

*This is a non-official translation of the Swedish original wording. In case of differences between the English translation and the Swedish original, the Swedish text shall prevail.*

**Proposal by the Board of Directors of Ferronordic Machines AB for the annual general meeting 2014 concerning authorization to decide upon issue of new ordinary shares**

The Board proposes that the meeting authorizes the Board to, not later than the next annual general meeting, at one or several occasions – with or without deviation from the shareholders' rights – decide upon an issue of ordinary shares in the company. The authorization can only be used to issue shares in connection with a listing of the company's ordinary shares on NASDAQ OMX Stockholm or another regulated market. Payment for subscribed shares shall, as relevant, be made in cash, by set-off, or in kind.

The reason for authorizing the Board to make a decision on issue of new ordinary shares with deviation from the shareholders' preferential rights is to offer preference shares to investors in connection with a listing of the company's ordinary shares on NASDAQ OMX Stockholm or another regulated market. The new ordinary shares shall be issued at market rate determined by the Board in consultation with the company's financial advisors.

The proposal requires support by shareholders representing at least two thirds of both the votes cast and the shares represented at the meeting.

Each of Anders Blomqvist and Henrik Carlborg, or whomever one of them may appoint, is authorized to make such changes to the resolution as may be required in connection with the registration thereof with the Swedish Companies Registration Office or with Euroclear Sweden AB or due to other formal requirements.

Stockholm in April 2014

The Board of Directors of Ferronordic Machines AB (publ)