

## Interim report January - March 2014

### Over 80% increase in Q1 production compared to last year

- Total revenue for the period: SEK 32 (23) million
- Operating result for the period: SEK 9 (6) million
- Operating margin: 29% (25%)
- Basic earnings per share: SEK 0.55 (0.35)
- Diluted earnings per share: SEK 0.53 (0.35)

<u>Oil production</u>	<u>Q1</u> <u>2014</u>	<u>Q1</u> <u>2013</u>	<u>Q1-Q4</u> <u>2013</u>	<u>Q1-Q4</u> <u>2012</u>	<u>Q1-Q4</u> <u>2011</u>
Barrels	84,760	46,750	248,870	177,850	77,300
Barrels per day	942	519	682	486	212

#### Statement from the CEO

Shelton Petroleum continues to record strong profitability. The operating margin in the first quarter amounted to 29%, which is a significant improvement compared to 25% in the first quarter last year. The improved profitability is a direct effect of the increase in production by over 80% from 519 to 942 barrels per day following the successful drillings in Bashkiria.

In February, Shelton Petroleum published a geologic update highlighting the very encouraging implications of the latest #12 well on the Rustamovskoye oil field in Russia. The new well demonstrated a significantly larger net pay compared to previous wells. It also extended the known oil column to 45 meters. If the thickening pay can be demonstrated in new wells, then the economics of future wells and total field potential in terms of reserves and resources will improve significantly.

The production at Lelyaki amounted to 370 barrels per day net to Shelton Petroleum, which is the highest that the company has recorded since the acquisition of its interest in the field. The operations at Lelyaki are unaffected by the recent geopolitical events in Ukraine. The Russian annexation of Crimea, on the other hand, has led to an increased risk regarding potential future benefit from our Joint Investment Agreement (JIA) with Chornomornaftogaz. The JIA accounted for 0% of revenue in the first quarter and 2% of the assets in the balance sheet as of 31 March 2014. The recent presidential election with Petro Poroshenko receiving a majority of the votes in the first round could well be considered an important step in the normalization of the Ukrainian political situation.

In April, Shelton Petroleum completed the public offer to the shareholders in Petrogrand, making it the largest shareholder with 29% of the shares. Petrogrand has in turn announced a cash offer, conditional on certain factors, to the shareholders in Shelton Petroleum expiring 1 July.

The disputes and strained relationship with Petrogrand are negatively affecting Shelton Petroleum and its shareholders. The management and board believe that it is in the interest of both companies to solve our differences and instead focus on developing our respective license portfolios. Having said that, I am pleased with the operational performance during the first quarter with increased production and strong profitability.

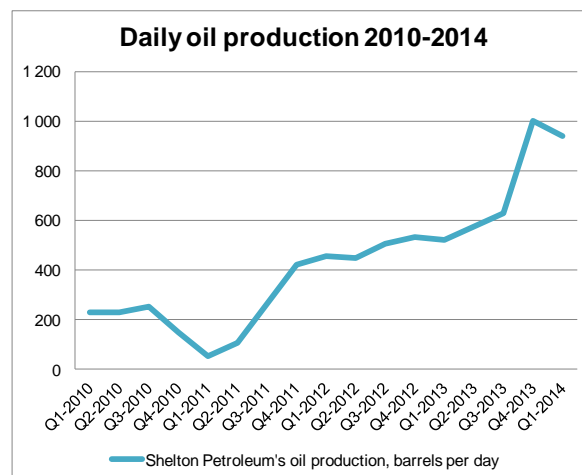
Robert Karlsson

## January - March 2014

### Financial development

Revenue from oil sales amounted to SEK 32 (23) million. During the period, Shelton Petroleum sold 74,370 (43,410) barrels of oil and produced 84,760 (46,750) barrels of oil. The production has increased in both Russia and Ukraine compared to the same period last year. The prices of oil in USD in both Russia and Ukraine were slightly lower compared to the same period of 2013.

The average daily production during the period amounted to 942 barrels compared to 519 barrels in 2013 and 455 barrels in 2012.



The company reported an operating result for the period January – March 2014 of SEK 9 (6) million.

The group held SEK 28 million in cash and cash equivalents at the end of the period compared to SEK 34 million at 31 December 2013. Cash flow for the period was SEK -5 (-8) million. Cash flow from operational activities was SEK 5 (2) million for the period. In January Shelton Petroleum paid back a convertible loan to Petrogrand in the amount of SEK 185 million. The cash used to pay back the loan was held on a blocked account.

The company's accounts receivable, included in other current receivables in the balance sheet, amounted to SEK 43 (38) million. At the end of 2013 the accounts receivable amounted to SEK 49 million of which SEK 15 million is outstanding as of 29 May 2014. SEK 41 million of the accounts receivable balance at the end of March is related to sale of oil from the Lelyaki field, where the buyer of the oil makes payments with delays. The validity and the outstanding amount as of 31 March 2014 have been confirmed by the counterparty. Management believes that the receivables will be settled in full and monitors the situation closely.

Shelton Petroleum's wholly owned Canadian subsidiary has received approximately SEK 8 million in dividends from Kashtan Petroleum, operator of the Lelyaki field, during the period January – May 2014 that can be used freely within the Shelton Petroleum group for investments and working capital.

Investments in exploration and development activity amounted to a total of SEK 8 (10) million for the period.

Non-current financial assets amounted to SEK 80 million at the end of the period compared to SEK 0 million at 31 December 2013, and consisted of shares in Petrogrand. As of 31 March 2014 Shelton Petroleum had acquired 10,051,912 shares in Petrogrand, see below.

Shareholders' equity per share at 31 March 2014 was SEK 21.25 (26.20) and the equity to assets ratio was 83 (55) %. In January 2014 Shelton Petroleum settled the convertible loan from Petrogrand AB which increased the equity to assets ratio.

During the first quarter of 2014 the currencies of Russia and Ukraine have weakened against the Swedish Krona. As of 31 March 2014 the Russian Rouble depreciated by 8% and the Ukrainian Hryvnya by 22% against the Swedish Krona compared to the exchange rate at 31 December 2013. As a result of the weakened local currencies Shelton Petroleum reports translation differences in other comprehensive income of SEK -52 (-2) million in the first quarter. The translation differences arise when the income statement and balance sheet of the Russian and Ukrainian entities' are translated from local currency to SEK. The translation differences

mainly relate to intra-group loans and fixed assets that do not affect cash flow. See note 7 for a table of exchange rates that have been used.

Shelton Petroleum's wholly owned subsidiary Shelton Canada Corp is party to a Joint Investment Agreement (JIA) with Chornomornaftogaz (CNG) regarding three licenses in the Azov Sea and Black Sea to which CNG is the license holder. Following a referendum on 16 March 2014, Crimea has declared independence from Ukraine and requested to be part of the Russian Federation, which has been granted by the Russian President and the Russian Parliament. The new Crimean Prime-minister has declared that the CNG interests on Crimea have been nationalized by the Crimean Republic. It has been reported that private interests and agreements will be respected. Neither the referendum nor the nationalization of CNG, which is in violation of the Ukrainian constitution, has been recognized by the government in Kiev or the Western community.

Due to the events described above, the board of directors of Shelton Petroleum perceives an increased risk regarding potential future financial benefit from the JIA with CNG. The company will continue to closely monitor the developments and believes that a potential adjustment of the values can be made only when the situation has normalized. The JIA accounted for 0 per cent of Shelton Petroleum's revenue and profit in the first quarter 2014 and approximately 2 per cent of total assets in the balance sheet as of 31 March 2014. The carrying value of the JIA was SEK 10 million, net of deferred taxes, as of 31 March 2014.

### **Public offer to the shareholders of Petrogrand AB**

In January 2014 Shelton Petroleum announced a public offer to the shareholders of Petrogrand AB ("Petrogrand"). Initially Shelton Petroleum offered 0.3 shares of series B in Shelton Petroleum for each share in Petrogrand. The offer was subsequently raised to 0.34 and finally to 0.44 shares. On 14 April 2014 Shelton completed the offer. On the completion date Shelton Petroleum had received 11,585,308 shares in Petrogrand and in exchange for those shares issued 5,097,534 shares of series B in Shelton Petroleum.

On 21 March, Petrogrand announced an offer to the shareholders of Shelton Petroleum.

### **Russian operations**

Shelton Petroleum's production of oil in Russia during the first quarter amounted to 51,500 (17,655) barrels. Production per day amounted to 572 (196) barrels, which is an increase of 192% compared to the same quarter last year. Revenue in the first quarter for the Russian segment amounted to SEK 12 (4) million and operating profit to SEK 5 (1) million, corresponding to an operating margin of 42% (25%). The higher operating margin compared to previous periods is due to the economies of scale that the incremental production provides.

During the quarter, Shelton Petroleum announced a geologic update on the company's new and improved view on its Russian oil fields following the positive drilling results of the recent #12 well. The well demonstrated a net pay of nine meters compared to up to three meters in previous wells. It also extended the known oil column to 45 meters. If the thickening pay can be demonstrated in new wells, then the economics of future wells and total field potential in terms of reserves and resources will improve significantly.

### **Ukrainian operations**

Production in the first quarter amounted to 33,260 (29,095) barrels. Production per day amounted to 370 (323) barrels which is an increase by 16% compared to the same quarter last year. This is the highest production that the company has recorded since the acquisition of its interest in the field.

Revenue in the first quarter in the Ukrainian segment amounted to SEK 20 (18) million and operating profit to SEK 8 (8) million, corresponding to an operating margin of 41% (44%).

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 through a program consisting of new wells, sidetracks and workovers.

### Significant events occurring after the reporting period

On 14 April 2014 Shelton Petroleum finalized and completed the offer to the shareholders of Petrogrand AB. In total Shelton Petroleum acquired 11,585,308 shares in Petrogrand AB, corresponding to 28.8 percent of the votes and shares of Petrogrand AB.

On 22 April 2014 the Swedish Companies Registration Office (*Sw. Bolagsverket*) published a notice for an extraordinary general meeting in Shelton Petroleum to be held on 13 May 2014. The meeting was to appoint a new board of directors in Shelton Petroleum. The extraordinary meeting had been requested by Petrogrand AB on 18 March 2014. Following a ruling by the Administrative Court of Appeal (*Sw. Kammarätten*) on 29 April 2014 in favor of Shelton Petroleum, the notice for the extraordinary meeting was cancelled.

On 2 May 2014 Shelton Petroleum held an extraordinary meeting that resolved to appoint a minority auditor.

On 14 May 2014 Shelton Petroleum repurchased SEK 9.5 million of the outstanding convertible bond 2013/2014 in exchange for shares of series A in Shelton Petroleum.

On 19 May 2014 Shelton Petroleum announced a new date for the annual general meeting, which will be held on 30 June 2014.

### Change of number of shares

In March 2014 Shelton Petroleum issued 4,422,841 shares of series B and in April 2014 Shelton issued 674,693 shares of series B under the public offer to the shareholders of Petrogrand AB. In May 2014 Shelton Petroleum repurchased part of the outstanding convertible bond 2013/2014 in exchange for shares of series A. As a result the company issued 593,750 shares of series A. Following the issues of shares of series A and B the total number of shares in Shelton Petroleum amounts to 17,854,372, divided into 764,330 of series A and 17,090,042 of series B. The number of votes in the company increased by 11,035,034 the total number of votes amounts to 24,773,342. The share capital in Shelton Petroleum increased by SEK 28,456,420 and amounts to SEK 89,271,860.

## The parent company

The parent company's total assets as at the period end amounted to SEK 402 (512) million. Cash and cash equivalents amounted to SEK 22 (26) million. The result after tax January – March 2014 was SEK 7 (-1) million.

## Annual General Meeting and dividend

The annual general meeting will be held on 30 June 2014 in Stockholm. The Board proposes that no dividend is paid for the financial year 2013.

## Risk factors and uncertainties

A detailed description of the risks facing the company can be found in the 2013 annual report. 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 January – June 2014	22 August 2014
Interim Report January – September 2014	21 November 2014
Annual General Meeting 2014	30 June 2014

## 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 May 2014 at 08:10 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 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 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](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, 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	Jan-Mar 2014	Jan-Mar 2013	Jan-Dec 2013
Net revenue		31 507	22 835	108 802
Other revenue		21	23	262
<b>Total revenue</b>		<b>31 528</b>	<b>22 858</b>	<b>109 064</b>
Work performed by the company for its own use and capitalized		754	996	3 993
Raw material and consumables		-16 223	-11 185	-55 183
Personnel costs		-2 810	-3 255	-11 611
Other external expenses		-3 348	-3 039	-13 875
Depreciation		-906	-555	-2 878
<b>Operating expenses</b>		<b>-23 287</b>	<b>-18 034</b>	<b>-83 547</b>
<b>Operating profit</b>		<b>8 995</b>	<b>5 820</b>	<b>29 510</b>
Financial income		230	61	925
Financial expenses		-285	-117	-13 065
<b>Total financial items</b>		<b>-55</b>	<b>-56</b>	<b>-12 140</b>
<b>Profit before tax</b>		<b>8 940</b>	<b>5 764</b>	<b>17 370</b>
Income tax	4	-1 741	-2 044	-4 968
<b>Profit for the period</b>		<b>7 199</b>	<b>3 720</b>	<b>12 402</b>
<b>Other comprehensive income</b>				
Financial assets at fair value	5	9 995	2 538	16 400
Translation differences		-51 813	-1 666	-9 779
<b>Total items which may be re-classified to result for the period</b>		<b>-41 818</b>	<b>872</b>	<b>6 621</b>
<b>Total other comprehensive income</b>		<b>-41 818</b>	<b>872</b>	<b>6 621</b>
<b>Total comprehensive income for the period</b>		<b>-34 619</b>	<b>4 592</b>	<b>19 023</b>
Earnings per share		0,55	0,35	1,14
Earnings per share after dilution		0,53	0,35	1,13
Average number of shares		13 096 799	10 640 588	10 911 656
Average number of shares after dilution		14 597 751	10 640 588	10 972 019

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

SEK thousand	Note	Mar 31 2014	Mar 31 2013	Dec 31 2013
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill		6 807	6 807	6 807
Exploration and evaluation assets		73 855	72 464	79 574
Oil and gas assets		180 236	178 361	211 219
Other fixed assets		1 020	1 453	1 215
Financial assets	5	80 415	26 040	0
<b>Total non-current assets</b>		<b>342 333</b>	<b>285 125</b>	<b>298 815</b>
<b>Current assets</b>				
Inventory		93	200	128
Other short-term receivables		55 179	44 702	63 548
Cash on blocked account		-	-	185 818
Cash and cash equivalents		27 760	23 031	33 729
<b>Total current assets</b>		<b>83 032</b>	<b>67 933</b>	<b>283 223</b>
<b>Total ASSETS</b>		<b>425 365</b>	<b>353 058</b>	<b>582 038</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>		<b>352 377</b>	<b>275 157</b>	<b>318 643</b>
<b>Non-current liabilities</b>				
Deferred income tax liabilities		20 764	28 092	25 685
Other provisions		323	350	369
<b>Total non-current liabilities</b>		<b>21 087</b>	<b>28 442</b>	<b>26 054</b>
<b>Current liabilities</b>				
Convertible loan		22 274	22 261	207 390
Accounts payable		16 498	18 403	15 305
Other current liabilities		13 129	8 795	14 646
<b>Total current liabilities</b>		<b>51 901</b>	<b>49 459</b>	<b>237 341</b>
<b>Total EQUITY AND LIABILITIES</b>		<b>425 365</b>	<b>353 058</b>	<b>582 038</b>



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

SEK thousand	Jan-Mar 2014	Jan-Mar 2013	Jan-Dec 2013
Cash flow from operating activities	5 135	2 084	3 837
Cash flow from investing activities	-10 239	-9 760	-29 250
Cash flow from financing activities	0	0	28 536
<b>Cash flow for the period</b>	<b>-5 104</b>	<b>-7 676</b>	<b>3 123</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>33 729</b>	<b>30 764</b>	<b>30 764</b>
Cash flow for the period	-5 104	-7 676	3 123
Exchange differences in cash and cash equivalents	-865	-57	-158
<b>Cash and cash equivalents at end of the period</b>	<b>27 760</b>	<b>23 031</b>	<b>33 729</b>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

SEK thousand	2014	2013
<b>Opening balance January 1</b>	<b>318 643</b>	<b>270 565</b>
Total comprehensive income for the period	-34 619	4 592
Share issue	68 353	0
<b>Closing balance March 31</b>	<b>352 377</b>	<b>275 157</b>

**CONDENSED PARENT COMPANY INCOME STATEMENT**

SEK thousand	Note	Jan-Mar 2014	Jan-Mar 2013	Jan-Dec 2013
Net revenue		173	120	480
<b>Total revenue</b>		<b>173</b>	<b>120</b>	<b>480</b>
Personnel costs		-1 222	-1 587	-4 901
Other external expenses		-1 862	-1 359	-6 188
<b>Operating results</b>		<b>-2 911</b>	<b>-2 826</b>	<b>-10 609</b>
Financial items	5	10 239	2 274	4 455
<b>Result before tax</b>		<b>7 328</b>	<b>-552</b>	<b>-6 154</b>
Income tax		29	35	132
<b>Result for the period</b>		<b>7 357</b>	<b>-517</b>	<b>-6 022</b>

**CONDENSED PARENT COMPANY BALANCE SHEET**

SEK thousand	Note	Mar 31 2014	Dec 31 2013
<b>ASSETS</b>			
<b>Non-current assets</b>			
Financial assets	5	366 138	287 815
<b>Total non-current assets</b>		<b>366 138</b>	<b>287 815</b>
<b>Current assets</b>			
Other receivables		13 400	12 803
Cash on block account		0	185 818
Cash and cash equivalents		22 168	25 958
<b>Total current assets</b>		<b>35 568</b>	<b>224 579</b>
<b>Total ASSETS</b>		<b>401 706</b>	<b>512 394</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>		<b>374 991</b>	<b>299 281</b>
<b>Non-current liabilities</b>			
Deferred income tax liabilities		30	59
<b>Total non-current liabilities</b>		<b>30</b>	<b>59</b>
<b>Current liabilities</b>			
Convertible loan		22 274	207 390
Other liabilities		4 411	5 664
<b>Total current liabilities</b>		<b>26 685</b>	<b>213 054</b>
<b>Total EQUITY AND LIABILITIES</b>		<b>401 706</b>	<b>512 394</b>

## 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 31 March 2014 has been prepared in accordance with IAS 34 and the Swedish Annual Reports Act (Sw. *Årsredovisningslagen*). The consolidated financial statements have been prepared 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 2013 and in the way they were described in the 2013 annual report. 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 2013 annual report.

### Note 3. Fair value

Financial instruments are classified in the following categories:

	<b>Mar 31</b>	<b>Dec 31</b>
	<b>2014</b>	<b>2013</b>
Loans and accounts receivable	71 016	268 483
Financial assets at fair value	80 415	0
<b>Total assets</b>	<b>151 431</b>	<b>268 483</b>
Other financial liabilities	38 772	223 067
<b>Total liabilities</b>	<b>38 772</b>	<b>223 067</b>

The reported values equal, in all material respects, the fair value. Shelton Petroleum 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 2 (2) 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. Financial assets

As of 31 March 2014 Shelton Petroleum held 10,051,912 shares in Petrogrand corresponding to 28.4% of the shares and votes. Shelton Petroleum does not have any representation on the board of directors in Petrogrand and does not have any influence over Petrogrand in any other way. Shelton Petroleum therefore classified the shares in Petrogrand as financial assets at fair value, instead of accounting for the shares using

the equity method. The unrealized gain on the shares, SEK 10 million, is reported in other comprehensive income in the consolidated statement of comprehensive income and in financial items in the income statement of the parent company.

**Note 6. Related party transactions**

The company is party to a consultancy agreement with a company in which Richard N. Edgar (director) is one of several partners. The hourly-based agreement includes technical expertise.

**Note 7. Exchange rates**

The following exchange rates have been used when translating the financial statements of foreign operations in the respective periods presented in this report.

	Q1 2014		Q1 2013		2013	
	Balance sheet date	Average rate	Balance sheet date	Average rate	Balance sheet date	Average rate
1 Euro	8,95	8,86	8,34	8,50	8,94	8,65
1 USD	6,51	6,46	6,51	6,43	6,51	6,51
1 CAD	5,89	5,86	6,41	6,38	6,07	6,33
100 Rubles	18,26	18,44	20,99	21,16	19,85	20,46
100 Hrywnja	59,26	73,55	81,61	80,51	81,32	81,49

**Note 8. 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".

Income statement January – March 2014 and 2013

<b>January - March 2014</b>					
<b>Income statement, SEK thousand</b>	<b>Russia</b>	<b>Ukraine</b>	<b>Other</b>	<b>Elimi- nations</b>	<b>Total</b>
Revenue, external	11 943	19 586	0	0	<b>31 529</b>
Revenue, internal	0	0	161	-161	<b>0</b>
Capitalized own work	754	0	0	0	<b>754</b>
Raw materials and consumables	-5 378	-10 845	0	0	<b>-16 223</b>
Other operating expenses	-2 350	-757	-4 119	161	<b>-7 065</b>
Operating profit/loss	4 969	7 984	-3 958	0	<b>8 995</b>

<b>January - March 2013</b>					
<b>Income statement, SEK thousand</b>	<b>Russia</b>	<b>Ukraine</b>	<b>Other</b>	<b>Elimi- nations</b>	<b>Total</b>
Revenue, external	4 385	18 473	0	0	<b>22 858</b>
Revenue, internal	0	0	155	-155	<b>0</b>
Capitalized own work	996	0	0	0	<b>996</b>
Raw materials and consumables	-1 709	-9 476	0	0	<b>-11 185</b>
Other operating expenses	-2 558	-604	-3 842	155	<b>-6 849</b>
Operating profit/loss	1 114	8 393	-3 687	0	<b>5 820</b>

Balance sheet as of 31 March 2014 and 2013

<b>31 March, 2014</b>					
<b>Balance sheet, SEK thousand</b>	<b>Russia</b>	<b>Ukraine</b>	<b>Other</b>	<b>Elimi- nations</b>	<b>Total</b>
<b>Assets</b>					
Tangible and intangible fixed assets	170 868	84 088	6 962	0	<b>261 918</b>
Current assets, external	6 133	51 925	24 974	0	<b>83 032</b>
Current assets, internal	0	0	11 035	-11 035	<b>0</b>
Investments in exploration and evaluation assets and oil and gas assets	6 424	1 748	0	0	<b>8 172</b>

<b>31 March, 2013</b>					
<b>Balance sheet, SEK thousand</b>	<b>Russia</b>	<b>Ukraine</b>	<b>Other</b>	<b>Elimi- nations</b>	<b>Total</b>
<b>Assets</b>					
Tangible and intangible fixed assets	139 440	112 702	6 943	0	<b>259 085</b>
Current assets, external	4 401	43 867	19 665	0	<b>67 933</b>
Current assets, internal	0	0	11 035	-11 035	<b>0</b>
Investments in exploration and evaluation assets and oil and gas assets	8 936	824	0	0	<b>9 760</b>