

This is a translation of the Swedish version. In case of any discrepancy between the English and the Swedish version, the Swedish version shall take precedence.

## **NOTICE OF ANNUAL GENERAL MEETING IN PETROGRAND AB (PUBL)**

The shareholders in Petrogrand AB (publ), reg. no. 556615-2350 are hereby convened to the annual general meeting on Friday 14 June, 2013 at 10.00 a.m., at Hotell Scandic Anglais, Humlegårdsgatan 23, Stockholm. Entry to the meeting begins 9.30 a.m.

### **Right to Participate**

Shareholders who wish to participate in the annual general meeting must:

- be recorded in the shareholders' register which is kept by Euroclear Sweden AB (the Swedish Central Securities Depository), not later than Saturday 8 June 2013 (however, since the record date is a Saturday the shareholders must be recorded in the shareholders' register not later than Friday 7 June 2013); and
- notify the Company of their attendance and any attending assistants no later than 4.00 p.m. on Monday 10 June 2013, either in writing to Petrogrand AB (publ), Birger Jarlsgatan 41A, 111 45 Stockholm, or via e-mail [agm@petrogrand.se](mailto:agm@petrogrand.se) stating the full name, and preferably personal registration number or corporate registration number, address, telephone, number of shares and when applicable, information of legal representative, proxy and assistant. The number of assistants may at the most be two (2). In order to facilitate entry to the meeting, the notice shall, when applicable, be accompanied by power of attorney, registration certificates and other authorization documents.

Shareholders having trustee-registered shares with a bank or other trustee must temporarily re-register the shares in their own names with Euroclear Sweden AB to be entitled to participate in the meeting. Such registration must be completed no later than Friday 7 June 2013, meaning that shareholders must request their trustees (banks or brokers) for such re-registration in ample time prior to this date.

### **Proxy**

A shareholder that is to participate through one or more proxies must ensure that such proxy brings to the meeting a signed and dated power of attorney executed by the shareholder. A proxy for a legal entity should also present a certificate of registration (or any other relevant documentation) evidencing the signatory rights of the individuals executing the power of attorney on behalf of the legal entity. The power of attorney and the registration certificate (or the relevant documentation) must not have been issued earlier than five years prior to the meeting.

### **Proxy Forms**

Proxy forms are available on the company website [www.petrogrand.se](http://www.petrogrand.se), and will be sent without charge to the shareholders that request the form and thereby indicate their addresses.

### **Number of Shares and Votes**

As of the date when the notice is issued, the total number of shares and votes in the Company amounts to 40 265 898.

### **Proposed Agenda**

1. Opening of the AGM and election of chairman of the AGM
2. Drawing up and approval of the voting list
3. Approval of the agenda
4. Election of one or two persons to approve the minutes
5. Determination as to whether the AGM has been duly convened
6. Presentation by the managing director
7. Presentation of the annual report and the auditor's report as well as of the consolidated accounts and the auditor's report for the group
8. Resolutions regarding:

- a) approval of the profit and loss account and the balance sheet as well as of the consolidated profit and loss account and the consolidated balance sheet,
  - b) allocation of the Company's result in accordance with the adopted balance sheet, and
  - c) discharge from liability for the members of the board of directors and the managing director
9. Determination of the number of members of the board of directors and, if applicable, deputy directors
  10. Determination of the fees payable to the board of directors and the auditors
  11. Election of members of the board of directors, deputies as well as the chairman of the board and auditor
  12. Resolution on a nominating committee
  13. Resolution on guidelines for remuneration to the company management
  14. Resolution on amendment to the articles of association regarding deputy directors
  15. Resolution on (a) amendment to the articles of association, (b) reduction of the share capital and (c) reduction of the reserve fund.
  16. Closing of the AGM

## **PROPOSALS FOR DECISIONS**

### **Item 1**

The Nominating Committee, which consists of Mikael Olsson representing Metroland BVBA (chairman of the Nominating Committee), Sven-Erik Zachrisson (chairman of the Board), Albert Haeggström representing Länsförsäkringar Fondförvaltning AB (publ), Timur Rodionov representing Prescience Investments Ltd and Martin Nerfeldt representing Stena (Switzerland) AG, proposes the AGM to elect advokat Johan Hessius, who is a member of the Board, as chairman of the meeting.

### **Item 8b)**

The Board proposes that the means of SEK 213,149,060 shall be carried forward and that no dividend is paid for the financial year 2012.

### **Item 9**

The Nominating Committee proposes five regular Board members and two deputies. The proposal insofar as it concerns the deputies is conditional upon that the AGM resolves to change the articles of association in accordance with item 14.

### **Item 10**

The Nominating Committee proposes that fees to the Board shall be SEK 600,000 for the Chairman of the Board and with SEK 250,000 for regular Board members who are not employed by the Company, and with SEK 125,000 for each deputy. The proposal by the Nominating Committee on the Board composition means that the total fees amounts to SEK 1,600,000. The Board members and deputies shall be entitled to invoice the fee through a company owned by the Board member, provided that this is cost neutral for the Company. Fee to the auditors is proposed to be paid according to approved invoice. The proposal insofar as it concerns the deputies is conditional upon that the AGM resolves to change the articles of association in accordance with item 14.

### **Item 11**

The Nominating Committee proposes the re-election of Maks Grinfeld and Mats Jansson as Board members and new election of Thomas Eriksson, Anders Ahlm and Mikael Wallgren. The Nominating Committee further proposes that Timur Rodionov and James Smith are elected as deputies. Sven-Erik Zachrisson, Johan Hessius and Dmitry Zubatyuk have declined re-election. It is further proposed that Mikael Wallgren be elected as Chairman. If Mikael Wallgren's assignment as Chairman of the Board ends prematurely, it is proposed that the Board shall appoint a new Chairman from within its ranks for the period until the next AGM. The proposal

insofar as it concerns the deputies is conditional upon that the AGM resolves to change the articles of association in accordance with item 14.

More information on the proposed directors and deputies is available on the Company website [www.petrogrand.se](http://www.petrogrand.se).

The Nominating Committee proposes the re-election of the accounting firm PricewaterhouseCoopers AB as the Company's auditor until the end of the AGM 2014. PricewaterhouseCoopers AB intends to appoint authorized auditor Martin Johansson as auditor-in-charge.

#### **Item 12**

The Nominating Committee proposes that the AGM resolves to appoint a nominating committee for the AGM 2014 in accordance with the following principles. The AGM instructs the Chairman of the Board to contact the shareholders or group of shareholders controlling the four largest numbers of votes (both direct-registered shareholders as well as nominee-registered shareholders), based upon Euroclear Sweden AB's transcription of the share ledger as per 30 September 2013 who will each elect a representative that together with the Chairman of the Board will form the nomination committee for the period until a new nomination committee has been elected following the forthcoming AGM. Should any of the shareholders or group of shareholders controlling the four largest numbers of votes not want to elect such a representative, then the shareholder or group of shareholders controlling the fifth largest number of votes, and so on, shall elect a representative until the nomination committee consists of five members.

The majority of the members of the nominating committee shall be independent in relation to the Company and the company management. At least one of the nominating committee's members shall be independent in relation to the shareholder or group of shareholders controlling the largest number of votes and who co-operates with the management of the Company. The Managing Director or any other person from the company management may not be a member of the nominating committee. Board members may be members of the nominating committee but shall not constitute a majority of its members. If more than one board member is a member of the nominating committee, then only one of them may be dependent in relation to the Company's larger shareholders. The nominating committee shall elect a chairman within the committee. The Chairman or any other Board member shall not be chairman of the nominating committee. The names of the members of the nominating committee shall be made public no later than six months prior to the AGM 2014. Should any member of the nominating committee resign while the nominating committee is still in office and if the nominating committee considers that there is a need to replace that member, then a new member shall be appointed following the above principles, however based upon Euroclear Sweden AB's transcription of the share ledger at the earliest possible moment after such member has resigned. Changes in the composition of the nominating committee shall be made public promptly. No remuneration shall be paid for the nominating committee's work. However, the nominating committee shall receive remuneration for reasonable expenses, including any costs for external advisors who the nominating committee deems necessary to engage for the due performance of its assignment.

#### **Item 13**

The Board proposes that the AGM resolves on guidelines for remuneration to the company management in the Company's group (the "Group"), with in principal the following content:

The guidelines shall apply to remunerations and other employment conditions for the managing director and other members of the Group's management (the "Group management"). The Company shall strive to offer a total remuneration that is reasonable and competitive given the conditions in the individual country. The remuneration shall vary in accordance with the individual's and the Group's performance. The total remuneration to the Group management shall consist of (i) fixed salary (which shall be adjusted yearly) (ii) variable salary (which shall amount to a maximum amount corresponding to the annual basic salary), (iii) insurable benefits and (iv) other benefits (which shall correspond to what normally occurs within the market). The

termination period shall be a maximum twelve months upon termination initiated by the Company and a maximum six months upon termination initiated by a member of the Group management. In individual cases the Board may approve severance pay in addition to the termination period. Severance pay may only be paid following termination by the Company's part or where a member of the Group management resigns due to a significant change in the work situation, which would result in him or her not being able to perform the work satisfactorily. The Board shall reserve the right to deviate from these guidelines in individual cases if there is special reason for this.

#### **Item 14**

The Board proposes that the AGM resolves to amend the articles of association to enable the election of the deputies in accordance with the Nominating Committee's proposals under items 9 – 11 so that paragraph 6 of the Company's articles of association is amended to have the following wording:

"The board of directors shall consist of three to ten members up to two deputy directors. The Company shall have one to two auditors with or without deputy auditors."

A resolution on the proposal as stated in this item 14 must be supported by shareholders representing at least two-thirds of both the votes cast and the shares represented at the meeting.

#### **Item 15**

The Board proposes that the AGM resolves to amend the articles of association and reduce the share capital and reserve fund for allocation to non-restricted reserve to be used as decided by future shareholders' meetings. The proposals under item (a) and (b) shall be resolved upon as a joint resolution and are thus conditional upon that both resolutions are adopted by the AGM.

The reason for the proposal by the Board is that the Company during 2012 has carried out a number of tests and drills as well as investigated the possibility to find partners (farm-out) for parts of the Nizhnepaninsky and Muromsky 2 license areas, without any concrete results having been obtained.

The Company's CEO has expressed great confidence with regard to the possibility to either farm-out the license areas or, if so required, sell the license areas on terms which support the current evaluation in the Company's accounts. Nevertheless it cannot be ruled out that the evaluation henceforth must be reviewed, which could lead to write-downs ultimately affecting the Company's equity. The current Board has evaluated a number of business proposals for the Company and this work will be continued by the new Board. In order to give the new Board greater flexibility combined with a new investment, the Board proposes that the share capital of the Company is reduced to a level that both take into consideration the need for flexibility for the Company but at the same time is on a level that should be considered sufficient from an outside perspective.

The purpose of the proposal is thus to give the new Board full flexibility and possibility to act freely.

##### **a) Amendment to the articles of association**

To enable the reduction of the share capital according to item (b) below the Board proposes that the AGM resolves that the articles of association be amended so that the limits for the share capital in accordance with paragraph 4 of the Company's articles of association is amended from being at least SEK 100,000,000 and at most SEK 400,000,000 to be at least SEK 20,000,000 and at most SEK 80,000,000. According to the proposal paragraph 4 will read as follows after the change:

"The share capital of the Company shall be at least SEK 20,000,000 and at most SEK 80,000,000."

b) Reduction of the share capital

The Board proposes that the Company's share capital is reduced by SEK 228,114,374 for allocation to non-restricted reserves to be used as decided by future shareholders' meetings. The reduction shall take place without retirement of shares. After the resolution on reduction, the share capital will amount to SEK 40,265,898, which corresponds to a quota value of SEK one (1) per share. The resolution to reduce the share capital is conditional upon authorization from the Swedish Companies Registration Office or, if disputed, from the courts.

c) Reduction of the reserve fund

The Board proposes that the Company's reserve fund, which as per 31 December 2012 amounted to SEK 113,334,000, is allocated to non-restricted reserves to be used as decided by future shareholders' meetings. After executed reduction the reserve fund will be completely dissolved. The resolution to reduce the reserve fund is conditional upon authorization from the Swedish Companies Registration Office or, if disputed, from the courts.

The Board also proposes that the Board, or the person appointed by the Board, be authorized to make minor adjustments to the resolutions above that may be required in connection with registration at the Swedish Companies Registration Office and Euroclear Sweden AB. A resolution on the proposal as stated in this item 15 must be supported by shareholders representing at least two-thirds of both the votes cast and the shares represented at the meeting.

**Miscellaneous**

The shareholders may request the Board and the Managing Director to provide information in respect of any circumstances which may affect the assessment of a matter on the agenda of the annual general meeting and any circumstances which may affect the assessment of the Company's financial position. The Board and the Managing Director shall provide such information at the annual general meeting where the Board believes that such may take place without significant harm to the Company.

Accounting documents and auditor's report, the Board's complete proposals for decisions in accordance with the above, and the auditor's statement on the application of the guidelines for remuneration to the Company management, will be available for the shareholders at the Company's office, address as stated above, and on the company website [www.petrogrand.se](http://www.petrogrand.se) at the latest as from Friday 24 May 2013. Copies of the documents will also be sent without charge to the shareholders who ask for the documents and thereby indicate their addresses.

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Stockholm in May 2013  
**Petrogrand AB (publ)**  
*The Board of Directors*