

**Documents for the EGM in**

**LUNDIN PETROLEUM AB (publ)**

**Monday 22 March 2010**

## **Table of contents**

- Agenda for the EGM
- Proposals for resolutions
- Attachment A: The Board of Directors' proposal for distribution of shares in EnQuest plc
- Attachment B: Statement of the Board of Directors regarding distribution of shares in EnQuest plc
- Attachment C: Report by the Board of Directors regarding the distribution of shares in EnQuest plc
- Attachment D: Auditor's statement
- Attachment E: Lundin Petroleum AB's policy on remuneration
- Articles of Association

**AGENDA**  
for the EGM 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. Resolution regarding the Board of Director's proposal for approval of the sale of Lundin Petroleum's UK business to EnQuest plc.
8. Resolution regarding the Board of Director's proposal on distribution of shares in EnQuest plc to the shareholders of Lundin Petroleum.
9. Resolution regarding the Board of Director's proposal for remuneration to certain senior management of Lundin Petroleum.
10. Closing of the meeting.

*N.B. The English text is an in-house translation for information purposes only, in the event of differences between the translation and the Swedish text the latter shall prevail.*

## **Proposals for resolutions to be presented at the EGM in Lundin Petroleum AB (publ) Monday, 22 March 2010**

### **Sale of Lundin Petroleum's U.K. business to EnQuest plc (item 7)**

On 4 March 2010, Lundin Petroleum announced its intention to spin-off its UK business into a newly formed company called EnQuest plc ("EnQuest").

EnQuest will acquire Lundin North Sea B.V., which is the holding company for all of Lundin Petroleum's UK oil and gas production, development and exploration assets and operations. In addition, EnQuest will acquire the UK oil and gas assets of Petrofac Limited, a London Stock Exchange-listed company. EnQuest will operate as an independent oil and gas production and development company, initially focused on the UK Continental Shelf ("UKCS"). EnQuest has applied for listing of its shares on the London Stock Exchange and the NASDAQ OMX Stockholm exchange.

Lundin Petroleum will receive fifty-five per cent (55%) of the outstanding shares of EnQuest on completion of the sale of the UK business to EnQuest. The Board of Lundin Petroleum proposes to then distribute all of its EnQuest shares to Lundin Petroleum shareholders, item 8 on the agenda. Following completion of these transactions, Lundin Petroleum shareholders will continue to hold their current shares of Lundin Petroleum and will also receive new shares of EnQuest. The shareholders of Petrofac will hold the remaining forty-five per cent (45%) of the outstanding shares of EnQuest. The transactions are expected to be completed early in the second quarter of 2010.

Lundin Petroleum has been reviewing strategic options in relation to its UK assets with the objective of finding ways to potentially unlock Lundin Petroleum shareholder value. Lundin Petroleum believes that this proposed spin-off will provide exposure to a new UK focussed oil and gas company with a substantial reserves and resources base, financial strength and strong management team.

EnQuest aims to become one of the UK's leading independent petroleum development and production companies. EnQuest will operate a production biased portfolio with exposure predominantly to the significant and low risk hydrocarbon basin of the UKCS. Management of EnQuest intends to deliver sustainable growth in shareholder value by focusing on the exploitation of its existing reserves, commercialising and developing discoveries, converting its significant contingent resources into reserves and pursuing selective acquisitions. Lundin Petroleum believes that EnQuest offers shareholders a new and exciting investment opportunity.

In connection with the proposed transactions above, the Board proposes that the Extraordinary meeting of shareholders resolves to approve the sale of Lundin North Sea B.V. to EnQuest in exchange for such number of shares of EnQuest as will be equal to fifty-five per cent (55%) of the total outstanding shares of EnQuest.

The proposal of the Board under this item is conditional on a resolution in favour of the Board's proposal under item 8.

### **Distribution of shares in EnQuest plc to the shareholders of Lundin Petroleum (item 8)**

The Board proposes that the Extraordinary meeting of shareholders resolves on a dividend to the effect that all of Lundin Petroleum's shares in EnQuest, corresponding to 55 percent of the total number of shares in EnQuest, are distributed to the shareholders of Lundin Petroleum. It is not known with certainty as at the date of this Notice, however it is expected that one (1) share in Lundin

Petroleum shall entitle the holder to approximately 1.347 shares in EnQuest.

In the event that a shareholder will receive parts of a share in EnQuest, such parts of shares in EnQuest will be consolidated into whole shares, which shares will be sold on NASDAQ OMX Stockholm without deduction of commission. The proceeds will be paid by Euroclear Sweden AB through Nordea Bank AB.

The distribution of shares in EnQuest is expected to be made in accordance with the “Lex-ASEA rules”, with the result that no immediate taxation will arise to shareholders in Sweden. Instead, the tax basis of the Lundin Petroleum shares that confer entitlement to participate in the distribution will be allocated between these shares and the EnQuest shares received.

The Board proposes that the shareholders resolve to authorize the Board to decide upon the record date for the right to receive shares in EnQuest.

The proposal of the Board is conditional upon a resolution in favour of the Board’s proposal under item 7 and upon a primary listing of the shares in EnQuest on the London Stock Exchange having occurred at the time of distribution.

***The complete proposal of the Board and the Auditor’s statement are set forth in Attachments A - D.***

#### **Remuneration to certain senior management of Lundin Petroleum (item 9)**

The Board proposes that the shareholders resolve to approve an extra remuneration of not more than US\$ 1.5 million to certain senior management to be determined by the Board of Lundin Petroleum. This extra remuneration constitutes a deviation from Lundin Petroleum’s Policy of Remuneration as adopted by the 2009 Annual General Meeting, which states that yearly variable salary shall “normally be within the range of 1 to 10 monthly salaries”. The Board of Directors believes that the EnQuest transaction is extraordinary and therefore it may be motivated in the circumstances to deviate from the Policy of Remuneration.

Lundin Petroleum’s Policy of Remuneration is appended in **Attachment E**.

**Attachment A**

*N.B. The English text is an in-house translation for information purposes only, in the event of differences between the translation and the Swedish text the latter shall prevail.*

**THE BOARD OF DIRECTORS' OF LUNDIN PETROLEUM AB PROPOSAL FOR DISTRIBUTION OF SHARES IN ENQUEST PLC**

The Board of Lundin Petroleum AB (company no. 556610-8055, "Lundin Petroleum") proposes that the Extraordinary Meeting of Shareholders on 22 March, 2010 resolves to allocate the retained earnings of Lundin Petroleum in accordance with the following.

The Board proposes that the Extraordinary Meeting of Shareholders resolves on a dividend to the effect that all of Lundin Petroleum's shares in EnQuest plc ("EnQuest"), corresponding to approximately 55 percent of the total number of outstanding shares in EnQuest, are distributed to the shareholders of Lundin Petroleum. It is not known with certainty as at the date of this Proposal, however it is expected that 1 share in Lundin Petroleum shall entitle the holder to approximately 1.3474 shares in EnQuest.

Lundin Petroleum holds 4,490,300 own shares, which will not be entitled to receive distribution of shares in EnQuest.

In the event that a shareholder will receive parts of a share in EnQuest, such parts of shares in EnQuest will be consolidated into whole shares, which shares will be sold on NASDAQ OMX Stockholm without deduction of commission.

The dividend proposed by the Board corresponds to an estimated amount of approximately SEK 3.94 billion (USD 550 million), based on the accounting value of the shares in EnQuest to be received by Lundin Petroleum, prior to the distribution to the shareholders of Lundin Petroleum. This accounting value is not an estimate of the market value of EnQuest on listing.

The Board proposes that the shareholders resolve to authorize the Board to decide upon the record date for the distribution of shares in EnQuest.

As per 31 December 2008, the unrestricted equity of Lundin Petroleum amounted to SEK 7,008,317,000, of which amount SEK 5,089,856,000 refers to other reserves, SEK 1,855,683,000 refers to retained earnings and SEK 62,778,000 refers to the profit for the financial year 2008.

At the Annual General Meeting held 13 May 2009, it was resolved that Lundin Petroleum's unrestricted equity of SEK 7,008,317,000 for the financial year 2008, including the profit of SEK 62,778,000 for the financial year, be brought forward, and that no dividends were to be paid to the shareholders for the financial year 2008.

The disposable amount available pursuant to Chapter 17 Section 3 first paragraph of the Swedish Companies Act thus amounts to SEK 7,008,317,000 as per 31 December 2008. No value transfers have been resolved and there have been no changes in the restricted equity of Lundin Petroleum after 31 December 2008. The profit and loss statement and the balance sheet for the year ended 31 December 2009 has not yet been adopted by the Annual General Meeting.

Following a resolution by the Extraordinary Meeting to distribute shares in EnQuest in accordance with the proposal of the Board, the disposable amount under Chapter 17 Section 3 first paragraph of the Swedish Companies Act is estimated to amount to approximately SEK 3.06 billion.

On 17 February, 2010, Lundin Petroleum announced a preliminary, unaudited year end report for 2009 showing a net loss amounting to SEK 32,271,000. The Board does not foresee any material changes in the profit and loss statement and the balance sheet that will be presented and adopted

at the Annual General Meeting in May 2010.

The proposal of the Board is conditional upon a resolution in favour of the Board's proposal regarding sale of Lundin Petroleum's UK business to EnQuest under item 7 on the agenda and upon a primary listing of the shares in EnQuest on the London Stock Exchange having occurred at the time of distribution.

**Attached documents**

1. Statement from the Board of Directors in accordance with Chapter 18 Section 4 of the Swedish Companies Act
2. Annual report for the financial year 2008 and the auditors' report (available on Lundin Petroleum's website [www.lundin-petroleum.com](http://www.lundin-petroleum.com))
3. The Board of Directors' report in accordance with Chapter 18 Section 6 item 3 of the Swedish Companies Act
4. Auditors' statement regarding the report of the Board of Directors in accordance with Chapter 18 Section 6 item 4 of the Swedish Companies Act

Stockholm on 8 March 2010

LUNDIN PETROLEUM AB (publ)

Ian H. Lundin  
Chairman

Magnus Unger

William A. Rand

Asbjørn Larsen

Lukas H. Lundin

C. Ashley Heppenstall

Dambisa F. Moyo

**Attachment B**

*N.B. The English text is an in-house translation for information purposes only, in the event of differences between the translation and the Swedish text the latter shall prevail.*

**STATEMENT OF THE BOARD OF DIRECTORS OF LUNDIN PETROLEUM AB IN  
ACCORDANCE WITH CHAP. 18 SEC. 4 OF THE SWEDISH COMPANIES ACT REGARDING  
THE DISTRIBUTION OF SHARES IN ENQUEST PLC**

The Board of Lundin Petroleum AB (company no. 556610-8055, "Lundin Petroleum") proposes that the Extraordinary Meeting of Shareholders on 22 March 2010 resolves on a dividend to the effect that all of Lundin Petroleum's shares in EnQuest plc ("EnQuest"), corresponding to 55 percent of the total number of shares in EnQuest, are distributed to the shareholders of Lundin Petroleum. It is not known with certainty as at the date of this Proposal, however it is expected that 1 share in Lundin Petroleum shall entitle the holder to approximately 1.3474 shares in EnQuest.

Lundin Petroleum holds 4,490,300 own shares, which will not be entitled to receive distribution of shares in EnQuest.

The dividend proposed by the Board corresponds to an estimated amount of approximately SEK 3.94 billion (USD 550 million), based on the accounting value of the shares in EnQuest to be received by Lundin Petroleum, prior to the distribution to the shareholders of Lundin Petroleum. This accounting value is not an estimate of the market value of EnQuest on listing.

As per 31 December 2008, the unrestricted equity of Lundin Petroleum amounted to SEK 7,008,317,000, of which amount SEK 5,089,856,000 refers to other reserves, SEK 1,855,683,000 refers to retained earnings and SEK 62,778,000 refers to the profit for the financial year 2008.

At the Annual General Meeting held 13 May 2009, it was resolved that Lundin Petroleum's unrestricted equity of SEK 7,008,317,000 for the financial year 2008, including the profit of SEK 62,778,000 for the financial year, be brought forward, and that no dividends were to be paid to the shareholders for the financial year 2008.

The disposable amount available pursuant to Chapter 17 Section 3 first paragraph of the Swedish Companies Act thus amounts to SEK 7,008,317,000 as per 31 December 2008. No changes in the restricted shareholders' equity have occurred subsequent to 31 December 2008. The profit and loss statement and the balance sheet for the year ended 31 December 2009 has not yet been adopted by the Annual General Meeting.

Following a resolution by the Extraordinary Meeting to distribute shares in EnQuest in accordance with the proposal of the Board, the disposable amount under Chapter 17 Section 3 first paragraph of the Swedish Companies Act is estimated to amount to approximately SEK 3.06 billion.

On 17 February, 2010, Lundin Petroleum announced a preliminary, unaudited year end report for 2009 showing a net loss amounting to SEK 32,271,000. The Board does not foresee any material changes in the profit and loss statement and the balance sheet that will be presented and adopted at the Annual General Meeting in May 2010.

The proposal of the Board is conditional upon on a resolution in favour of the Board's proposal regarding sale of Lundin Petroleum's UK business to EnQuest under item 7 on the agenda and upon a primary listing of the shares in EnQuest on the London Stock Exchange having occurred at the time of distribution.

Provided that the Extraordinary Meeting of the shareholders in Lundin Petroleum resolves to distribute shares in EnQuest in accordance with the proposal of the Board, approximately SEK 3.06 billion will be carried forward. Following the proposed dividend, there will be full coverage

for Lundin Petroleum's restricted equity.

The Board assess that after the proposed share distribution, the equity of Lundin Petroleum and the remaining part of the group (the "Group") will be sufficient with respect to the nature, extent and risks of the remaining operations. The Board has hereby taken into consideration Lundin Petroleum's and the Group's historical development, the budgeted development and the state of the market, among other things.

The Board has assessed the financial position of Lundin Petroleum and the Group, as well as the possibilities of Lundin Petroleum and the Group to comply with their short term and long term obligations. The Board has hereby considered the assessed effect of the proposed transfer of business to EnQuest under item 7 on the agenda and the distribution of shares in EnQuest on the equity of both Lundin Petroleum and the Group.

The proposed share distribution will not affect the ability of Lundin Petroleum and the Group to comply with their payment obligations. The balance sheet of Lundin Petroleum and the Group will remain strong with unutilized borrowing capacity and strong liquidity. The borrowing capacity can be used by short notice and the Board therefore finds that Lundin Petroleum and the Group are well prepared to handle changes in respect of liquidity, as well as unexpected events.

The Board is of the opinion that Lundin Petroleum and the Group have the ability to take future business risks and also endure potential losses. The proposed share distribution will not negatively affect the ability of Lundin Petroleum or the Group to make further commercially motivated investments and fund future growth in accordance with the plans of the Board.

With reference to the above, the Board of Directors is of the opinion that the proposed share distribution is justifiable considering the requirements that the nature, extent and risks of the operations pose on Lundin Petroleum's and the Group's equity as well as Lundin Petroleum's and the Group's consolidation requirements, liquidity and position in general.

Stockholm on 8 March 2010

LUNDIN PETROLEUM AB (publ)

Ian H. Lundin  
Chairman

Magnus Unger

William A. Rand

Asbjørn Larsen

Lukas H. Lundin

C. Ashley Heppenstall

Dambisa F. Moyo

**Attachment C**

*N.B. The English text is an in-house translation for information purposes only, in the event of differences between the translation and the Swedish text the latter shall prevail.*

**REPORT BY THE BOARD OF DIRECTORS OF LUNDIN PETROLEUM AB IN ACCORDANCE  
WITH CHAP. 18 SEC. 6 OF THE SWEDISH COMPANIES ACT REGARDING THE DISTRIBUTION  
OF SHARES IN ENQUEST PLC**

The Board of Lundin Petroleum AB (company no. 556610-8055, "Lundin Petroleum") proposes that the Extraordinary Meeting of Shareholders on 22 March, 2010 resolves to allocate the unrestricted equity of the company to the effect that all of Lundin Petroleum's shares in EnQuest plc are distributed to the shareholders of Lundin Petroleum.

After the publication of the annual report for the financial year 2008, the following events of material significance for the position of Lundin Petroleum have occurred, as set forth in the attached documents:

1. Interim report for January – March 2009
2. Interim report for January – June 2009
3. Interim report for January – September 2009
4. Year end report for 2009 dated 17 February 2010
5. Press releases dated 4 March 2010 describing the proposed dividend of the shares in EnQuest.

As per 31 December 2008, the unrestricted equity of Lundin Petroleum amounted to SEK 7,008,317,000, of which amount SEK 5,089,856,000 refers to other reserves, SEK 1,855,683,000 refers to retained earnings and SEK 62,778,000 refers to the profit for the financial year 2008.

At the Annual General Meeting held 13 May 2009, it was resolved that Lundin Petroleum's unrestricted equity of SEK 7,008,317,000 for the financial year 2008, including the profit of SEK 62,778,000 for the financial year, be brought forward, and that no dividends were to be paid to the shareholders for the financial year 2008.

The disposable amount available pursuant to Chapter 17 Section 3 first paragraph of the Swedish Companies Act thus amounts to SEK 7,008,317,000 as per 31 December 2008. No value transfers have been resolved and there have been no changes in the restricted equity of Lundin Petroleum after 31 December 2008. The profit and loss statement and the balance sheet for the year ended 31 December 2009 has not yet been adopted by the Annual General Meeting.

On 17 February, 2010, Lundin Petroleum announced a preliminary, unaudited year end report for 2009 showing a net loss amounting to SEK 32,271,000. The Board does not foresee any material changes in the profit and loss statement and the balance sheet that will be presented and adopted at the Annual General Meeting in May 2010.

Stockholm on 8 March 2010

LUNDIN PETROLEUM AB (publ)

Ian H. Lundin  
Chairman

Magnus Unger

William A. Rand

Asbjørn Larsen

Lukas H. Lundin

C. Ashley Heppenstall

Dambisa F. Moyo

**Attachment D**

*N.B. The English text is an in-house translation for information purposes only, in the event of differences between the translation and the Swedish text the latter shall prevail.*

**AUDITOR'S STATEMENT PURSUANT TO CHAP. 18 SEC. 6 OF THE SWEDISH COMPANIES ACT (TRANSLATION OF SWEDISH ORIGINAL)**

*To the Extraordinary General Meeting of Lundin Petroleum AB (publ), Co.Reg.No 556610-8055, 22 March 2010*

**Assignment and allocation of responsibility**

We have reviewed the report by the Board of Directors of Lundin Petroleum AB in accordance with Chap. 18 Sec. 6 of the Swedish Companies Act, dated 8 March 2010, and the Board of Directors' proposal regarding the distribution of profits in the form of the shares in EnQuest plc. The Board of Directors is responsible for ensuring that the report and proposal are prepared in accordance with the Swedish Companies Act. Our responsibility is to review the report and proposal so that we can present a written statement on them, pursuant to Chap. 18 Sec. 6 of the Swedish Companies Act. This statement has the sole aim of complying with the requirements of Chap. 18 Sec. 6 of the Swedish Companies Act, and may not be used for any other purpose.

**Direction and scope of the review**

This review was performed in compliance with the recommendation RevR 9 "The Auditor's Other Statements Pursuant to the Swedish Companies Act and the Companies Ordinance" of FAR SRS. This recommendation requires that we plan and perform the review to be able to state, with reasonable assurance, that the report is true and fair and to recommend the General Meeting of Shareholders to resolve in accordance with the proposal. The review encompassed a sampling of suitable evidence. We believe that our review provides a reasonable basis for our opinion set out below.

**Opinion**

In our opinion, the report is true and fair and we recommend that the General Meeting of Shareholders distributes the profits in accordance with the proposal of the Board of Directors.

Stockholm on 8 March 2010

PricewaterhouseCoopers AB

Bo Hjalmarsson

*Authorised Public Accountant, Auditor in charge*

**Attachment E****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

**Company Reg. No. 556610-8055**

### 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

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**

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.

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).