



**Selena Oil & Gas Holding AB
Annual General Meeting 2017
Document Item 11**

Appendix A

Proposed resolution to be adopted by the AGM:

From: Selena Oil and Gas Holding AB (publ)
Executed by the Board of Directors

To: Selena Oil and Gas AB 556814-3084
Dated: 2017-09-20

Owners Directive

Background

Selena Oil & Gas Company has since June 2013 experienced multiple challenges in regards to:

- a conflict with a shareholder, hence the Company's opportunity to secure financing for its business plan has been made impossible.
- Drastically reduced oil prices oil price has reduced profitability in oil & gas exploration.
- Substantial changes in relations to the Russian Federation have further weakened the interest to investments in Russia.

In summary the prospect of developing the potential from Selena Company's oil and gas assets that were promising in 2012 have weakened dramatically.

Situation for the group in 2016

In 2015, the Company secured a off-take agreement with a Russian company of RUB 130M on a plan to develop an oil field through repurchase of five wells to establish production equipment expanding the Company's production to above 300 bbl per day. The project was initially successful, with acquisition of four wells that were set in production reaching above 40 tons per day equivalent to >300 bbl per day.

Mid 2016 the production ran into serious problems with falling production levels from non-performing wells and requirement for expensive overhauls. The ultimate consequence was the off-take agreement declared by the creditor as defaulted. As important assets were pledged to the creditor, the Company faced imminent threat of foreclosure which would have left the Company in bankruptcy.

Selena Oil & Gas Holding AB (publ) 556643-6613,
Selena Oil & Gas AB (556814-3084)

August 2016, Selena Oil & Gas Holding AB, the Swedish parent company was informed about a decision from the Swedish Tax Authorities to withdraw the VAT status from the Company. The invalidation of five years VAT returns created a debt to Swedish Tax Authorities of SEK 2,5M. The Swedish Tax Authorities demanded in January 2017, for full and immediate payment with an ultimate threat of declaring the Company's bankruptcy in a case of no payment.

The Directors were informed in December 2016 on the above and are aware of the described situation. The process to divest OOO Selena-Perm, OOO Prefo and oilfield Kulighinskoye has been executed successfully and the Company has received payments of no less than RUB 220 Million.

Instructions for decisions in Selena Oil & Gas AB

The Directors were informed in December 2016 on the above described situation and the necessity of acting fast, as the Company needs to make a decision to divest OOO Selena-Perm, OOO Prefo and oilfield Kulighinskoye through a rapid sales process.

The instruction to the board of directors in Selena Oil & Gas Holding AB was to secure values for the above two company's and the oilfield of no less than RUB 220 Million.

The instruction was to have a sales contract signed before the end of February 2017, with payment to be received latest in June 2017. Proceeds from the sale shall be allocated to full payment of the Swedish Tax debt and to payment of defaulted Russian credits.