



May 3, 2012

## Black Earth Farming Ltd Notice of Annual General Meeting 25 May 2012

St Helier, Jersey, 2012-05-03 14:00 CEST (GLOBE NEWSWIRE) --

Notice is hereby given to the holders of Swedish Depository Receipts in respect of shares in Black Earth Farming Ltd (the "Company") that an Annual General Meeting of shareholders shall be held on Friday 25 May 2012 at 9:00 am at Näringslivets Hus (Conference room Wallenbergaren), Storgatan 19 in Stockholm, Sweden.

### Notice to attend etc.

Holders of Swedish Depository Receipts wishing to attend the Annual General Meeting shall:

- (1) be recorded in the register of holders of depository receipts kept by Euroclear Sweden AB on Friday 18 May 2012; and
- (2) notify the Company of the intention to attend the General Meeting not later than 1:00 pm on Friday 18 May 2012 by e-mail to [agm@blackearthfarming.com](mailto:agm@blackearthfarming.com) or by mail at the address Annual General Meeting, Black Earth Farming Ltd, c/o Computershare, Box 610, 182 16 Danderyd, Sweden, by telephone +46 (0)771 24 64 00 or by fax +46 (0)8 588 04 201. The holder of the Swedish Depository Receipts shall state his name, personal or company identification number, address as well as telephone number. If a holder of Swedish Depository Receipts intends to be represented by proxy, the name of the proxy holder shall be stated. For holders of Swedish Depository Receipts who will be represented by a proxy at the General Meeting, a proxy form will be made available at the Company's website on [www.blackearthfarming.com](http://www.blackearthfarming.com). The validly signed proxy form should be sent or mailed to the Company at the above address prior to the General Meeting.

Holders of Swedish Depository Receipts which hold their receipts through nominees (Sw. *förvaltare*) must request a **temporary registration of the voting rights** in order to be able to participate at the General Meeting. Holders of Swedish Depository Receipts that want to obtain such registration must contact the nominee regarding this well in advance of Friday 18 May 2012.

Voting forms (Sw. *röstkort*) will be distributed to the holders that have complied with the above requirements and the **voting form** must be brought to the Annual General Meeting.

### Proposed agenda

1. Election of Chairman for the Meeting.
2. Preparation and approval of voting list.
3. Approval of the agenda.
4. Election of one or two persons to check and sign the minutes.
5. Resolution that the Meeting has been duly convened.
6. Presentation by the Managing Director.
7. Presentation of the annual report and the auditor's report as well as the consolidated annual report and the consolidated auditor's report.
8. Resolution in respect of
  - (a) the adoption of the profit and loss account and the balance sheet as well as the consolidated profit and loss account and the consolidated balance sheet; and

(b) the appropriation of the Company's results according to the adopted balance sheet.

9. Determination of the number of Directors and auditors.
10. Determination of remuneration to the Directors and the auditors.
11. Election of Directors and auditors.
12. Resolution to appoint the Nomination Committee.
13. Resolution regarding remuneration principles for the senior management.
14. Resolution regarding a performance based incentive programme.
15. Resolution regarding amendment of the warrant instrument.
16. Closing of the Meeting.

### **Chairman for the Meeting (item 1)**

The Nomination Committee (consisting of Per Brilioth, Chairman, Mia Brunell Livfors and Leif Törnvall) proposes that Per Nyberg is elected as Chairman for the Meeting.

### **The appropriation of the Company's results (item 8b)**

The Board of Directors proposes that no dividend shall be paid for the financial period 2011.

### **Election of Directors and auditors etc. (items 9-11)**

The Nomination Committee proposes that the Board shall consist of seven Directors without deputies. The Nomination Committee proposes, for the period until the end of the next Annual General Meeting, the re-election of Per Brilioth, Alex Gersh, Henrik Persson, Poul Schrøder, Magnus Unger and Richard Warburton and the election of Vigo Carlund. Sture Gustavsson has declined re-election. Further, it is proposed that the Meeting shall appoint Vigo Carlund as Chairman of the Board.

Based on the above proposed composition of the Board, the Nomination Committee proposes a total Board remuneration (including remuneration for the work within the committees of the Board of Directors) not exceeding EUR 310,000, allocated as follows: (i) each Director who is not employed by the Company shall receive EUR 30,000 on an annual basis; (ii) the Chairman shall receive an additional amount of EUR 30,000 on an annual basis; and (iii) the Chairmen of the Audit Committee and the Operations & Responsibility Committee shall each receive an additional amount of EUR 30,000 on an annual basis and each of the other members of the committees (not more than four other members; with no remuneration for the CEO) shall each receive an additional amount of EUR 10,000 on an annual basis.

Finally, the Nomination Committee proposes that Deloitte is elected as auditor of the Company until the end of the next Annual General Meeting and remunerated upon approval of their invoice.

### **Nomination Committee (item 12)**

For the purposes of the Annual General Meeting in 2013, the Nomination Committee proposes that a Nomination Committee shall be established consisting of representatives from the three largest shareholders in the Company. The ownership shall be based on the shareholding statistics from the Swedish central securities depository Euroclear Sweden AB as per the last business day in August 2012. The members of the Nomination Committee shall be announced as soon as they have been appointed, which shall take place no later than six months prior to the Annual General Meeting in 2013. In case of a material change in ownership prior to completion of the work to be performed by the Nomination Committee, it shall be possible to change the composition of the Nomination Committee. The Nomination Committee's mandate period extends up to the appointment of a new Nomination Committee. The Nomination Committee shall appoint a Chairman among themselves. If the representatives cannot agree upon appointment of Chairman, the representative representing the shareholder with the largest number of votes shall be appointed as Chairman. The Nomination Committee shall prepare proposals for the following resolutions at the Annual General Meeting in 2013: (i) election of the Chairman for the Meeting, (ii) election of Directors, (iii) election of the Chairman of the Board of Directors, (iv) remuneration to the Directors, (v) election of the Company's auditors and (vi) compensation to the Company's auditors, and (vii) proposal for how to conduct the nomination process for the Annual General Meeting in 2014.

### **Remuneration principles for the senior management (item 13)**

The Board of Directors proposes that the General Meeting resolves to approve the following management remuneration principles etc. The remuneration to the Managing Director and other members of the senior management shall consist of fixed salary, variable remuneration and other benefits. The total remuneration shall correspond to the prevailing market conditions and be competitive. The fixed and variable remuneration shall correspond to the respective individual's responsibility and authority. Notice period for termination of employment shall not exceed six months.

### **Resolution regarding a performance based incentive programme (item 14)**

The Board of Directors proposes that the General Meeting resolves to adopt a performance based incentive programme for a limited number of senior executives of the Company (the "Plan").

#### *Personal investment*

In order to participate in the Plan, the participants must purchase shares (in form of SDRs) in the Company. These shares can either be shares already held or shares purchased on the market in connection with the notification to participate in the Plan. If the participants has insider information which prevents him from purchasing shares in the Company, the shares shall be purchased as soon as possible after the participant is no longer restricted from purchasing shares in the Company, but not later than six months after notification to participate in the Plan.

For each share held under the Plan, the Company will grant retention rights and performance rights, free of charge, to the participant.

#### *General conditions*

Subject to fulfilment of certain retention and performance based conditions during a three year period (the "Measurement Period"), the participant maintaining the employment within the Black Earth Farming Group at the release of the interim report for the period January — March in the third financial year following the grant of the rights and subject to the participant maintaining the invested shares during the vesting period ending at the release of the interim report for the period January — March in the third financial year following the grant of the rights, each right entitles the participant to receive one share (in the form of SDR) in the Company.

#### *Performance conditions*

The rights are divided into Series A; retention rights and Series B-E; performance rights. The number of shares the participant will receive depends on the number of investment shares and on the fulfilment of the following defined retention and performance based conditions:

*Series A* The participants still being an employee of the Group at the release of the interim report for the period January — March in the third financial year following the grant of the rights.

*Series B* The Group's return on capital (measured as EBIT divided by total assets) averages 10% over the three financial years beginning with the financial year when the rights are granted. In respect of rights granted after 2012, the Board of Directors shall have the right, in its sole discretion, to increase the average percentage for the return of capital referred to above.

*Series C* The Group is profitable (based on EBIT) during two of three financial years beginning with the financial year when the rights are granted.

*Series D* The Group's total revenues in the third financial year is 75% higher than the total revenues during the preceding financial year when the rights are granted.

*Series E* The blended yield of crops over the three financial years, beginning with the financial year when the rights are granted, is 20% higher than blended yield of crops in preceding life of the Group excluding 2010 and corrected for beet and crop changes.

The Board of Directors intends to disclose the outcome of the retention and performance based conditions in the annual report of the third financial year following the 2015.

#### *Retention rights and performance rights*

The retention rights and performance rights shall be governed by the following terms and conditions:

- Granted free of charge after the annual general meeting.
- May not be transferred or pledged.
- Vests after the release of the interim report for the period January — March in the third financial year following the grant of the rights.
- Any dividends paid on the underlying share will increase the number of shares that each retention right and performance right entitles to in order to align the shareholders and the participants interests.
- Vests provided that the holder has maintained the personal investment during the vesting period ending at the release of the interim report for the period January — March in the third financial year following the grant of the rights and is still employed by the Group during this vesting period.

#### *Preparation and administration*

The Board of Directors, or a committee established by the Board for these purposes, shall be responsible for preparing the detailed terms and conditions of the Plan, in accordance with the mentioned terms and guidelines. To this end, the Board shall be entitled to make adjustments to meet foreign regulations or market conditions. The Board may also make other adjustments if significant changes in the Group, or its operating environment, would result in a situation where the decided terms and conditions for the personal investment, and the allotment and vesting of retention rights and performance right under the Plan become irrelevant.

#### *Allocation*

In total, the Plan is estimated to comprise up to 1,050,000 shares held by the employees entitling to allotment of up to 5,250,000 rights whereof 1,050,000 retention rights and 4,200,000 performance rights.

The Company will grant rights to the participants during a three year period, where 2,750,000 rights will be granted during 2012 and 1,250,000 rights during each of 2013 and 2014. The participants are divided into different categories and in accordance with the above, the Plan will comprise the following number of shares and maximum number of rights for the different categories:

- the CEO: may acquire up to 530,000 shares within the Plan, entitling the holder to allotment of one right of each of Series A-E per invested share, which entitles the holder to receive a maximum of 2,650,000 rights (1,650,000 rights during 2012 and 500,000 rights during each of 2013 and 2014); and
- other senior executives (including three current senior executives and additional senior executives that may be employed or otherwise promoted within the Group in the future): may each acquire such number of shares decided by the Board of Director, however, not exceeding 240,000 shares within the Plan, entitling the holder to allotment of one right of each of Series A-E per invested share, which entitles the holder to receive a maximum of 1,200,000 rights (500,000 rights during 2012 and 350,000 rights during each of 2013 and 2014).

#### *Scope and costs of the Plan*

The Plan will be accounted for in accordance with IFRS 2 which stipulates that the rights should be recorded as a personnel expense in the income statement during the vesting period. Based on the assumptions of a share price of SEK 10.25 (i.e. closing share price of the Black Earth Farming shares on 2 May 2012), a maximum participation, no employee turnover among the participants of the Plan, an average fulfilment of performance conditions of approximately 50 per cent, and full vesting of retention rights, the cost for the Plan, excluding social security costs, is estimated to approximately USD 4.8 million. The cost will be allocated over the years 2012-2017.

The maximum dilution is up to 4.2% in terms of shares outstanding and 4.2% in terms of costs for the Plan as defined in IFRS 2 divided by Black Earth Farming's market capitalisation.

The Board of Directors further proposes that the General Meeting authorises the Board of Directors to issue up to 5,250,000 shares for the fulfilment of the Company's obligations under the Plan.

#### *The rationale for the proposal*

The objective of the proposed Plan is to create conditions for retaining competent employees in the group. The Plan has been designed based on the view that it is desirable that senior executives within the group are shareholders in the Company. Participation in the Plan requires a personal investment in Black Earth Farming shares.

By offering an allotment of retention rights and performance rights which are based on profits and other retention and performance based conditions the participants are rewarded for increased shareholder value. Further, the Plan rewards employees' loyalty and long-term growth in the Company. Against this background, the Board of Directors is of the opinion that the adoption of the Plan as set out above will have a positive effect on the Group's future development and thus be beneficial for both the Company and its shareholders.

### **Resolution regarding amendment of warrant instrument and issue of new warrants (item 15)**

The Board proposes that the General Meeting resolves to amend the terms and conditions of the warrant instrument by way of an addendum by way of deed poll (the "Addendum") and pass the following special resolution:

"That the Company amend the terms of the warrant instrument created by the Company on 11 August 2005, as amended by an addendum dated 15 November 2007, by entering into an addendum thereto by way of deed poll in the form attached hereto."

In summary the Addendum provides that Clause 4.1 of the warrant instrument shall be deleted and replaced with:

"Each Warrant may be exercised at the election of the Warrant holder once the relevant Warrant has vested in accordance with the vesting schedule contained in the relevant Warrant Certificate and no later than 31 December 2020. The Board shall have the right to allocate further Warrants to such persons and on such terms, subject to the terms of this Instrument, as it deems fit. Warrants issued prior to the AGM 2012 shall be governed by previous wording of this Clause 4.1, unless the Board of Directors decides otherwise."

The Board of Directors intends to issue 500,000 warrants (where 400,000 warrants are issued following the AGM and 100,000 warrants after approximately 12 months following the AGM) to the CEO of the Company. The warrants shall have a term of four years and vesting shall take place with one third for each of the first three years. Exercise price shall be equal to 125% of the average market price for the Company's SDRs on NASDAQ OMX Stockholm during 10 trading days immediately preceding the issue of the warrants. The Board of Directors may, in its sole discretion, issue additional warrants pursuant to the warrant instrument of the Company to current and future employees of the Company.

### **Miscellaneous**

The annual accounts and the auditors' report are available at the Company's office at 8 Church Street, St Helier, Jersey JE4 0SG Channel Islands and at its website [www.blackearthfarming.com](http://www.blackearthfarming.com).

3 May 2012

PARETO ÖHMAN AB

BOARD OF DIRECTORS OF  
BLACK EARTH FARMING LTD

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