The Board of Directors' report regarding the proposed sale of 2.6 per cent of the Johan Sverdrup unit to Equinor Energy AS

The Board of Directors of Lundin Petroleum AB (publ) has proposed that the Extraordinary General Meeting of the company to be held on 31 July 2019 resolves to approve Lundin Norway AS' sale of 2.6 per cent of the Johan Sverdrup unit (the "**Assigned Interests**") to Equinor Energy AS.

Relationship between the company and Equinor Energy AS

An asset transfer agreement regarding the sale of the Assigned Interests was entered into between Lundin Norway AS and Equinor Energy AS on 7 July 2019. Lundin Norway AS is a wholly-owned subsidiary to Lundin Petroleum AB (publ) and Equinor Energy AS is a wholly owned subsidiary of Equinor ASA. Equinor ASA currently owns 20.1 per cent of the total number of shares in Lundin Petroleum AB (publ).

Terms and conditions

The consideration payable by Equinor Energy AS shall be USD 962 million, with an economic date of 1 January 2019 which includes a USD 52 million contingent payment on future reserve classification.

Completion of the sale is conditional upon approval by the Extraordinary General Meeting, customary approvals from Norwegian government authorities and certain other conditions (including that the Extraordinary General Meeting resolves in accordance with the Board of Directors' proposals under items 7 a)–7 c) of the agenda for the Extraordinary General Meeting). The Extraordinary General Meeting's resolution to approve the sale of the Assigned Interests is only valid where supported by shareholders holding more than half of the votes cast. Equinor ASA has declared that it will not exercise its voting rights on this resolution.

Provided that all conditions will be satisfied, the completion of the sale of the Assigned Interests is currently expected to occur in within four to six months from the Extraordinary General Meeting.

Background and reasons

The Board of Directors and management of the company routinely review and assess strategic opportunities to enhance shareholder value. The Board of Directors' proposal forms a unique opportunity for the company to divest the Assigned Interests at a premium to current market consensus. In addition, the transaction enables the company to rationalise its shareholder structure through an arrangement through which the company will redeem 16 per cent of the shares currently held by Equinor ASA and enhance all remaining shareholders' leverage to financial, operational and exploration success.

The Board of Directors believes that the divestment of the Assigned Interests and the transaction as a whole is in the best interest of the company and its shareholders and recommends that shareholders resolve to approve this transaction to realise the Assigned Interests at an attractive valuation and at a time when the business is positioned for another period of substantial operational and financial growth.

Valuation of the Assigned Interests

The valuation of the Assigned Interests has been made on the basis of a discounted cash flow analysis, taking into account future hydrocarbon price assumptions, cost assumptions, capital allowances associated with the Assigned Interests and recoverable reserves assumptions in line with the company's internal assessment of these factors at the time of the transaction.

Fairness opinion

The Board of Directors has obtained a fairness opinion from Skandinaviska Enskilda Banken AB (publ) ("**SEB**") regarding the reasonableness, from a financial point of view, of the sale of the Assigned Assets for the shareholders of the company. SEB's opinion is that the consideration for the sale of the Assigned Interests is fair from a financial point of view.

SEB's fairness opinion is available at the company (Hovslagargatan 5 in Stockholm) and at company's website, www.lundin-petroleum.com.

Stockholm in July 2019
Lundin Petroleum AB (publ)
The board of directors