

Documents for the AGM in

LUNDIN PETROLEUM AB (publ)

Wednesday 13 May 2009

**AGENDA**  
**for the AGM in**  
**LUNDIN PETROLEUM AB (publ)**

- 1. Opening of the meeting.**
- 2. Election of Chairman of the meeting.**
- 3. Preparation and approval of the voting register.**
- 4. Approval of the agenda.**
- 5. Election of one or two persons to approve the minutes.**
- 6. Determination as to whether the meeting has been duly convened.**
- 7. Speech by the Managing Director.**
- 8. Presentation of the annual report and the auditors' report, the consolidated annual report and the auditors' group report.**
- 9. Resolution in respect of adoption of the profit and loss statement and the balance sheet and the consolidated profit and loss statement and consolidated balance sheet.**
- 10. Resolution in respect of appropriation of the company's profit or loss according to the adopted balance sheet.**
- 11. Resolution in respect of discharge from liability of the members of the Board and the Managing Director.**
- 12. Presentation by the Nomination Committee:**
  - The work of the Nomination Committee**
  - Proposal for election of Chairman of the Board and other members of the Board**
  - Proposal for remuneration of the Chairman and other members of the Board**
  - Proposal for election of auditors**
  - Proposal for remuneration of the auditors.**
- 13. Resolution in respect of the number of members of the Board to be elected at the meeting.**
- 14. Resolution in respect of remuneration of the Chairman and other members of the Board.**
- 15. Election of Chairman of the Board and of other members of the Board.**
- 16. Election of auditors.**

**17. Resolution in respect of remuneration of the auditors.**

**18. Presentation of proposals in relation to:**

- **Principles for compensation and other terms of employment for management**
- **Remuneration of Board members for special assignments outside the directorship**
- **Authorization of the Board to resolve new issue of shares and convertible debentures**
- **Authorization of the Board to resolve repurchase and sale of shares**
- **Amendment of the Articles of Association regarding the object of the Company's business and notice of a General Meeting..**

**19. Resolution in respect of principles for compensation and other terms of employment for management.**

**20. Resolution in respect of remuneration of Board members for special assignments outside the directorship.**

**21. Resolution to authorize the Board to resolve new issue of shares and convertible debentures.**

**22. Resolution to authorize the Board to resolve repurchase and sale of shares.**

**23. Resolution in respect of amendment of the Articles of Association.**

**24. Resolution regarding the nomination process for the AGM in 2010.**

**25. Other matters.**

**26. Closing of the meeting.**

**Proposals for resolutions to be presented at the AGM in  
Lundin Petroleum AB (publ)  
Wednesday, 13 May 2009**

***Resolution in respect of appropriation of the company's profit or loss according to the adopted balance sheet (item 10)***

The Board of Directors proposes that no dividend is declared for the financial year 2008.

***Resolutions in respect of Chairman of the meeting, number of Board members, fees payable to the Board members and auditors, election of Chairman of the Board and of other members of the Board and election of auditors (items 2, and 13-17)***

Lundin Petroleum AB's Nomination Committee, consisting of Ian H. Lundin (Chairman of the Board of Directors), Magnus Unger, (Member of the Board of Directors and Chairman of the Nomination Committee), KG Lindvall (Swedbank Robur), Carl Rosén (Second Swedish National Pension Fund) and Ossian Ekdahl (First Swedish National Pension Fund), jointly representing approximately 40 per cent of the voting rights for all the shares in Lundin Petroleum AB, proposes the following:

- Election of advokat Erik Nerpin as Chairman of the meeting.
- Election of seven members of the Board of Directors with no deputy members.
- A total compensation to the Board of Directors of SEK 3.5 million to be divided as follows. SEK 800'000 to the Chairman, SEK 400'000 to other members of the Board not employed in Lundin Petroleum and SEK 100'000 for each assignment in the Committees of the Board of Directors (in total not more than SEK 700'000 for committee work).
- Re-election of the members of the Board Ian. H. Lundin, Magnus Unger, William A. Rand, Lukas H. Lundin, C. Ashley Heppenstall and Asbjørn Larsen and election of Dambisa F. Moyo as new member of the Board. Dambisa F. Moyo is a former Global Economist at Goldman Sachs in London. She previously worked at the World Bank in Washington DC. Dambisa F. Moyo holds a Doctorate in Economics from Oxford University and a Masters in Public Administration, International Trade and Finance from Harvard University.
- Re-election of Ian H. Lundin as Chairman of the Board of Directors.
- Election of PricewaterhouseCoopers AB as auditors with the authorized public accountant Bo Hjalmarsson as the auditor in charge.
- Payment of auditors' fees upon approval of their invoice.

***Resolution in respect of principles for compensation and other terms of employment for management (item 19)***

The Board of Directors' proposal for principles for compensation and other terms of employment for Lundin Petroleum's management entails that it is the aim of Lundin Petroleum to recruit, motivate and retain high calibre executives capable of achieving the objectives of the group, and to encourage and appropriately reward superior performance in a manner that enhances shareholder value. Accordingly, the Group operates a Policy on Remuneration which ensures that there is a clear link to business strategy and a close alignment with shareholder interests and current best practice, and aims to ensure that senior executives are rewarded fairly for their contribution to the Group's performance.

There are five key elements to the remuneration package of management in the Group: a) Basic salary; b) Yearly variable salary; c) Long-term Incentive Plan (LTIP); d) Pension arrangements; and e) Non-financial benefits. The yearly variable salary shall normally be within the range of 1 - 10 monthly salaries.

The proposed 2009 LTIP entails a remuneration plan related to the Company's share price. Lundin Petroleum's undertaking under the proposed LTIP may be secured through repurchase of shares and will not include any dilution of the share capital.

Please refer to [attachment 1](#) for more information.

#### ***Remuneration of Board members for special assignments outside the directorship (item 20)***

Shareholders jointly representing approximately 30 per cent of the voting rights for all the shares in the company propose that an amount of not more than SEK 2.5 million in total be available for remuneration of Board members for special assignments outside the directorship.

#### ***Authorization to resolve new issue of shares and convertible debentures (item 21)***

The Board of Directors proposes that the Board is authorized to decide, at one or more occasions until the next Annual General Meeting:

(i) to issue new shares with consideration in cash or in kind or by set-off or otherwise with conditions and thereby be able to resolve to disapply the shareholders pre-emption rights. To the extent the new shares are issued with disapplication of the shareholders pre-emption rights they shall be issued at a subscription price that closely corresponds to the market price of the shares at the time of the issue; and

(ii) to issue convertible debentures with consideration in cash or in kind or by set-off or otherwise with conditions and thereby be able to resolve to disapply the shareholders pre-emption rights. To the extent the convertible debentures are issued with disapplication of the shareholders pre-emption rights they shall be issued at a subscription price that closely corresponds to market value based on the market price of the shares at the time of the issue of the convertible debentures.

The reason for disapplying the shareholders' pre-emption rights is to enable Lundin Petroleum to make business acquisitions or other major investments. The total number of shares that can be issued based on the authorization may not exceed 35'000'000. If the authorization is exercised in full, the newly issued shares would constitute approximately 10 per cent of the share capital.

#### ***Authorization to resolve repurchase and sale of shares (item 22)***

The Board of Directors proposes that the Board is authorized, during the period until the next Annual General Meeting, to decide on repurchases and sales of Lundin Petroleum shares on the NASDAQ OMX Stockholm (the "Exchange"). The maximum number of shares repurchased shall be such that shares held in treasury from time to time do not exceed five per cent of all shares of the Company. Repurchase of shares on the Exchange may take place only at a price within the spread between the highest bid price and lowest ask price as registered from time to time on the Exchange. The repurchases shall be made in accordance with the provisions concerning the purchase and sale of a company's own shares in the "Rule Book for Issuers" issued by the Exchange.

The purpose of the authorization is to provide the Board of Directors with an instrument to optimize Lundin Petroleum's capital structure and thereby create added value for the shareholders and to secure Lundin Petroleum's obligations under the Long-term Incentive Plan ("LTIP", see item 19 above). The authorization shall also include the right to secure the obligations under the LTIP by the acquisition of derivatives. Repurchased shares may not be transferred to employees.

Based on the annual report, the consolidated financial statements and other information which has become known, the Board of Lundin Petroleum AB has considered all aspects of the Company's and the

Group's financial position. This evaluation has led the Board to the conclusion that a repurchase of shares in accordance with the authorization is justifiable, in view of the requirements that the nature and scope of, and risks involved in the Company's operations place on the size of the Company's and group's equity, as well as its consolidation needs, liquidity and position in other respects.

***Amendment of the Articles of Association (item 23)***

The Board of Directors proposes that section 3 of the Articles of Association be amended in accordance with the following.

"The object of the Company's business is to explore, develop and produce oil and gas, to develop other energy resources, and to undertake activities compatible therewith, either directly or indirectly through its subsidiaries, associated companies or other forms of joint enterprises."

The Board of Directors further proposes that the first two paragraphs of section 10 of the Articles of Association be amended in accordance with the following.

"Notice of a General Meeting of shareholders shall be published in the Official Swedish Gazette (Post- och Inrikes Tidningar) **as well as on the Company's website. At the time of the notice, an announcement with information that the notice has been issued shall be published in Svenska Dagbladet.**

Notice of the Annual General Meeting and of any Extraordinary General Meeting at which a proposal for amendment of the Articles of Association will be considered shall be issued no more than six and no less than four weeks prior to the Meeting. Notice of any other Extraordinary General Meetings shall be issued no more than six weeks and no less than three weeks prior to the Meeting."

The Board of Directors proposes that the resolution by the AGM regarding section 10 of the Articles of Association shall be conditional upon the proposed amendment of the Companies Act (SFS 2005:551) having come into force, entailing that the proposed amendment of the Articles of Association is in accordance with the Companies Act.

Please refer to [attachment 2](#) for the new version of the Articles of Association.

***Resolution regarding the nomination process for the AGM in 2010 (item 24)***

The Nomination Committee proposes that the Annual General Meeting decides that the nomination process for the Annual General Meeting in 2010 shall follow the same procedure as the current year, meaning that the Chairman of the Board shall invite three or four of the largest shareholders of the company to form a Nomination Committee. The names of the members of the Nomination Committee shall be announced not later than six months prior to the Annual General Meeting in 2010. The Nomination Committee shall prepare the following proposals for resolutions to the Annual General Meeting in 2010: (i) proposal for Chairman of the meeting; (ii) proposal for members of the Board of Directors; (iii) proposal for Chairman of the Board of Directors; (iv) proposal for remuneration of the members of the Board of Directors, distinguishing between the Chairman and other members of the Board and remuneration for Committee work; (v) proposal for remuneration of the Company's auditors; and (vi) proposal for principles of the nomination process for the AGM in 2011. If the shareholding in the Company is significantly changed before the Nomination Committee's work is completed, a change in the composition of the Nomination Committee may take place. The Nomination Committee shall remain in office until a new Nomination Committee has been appointed.

*The Board of Directors*

## **LUNDIN PETROLEUM AB'S POLICY ON REMUNERATION**

### **PRINCIPLES FOR REMUNERATION AND OTHER TERMS OF EMPLOYMENT FOR MANAGEMENT**

It is the aim of Lundin Petroleum to recruit, motivate and retain high calibre executives capable of achieving the objectives of the Group, and to encourage and appropriately reward superior performance in a manner that enhances shareholder value. Accordingly, the Group operates a Policy on Remuneration which ensures that there is a clear link to business strategy and a close alignment with shareholder interests and current best practice, and aims to ensure that senior executives are rewarded fairly for their contribution to the Group's performance.

This document sets out the Policy on Remuneration for the Company's executives. The term 'executives' refers to the President and Chief Executive Officer (CEO), and other members of Group Management that includes the Executive Vice President and Chief Operating Officer (COO), and other executive officers at Vice President level.

The Board of Directors' proposal outlined herein complies with the principles for compensation previously awarded to Group Management and is based on individual agreements concluded between the Company and each executive.

#### **Compensation Committee**

The Compensation Committee is to receive information on, and to determine matters regarding the compensation of Group Management. The Committee meets regularly and is responsible for reviewing the Policy on Remuneration and the compensation of executives and for making recommendations thereon to the Board of Directors. The Committee also has access to external advisors to ensure that salary and benefit packages are competitive and appropriate.

The proposed compensation level, criteria for variable salary and other employment terms for the CEO are submitted by the Compensation Committee to the Board for approval. For other executives, the CEO is responsible for proposing appropriate terms of compensation for approval to the Compensation Committee and for reporting to the Board.

#### **Elements of Remuneration**

There are five key elements to the remuneration package of executives in the Group:

- a) basic salary;
- b) yearly variable salary;
- c) long-term incentive plan;
- d) pension arrangements; and
- e) non-financial benefits.

#### **Basic Salary**

The basic salary shall be based on market conditions, be competitive, and will take into account the scope and responsibilities associated with the position, as well as the skills, experience and performance of the executive. The basic salary shall be reviewed annually to ensure that it remains competitive. In order to assess the competitiveness of the salary and benefit packages offered by the Group, comparisons may be made to those offered by similar companies. In such circumstances, the comparator group is chosen with regard to:

- a) companies in the same industry;
- b) the size of the company (turnover, profits and employee numbers);
- c) the diversity and complexity of their businesses;

- d) the geographical spread of their businesses; and
- e) their growth, expansion and change profile.

Periodic benchmarking activities within the oil and gas sector shall also be undertaken to ensure that compensation packages remain in line with current market conditions.

### **Yearly variable salary**

The Company considers that a yearly variable salary is an important part of the remuneration package where associated performance targets reflect the key drivers for value creation and growth in shareholder value.

At the end of each year, the CEO will make a recommendation to the Compensation Committee regarding the payment of the yearly variable salary to employees based upon their individual contribution to the Company's performance. This includes the achievement of the Company's strategic objective of growth and enhancement of shareholder value through increases in the stock price resulting from increased reserves, production, cash flow and profit.

After consideration of the CEO's recommendations, the Compensation Committee will recommend to the Board of Directors for approval the level of the yearly variable salary of the CEO, and of all other executives and employees, to the extent that such award is in excess of US\$10,000 per employee. The yearly variable salary shall normally be within the range of 1 - 10 monthly salaries.

### **Long-term Incentive Plan**

The Long-term Incentive Plan ("LTIP") is related to the Company's share price and is divided into one plan for senior executives (being the CEO, the COO, the Chief Financial Officer (CFO) and the Senior Vice President Operations) and one plan for other management. The LTIP is designed to align management incentives with shareholder interests.

#### **a) Senior Executives**

The LTIP for senior executives includes the issuance by Lundin Petroleum of phantom options exercisable after five years from the date of grant. The exercise of these options does not entitle the recipient to acquire shares of Lundin Petroleum, but to receive a cash payment based on the appreciation of the market value of such shares.

The senior executives will be granted phantom options with an exercise price equal to 110 per cent of the average of the closing prices of the Company's shares on the OMX Nordic Exchange Stockholm for the ten trading days immediately following the AGM. Such options will vest on the fifth anniversary of the date of grant. The recipient will be entitled to receive a cash payment equal to the average closing price of Lundin Petroleum's shares during the fifth year following grant, less the exercise price.

Payment of the award under these phantom options will occur in two equal instalments: (i) first on the date immediately following the fifth anniversary of the date of grant, and (ii) second on the date which is one year following the date of the first payment.

The total number of phantom options to be granted to senior executives will be 4,000,000. No senior executive who receives an award of phantom options will be eligible for a grant of awards under the LTIP described in b) below during the five year vesting period of the phantom options.

If the recipient of an award of phantom options resigns from the Group or if the recipient's employment is terminated for cause or similar during the five year vesting period, the award of phantom options will immediately terminate. If the recipient's employment is terminated for any other reason during such period, the award of phantom options will vest and become immediately payable, based on the average closing price of Lundin Petroleum's shares during the 90 day period prior to such termination. If a third party acquires more than 50 per cent of the then outstanding Lundin Petroleum shares, the award of

phantom options will vest and become immediately payable based on the value per Lundin Petroleum share paid by such third party.

b) Other Management

The LTIP for management other than senior executives includes the granting of units that are converted into a cash award related to the Company's share price. The LTIP will be payable over a period of three years from award in order to aid in the retention of staff.

The LTIP consists of an annual grant of units that will be converted into a cash payment at vesting. The cash payment will be determined at the end of each vesting period by multiplying the number of units by the share price. The LTIP has a three year duration whereby the initial grant of units vests equally in three tranches: one third after one year; one third after two years; and the final third after three years. The cash payment is conditional upon the holder of the units remaining an employee of the Lundin Petroleum Group at the time of the payment. The units may not be assigned to any third party.

The Compensation Committee recommends to the Board of Directors a total number of units to be allocated each year for the following three years, together with a recommendation for the individual allocations. The respective individual allocations shall be based on both the position within the Company and the achievement of the Company's strategic objective of growth and enhancement of shareholder value through increases in the stock price resulting from increased reserves, production, cash flow and profit. The total number of units to be granted in 2009 will be approximately 675,000 for the whole Group, including Management other than senior executives.

c) General

From an accounting perspective the LTIP is regarded as compensation for services provided and will, under IFRS 2, result in accounting costs which will be distributed over the three or five year vesting period. Lundin Petroleum's liability under the LTIP will be measured at fair market value and will be revalued at each reporting period (quarterly). The changes in value will be recognized in the income statement over the three or five year period so that the accumulated cost over the period corresponds to the value of the LTIP on the final date.

Lundin Petroleum's Board of Directors will seek an authorization by the AGM to repurchase shares on the OMX Nordic Exchange Stockholm. The purpose with the share repurchase is, inter alia, to fix the undertaking under the LTIP, including any applicable social charges. The repurchased shares could be sold in the market in conjunction with the payments under the LTIP, meaning that the actual cash payment by Lundin Petroleum under the LTIP would correspond to the total price paid for the repurchased shares. An increase of the undertaking under the LTIP due to a rise of the stock price would thus be secured by the corresponding increase of the value of the repurchased shares.

### **Pension Arrangements**

The pension benefits comprise a defined contribution scheme with premiums calculated on the full basic salary. The pension contributions in relation to the basic salary are dependent upon the age of the executive.

### **Non-Financial Benefits**

Non-financial benefits shall be based on market terms and shall facilitate the discharge of each executive's duties.

### **Severance Arrangements**

A mutual termination period of between one month and six months applies between the Company and executives, depending on the duration of the employment with the Company. In addition, severance terms are incorporated into the employment contracts for executives that give rise to compensation in the event of termination of employment due to a change of control of the Company.

The Compensation Committee shall approve termination packages that exceed US\$ 150,000 in value per individual.

**Authorization for the Board**

The Board of Directors is proposed to be authorized to deviate from the Policy on Remuneration in accordance with Chapter 8, section 53 of the Swedish Companies Act in case of special circumstances in a specific case.



## **ARTICLES OF ASSOCIATION**

Adopted at the Annual General Meeting on 13 May 2009

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### **1. Name**

The name of the Company is Lundin Petroleum AB. The Company is a public company (publ).

### **2. Registered office**

The board of directors shall have its registered office in Stockholm.

### **3. Object of the Company**

#### **Current wording:**

The object of the Company's business is to explore for and exploit gas, oil and minerals and activities compatible therewith, either directly, through its subsidiaries, associated companies or other forms of partnerships.

#### **Proposed wording:**

The object of the Company's business is to explore, develop and produce oil and gas, to develop other energy resources, and to undertake activities compatible therewith, either directly or indirectly through its subsidiaries, associated companies or other forms of joint enterprises.

### **4. Share capital**

The share capital of the Company shall amount to not less than SEK 1,000,000 and not more than SEK 4,000,000.

### **5. Shares**

The number of shares in the Company shall not be less than 100.000.000 and not more than 400.000.000.

### **6. Financial year**

The financial year of the Company shall be January 1 – December 31.

### **7. Board of directors**

The board shall consist of not less than three and not more than ten members with not more than three deputies.

## **8. Auditors**

The Company shall have not more than two auditors with or without not more than two deputy auditors.

## **9. Shareholders' meeting**

At an annual general meeting the following matters shall be dealt with;

1. Election of a chairman at the meeting,
2. Preparation and approval of the voting list,
3. Election of at a minimum one person to attest the minutes,
4. Approval of the agenda
5. Determination as to whether the meeting has been duly convened,
6. Presentation of the annual statement of accounts and the auditor's report
7. Resolutions in respect of
  - a) adoption of the profit and loss statement and the balance sheet and the consolidated profit and loss statement and consolidated balance sheet,
  - b) appropriation of the company's profit or loss according to the adopted balance sheet,
  - c) discharge of the directors and managing director from liability
8. Resolutions in respect to the fees payable to the board of directors and, where applicable, to the auditors,
9. Election of the board members and, where applicable, of auditors
10. Other matters which should be addressed by the Annual General Meeting according to the Swedish Companies Act (2005:551) or the Articles of Association

## **10. Notice**

### **Current wording:**

Notice convening General Meeting of shareholders shall be given through announcement in the Post- och Inrikes Tidningar (the Swedish Gazette) and in Svenska Dagbladet.

Notice of 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 other Extraordinary General Meetings shall be given not earlier than six weeks and not sooner than two weeks before to the meeting.

### **Proposed wording:**

Notice of a General Meeting of shareholders shall be published in the Official Swedish Gazette (Post och Inrikes Tidningar) as well as on the Company's website. At the time of the notice, an announcement with information that the notice has been issued shall be published in Svenska Dagbladet.

Notice of the Annual General Meeting and of any Extraordinary General Meeting at which a proposal for amendment of the Articles of Association will be considered shall be issued no more than six and no less than four weeks prior to the Meeting. Notice of any other Extraordinary General Meetings shall be issued no more than six weeks and no less than three weeks prior to the Meeting

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Shareholders who wish to participate in a General Meeting of shareholders shall be recorded as a shareholder in a print-out or other manifestation of the share register five weekdays before the meeting, as well as give notice to the company of his or her intention to participate in the meeting no later than the day that is set forth in the notice of the meeting. The last-mentioned day shall not be a Sunday, or any other public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and not fall prior to the fifth weekday before the meeting.

#### **11. Record date provision**

The shareholder or nominee who is registered on the record date in the share register and in a central securities depository register pursuant to Chapter 4 of the Financial Instruments Accounts Act (1998:1479) or any person who is registered in a central securities depository account pursuant to Chapter 4, Section 18 first paragraph 6-8 of the mentioned Act, shall be deemed to be authorised to exercise the rights set out in Chapter 4, Section 39 of the Companies Act (2005:551).

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