

Zhoda Petroleum Ukraine

“EGM to widen business operations and strengthen the capital base”

7 October 2016

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Zhoda Petroleum overview

Zhoda Petroleum Ukraine AB (publ)

Cash position of SEK 7 million, debt free

Number of outstanding shares:

A shares	761 900
B shares	17 899 347

Main asset is a 45% stake in Lelyaki oil field

Traded on Pareto Securities OTC

Production of 330 barrels per day
2P reserves of 8 million barrels of oil

Market capitalization SEK 12 million with substantial management and board ownership

Active in Ukraine since 2003
Spin-off from Petrosibir in 2015

Becoming Zhoda Investments

EGM on 7 October 2016

Adopt the new name
“Zhoda Investments AB (publ)”

Widen business to include investment
operations

Continue to develop the Lelyaki oil field

Shareholder structure recently
consolidated

Strengthen capital base through rights
issue

Raise SEK 22 million for investments and
oil operations

Arrange a new trading platform

Investment is not a new business



- Equity swap with PAN European Terminals in 2010
- Diversification and expansion of terminals business from Kaliningrad to Rotterdam and Aabenraa
- Exit through cash sale to a strategic investor



- Cash acquisition of equity stake in Tomsk Refining in 2010
- From greenfield to refinery operations in Western Siberia with a yearly processing capacity reaching 350,000 tons
- Exit through cash sale to a strategic investor



- Business combination with Shelton Canada listed on Toronto Exchange in 2009
- Added production and proven reserves to the existing exploration operations to balance risks and upside



- From exploration start-up to production exceeding 1,000 barrels per day and 2P reserves of 34 million barrels under at times challenging market conditions
- Market capitalization exceeding SEK 500 million prior to Russia/Ukraine geopolitics and shareholder conflict



The Zhoda approach to creating value

Identify

Identifying, analyzing and investing in unlisted European ventures
Using experience, expertise and an extensive network
Opportunities that are hard to reach or manage for an individual shareholder

Develop

Active ownership to manage risk and leverage on hands-on experience
Establishing strategic and operational excellence
Entrepreneurial approach to drive growth and profitability

Manage

Manage a portfolio balancing risks against value appreciation
Flexible ownership horizon
Principal ownership to secure control and influence

Developing a portfolio

Zhoda Investments

Oil & Gas

Lelyaki and
expansion
opportunities

Investment X

Proven
business model
with positive
cash flow

Investment Y

Restructuring
case with
undervalued
assets

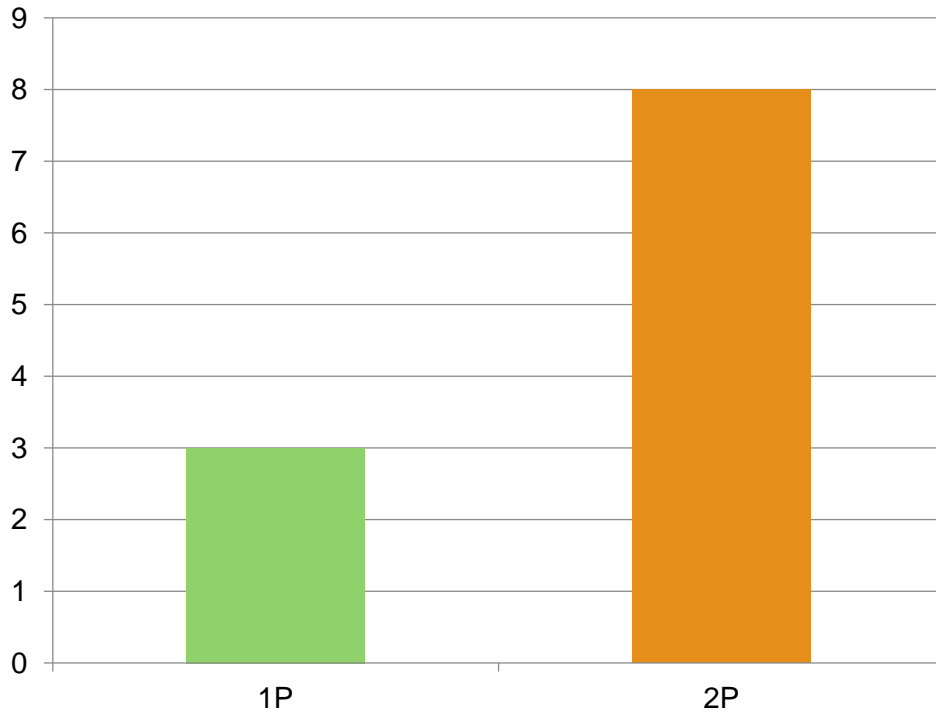
Investment Z

Business model
transformation
for enhanced
growth and
profitability

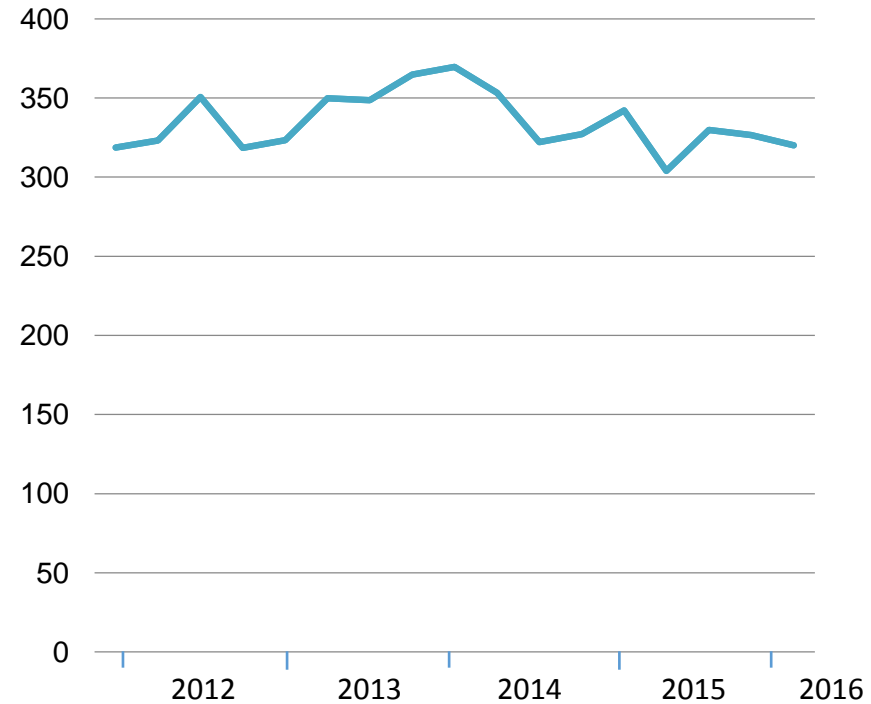
Zhoda has a company-specific annual average
return target IRR that amounts to a minimum of 20%

Proven reserves and stable production

Oil reserves in million barrels



Oil production barrels per day



Zhoda Petroleum's 45% net interest of reserves and production at the Lelyaki oil field
The reserves audit was conducted in accordance with SPE by Trimble Associates in 2009

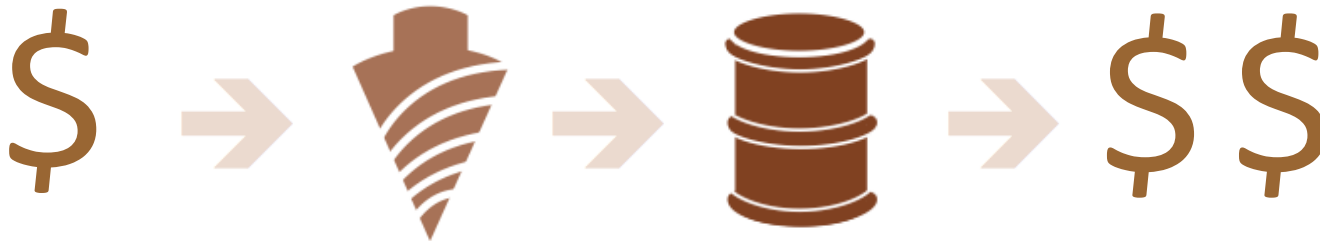
Financial highlights

<i>Amounts in SEK th excl one-off items</i>	2015	2014	2013	2012
Revenue	49 628	68 578	79 278	79 046
Raw materials and consumables	-31 194	-41 368	-43 485	-41 852
Other operating expenses	-7 256	-2 775	-2 819	-4 593
Operating profit	11 178	24 435	32 974	32 601
<i>Operating margin</i>	<i>23%</i>	<i>36%</i>	<i>42%</i>	<i>41%</i>
Number of produced barrels	119 170	125 141	126 565	119 950
Number of produced barrels per day	326	343	347	328
Average Brent oil price	52	99	109	112
Average UAH/USD	21,95	12,01	8,16	8,08

Source: Shelton Petroleum annual reports

- Stable production as a result of the ongoing workover program, with revenue affected by the world market oil price
- Variable royalty reduces costs at lower oil prices. Lelyaki is a mature field with infrastructure for transportation for treatment and transportation in place
- Healthy profitability even when the oil price bottomed out early 2016
- Revenue based in USD and costs in the depreciated UAH provides attractive pricing for investments
- Kashtan Petroleum has SEK 57 million of receivables and oil inventory and SEK 40 million in payables net to Zhoda Petroleum

Unleashing the Lelyaki potential



- Partner's new Western management is a catalyst for change
- Enhance production at low geological risk
 - Develop a simulation model for the reservoir and explore lower horizons with new technology
 - Mature field with very large historical production reduces geological risk
 - Apply proven Western enhanced recovery technology
- Increase operational efficiency
 - Production can be increased manifold (4-5 times) to over 1,500 bopd net to Zhoda (Trimble Engineering)
 - Increase the number of wells on-stream. Currently only 20 of 150 wells are producing
 - Improve sourcing and drilling practice
- Improve financial management
 - New proven sales channel will significantly accelerate collection of receivables
 - Reduce working capital by collecting receivables and paying off debt
- Royalty on gas has been reduced and oil may be next
- Use Lelyaki as a profitable platform with proven reserves for expansion in Ukraine

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- Widen business operations and strengthen the capital base
 - Amending the articles of association
 - Change name to Zhoda Investments AB, object of the company's business and limits for share capital and number of shares in the articles of association
 - Appointment of the board of directors
- Rights issue to raise SEK 22 million for investment and oil operations
 - Right to subscribe for 6 new shares for every old share
 - Subscription price of SEK 0.20 per share
 - Subscription period 19 October – 1 November 2016
 - Information Memorandum to be published prior to subscription
 - Investor presentations in cooperation with Aktiespararna
 - Preferential rights issue but opportunity for all to apply for subscription
 - Information on www.zhodapetroleum.com

Why subscribe in the rights issue?

- Gain access to investments in unlisted European ventures
 - Entrepreneurial approach to drive growth and profitability through active ownership and extensive network
 - Investment is not a new business for us
 - Annual average IRR target exceeding 20%
- 20 year license extension is expected to be granted for Lelyaki
 - New Western management of Lelyaki partner is a catalyst for operational efficiency
 - New proven sales channel will significantly accelerate collection of receivables
- Current valuation suffers from market sentiment
 - Market cap SEK 12 million (at SEK 0.65 per share)
 - EBIT 2015 = SEK 11 million
 - Lelyaki has 330 barrels per day and 2P proven + probable 8 million barrels of oil net to Zhoda
- Rights issue at SEK 0.20 per share, implying a pre-money valuation of SEK 4 million
- The balance sheet offers downside protection
 - Cash position in the parent company of SEK 7 million, debt free
 - 45% ownership in Lelyaki with a working capital of SEK 17 million
- Board and management are committed and financially motivated to create success
 - The shareholder structure has been consolidated and the board will subscribe for approx. 35% of the issue
- A new trading platform will increase liquidity in the share
- Please visit www.zhodapetroleum.com for more information



Zhoda

Investments