership with Ukrnafta, Ukraine's largest oil and gas company. It provides Shelton Petroleum with a stake in the oil producing Lelyaki field in Chernigov Region close to Poltava. Shelton Petroleum also has a Joint Investment Agreement with Chornomornaftogaz, the leading Ukrainian oil and gas company in offshore development, that gives it a fifty per-cent stake in three major license areas in the Azov and Black Sea regions. Shelton Petroleum is a substantial shareholder in Tomsk Refining, a Swedish company that owns a brand new refinery in Tomsk in Western Siberia. Shelton Petroleum recently announced a share swap and strategic relationship with Baltic Oil Terminals PLC, an AIM listed company with a terminals and transshipment business in Kaliningrad on the coast of the Baltic Sea. The Shelton Petroleum share is traded on the NGM stock exchange under the symbol SHEL B. The company has applied for a listing of its share on NASDAQ OMX Main Market.

## Note on the reserves and resources calculation

Reserves are based upon assessment carried out by Trimble Engineering Associates and AGR TRACS International Consultancy Ltd. The calculations have been derived in accordance with the Canadian Oil and Gas Evaluation Handbook and have been compiled in cooperation with the Society of Petroleum Evaluation Engineers ([www.spee.org](http://www.spee.org)) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society). Resources have been estimated by AGR TRACS. Resources have a lower probability of extraction than reserves. All estimates are based upon information as of 30 September 2009. Reserves and resources refer to the amounts of oil and gas attributable to Shelton Petroleum's share in the fields where the company conducts joint operations via joint ventures and joint investment agreements. Amounts are reported in millions of barrels of oil equivalent. Aysky and Suyanovskoye are two exploration licenses that lie immediately next to Rustamovskoye. Drilling during the Soviet era has confirmed the presence of oil in these fields, but the company has yet to complete any exploration of its own in these areas. These licenses were acquired during the fall of 2009 and were not included in the reserves studies.

**CONDENSED GROUP STATEMENT OF INCOME**

| SEK thousand  | Jul-Sep<br>2010 | Jul-Sep<br>2009 | Jan-Sep<br>2010 | Jan-Sep<br>2009 | Jan-Dec<br>2009 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net revenue   | 8,071           | 0               | 26,725          | 0               | 0               |
| Other revenue   | 69              | 0               | 113             | 0               | 0               |
| <b>Total revenue</b>  | <b>8,139</b>    | <b>0</b>        | <b>26,839</b>   | <b>0</b>        | <b>0</b>        |
| Work performed by the company for its own use and capitalized | 682             | 196             | 1,636           | 856             | 1,257           |
| Raw material and consumables                                  | -4,502          | 0               | -15,062         | 0               | 0               |
| Personnel costs   | -1,755          | -848            | -6,385          | -3,195          | -5,708          |
| Other external expenses                                       | -4,916          | -1,749          | -11,465         | -8,706          | -11,919         |
| Depreciation  | -312            | -68             | -950            | -217            | -294            |
| <b>Operating expenses</b>                                     | <b>-11,485</b>  | <b>-2,665</b>   | <b>-33,862</b>  | <b>-12,118</b>  | <b>-17,921</b>  |
| <b>Operating result</b>                                       | <b>-2,664</b>   | <b>-2,469</b>   | <b>-5,388</b>   | <b>-11,262</b>  | <b>-16,664</b>  |
| Financial items   | -2,619          | -274            | 110             | -350            | 264             |
| <b>Result before tax</b>                                      | <b>-5,283</b>   | <b>-2,743</b>   | <b>-5,278</b>   | <b>-11,612</b>  | <b>-16,400</b>  |
| Income tax  | -1,309          | 886             | -1,269          | 886             | 881             |
| <b>Result for the period</b>                                  | <b>-6,592</b>   | <b>-1,857</b>   | <b>-6,547</b>   | <b>-10,726</b>  | <b>-15,519</b>  |
| <b>Other comprehensive income</b>                             |                 |                 |                 |                 |                 |
| Exchange differences  | -25,913         | -4,214          | -12,267         | -8,779          | -5,850          |
| <b>Total other comprehensive income</b>                       | <b>-25,913</b>  | <b>-4,214</b>   | <b>-12,267</b>  | <b>-8,779</b>   | <b>-5,850</b>   |
| <b>Total comprehensive income for the period</b>              | <b>-32,505</b>  | <b>-6,071</b>   | <b>-18,814</b>  | <b>-19,505</b>  | <b>-21,369</b>  |
| Earnings per share for the period before/after dilution       | -0.02           | -0.01           | -0.02           | -0.08           | -0.10           |
| Average number of shares                                      | 434,404,552     | 133,264,747     | 398,839,612     | 137,345,240     | 159,302,635     |

**CONDENSED GROUP STATEMENT OF FINANCIAL POSITION**

| SEK thousand                         | Sep 30<br>2010 | Dec 31<br>2009 |
|--------------------------------------|----------------|----------------|
| <b>ASSETS</b>                        |                |                |
| <b>Non-current assets</b>            |                |                |
| Goodwill                             | 6,807          | 6,807          |
| Intangible assets                    | 75,999         | 98,400         |
| Tangible fixed assets                | 119,963        | 93,593         |
| Financial assets                     | 49,651         | 2,698          |
| <b>Total non-current assets</b>      | <b>252,420</b> | <b>201,498</b> |
| <b>Current assets</b>                |                |                |
| Inventory                            | 2,628          | 4,192          |
| Other short-term receivables         | 4,547          | 28,767         |
| Cash and cash equivalents            | 37,578         | 32,725         |
| <b>Total current assets</b>          | <b>44,753</b>  | <b>65,684</b>  |
| <b>Total ASSETS</b>                  | <b>297,173</b> | <b>267,182</b> |
| <b>EQUITY AND LIABILITIES</b>        |                |                |
| <b>Equity</b>                        | <b>230,413</b> | <b>189,811</b> |
| <b>Non-current liabilities</b>       |                |                |
| Convertible loan                     | 26,830         | 25,799         |
| Deferred income tax liabilities      | 27,719         | 28,796         |
| Other provisions                     | 743            | 187            |
| <b>Total non-current liabilities</b> | <b>55,292</b>  | <b>54,782</b>  |
| <b>Current liabilities</b>           |                |                |
| Accounts payable                     | 4,652          | 7,688          |
| Other current liabilities            | 6,817          | 14,901         |
| <b>Total current liabilities</b>     | <b>11,469</b>  | <b>22,589</b>  |
| <b>Total EQUITY AND LIABILITIES</b>  | <b>297,173</b> | <b>267,182</b> |



## CONDENSED GROUP STATEMENT OF CASH FLOW

| SEK thousand  | Jan-Sep<br>2010 | Jan-Sep<br>2009 |
|---|-----------------|-----------------|
| Cash flow from operating activities                         | -15,257         | -5,343          |
| Cash flow from investing activities                         | -17,429         | 12,184          |
| Cash flow from financing activities                         | 38,744          | 468             |
| <b>Cash flow for the period</b>                             | <b>6,057</b>    | <b>7,309</b>    |
| <b>Cash and cash equivalents at beginning of the period</b> | <b>32,725</b>   | <b>5,517</b>    |
| Cash flow for the period                                    | 6,057           | 7,309           |
| Exchange differences in cash and cash equivalents           | -1,204          | -15             |
| <b>Cash and cash equivalents at end of the period</b>       | <b>37,578</b>   | <b>12,811</b>   |

## CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

| SEK thousand                              | 2010           | 2009          |
|---|----------------|---------------|
| <b>Opening balance January 1</b>          | <b>189,811</b> | <b>78,772</b> |
| Total comprehensive income for the period | -18,814        | -19,505       |
| Share issue                               | 58,489         | 37,948        |
| Equity part of convertible loan           | 367            | 0             |
| Option premium                            | 560            | 468           |
| <b>Closing balance September 30</b>       | <b>230,413</b> | <b>97,683</b> |

**CONDENSED PARENT COMPANY INCOME STATEMENT**

| <b>SEK thousand</b>          | <b>Jul-Sep<br/>2010</b> | <b>Jul-Sep<br/>2009</b> | <b>Jan-Sep<br/>2010</b> | <b>Jan-Sep<br/>2009</b> | <b>Jan-Dec<br/>2009</b> |
|------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Net revenue                  | 128                     | 0                       | 381                     | 0                       | 244                     |
| Other revenues               | 0                       | 1                       | 0                       | 1                       | 1                       |
| <b>Total revenues</b>        | <b>128</b>              | <b>1</b>                | <b>381</b>              | <b>1</b>                | <b>245</b>              |
| Personnel costs              | -1,063                  | -118                    | -2,593                  | -710                    | -1,822                  |
| Other external expenses      | -1,836                  | -369                    | -3,927                  | -1,100                  | -2,378                  |
| <b>Operating results</b>     | <b>-2,772</b>           | <b>-486</b>             | <b>-6,140</b>           | <b>-1,809</b>           | <b>-3,955</b>           |
| Financial items              | -3,120                  | 302                     | -2,320                  | 700                     | 1,695                   |
| <b>Result before tax</b>     | <b>-5,892</b>           | <b>-184</b>             | <b>-8,460</b>           | <b>-1,109</b>           | <b>-2,260</b>           |
| Income tax                   | -124                    | 0                       | -103                    | 0                       | -33                     |
| <b>Result for the period</b> | <b>-6,016</b>           | <b>-184</b>             | <b>-8,563</b>           | <b>-1,109</b>           | <b>-2,293</b>           |

**CONDENSED PARENT COMPANY BALANCE SHEET**

| SEK thousand                         | <b>Sep 30<br/>2010</b> | <b>Dec 31<br/>2009</b> |
|--------------------------------------|------------------------|------------------------|
| <b>ASSETS</b>                        |                        |                        |
| <b>Non-current assets</b>            |                        |                        |
| Financial non-current assets         | 261,742                | 201,826                |
| <b>Total non-current assets</b>      | <b>261,742</b>         | <b>201,826</b>         |
| <b>Current assets</b>                |                        |                        |
| Other receivables                    | 10,039                 | 23,635                 |
| Cash and cash equivalents            | 14,011                 | 11,217                 |
| <b>Total current assets</b>          | <b>24,050</b>          | <b>34,852</b>          |
| <b>Total ASSETS</b>                  | <b>285,791</b>         | <b>236,678</b>         |
| <b>EQUITY AND LIABILITIES</b>        |                        |                        |
| <b>Equity</b>                        | <b>253,810</b>         | <b>202,711</b>         |
| <b>Non-current liabilities</b>       |                        |                        |
| Convertible loan                     | 26,830                 | 25,799                 |
| Deferred income tax liabilities      | 1,457                  | 1,353                  |
| <b>Total non-current liabilities</b> | <b>28,287</b>          | <b>27,152</b>          |
| <b>Current liabilities</b>           |                        |                        |
| Other liabilities                    | 3,694                  | 6,815                  |
| <b>Total current liabilities</b>     | <b>3,694</b>           | <b>6,815</b>           |
| <b>Total EQUITY AND LIABILITIES</b>  | <b>285,791</b>         | <b>236,678</b>         |

## Notes to the financial statements

### **Note 1. Information about the company**

Shelton Petroleum AB (publ) (formerly Petrosibir AB), with Swedish corporate identity number 556468-1491 and registered office in Stockholm, Sweden, is listed on the NGM stock exchange under the ticker SHEL. The company has applied for a listing on NASDAQ OMX Nordic Main Market. The company's and its subsidiaries' operations are described under "About Shelton Petroleum" herein.

### **Note 2. Accounting principles**

The interim report has been prepared in accordance with IAS 34 and the Swedish Annual Reports Act (Sw. *Årsredovisningslagen*). The group financial statements have been prepared, just as in the year-end accounts for 2009, in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and by the Swedish Annual Reports Act. The parent company's financial statements have been prepared in accordance with the Swedish Annual Reports Act and the recommendations "RFR 2.2 on Financial Reporting for Legal Entities" issued by the Swedish Financial Reporting Board (Sw. *Rådet för finansiell rapportering*).

The same accounting principles have been applied during the period as were applied during the financial year 2009 and in the manner in which they were described in the 2009 annual report. No new or revised standards, interpretations or amendments adopted by the EU had an effect on the group. IFRS 3R and IAS 27 should be applied for acquisitions completed after 1 January 2010. No acquisitions were made during the accounting period.

The interim report does not contain the entirety of the information that appears in the annual report and, accordingly, the interim report should be read in conjunction with the 2009 annual report.

### **Note 3. Related party transactions**

Shelton Petroleum has entered into a consultancy contract with Sergey Titov, one of the initiators and shareholders of Shelton Petroleum, and a consulting company of which Richard Edgar, board member of Shelton Petroleum, is one of the owners. The contracts cover services rendered in project management, business development and geological expertise. Remuneration under the contract is approx SEK 30 thousand per month for Sergey Titov and CAD 10 thousand per month for the company partly owned by Richard Edgar, which the group regards as the going rate.

In 2008 Shelton Petroleum signed a financial advisory and equity funding agreement with Alpcot Capital Management Ltd ("ACM"). The contract is success-based and entails no running monthly expense. SEK 900 thousand have been charged for commission for capital raise during the reporting period. ACM is controlled by a number of shareholders of Shelton Petroleum, one of which is a member of Shelton Petroleum's board of directors.

#### Note 4. Segment reporting

The group is organized in and managed from geographical regions. These correspond to the operating segments for which information is reported and followed up on by the management of the company. Operating segments per geographical region include all reporting local entities within each respective region.

The operating segments apply the same accounting principles as the group. The operating segments' revenue, expenses, assets and liabilities include items directly attributable to the segment and items that can be allocated to a specific operating segment in a reasonable and reliable way.

Sale of oil accounts for external reported revenue for the operating segments. Internally reported revenue consists of invoiced expenses for intra-group services. The arm's length principle is applied and market price considered when transactions are made between operating segments.

Group management follows up the profit or loss measure "profit before tax".

Segment reporting is not provided for 2009 as the group only had operations in Russia.

| <b>July - September 2010</b>          |               |                |              | <b>Group &amp;</b>  |               |
|---------------------------------------|---------------|----------------|--------------|---------------------|---------------|
| <b>Income statement, SEK thousand</b> | <b>Russia</b> | <b>Ukraine</b> | <b>Other</b> | <b>eliminations</b> | <b>Total</b>  |
| Revenue, external                     | 0             | 8,139          | 0            | 0                   | <b>8,139</b>  |
| Revenue, internal                     | 0             | 0              | 128          | -128                | <b>0</b>      |
| Raw materials and consumables         | 0             | -4,502         | 0            | 0                   | <b>-4,502</b> |
| Other operating expenses              | -764          | -1,564         | -4,101       | 128                 | <b>-6,301</b> |
| Operating profit/loss                 | -764          | 2,073          | -3,973       | 0                   | <b>-2,664</b> |
| Financial items                       | 1,237         | 612            | -2,326       | -2,142              | <b>-2,619</b> |
| Profit/loss before tax                | 473           | 2,685          | -6,299       | -2,142              | <b>-5,283</b> |

| <b>January - September 2010</b>       |               |                |              | <b>Group &amp;</b>  |                |
|---------------------------------------|---------------|----------------|--------------|---------------------|----------------|
| <b>Income statement, SEK thousand</b> | <b>Russia</b> | <b>Ukraine</b> | <b>Other</b> | <b>eliminations</b> | <b>Total</b>   |
| Revenue, external                     | 0             | 26,839         | 0            | 0                   | <b>26,839</b>  |
| Revenue, internal                     | 0             | 0              | 381          | -381                | <b>0</b>       |
| Raw materials and consumables         | 0             | -15,062        | 0            | 0                   | <b>-15,062</b> |
| Other operating expenses              | -2,275        | -4,262         | -11,009      | 381                 | <b>-17,165</b> |
| Operating profit/loss                 | -2,275        | 7,515          | -10,628      | 0                   | <b>-5,388</b>  |
| Financial items                       | -692          | 1,272          | -470         | 0                   | <b>110</b>     |
| Profit/loss before tax                | -2,967        | 8,787          | -11,098      | 0                   | <b>-5,278</b>  |

| <b>September 30, 2010</b>                           |               |                |              |                                 |                |
|---|---------------|----------------|--------------|---------------------------------|----------------|
| <b>Balance sheet, SEK thousand</b>                  | <b>Russia</b> | <b>Ukraine</b> | <b>Other</b> | <b>Group &amp; eliminations</b> | <b>Total</b>   |
| <b>Assets</b>                                       |               |                |              |                                 |                |
| Tangible and intangible fixed assets                | 77,983        | 106,296        | 6,812        | 4,871                           | <b>195,962</b> |
| Current assets, external                            | 1,365         | 1,453          | 1,729        | 0                               | <b>4,547</b>   |
| Current assets, internal                            | 0             | 0              | 13,533       | -13,533                         | <b>0</b>       |
| <b>Liabilities</b>                                  |               |                |              |                                 |                |
| Non-current liabilities, external                   | 566           | 0              | 27,007       | 0                               | <b>27,573</b>  |
| Non-current liabilities, internal                   | 76,332        | 0              | 36,691       | -113,023                        | <b>0</b>       |
| Current liabilities, external                       | 1,998         | 3,374          | 6,097        | 0                               | <b>11,469</b>  |
| Current liabilities, internal                       | 1,801         | 0              | 12,339       | -14,140                         | <b>0</b>       |
| Investments in tangible and intangible fixed assets | 7,966         | 0              | 0            | 0                               | <b>7,966</b>   |

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