

## NOTICE OF AN EXTRAORDINARY GENERAL MEETING IN PETROLIA SE

An Extraordinary General Meeting of Petrolia SE (the "Company") will be held at the offices of Petrolia SE situated at 205 Christodoulou Chatzipavlou, Loulloupis Court, 4<sup>th</sup> Floor, Office 401, Limassol 3036, Cyprus on 15<sup>th</sup> December 2016 at 10:00 am Cyprus time.

The Extraordinary General Meeting will be opened by the Chairperson of the Board of Directors, Berge Gerdt Larsen (or his proxy).

**The following items will be on the agenda:**

**1. Appointment of Chairperson of the AGM**

It is proposed that Berge Gerdt Larsen (or his proxy) be appointed as chairperson of the meeting.

**ORDINARY RESOLUTION No. 1**

**THAT** Berge Gerdt Larsen (or his proxy) be appointed as chairperson of the meeting.

**2. Approval of the Reduction of the Authorised Share Capital**

It is proposed that the authorized share capital of the Company from USD 27,235,867 divided into 27,235,867 ordinary shares of a nominal value of USD 1.00 each, be reduced to USD 2,723,586.70 divided into 27,235,867 ordinary shares of a nominal value of USD 0.10 each.

**SPECIAL RESOLUTION No. 2**

**IT IS HEREBY APPROVED THAT** the authorized share capital of the Company from USD 27,235,867 divided into 27,235,867 ordinary shares of a nominal value of USD 1.00 each be reduced to USD 2,723,586.70 divided into 27,235,867 ordinary shares of a nominal value of USD 0.10 each.

**3. Approval of the Reduction of the Issued Share Capital**

It is proposed that the issued share capital of the company from USD 27,235,867 divided into 27,235,867 fully paid ordinary shares with a nominal value of USD 1.00 each, be reduced to USD 2,723,586.70 divided into 27,235,867 fully paid ordinary shares with a nominal value of USD 0.10 each through the reduction of the nominal value of each of the ordinary shares comprising the authorized and issued share capital of the company from USD 1.00 to USD 0.10.

**SPECIAL RESOLUTION No. 3**

**IT IS HEREBY APPROVED THAT** the existing issued share capital of the company be reduced from USD 27,235,867 divided into 27,235,867 fully paid ordinary shares with a nominal value of USD 1.00 each, to USD 2,723,586.70 divided into 27,235,867 fully paid ordinary shares with a nominal value of USD 0.10 each through the reduction of the nominal value of each of the ordinary shares comprising the authorized and issued share capital of the company from USD 1.00 to USD 0.10.

**4. Approval of the resolution in relation to the cancellation of the amount of USD 24,512,280.30 from the company's paid up share capital.**

It is proposed that the amount of USD 24,512,280.30 be cancelled from the company's paid up share capital (through the reduction of the nominal value of each share as aforesaid) will be used for the partial write off of the company's accumulated losses.

#### SPECIAL RESOLUTION No. 4

**IT IS HEREBY APPROVED THAT** the amount of USD 24,512,280.30 be cancelled from the company's paid up share capital (through the reduction of the nominal value of each share as aforesaid) will be used for the partial write off of the company's accumulated losses.

**5. Approval of the resolution in respect of the increase of the authorised share capital of the company through the creation of new but unissued ordinary shares.**

It is proposed that the authorized share capital of the Company from USD 2,723,586.70 divided into 27,235,867 ordinary shares with a nominal value of USD 0.10 each to USD 27,235,867 divided into 272,358,670 ordinary shares of USD 0.10 each, be increased to 272,358,670 through the creation of 245,122,803 new (but unissued) ordinary shares with a nominal value of USD 0.10 each which shall rank pari passu in all respects with each other and with all other ordinary shares of the company so that the authorised capital of the Company will be equal to the authorised prior to the reduction pursuant to resolution 2 above.

*Note.*

*Following this increase, the total authorised share capital will be reinstated to the same level as it was before this share capital reduction, enabling the company to increase its issued share capital in the future without incurring significant cost for payment of share capital duties.*

*In accordance with Paragraph 4 of the Articles of Association of the Company, the authorised and unissued shares of the company shall be at the disposal of the members of the company*

#### SPECIAL RESOLUTION No. 5

**IT IS HEREBY APPROVED** to increase the authorized share capital of the Company from USD 2,723,586.70 divided into 27,235,867 ordinary shares with a nominal value of USD 0.10 each to USD 27,235,867 divided into 272,358,670 ordinary shares of USD 0.10 each, through the creation of 245,122,803 new (but unissued) ordinary shares with a nominal value of USD 0.10 each which shall rank pari passu in all respects with each other and with all other ordinary shares of the company so that the authorised capital of the Company will be equal to the authorised prior to the reduction pursuant to resolution 2 above.

**6. Approval of the resolution in respect of the issue and allotment of new shares**

It is proposed to issue and allot of 26,522,121 new ordinary shares of a nominal value USD 0.10 each, to be issued and allotted at a price of USD 0.50 per share, including premium, in settlement of the 75% of the outstanding bond (USD 17,681,414 \* 75% = 13,261,060.50 \* USD 0.50 per share, including premium) without applying any pre-emptive rights of the existing shareholders of the Company in relation to the issue and allotment of such new shares in the Company.

*Note.*

- a. The proposed issue and allotment of shares shall be offered by the Company to less than 150 investors.*
- b. The company was incorporated on 17 March 1997 and listed at Oslo Stock Exchange on 12 May 1997.*

*The share price during 2016 has fluctuated around USD 0.50 per share and the Book value per share has consistently been significantly higher than the share price.*

*In view of the above, the proposed issue price of USD 0.50, per share, including premium, is considered as a fair consideration in the contemplated conversion of bonds to equity.*

*Furthermore, the proposed issue will reduce the future interest costs of the Company, improve its cash flow, strengthen the Company's capital base and finally will reduce the risk for all stakeholders.*

*The present resolution is subject to approval by the meeting of Bondholders to amend the Bond Agreement which is scheduled for the 8<sup>th</sup> December 2016, and shall only be put to the vote if the approval by the Bondholders is first granted*

### **SPECIAL RESOLUTION No. 6**

**IT IS HEREBY APPROVED** to issue and allot 26,522,121 new ordinary shares of a nominal value USD 0.10, to be issued and allotted at a price of USD 0.50 per share, including premium, in settlement of the 75% of the outstanding bond (USD 17,681,414 \* 75% = 13,261,060.50 \* USD 0.50 per share) without applying any pre-emption rights of the existing shareholders of the Company in relation to the issue and allotment of such new shares in the Company.

#### **7. Waiving of the Pre-emption Rights**

It is proposed that the pre-emption rights afforded to the existing shareholders of the company pursuant to section 60B of Companies Law Cap. 113 in relation to the issue and allotment of the shares pursuant to resolution number 6 above are waived and excluded.

### **SPECIAL RESOLUTION No. 7**

**IT IS HEREBY APPROVED** that the pre-emption rights afforded to the existing shareholders of the company pursuant to section 60B of Companies Law Cap. 113 in relation to the issue and allotment of the shares pursuant to resolution number 6 above are waived and excluded

Shareholders who wish to attend the Extraordinary General Meeting, either in person or by proxy, are requested to complete the notice of attendance or proxy form (which includes detailed instructions for the use of the form) attached hereto as Appendix 1. Please return the notice of attendance or proxy form by regular mail, facsimile or email by 9<sup>th</sup> December 2016 at 17:30hrs (Cyprus time) to:

Petrolia SE  
Attn.: Demos Demou  
P.O. Box 56128  
3304 Limassol - Cyprus  
Phone: +357 25725777  
Facsimile: + 357 25356500  
E-mail: [demos.demou@petrolia.eu](mailto:demos.demou@petrolia.eu)

Proxy may, if desirable, be given to Mr. Demos Demou (or his proxy) and a proxy need not be a shareholder of Petrolia SE.

Petrolia SE is a European company subject to the rules of the European Council Regulation no. 2157/2001 of 8th October 2001 on the statute for a European company (SE) and Cypriot Laws. As of the date of this notice, the Company has 27,235,867 issued ordinary shares of nominal value USD 1.00 each. Each of such ordinary shares represent one vote. The shares also have equal rights in all other respects.

For the purpose of this Extraordinary General Meeting the record date shall be the 12<sup>th</sup> December 2016; only those members who are registered shareholders on that date have the right to participate and vote at the meeting.

This notice and its appendices, are also available at the Company's homepage: [www.petrolia.eu](http://www.petrolia.eu).

Limassol, 22<sup>nd</sup> November 2016

For the Board of Directors of Petrolia SE

Berge Gerdt Larsen  
Chairperson of the Board

**NOTICE OF ATTENDANCE – EXTRAORDINARY GENERAL MEETING 15<sup>TH</sup> DECEMBER 2016 OF PETROLIA SE**

Notice of your attendance at the Extraordinary General Meeting of Petrolia SE on 15<sup>th</sup> December 2016 can be given using this notice. The notice should be sent to Petrolia SE so that it is received by the company by 12<sup>th</sup> December 2016 at 17:30 hrs (Cyprus time).

Address:

Petrolia SE

Attn.: Demos Demou

P.O. Box 56128

3304 Limassol - Cyprus

Phone: +357 25725777

Facsimile: + 357 25356500

E-mail: demos.demou@petrolia.eu

If you have registered but are unable to attend, you are entitled to appoint another person to attend the meeting on your behalf by submitting a signed and dated proxy to the Company at the address set out above by 12<sup>th</sup> December 2016 at 17:30 hrs (Cyprus time).

The undersigned will attend the Extraordinary General Meeting of Petrolia SE on 15<sup>th</sup> December 2016 and *(please tick)*:

<input type="checkbox"/>	Vote for my/our shares
<input type="checkbox"/>	Vote for shares pursuant to the enclosed proxy(ies)

Number of shares:

\_\_\_\_\_

The name and address of the shareholder:

\_\_\_\_\_ *(please use capital letters)*

\_\_\_\_\_  
Date

\_\_\_\_\_  
Place

\_\_\_\_\_  
Signature of the shareholder\*

\*Important Notice: Please include title of authorised signatory and attach evidence of authority

