

**The Board of Directors' proposal for resolution on (A) approval of the acquisition of Statoil ASA's indirect ownership interest in the Edvard Grieg Field and thereto associated interests, (B) authorisation for the Board of Directors to resolve to issue shares against payment in kind, (C) authorisation for the Board of Directors to resolve on a directed new share issue and (D) authorisation for the Board of Directors to resolve on the sale of own shares**

## **Background**

On 2 May 2016, Lundin Petroleum AB (publ) ("**Lundin Petroleum**"), Lundin Norway AS ("**Lundin AS**"), Statoil ASA ("**Statoil**") and Statoil Petroleum AS ("**Statoil Petroleum**") entered into an agreement (the "**Transaction Agreement**") regarding the acquisition of certain ownership interests in the Edvard Grieg Field and thereto related interests (the "**Assets**" and the "**Acquisition**", respectively).

Statoil Petroleum, a wholly owned Statoil subsidiary, is the seller of the Assets and Lundin AS, a wholly owned subsidiary to Lundin Petroleum, is the buyer of the Assets in the Acquisition. Statoil Petroleum will receive full consideration of USD 470 million in the form of a loan note issued by Lundin AS (the "**Loan Note**"). The Loan Note will subsequently be transferred to Statoil and used as consideration for newly issued shares in Lundin Petroleum.

It is a condition precedent to the transaction that Statoil attains a shareholding of above 20%. As part of the transaction, the Board of Directors therefore proposes that the general meeting resolves to authorise the Board to resolve on a directed cash issue and a transfer of own shares.

For Lundin Petroleum, the Acquisition secures access to additional high quality reserves, production and cash flow in the Utsira High core area. The Edvard Grieg field was discovered by Lundin AS in 2007, and Lundin Petroleum is confident that the strong start-up performance of the field from both a facilities and subsurface perspective will continue in the years ahead. Following the Acquisition, Lundin Petroleum's platform to grow and mature its resource base becomes stronger than ever allowing Lundin Petroleum to continue maximising value for all of its stakeholders. Following the transaction, Statoil will further increase its indirect exposure to world class assets such as Johan Sverdrup, Edvard Grieg and an industry leading exploration portfolio. The proposed transaction by Lundin Petroleum, where Statoil sells Edvard Grieg for shares, increases Statoil's investment in Lundin Petroleum substantially. In order to balance the transaction it is an important threshold for Statoil to attain a shareholding of over 20%. As a consequence of this transaction, Statoil will equity account its interest in Lundin Petroleum, thereby enabling Statoil to report its share of Lundin Petroleum's reserves and production in its financial reporting.

### **(A) Proposal to resolve on the approval of the acquisition of Statoil's ownership interest in the Edvard Grieg Field and thereto associated interests**

The Board of Directors proposes that the Extraordinary General Meeting on 30 May 2016 resolves on the approval of the Acquisition.

The Board of Directors has, in accordance with the Swedish Securities' Council's statement 2012:05, prepared a report regarding the Acquisition and has also obtained a fairness opinion regarding the fairness of the Acquisition from a financial point of view.

**(B) Proposal to resolve on an authorisation for the Board of Directors to resolve to issue shares against payment in kind**

In order to execute the Acquisition, the Board proposes that the Extraordinary General Meeting resolves to authorise the Board to resolve, at one or more occasions until the next Annual General Meeting, to issue no more than 27,580,806 new shares to Statoil with consideration in kind constituting of the Loan Note. If the authorisation is exercised in full, the dilution would amount to approximately 8.6% of the number of shares in the company (counted after the authorisation, and the authorisation that follows from item C below, have been fully exercised).

**(C) Proposal to resolve on an authorisation for the Board of Directors to resolve on a directed new share issue**

The Board proposes that the Extraordinary General Meeting resolves to authorise the Board to resolve, at one or more occasions until the next Annual General Meeting, to issue no more than 1,735,309 new shares. The right to subscribe for shares shall, with deviation from the shareholders' preemption rights, fall upon Statoil. If the authorisation is exercised in full, the dilution would amount to approximately 8.6% of the number of shares in the Company (counted after the authorisation, and the authorisation that follows from item B above, have been fully exercised).

The subscription price shall be SEK 145.66 per share. The subscription price is based on the volume weighted average price on Nasdaq Stockholm of the shares in Lundin Petroleum during the last ten (10) trading days preceding 3 May 2016, the date of announcement of the Acquisition.

The reason for the deviation from the shareholders' pre-emptive rights is to enable the Acquisition.

**(D) Proposal to resolve on an authorisation for the Board of Directors to resolve on a sale of own shares**

The Board proposes that the Extraordinary General Meeting resolves to authorise the Board to resolve, at one or more occasions until the next Annual General Meeting, on the sale of up to 2,000,000 shares in Lundin Petroleum.

The sale shall, with deviation from the shareholders' pre-emption rights, be made to Statoil. Consideration shall be made by payment of SEK 145.66 per share. The share price is based on the volume weighted average price on Nasdaq Stockholm of the shares in Lundin Petroleum during the last ten (10) trading days preceding 3 May 2016, the date of announcement of the Acquisition.

The reason for the deviation from the shareholders' pre-emption rights is to enable the Acquisition.

**Conditional resolutions**

The resolutions under items (A)-(D) shall be conditional upon the Extraordinary General Meeting resolving in accordance with all other Board proposals in items (A)-(D).

**Preparation of the proposals**

The proposals have been prepared and resolved on by the Board of Directors.

**Majority requirements**

Since Statoil owns more than ten percent of the shares in Lundin Petroleum, the proposed acquisition of the Assets constitutes a related party transaction as defined by the Swedish Securities Council's statement

2012:5. A valid resolution in accordance with (A) thus requires the approval of shareholders representing more than half of the votes given at the Extraordinary General Meeting (excluding the shares and votes held by Statoil).

A valid resolution in accordance with the Board of Directors' proposal (B) to resolve on an authorisation for the Board of Directors to resolve to issue shares against payment in kind requires simple majority, i.e. more than half of the votes given at the Extraordinary General Meeting (excluding the shares and votes held by Statoil).

Resolutions in accordance with (C) and (D) require a qualified majority, i.e. the approval of shareholders holding at least two thirds of both the votes given and the shares represented at the Extraordinary General Meeting (excluding the shares and votes held by Statoil).

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The Board of Directors, or any person appointed by it, is authorised to make any minor adjustments to the resolutions that may be necessary to enable registration with the Swedish Companies Registration Office (Sw: *Bolagsverket*).

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Stockholm in May 2016  
**Lundin Petroleum AB (publ)**  
*The Board of Directors*