

**Documents for the AGM in**

**SHELTON PETROLEUM AB (publ)**

**Monday 17 May 2010**

## **PROPOSED AGENDA**

1. Election of a chairman of the general meeting
  2. Preparation and approval of the voting register
  3. Election of one or two persons to attest the minutes
  4. Determination of whether the general meeting has been duly convened
  5. Approval of the agenda
  6. Presentation of the annual report and auditor's report as well as consolidated financial statements and auditor's report for the group
  7. Resolutions regarding
    - a. adoption of the income statement and balance sheet as well as consolidated income statement and consolidated balance sheet
    - b. allocation of the Company's profits or losses in accordance with the adopted balance sheet
    - c. discharge from liability for the directors and CEO
  8. Determination of the number of directors and alternate directors
  9. Determination of fees for the Board of Directors and the auditors
  10. Information regarding appointments held in other companies by candidates for election to the Board of Directors, election of directors and any alternate directors
  11. Resolution regarding guidelines for compensation to senior executives
  12. Resolution regarding a Nomination Committee and election of members thereof
  13. Resolution regarding amendments to the articles of association
  14. Resolution regarding authorisation for the Board of Directors to decide on new issues
  15. Closure of the general meeting
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## **PROPOSALS FOR RESOLUTIONS**

### **Chairman of the annual general meeting (item 1)**

The Nomination Committee proposes that the Chairman of the Board, Per Höjgård, be elected to chair the annual general meeting.

### **Allocation of the Company's earnings (item 7 b)**

The Board proposes that no dividend be issued for the 2009 financial year. Also refer to the Annual Report, p. 36.

### **Election of directors, Chairman of the Board and fees (items 8-10)**

The Nomination Committee proposes the re-election of directors Per Höjgård, Ulf Cederin, Peter Geijerman, Katre Saard, Richard N. Edgar, Zenon Potoczny and Bruce D. Hirsche, as well as re-election of Per Höjgård as Chairman of the Board.

It is further proposed that the general meeting resolve that board fees be paid to the Chairman in the amount of SEK 175,000 and SEK 75,000 to each of the other directors, with the exception of Zenon Potoczny who is employed in the Group. Fees will thus total SEK 550,000, including for committee work. It is proposed that the auditors be paid fees in accordance with approved invoices.

### **Guidelines for compensation to senior executives (item 11)**

The Board proposes that the general meeting adopt guidelines for compensation to senior executives with essentially the same content as the guidelines adopted at the 2009 annual general meeting, entailing the following. Compensation to management shall be on market terms and competitive in order to enable the Company to retain qualified employees. The compensation level for the individual executive shall be based on factors such as position, expertise, experience and performance. In addition to fixed salary, it shall be possible for management to receive variable salary, pensions, other benefits as well as an incentive programme. The fixed salary, which shall be individual and differentiated based on the individual's responsibilities, experience and performance, shall be determined based on market principles. Variable salary shall be based on the Company's earnings growth. The annual variable portion of salary may normally not exceed 30 per cent of fixed salary. Other benefits shall correspond to what is deemed reasonable relative to practice on the market. The portions are intended to create a balanced compensation and benefits programme which reflects the performance and responsibilities of the employees as well as the Company's earnings trend. The Board shall be entitled to deviate from these guidelines where special reasons exist in an individual case.

Refer to the Annual Report, p. 36.

### **Resolution regarding Nomination Committee and election of members (item 12)**

The Nomination Committee proposes that the general meeting appoint a Nomination Committee and re-elect Björn Lindström (Alpcot Capital Management and Corso Holding), Per Höjgård (Chairman of the Board) and Lars Hylander (independent).

The Nomination Committee's duties shall be to prepare and present proposals to the shareholders at the 2011 annual general meeting regarding election of a chairman of the meeting, the Chairman of the Board, directors and, where appropriate, auditors, as well as fees to the Board of Directors and auditors. The appointment shall extend until such time as a new Nomination Committee is appointed. In the event a member resigns from the Nomination Committee before the Committee's work is complete, the remaining members shall appoint a new member. No fees shall be paid to the members of the Nomination Committee. However, where necessary the Company may be liable for reasonable costs for external consultants which the Nomination Committee considers necessary for the performance of its duties.

### **Amendment of the articles of association (item 13)**

The Board proposes that the general meeting resolve to amend the provisions of the articles of association regarding the Company's objects, entailing that the objects shall be production, prospecting and distribution of natural sources as well as management and ownership of such licences in its own name or via subsidiaries or through smaller partnership shares or other forms of cooperation, including activities compatible therewith.

It is further proposed that the general meeting resolve that the limits for the share capital be increased to be not less than SEK 38 million and not more than SEK 152 million. As a consequence, it is proposed that the limits for the number of shares be increased to be no fewer than 380 million and no more than 1.52 billion.

The Board further proposes that the provisions of the articles of association regarding the procedure governing notice to attend general meetings be amended such that notice to attend general meetings shall be given through an announcement in *Post-och Inrikes Tidningar* (the Official Gazette) and on the Company's website and that information that notice has been given shall be published in *Svenska Dagbladet* at the time of the notice. The Board's proposal in this respect is conditional on proposed amendments to the Swedish Companies Act having entered into force and that the proposed wording is thereby compatible with the proposed amendments to the Swedish Companies Act.

It is proposed that the Board of Directors, or the person appointed by the Board, be entitled to effect such minor adjustments to the resolution as may be required for registration of the new articles of association at the Swedish Companies Registration Office.

Refer to § 3, § 4, § 6 and § 10 in attachment.

### **Authorisation of the Board to decide on new issues (item 14)**

The Board of Directors proposes that the general meeting authorise the Board, on one or more occasions during the period until the next annual general meeting, to decide on new issues of shares, warrants and/or convertible debentures in exchange for cash payment and/or with provisions regarding payment in kind or by set-off or otherwise with conditions, and that it thereupon be possible to derogate from the shareholders' pre-emption rights. The purpose of the authorisation and the reason for

the derogation from the shareholders' pre-emption rights is to facilitate the raising of capital for expansion through corporate acquisitions or acquisitions of business assets and for the Company's business. The total number of shares which may be issued pursuant to the authorisation may not exceed 200 million. In the event the authorisation is exercised in full, the increase in the share capital will correspond to a dilution effect of approximately 53 per cent. In the event an issue takes place by way of derogation from the shareholders' pre-emption rights, the issue shall take place on market terms. Any issue pursuant to the authorisation shall relate to class B shares.

### **Conditions and majority requirements for resolutions**

Valid resolutions regarding proposals under items 13 and 14 require that the resolution be supported by shareholders with at least two-thirds of both the votes cast and the shares represented at the meeting.

### **Miscellaneous**

The Company currently has 380,169,035 outstanding shares, of which 9,028,593 are class A shares (10 votes per share) and 371,140,442 are class B shares (1 vote per share). There are 461,426,372 voting rights.

## **Shelton Petroleum AB**

Company no. 556468-1491

### **ARTICLES OF ASSOCIATION**

Adopted at the Annual General Meeting on 17 May, 2010

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#### **§ 1 Name**

The company's name is Shelton Petroleum AB. The company is a public company (publ).

#### **§ 2 Registered office**

The company's registered office shall be situated in Stockholm.

#### **§ 3 Objects of the company's business**

The objects of the company's business shall be production, prospecting and distribution of natural sources as well as management and ownership of such licences in its own name or via subsidiaries or through smaller partnership shares or other forms of cooperation, including activities compatible therewith.

#### **§ 4 Share capital**

The company's share capital shall be a minimum of SEK 38 000 000 and a maximum of SEK 152 000 000.

The share capital shall be divided into two series, A and B. A-shares entitle the holder to ten (10) votes per share, whereas B-shares entitle the holder to one (1) vote per share.

The quantity of A-shares and B-shares shall be issued in such a way that either A-shares or B-shares correspond to the total number of shares in the company.

If the company decides to issue new A-shares and B-shares as payment other than non-cash consideration, holders of A-shares and B-shares, respectively, shall be given right of first priority to subscribe to new shares of the same series type in relation to the number of shares the holder previously held (primary right of precedence). Remaining shares not subscribed to under primary right of precedence shall be offered for subscription to all shareholders (subsidiary right of precedence). If shares offered in this way are insufficient in quantity to be subscribed to under

subsidiary right of precedent, then the shares shall be divided between subscribers in relation to the number of shares they previously held and, to the extent such division is not possible, they shall be distributed by lottery.

If, as payment other than non-cash consideration, the company decides to issue either solely A-shares or B-shares or share options or convertible notes or shares, all shareholders regardless of their share series type shall have right of precedence to subscribe to such new shares, options or convertible notes or shares, in relation to the number of shares they previously held.

The above shall not entail any restriction on the company's ability to decide on non-preferential rights issuances.

Upon an increase in share capital due to a bonus share issuance, new shares shall be issued for each share type in relation to the number of shares of each type that existed previously. Upon such issuance, old shares of one type shall entail the right to new shares of the same type. This shall not entail any restriction on the company's ability to issue shares of a new series type via a bonus share issuance, once it has amended the company's articles of association accordingly.

## **§ 5 Share conversion**

A-shares shall be converted to B-shares upon the demand of A-shareholders.

A conversion request is submitted to the company's board of directors, which in any event considers the matter at the first board meeting of the calendar year. If the request is granted, the board shall register the conversion without delay and shall have implemented the conversion by the time it is registered. The board of directors may nonetheless consider a request for the conversion of A-shares to B-shares at other meetings of the board during the year.

## **§ 6 Number of shares**

The number of shares shall be a minimum of 380 000 000 and a maximum of 1 520 000 000.

## **§ 7 The Board of Directors**

The board of directors shall consist of at least three (3) and at most eight (8) members. A nomination committee shall nominate persons for election to the board. The criteria for appointment of members to the nomination committee shall be decided at the meetings of shareholders.

## **§ 8 Auditor**

The company's annual report, as well as the director's report and board's statement shall be reviewed by one to two auditors and at most two deputy auditors, who are appointed at the company's annual general meeting.

## **§ 9 Financial year**

The company's financial year shall be the calendar year.

## **§ 10 Notice to attend meetings**

Notice of the Annual General Meeting and any Extraordinary General Meeting at which a proposal for amendment of the articles of association is to be considered shall be given not earlier than six weeks and not sooner than four weeks before the meeting. Notice of any other Extraordinary General Meetings shall be given not earlier than six weeks and not sooner than two weeks before to the meeting. Notice convening any meeting shall be given through an announcement in the *Post- och Inrikes Tidningar* (the Official Gazette) and on the Company's website and that information that notice has been given shall be published in *Svenska Dagbladet* at the time of the notice.

## **§ 11 Participation at general meeting of shareholders**

Shareholders who wish to participate in a General Meeting of shareholders shall give notice to the company of his or her intention to participate in the meeting no later than 16.00 the day that is set forth in the notice of the meeting. The aforementioned final day shall not be a Sunday nor any other public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and shall not fall prior to the fifth weekday before the meeting.

## **§ 12 Annual General Meeting**

The annual general meeting shall be held annually within six months after the end of the financial year. The order of business of the ordinary general meeting shall comprise the following:

1. Election of the chairman of the meeting
2. Preparation and approval of the list of shareholders entitled to vote at the meeting
3. Appointment of one or two persons to verify the minutes of the meeting
4. Determination of whether the meeting has been properly convened
5. Approval of the proposed order of business



6. Presentation of the annual report and auditor's report and, where applicable, the consolidated annual report and the auditor's report for the group
7. Adoption of resolutions concerning:
  - a) the adoption of the company's income statement and balance sheet and, where applicable, the consolidated income statement and the consolidated balance sheet
  - b) the appropriation of the company's profit or loss result, in accordance with the adopted balance sheet; and
  - c) granting of a discharge from liability for the members of the board and the managing director
8. Determination of the number of board members and, where applicable, the auditor and any deputies to be elected at the meeting
9. Setting of remuneration for the board members and the auditors
10. Declaration of board candidates' commitments and interests in other companies; election of board members and, where applicable, the auditor and any deputies.
11. Any other business which is to be transacted at the general meeting pursuant to the Swedish Companies Act or the articles of association.

### **§ 13 Control share register**

In accordance with Swedish law (1998:1479) on accounting of financial instruments, company shares must be registered in a control share register.

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