

## **Report regarding the work of Lundin Petroleum AB's Nomination Committee and proposals for the 2010 Annual General Meeting of the Shareholders as well as a reasoned statement regarding proposals for the election of the members of the Board of Directors**

The Nomination Committee of Lundin Petroleum AB (hereinafter "Lundin Petroleum" or the "Company") submits the following report regarding its work prior to the Annual General Meeting of Lundin Petroleum to be held on 6 May 2010.

### **Formation of the Nomination Committee**

It was resolved at the Annual General Meeting of Lundin Petroleum held on 13 May 2009 that the following principles would apply for the nominations process prior to the 2010 Annual General Meeting. The Chairman of the Board of Directors will invite three to four of the Company's larger shareholders to form a Nomination Committee. The names of the members of the Nomination Committee shall be made public not later than six months prior to the 2010 Annual General Meeting. The Nomination Committee shall prepare proposals for the following resolutions to be taken at the 2010 Annual General Meeting: (i) proposal for election of a Chairman of the meeting; (ii) proposal for election of the members of the Board of Directors; (iii) proposal for election of the Chairman of the Board of Directors; (iv) proposal for directors fees with an allocation between the chairman and the other directors and compensation for committee work; (v) proposal for auditor's fees; and (vi) proposals for principles for the nomination process prior to the 2011 Annual General Meeting. Should the ownership situation change materially prior to the completion of the Nomination Committee's work, it must be possible for changes to be made in the composition of the Nomination Committee. The term of the Nomination Committee shall extend until a new Nomination Committee has been appointed.

On 24 September 2009, the Nomination Committee was formed with the following members: Ian H. Lundin (Chairman of the Board of Directors and representative of Lorito Holdings (Guernsey) Ltd., Landor Participations Inc. and Zebra Holdings and Investment (Guernsey) Ltd.), Magnus Unger (member of the Board of Directors), KG Lindvall (appointed by Swedbank Robur funds), Ossian Ekdahl (appointed by the First Swedish National Pension Fund) and Ulrika Danielson (appointed by the Second Swedish National Pension Fund). The Nomination Committee represents approximately 40 percent of the shares in Lundin Petroleum.

Magnus Unger was appointed chairman of the Nomination Committee at the first meeting. Neither Magnus Unger nor Ian H. Lundin can be deemed to be independent in relation to the Company's major shareholders, the Lundin family (through a trust). The circumstances underlying these deviations from the Swedish Code of Corporate Governance (hereinafter the "Code") are that the members of the Nomination Committee felt it was justified that Ian H. Lundin be appointed chairman in light of the Lundin family's large shareholdings in the Company. Ian H. Lundin gratefully acknowledged this confidence but proposed that Magnus Unger be appointed chairman since, for some time, he has had the responsibility for these types of issues within the Board of Directors and at shareholder meetings, and his closer connections to Sweden would facilitate the work of the Nomination Committee. For the same reasons, Magnus Unger served as chairman of Lundin Petroleum's previous Nomination Committees leading up to the shareholder meetings in 2006 - 2009.

The formation of the Nomination Committee was announced through a press release issued on 25 September 2009. The press release contained information as to how shareholders can submit proposals to the Nomination Committee. No such proposal has been received.

## **The work of the Nomination Committee**

The Nomination Committee has met on three occasions (of which one decision was *per capsulam*) and has had informal contacts in between these meetings. The Nomination Committee has received a report on the Board of Directors' work and the structure of its work over the past year, the results of an evaluation of the Board of Directors' work carried out by the Chairman of the Board of Directors, and a study by Lundin Petroleum's legal counsel regarding the independence of the Board members.

In conjunction with one of the meetings of the Nomination Committee, the members independent of the major shareholders of Lundin Petroleum (KG Lindvall, Ossian Ekdahl and Ulrika Danielson) met director Asbjørn Larsen privately and interviewed Dambisa F. Moyo by telephone. Ian H. Lundin and Magnus Unger were not present at these meetings.

## **The reasoned proposals of the Nomination Committee for election of the Board of Directors**

The Nomination Committee proposes the re-election of all of the members of the Board of Directors - Ian H. Lundin, William A. Rand, Magnus Unger, Lukas H. Lundin, C. Ashley Heppenstall, Asbjørn Larsen and Dambisa F. Moyo. The Nomination Committee further proposes the re-election of Ian H. Lundin as Chairman of the Board of Directors.

It is the opinion of the Nomination Committee that, taking into consideration the business operations of Lundin Petroleum, its current phase of development, and circumstances generally, the proposed Board of Directors is composed of multi-faceted individuals who are well-suited for the job and whose expertise, experience and background is extensive and the Board fulfils the requirements regarding independence in relation to the Company, corporate management and the Company's major shareholders (see further below).

## **The independence of the directors**

According to the Code, a majority of the members of the Board of Directors elected at the shareholders' meeting must be independent of the Company and corporate management. In addition, at least two of the directors who are independent of the Company and corporate management must also be independent of the Company's major shareholders.

It is the opinion of the Nomination Committee that all of the proposed members of the Board of Directors with the exception of the Chief Executive Officer C. Ashley Heppenstall must be considered to be independent of the Company and corporate management. With respect to the other proposed members, it is the opinion of the Nomination Committee that William A. Rand and Magnus Unger cannot be deemed to be independent of the Company's major shareholders who are represented on the Board of Directors by Ian H. Lundin and Lukas H. Lundin. The reason for this assessment is that William A. Rand and Magnus Unger serve on the boards of directors of a number of listed companies in which the Lundin family, through a trust, is a significant shareholder. It is the opinion of the Nomination Committee that Asbjørn Larsen and Dambisa F. Moyo are independent of the Company's major shareholders. The Nomination Committee does not believe that Dambisa F. Moyo's service as a member of the board of directors of the Lundin Foundation for Africa entails that she cannot be deemed to be independent of the Company's major shareholders.

## **Information about the proposed members of the Board**

### ***Ian H. Lundin***

Born: 1960

Member of the Board since: 2001

Shareholding in Lundin Petroleum: 12,038,956 shares (indirectly as settlor of a trust)

Education: Bachelor of Science in Petroleum Engineering from University of Tulsa

Other directorships: Chairman of the Board of Etrion Corp. and Bukowski Auktioner AB. Member of the Board of Vostok Nafta Investment Ltd.

*Independent in relation to the Company and Company management. Not independent in relation to major shareholders of the Company.*

### ***Magnus Unger***

Born: 1942

Member of the Board since: 2001

Shareholding in Lundin Petroleum: 50,000 shares

Education: MBA in business administration and economics from Stockholm School of Economics

Other directorships: Chairman of the Board of CleanTech East Holding AB. Member of the Board of Bukowski Auktioner AB.

*Independent in relation to the Company and Company management. Not independent in relation to major shareholders of the Company.*

### ***William A. Rand***

Born: 1942

Member of the Board since: 2001

Shareholding in Lundin Petroleum: 120,441 shares

Education: Bachelor of Commerce degree (Honours Economics and Major Accounting) from McGill University, Bachelor of Laws degree from Dalhousie Law School and a Masters of Law degree from the London School of Economics

Other directorships: Chairman of the Board of Dome Ventures Corporation. Member of the Board of Lundin Mining Corp., Vostok Nafta Investment Ltd., Denison Mines Corp. and NGEx Resources Inc.

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**Lukas H. Lundin**

Born: 1958

Member of the Board since: 2001

Shareholding in Lundin Petroleum: 1,221,845 shares

Education: Graduate from the New Mexico Institute of Mining and Technology (engineering).

Other directorships: Chairman of the Board of Vostok Nafta Investment Ltd., Denison Mines Corp. Pearl Exploration & Production Ltd., Red Back Mining Inc., NGex Resources Inc., Lundin Mining Corp and Lundin for Africa (Lundin for Africa Foundation and Lundin for Africa Society). Member of the Board of Atacama Minerals Corp.

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**C. Ashley Heppenstall**

Born: 1962

Member of the Board since: 2001

Shareholding in Lundin Petroleum: 1,368,250 shares

Education: graduate of the University of Durham in Mathematics

Other directorships: Member of the Board of Etrion Corp. and Gateway Storage Company

*Not independent in relation to the Company and Company management. Not independent in relation to major shareholders of the Company.*

**Asbjørn Larsen**

Born: 1936

Member of the Board since: 2008

Shareholding in Lundin Petroleum: ---

Education: Bachelor's degree in business administration and economics

Other directorships: Chairman of the Board of Belships ASA. Vice Chairman of the Board of Saga Fjordbase AS. Member of the Board of FMC Technologies Inc, Selvaag Gruppen AS, GreenStream Network Oyj, Montebello Cancer Rehabilitation, Center Foundation and The Tom Wilhelmsen Foundation

*Independent in relation to the Company and Company management. Independent in relation to major shareholders of the Company.*

**Dambisa F. Moyo**

Born: 1969

Member of the Board since: 2009

Shareholding in Lundin Petroleum: ----

Education: Doctorate in Economics at Oxford University. Master from Harvard University's Kennedy School of Government. MBA in Finance and Bachelors degree in Chemistry from the American University in Washington D.C.

Other directorships: Member of the Board of SABMiller plc and Lundin for Africa (Lundin for Africa Foundation and Lundin for Africa Society).

*Independent in relation to the Company and Company management. Independent in relation to major shareholders of the Company.*

Further information about the members of the Board is available on Lundin Petroleum's website [www.lundin-petroleum.com](http://www.lundin-petroleum.com).

## **The Nomination Committee's complete proposal for resolutions by the Annual General Meeting**

- Advokat Erik Nerpin, Kilpatrick Stockton Advokatbyrå as Chairman of the Annual General Meeting
- Seven regular members of the Board of Directors without alternate members
- Re-election of Ian H. Lundin, William A. Rand, Magnus Unger, Lukas H. Lundin, C. Ashley Heppenstall, Asbjørn Larsen and Dambisa F. Moyo.
- Re-election of Ian H. Lundin as Chairman of the Board of Directors.
- An annual Board fee in the amount of SEK 3,500,000, of which SEK 800,000 is payable to the Chairman and SEK 400,000 to each and every one of the members of the Board of Directors with the exception of the Chief Executive Officer C. Ashley Heppenstall, and SEK 100,000 per appointment to the members of the Board of Directors appointed to the Board's Compensation Committee and Audit Committee. However, the total fee for committee work may not exceed SEK 700,000. The fee remains unchanged in relation to last year.
- The registered accounting firm PricewaterhouseCoopers AB with authorised public accountant Bo Hjalmarsson as the primary auditor was elected at the 2009 Annual General Meeting as the new auditor for a term of four years and therefore no election of auditor is required at the Annual General Meeting.
- The auditor's fees be payable according to approved invoicing.
- Nominations procedure for election of Board of Directors and auditors, etc. prior to the 2011 Annual General Meeting: The Chairman of the Board of Directors shall invite three to four of the Company's major shareholders, based on the ownership as per 1 August 2010, to form a Nomination Committee. The names of the members of the Nomination Committee shall be made public not later than six months prior to the 2011 Annual General Meeting. Should ownership change materially prior to the completion of the Nomination Committee's work, it must be possible to make changes in the composition of the Nomination Committee. The term of the Nomination Committee shall extend until such time as a new Nomination Committee has been appointed. The Nomination Committee shall elect a chairman of the Committee from amongst its members. The Nomination Committee shall prepare proposals for the following resolutions at the 2011 Annual General Meeting: (i) proposal for the election of chairman of the meeting; (ii) proposal for election of the members of the Board of Directors; (iii) proposal for the election of the Chairman of the Board of Directors; (iv) proposal for fees directors with the allocation between the chairman and the other directors and compensation for committee work; (v) proposal for election of auditor (where necessary); (vi) proposal for auditor's fees; and (vii) proposals for principles for the nomination process prior to the 2012 Annual General Meeting.

Stockholm, March 2010

*Magnus Unger*  
*Chairman*

*Ian H. Lundin*

*KG Lindvall*

*Ossian Ekdahl*

*Ulrika Danielson*