

Interim report January-June 2013

Strengthened financial position accelerates increases in production

January - June 2013

- Total revenue for the period: SEK 46 (52^{*}) million
- Operating result for the period: SEK 11 (18^{*}) million
- One-off item increased revenue and profit for 2012 by SEK 7^{*} million
- Basic and diluted earnings per share: SEK -0.44 (1.37)

April - June 2013

- Revenue during the quarter: SEK 23 (22) million
- Operating result during the quarter: SEK 5 (6) million
- Record production of 575 barrels per day
- Well #11 in Russia successfully drilled and taken on production
- Sale of holding in PAN and convertible debentures strengthen financial position

<u>Oil production</u>	<u>Q2</u> <u>2013</u>	<u>Q2</u> <u>2012</u>	<u>Q1-Q2</u> <u>2013</u>	<u>Q1-Q2</u> <u>2012</u>	<u>2012</u>	<u>2011</u>
Barrels	52,360	40,900	99,110	82,300	177,850	77,300
Barrels per day	575	449	548	452	486	212

Statement from the CEO

Increasing production continues to be a strategic objective for Shelton Petroleum. During the second quarter, the company produced 575 barrels per day, an increase of almost 30 per cent compared to the same quarter last year. The company's operating margin of 23 per cent remains strong.

During the quarter, Shelton Petroleum has taken several measures to strengthen its financial position, which in turns provides necessary funds to finance further increases in production. In April, the shareholding in Pan European Terminals was divested for SEK 27 million. In addition, the company has entered into an agreement to issue two convertible bonds to Petrogrand AB. The first convertible amounts to SEK 30 million and provides funds for further development drilling in Bashkiria. The second convertible amounts to SEK 185 million and is conditional upon the closing of certain transactions that could potentially create substantial value for the company and its shareholders.

The new well #11 at the Rustamovskoye oil field in Russia was successfully put into production during the second quarter. The company is now producing from three out of three wells drilled on this field. In order to further increase well productivity, the company will frack the new well. In addition to this, a fourth well has been spudded on Rustamovskoye. It is pleasing that the recently strengthened financial position allowed the company to commence this drilling within such a short time span. The new well targets the same Devonian sandstone formation that the other three wells currently are producing from.

I am looking forward to the enhanced production volumes that the fracking and new wells could potentially provide.

Robert Karlsson

^{*} The amounts for 2012 include a one-off item of SEK 7 million relating to payment from the shareholding in Tomsk Refining

January - June 2013

Financial development

Revenue from oil sales amounted to SEK 46 (46) million. During the period, Shelton Petroleum sold 95,600 (83,800) barrels of oil and the production in the period amounted to 99,100 (82,300) barrels of oil. The production has increased in both Russia and Ukraine compared to last year. The price of oil in USD in both Russia and Ukraine in the first six months 2013 were relatively stable compared to the same period last year. The strengthening of the Swedish krona compared to the Russian rouble and the Ukrainian hryvna had a negative effect on the net revenue in the consolidated accounts.

The average daily production during the first six months 2013 amounted to 548 barrels compared to 452 barrels the same period in 2012.

Operating expenses in the first six months amounted to SEK 37 (37) million and consist primarily of production costs, personnel costs and other external expenses.

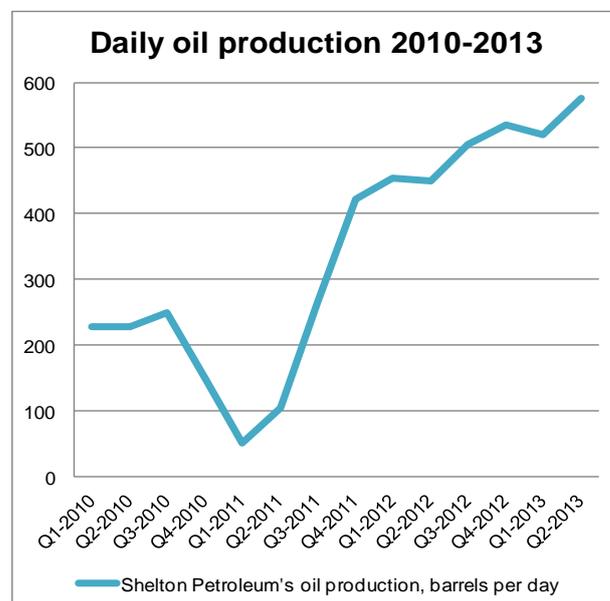
The operating result for the period January – June 2013 amounted to SEK 11 (18) million. In April Shelton Petroleum divested its holding in PAN European Terminals plc (PAN, previously Baltic Oil Terminals). The transaction strengthened the company's cash position by SEK 27 million and resulted in a gain of SEK 4 million compared to the book value as of 31 December 2012. This gain is recorded as financial cost of SEK -12 million (currency exchange and market price losses compared to the original cost) and as other comprehensive income of SEK 16 million (reversal of accumulated adjustments to fair value).

As a consequence of the above transaction, the company's result before tax amounted to SEK -2 (18) million whereas the total comprehensive income for the period amounted to SEK 11 (10) million. Revenue and result for 2012 include a positive one-off item of SEK 7 million relating to the shareholding in Tomsk Refining.

The group held SEK 27 million in cash and cash equivalents at the end of the period compared to SEK 31 million at 31 December 2012. Cash flow for the period was SEK -3 (2) million. Cash flow from operational activities was SEK -7 (0) million, which is below the operational profit for the quarter due to an increase in accounts receivable since 31 December 2012 as a result of postponed payments from the sale of oil in Ukraine. The accounts receivable at the end of the second quarter are on the same level as at the end of the first quarter. Investments in exploration and development activity amounted to a total of SEK 24 (9) million, mainly related to the new Russian well that encountered oil.

Financial fixed assets amounted to SEK 0 million at the end of the period compared to SEK 23 million at 31 December 2012. The decrease is related to the sale of the holding in PAN.

Shareholders' equity per share at 30 June 2013 was SEK 26.47 (24.77) and the equity to assets ratio was 81 (80) per cent.



Issue of convertible bonds

On 14 June, the company announced that the management of Shelton Petroleum and Petrogrand had decided to enter into an agreement regarding two directed issues of convertible debentures. The agreement was signed in July and notices to an extra general meeting to approve the transaction have been given by both companies.

The first convertible, which is unconditional, amounts to SEK 30 million and both Shelton Petroleum and Petrogrand can call for conversion at a conversion price of SEK 20. This convertible has a zero coupon rate and is intended to quickly progress Shelton Petroleum's operations through production increasing measures such as further drilling and fracking in the Rustamovskoye field among others.

The second convertible amounts to approximately SEK 185 million and is conditional upon certain events. In addition to raising production, it is Shelton Petroleum's strategy and focus to expand its operations. Shelton Petroleum has identified several attractive opportunities on the markets in Russia and Ukraine. Petrogrand can call for conversion at a conversion price of SEK 20 given that certain activities deemed to create substantial value in Shelton Petroleum are pursued and completed jointly by the companies. The second convertible has a market based coupon rate corresponding to the deposit rate, in essence making the net interest rate zero for Shelton Petroleum.

Both convertibles expire on 31 December 2013.

At full conversion, Petrogrand's ownership in Shelton Petroleum will amount to 50 per cent plus one share. Petrogrand has committed to distribute its shares in Shelton Petroleum to its shareholders by a Lex Asea dividend.

The Board of Directors of Shelton Petroleum believes that Shelton Petroleum can continue to develop its existing licenses in a beneficial way for shareholders with this external financing from Petrogrand. The proceeds from the issues will primarily be used for expansion, increase in production from the producing fields and acceleration of the development of other licenses in the portfolio.

April - June 2013

Russian operations

Shelton Petroleum's production of oil in Russia during the second quarter amounted to 20,530 (11,500) barrels. Production per day amounted to 226 (126) barrels, which is an increase of almost 80 per cent compared to the same quarter last year. Revenue in the second quarter for the Russian segment amounted to SEK 5.0 (2.8) million and operating profit to SEK 1.5 (0.8) million, corresponding to an operating margin of 29% (27%). This marks an increase in the operating margin compared to the first quarter of the year due to the economies of scale that the incremental production provides.

The new well #11 on the Rustamovskoye oil field was drilled to a total depth of 2,565 meters. It has been successfully tested and is currently producing from the same Devonian sandstone formation as the two previous wells. The well has been connected to the field's infrastructure and the sale of oil from the well has commenced. The company is planning a fracking of the well in order to further increase well productivity. Based on these results, Shelton Petroleum spudded a new production well in July. The fracking and the new well have been designed to further increase production and enhance cash flow from the already profitable field. The new drillings increase the company's knowledge of the reservoir characteristics and extension as well as provide opportunities to increase the company's reserves at future updates.

Ukrainian operations

Production in the second quarter amounted to 31,830 (29,400) barrels. Production per day amounted to 350 (323) barrels. Revenue in the second quarter in the Ukrainian segment amounted to SEK 18.0 (19.5) million and operating profit to SEK 6.9 (8.1) million, corresponding to an operating margin of 38% (42%).

Shelton Petroleum (Zhoda 2001 Corporation) and its partner Ukrnafta, Ukraine's largest oil and gas company continue the field development program on the Lelyaki field. The objective is to step by step enhance productivity and increase production volumes. The workover program has increased production by approximately 10% compared to the same period last year.

Significant events occurring after the reporting period

The previously announced agreement on directed issue of convertible debentures was signed in July. Notice to shareholders of an EGM has been given. The EGM will be held on 22 August 2013.

On 26 July, the spudding of a fourth well on Rustamovskoye was announced.

The parent company

The parent company's total assets as at the period end amounted to SEK 301 (302) million. Cash and cash equivalents amounted to SEK 22 (33) million. The result after tax January – June 2013 was SEK -1 (-3) million.

Risk factors and uncertainties

A detailed account of the risks facing the company can be found in the 2012 annual report. During the period, there has been no major change in material risk factors or uncertainties 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

Interim Report July – September 2013

22 November 2013

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 22 August 2013 at 08:30 CET.

For more information, please contact:

Robert Karlsson, CEO, +46-709 565 141
robert.karlsson@sheltonpetroleum.com

Shelton Petroleum AB

Swedish corporate identity number: 556468-1491
Hovslagargatan 5B
SE-111 48 Stockholm
Tel: +46 8 407 18 50
www.sheltonpetroleum.com
info@sheltonpetroleum.com

About Shelton Petroleum

Shelton Petroleum is a Swedish company focused on exploring and developing concessions in Russia and the resource-rich basins of 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, two leading Ukrainian oil and gas companies. The Shelton Petroleum share is traded on NASDAQ OMX Stockholm under the under the symbol SHEL B.

Shelton Petroleum's exploration and production portfolio

Production onshore	Geography	Primary product	Reserves			Resource potential	Working interest	Partner
			1P	2P	3P			
Rustamovskoye	Russia	Oil	1	1	6	43	100%	
Lelyaki	Ukraine	Oil	3	8	8	-	45%	Ukrnafta

Exploration onshore								
Aysky*	Russia	Oil	-	-	-	-	100%	
Suyanovskoye	Russia	Oil	-	-	-	-	100%	

* Aysky and Suyanovskoye were added to the portfolio in autumn 2009 and have not yet been subject to an independent Western audit. The independent seismic service company Udmurtgeofizika estimated Russian C1+C2 reserves and C3 resources to amount to 12 and 10 million recoverable barrels of oil respectively, based on Shelton Petroleum's seismic program and wells drilled during the Soviet era.

Exploration offshore								
Arkhangelskoye	Ukraine Black Sea	Gas & NGL	-	-	-	130	50%	CNG
Biryucha	Ukraine Azov Sea	Gas	-	-	-	166	50%	CNG
North Kerchenskoye	Ukraine Azov Sea	Gas	-	-	-	4	50%	CNG

All reserves and resources in the tables are in million barrels of oil equivalent net to Shelton Petroleum. Reserves are based upon assessment carried out in year 2009 by Trimble Engineering Associates and AGR TRACS International Consultancy Ltd.

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) 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, and the company has begun an exploration program on these blocks. These licenses were acquired during the fall of 2009 and were not included in the reserve studies.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK thousand	Note	Apr-Jun 2013	Apr-Jun 2012	Jan-Jun 2013	Jan-Jun 2012	Jan-Dec 2012
Net revenue		22 776	22 355	45 611	45 533	93 223
Other revenue		191	25	214	6 643	6 691
Total revenue		22 967	22 380	45 825	52 176	99 914
Work performed by the company for its own use and capitalized		1 013	996	2 009	2 047	3 998
Raw material and consumables		-12 207	-11 465	-23 392	-24 076	-48 142
Personnel costs		-2 749	-2 507	-6 004	-5 082	-10 342
Other external expenses		-3 604	-3 142	-6 643	-6 303	-13 553
Depreciation		-696	-499	-1 251	-1 117	-2 262
Operating expenses		-19 256	-17 613	-37 290	-36 578	-74 299
Operating result		4 724	5 763	10 544	17 645	29 613
Financial income		84	-314	145	674	1 833
Financial costs		-12 125	-294	-12 242	-294	-667
Total financial items		-12 041	-608	-12 097	380	1 166
Result before tax		-7 317	5 155	-1 553	18 025	30 779
Income tax	4	-1 086	-1 580	-3 130	-3 410	-5 964
Result for the period		-8 403	3 575	-4 683	14 615	24 815
Other comprehensive income						
Financial assets available for sale		13 862	-5 238	16 400	-4 356	-63
Deferred tax convertible loan		0	0	0	0	29
Exchange differences		1 015	670	-651	-111	-8 145
Total items which have been or may be re-classified to result for the period		14 877	-4 568	15 749	-4 467	-8 179
Total other comprehensive income		14 877	-4 568	15 749	-4 467	-8 179
Total comprehensive income for the period		6 474	-993	11 066	10 148	16 636
Earnings per share		-0,79	0,34	-0,44	1,37	2,33
Earnings per share after dilution		-0,79	0,34	-0,44	1,30	2,23
Average number of shares		10 640 588	10 640 588	10 640 588	10 640 588	10 640 488
Average number of shares after dilution		10 640 588	12 063 713	10 640 588	12 063 713	12 063 713

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK thousand	Jun 30 2013	Jun 30 2012	Dec 31 2012
ASSETS			
Non-current assets			
Goodwill	6 807	6 807	6 807
Intangible assets	75 211	70 708	74 150
Tangible fixed assets	190 220	161 908	171 364
Financial assets	0	19 210	23 503
Total non-current assets	272 238	258 633	275 824
Current assets			
Inventory	229	329	139
Other short-term receivables	45 641	18 612	29 592
Cash and cash equivalents	27 346	48 611	30 764
Total current assets	73 216	67 552	60 495
Total ASSETS	345 454	326 185	336 319
EQUITY AND LIABILITIES			
Equity	281 631	263 601	270 565
Non-current liabilities			
Convertible loan	0	21 800	22 102
Deferred income tax liabilities	28 582	30 168	27 337
Other provisions	355	348	349
Total non-current liabilities	28 937	52 316	49 788
Current liabilities			
Convertible loan	22 425	0	0
Accounts payable	4 587	3 049	6 108
Other current liabilities	7 874	7 219	9 858
Total current liabilities	34 886	10 268	15 966
Total EQUITY AND LIABILITIES	345 454	326 185	336 319

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

SEK thousand	Apr-Jun 2013	Apr-Jun 2012	Jan-Jun 2013	Jan-Jun 2012	Jan-Dec 2012
Cash flow from operating activities	-9 721	-11 246	-7 637	270	3 447
Cash flow from investing activities	-13 868	11 981	-23 628	9 812	-10 910
Cash flow from financing activities	27 857	0	27 857	-7 800	-7 324
Cash flow for the period	4 268	735	-3 408	2 282	-14 787
Cash and cash equivalents at beginning of the period	23 031	46 549	30 764	45 986	45 986
Cash flow for the period	4 268	735	-3 408	2 282	-14 787
Exchange differences in cash and cash equivalents	47	1 327	-10	343	-435
Cash and cash equivalents at end of the period	27 346	48 611	27 346	48 611	30 764

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK thousand	2013	2012
Opening balance January 1	270 565	253 453
Total comprehensive income for the period	11 066	10 148
Closing balance June 30	281 631	263 601

CONDENSED PARENT COMPANY INCOME STATEMENT

SEK thousand	Apr-Jun 2013	Apr-Jun 2012	Jan-Jun 2013	Jan-Jun 2012	Jan-Dec 2012
Net revenue	120	110	240	220	491
Other revenues	0	0	0	6 573	6 573
Total revenues	120	110	240	6 793	7 064
Personnel costs	-1 124	-922	-2 711	-1 925	-4 051
Other external expenses	-1 358	-1 361	-2 717	-2 543	-3 700
Operating results	-2 362	-2 173	-5 188	2 325	-687
Financial items	1 787	-5 503	4 061	-4 980	-1 336
Result before tax	-575	-7 676	-1 127	-2 655	-2 023
Income tax	36	38	71	75	154
Result for the period	-539	-7 638	-1 056	-2 580	-1 869

CONDENSED PARENT COMPANY BALANCE SHEET

SEK thousand	Jun 30 2013	Dec 31 2012
ASSETS		
Non-current assets		
Financial non-current assets	269 093	270 066
Total non-current assets	269 093	270 066
Current assets		
Other receivables	9 891	8 194
Cash and cash equivalents	21 737	27 480
Total current assets	31 628	35 674
Total ASSETS	300 721	305 740
EQUITY AND LIABILITIES		
Equity	275 191	276 247
Non-current liabilities		
Convertible loan	0	22 102
Deferred income tax liabilities	76	147
Total non-current liabilities	76	22 249
Current liabilities		
Convertible loan	22 425	0
Other liabilities	3 029	4 544
Total current liabilities	25 454	4 544
Total EQUITY AND LIABILITIES	300 721	303 040

Notes to the financial statements

Note 1. Information about the company

Shelton Petroleum AB (publ), with Swedish corporate identity number 556468-1491 and registered office in Stockholm, Sweden, is listed on NASDAQ OMX Stockholm under the ticker SHEL B. The company's and its subsidiaries' operations are described under "About Shelton Petroleum" herein.

Note 2. Accounting principles

The interim report for the period ended 30 June 2013 has been prepared in accordance with IAS 34 and the Swedish Annual Reports Act (Sw. *Årsredovisningslagen*). The consolidated financial statements have been prepared, consistently with the 2012 consolidated financial statements, in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Swedish Annual Reports Act. The parent company's financial statements have been prepared in accordance with the Swedish Annual Reports Act and the recommendation RFR 2 "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 2012 and in the way they were described in the 2012 annual report. However, a review of the timing of revenue recognition has been made in Ukraine. The effect in the first six months 2013 was approximately SEK 0.4 million on revenue and SEK -0.2 million on raw materials and consumables. No new or revised standards, interpretations or amendments adopted by the EU had an effect on the group. No acquisitions were made during the accounting period. No new or revised standards, interpretations or amendments adopted by the EU had an effect on the group. No acquisitions were made during the accounting period.

The interim report does not contain all the information that appears in the annual report and, accordingly, the interim report should be read in conjunction with the 2012 annual report.

Note 3. Fair value

Changes in IAS 34 require disclosures in accordance with IFRS 7 and 13 also in interim reports. Financial instruments are classified in the following categories:

	Jun 30	Dec 31
	2013	2012
Loans and accounts receivable	66 987	59 159
Financial assets held for sale	0	23 503
Total assets	66 987	82 662
Other financial liabilities	28 150	30 481
Total liabilities	28 150	30 481

The reported values equal, in all material respects, the fair value. Shelton has not offset any financial assets and liabilities and has no agreements that allows set-off.

Note 4. Income tax

The company reports income tax expense of SEK 3 (3) million. The income tax is primarily related to corporate profits tax on the operations in Ukraine. It also contains changes in deferred taxes.

Note 5. Related party transactions

Shelton Petroleum has entered into a consultancy contract with Sergey Titov, one of the initiators and shareholders of Shelton Petroleum. Sergey Titov is remunerated on a monthly basis for his services. The company is party to a consultancy agreement with a company (Co. # 1144449 Alberta Ltd.) in which Richard N. Edgar (director) is one of several partners. The hourly-based agreement includes business development and technical expertise.

Note 6. 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 local reporting entities within each respective region. The operating segments apply the same accounting principles as the group. The operating segments' revenue, expenses and assets 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 is accounted for as externally 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 "operating result".

January - June 2013

Income statement, SEK thousand	Russia	Ukraine	Other	Elimi- nations	Total
Revenue, external	9 387	36 438	0	0	45 825
Revenue, internal	0	0	310	-310	0
Capitalized own work	2 009	0	0	0	2 009
Raw materials and consumables	-3 539	-19 853	0	0	-23 392
Other operating expenses	-5 289	-1 301	-7 618	310	-13 898
Operating profit	2 568	15 284	-7 308	0	10 544

January - June 2012

Income statement, SEK thousand	Russia	Ukraine	Other	Elimi- nations	Total
Revenue, external	6 173	39 430	6 573	0	52 176
Revenue, internal	0	0	310	-310	0
Capitalized own work	2 047	0	0	0	2 047
Raw materials and consumables	-2 672	-21 404	0	0	-24 076
Other operating expenses	-4 014	-2 259	-6 545	316	-12 502
Operating profit	1 534	15 767	338	6	17 645

April - June 2013

Income statement, SEK thousand	Russia	Ukraine	Other	Elimi- nations	Total
Revenue, external	5 002	17 965	0	0	22 967
Revenue, internal	0	0	155	-155	0
Capitalized own work	1 013	0	0	0	1 013
Raw materials and consumables	-1 830	-10 377	0	0	-12 207
Other operating expenses	-2 731	-697	-3 776	155	-7 049
Operating profit	1 454	6 891	-3 621	0	4 724

April - June 2012

Income statement, SEK thousand	Russia	Ukraine	Other	Elimi- nations	Total
Revenue, external	2 842	19 539	0	0	22 381
Revenue, internal	0	0	155	-155	0
Capitalized own work	996	0	0	0	996
Raw materials and consumables	-1 191	-10 275	0	0	-11 466
Other operating expenses	-1 862	-1 133	-3 314	161	-6 148
Operating profit	785	8 131	-3 159	6	5 763

June 30, 2013					
Balance sheet, SEK thousand	Russia	Ukraine	Other	Elimi- nations	Total
Assets					
Tangible and intangible fixed assets	149 441	115 848	6 949	0	272 238
Current assets, external	4 885	43 681	24 650	0	73 216
Current assets, internal	0	0	12 007	-12 007	0
Investments in tangible and intangible fixed assets	21 886	1 742	0	0	23 628
June 30, 2012					
Balance sheet, SEK thousand	Russia	Ukraine	Other	Elimi- nations	Total
Assets					
Tangible and intangible fixed assets	116 105	116 369	6 949	0	239 423
Current assets, external	1 722	25 852	39 978	0	67 552
Current assets, internal	0	0	21 775	-21 775	0
Investments in tangible and intangible fixed assets	4 871	3 764	0	0	8 635

Board's assurance

The Board of Directors and the Chief Executive Officer affirm that this half-year report gives a true and fair view of the company's and the group's operations, standing and financial results, and that it describes the principal risk factors and uncertainties that the company and group companies face.

Stockholm 22 August 2013

Shelton Petroleum AB (publ.)

Björn Lindström
Chairman

Hans Berggren
Director

Richard Edgar
Director

Peter Geijerman
Director

Freddie Linder
Director

Katre Saard
Director

Zenon Potoczny
Director

Robert Karlsson
CEO

Auditor's Review Report

Introduction

We have reviewed the condensed interim report for Shelton Petroleum AB as of 30 June, 2013 and for the six months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the Swedish Standard on Review Engagements, SÖG 2410 Review of Interim Reports Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material aspects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, August 22, 2013
Ernst & Young AB

Per Hedström
Authorized Public Accountant