Appendix 3

Proposed agenda

1. Opening of the Annual General Meeting.
2. Election of Chairman of the Annual General 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 Annual General Meeting has been duly convened.
7. Presentation of the annual report and the auditor's report, the consolidated financial statements and the auditor's Group report.
8. Resolution in respect of adoption of the income statement and the balance sheet and the consolidated income statement and consolidated balance sheet.
9. Resolution in respect of disposition of the Company's result according to the adopted balance sheet and determination of record dates for the dividend.
10. Resolution in respect of discharge from liability of the members of the Board of Directors and the Chief Executive Officer.
11. Resolutions in respect of matters initiated by a shareholder:
    a) A shareholder proposes that the Annual General Meeting amends the Policy on Remuneration of Group Management to introduce a recoupment policy.
    b) A shareholder proposes that the Annual General Meeting calls on the Board of Directors to urge Group Management to promptly disclose certain information and to take certain actions.
12. Presentation by the Nomination Committee:
    - Proposal for the number of members of the Board of Directors.
    - Proposal for remuneration of the Chairman and other members of the Board of Directors.
    - Proposal for election of Chairman of the Board of Directors and other members of the Board of Directors.
    - Proposal for remuneration of the auditor.
    - Proposal for election of auditor.
13. Resolution in respect of the number of members of the Board of Directors.
14. Resolution in respect of remuneration of the Chairman and other members of the Board of Directors.
15. Resolutions in respect of Board members:
    a) re-election of Peggy Bruzelius as a Board member;
    b) re-election of C. Ashley Heppenstall as a Board member;
    c) re-election of Ian H. Lundin as a Board member;
    d) re-election of Lukas H. Lundin as a Board member;
    e) re-election of Grace Reksten Skaugen as a Board member;
    f) re-election of Torstein Sanness as a Board member;
    g) re-election of Alex Schneiter as a Board member;
    h) re-election of Jakob Thomasen as a Board member;
    i) re-election of Cecilia Vieweg as a Board member; and
    j) re-election of Ian H. Lundin as the Chairman of the Board of Directors.
16. Resolution in respect of remuneration of the auditor.
17. Election of auditor.
18. Resolution in respect of the 2020 Policy on Remuneration for Group Management.
19. Resolution in respect of the 2020 Long-term, Performance-based Incentive Plan.
20. Resolution in respect of delivery of shares under the 2017, 2018 and 2019 Long-term, Performance-based Incentive Plans.
21. Resolution in respect of delivery of shares under the 2020 Long-term, Performance-based Incentive Plan.
22. Resolution to authorise the Board of Directors to resolve on new issue of shares and convertible debentures.
23. Resolution to authorise the Board of Directors to resolve on repurchase and sale of shares.
24. Resolution regarding a revised Nomination Committee Process for the Annual General Meeting.
25. Resolution to change the Company's Articles of Association.
26. Closing of the Annual General Meeting.

Appendix 4

Lundin
Petroleum

From strength to strength

Annual Report 2019

Lundin Petroleum is one of the leading independent oil and gas exploration and production companies in Europe. Our operations are focused on Norway, where we develop our resources efficiently and responsibly for a low carbon energy future.

REPORT HIGHLIGHTS

Johan Sverdrup on stream

Our success story on the Utsira High continues. Johan Sverdrup delivered first oil in October, well ahead of schedule and below budget.

>> page 12

Record high production

The Company delivered towards the upper end of the original guidance with the early start-up of production from Johan Sverdrup and the continued excellent performance from the Edvard Grieg field being the main drivers.

>> page 10

A carbon neutral future

By endorsing our Decarbonisation Strategy, targeting carbon neutrality by 2030, we cement our position as one of the lowest carbon emitters in the industry.

>> page 15

Strong cash flow generation

Record high free cash flow and net profit generation, resulted in a proposed 2019 dividend of USD 1.80 per share, corresponding to MUSD 511.

>> page 4 and 56

Annual Report 2019

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Sustainabilty Report 2019

Read more about Lundin Petroleum's performance and management approach on environmental, governance and social issues in the Sustainability Report available on www.lundin-petroleum.com.

This report constitutes the Annual Report for Lundin Petroleum AB (publ), company registration number 556610-8055.

Lundin Petroleum AB ("Lundin Petroleum" or "the Company") is a Swedish public limited liability company listed on Nasdaq Stockholm with ticker LUPE.

Lundin Petroleum leads the way

Our vision is to be a leading successful upstream exploration and production company for oil and gas focused on organic growth, operating in a safe and environmentally responsible manner for the long-term benefit of our shareholders and society.

Innovative and responsible operator in Norway

Lundin Petroleum has grown to become one of the largest operated acreage holders in Norway, with a proven track record of discovering, developing and producing oil and gas resources efficiently and responsibly, through the application of new innovations and best available technology.

with a **focus on organic growth**

By actively pursuing new exploration opportunities in core areas and maximising recovery from existing fields, we aim to constantly increase our reserves and resources. 2019 was the sixth consecutive year we more than replaced our produced barrels. Our subsurface expertise, in combination with cutting-edge technology, ensure an organic growth strategy that is sustainable and successful.

delivering **long-term sustainable value**

Our active organic growth strategy has delivered a strong long-term production profile and a pipeline of future growth opportunities. This gives us the capacity to deliver increased free cash flows and a sustainable and progressive dividend.

and **low carbon operations**

Thanks to carbon mitigation technology, improved emissions management and commercially viable offset and replacement investments, Lundin Petroleum operates with one of the lowest carbon intensity levels in the industry – about a third of the industry world average. But we can, and will do more. With our Decarbonisation Strategy formalised in 2020 we are targeting carbon neutrality by 2030.


Lundin
3M
PELTOR
OPTIME

From strength to strength

Lundin Petroleum continues to deliver strong performance across the board, with industry leading low operating costs, significant free cash flow generation and a sustainable and growing dividend. These are achieved on the back of growing production rates, extended plateaus and responsible operations including world class low carbon emissions per barrel.

OPERATIONAL HIGHLIGHTS

Production	Operating cost	Reserves	Contingent resources
93.3	4.03	693	185
Mboepd	USD/boe	MMboe	MMboe

FINANCIAL HIGHLIGHTS

EBITDA	Cash flow from operating activities	Free cash flow	Proposed dividend
1,918	1,378	1,272	511
MUSD	MUSD	MUSD	MUSD

SUSTAINABILITY HIGHLIGHTS

Safe operations	Oil spills	Carbon intensity	ESG ratings
Zero	Zero	5.4	Top
serious injuries	recordable spills	kg CO_2 /boe	quartile


ACTION

" The past year has been nothing but transformational, with outstanding operational and financial performance and leading low carbon emissions per produced barrel, at about one third of the industry world average.

2019 has been one of the most transformational periods in Lundin Petroleum's development, one in which we achieved first oil from Johan Sverdrup and doubled our production while keeping our industry leading low operating cost.

Alongside this we also formalised our ambition to produce oil and gas in the most sustainable and efficient manner possible with our Decarbonisation Strategy, targeting carbon neutrality by 2030.

The early start-up of Johan Sverdrup Phase 1 in October 2019, was a significant milestone for our business and has firmly laid the foundations for a period of sustainable and efficient production growth for years to come. The field has since ramped up quickly and ahead of expectations and at year end was producing about 80 percent of the Phase 1 facilities capacity of 440 Mbopd.

Our total production for 2019 was at the upper end of the original guidance for the year and our key Edvard Grieg field continued to exceed expectations with operating efficiency ahead of guidance at 98 percent. This achievement was underpinned by continued reservoir outperformance and limited water production, which alongside the infill drilling programme scheduled for 2020, enabled us to lift gross ultimate reserves to 300 MMboe.

Our main strategy continues to be organic growth, where I believe the greatest value creation exists. We pursue our strategy by combining the Company's subsurface expertise with cutting edge technology to maximise recovery as well as identify and explore for new reservoirs and plays. As a result, we have already succeeded in building a business with over one billion barrels of net reserves and resources at a finding cost of USD 0.8 per barrel. We are still one of the most active explorers in Norway, investing approximately MUSD 300 in exploration and appraisal activities in 2019, across seven core areas. In addition, four new development projects were sanctioned and a further four appraisal projects are being progressed towards development.

Financially we had another very strong year of free cash flow generation, driven by the sale of 2.6 percent of Johan Sverdrup, higher production and a cost base which we continued to maintain at industry leading low levels of USD 4.03 per barrel. This coupled with the share redemption from Equinor during the year, drove our earnings per share and I am glad that the Board of Directors recommended a 22 percent increased dividend of USD 1.80 per share (in total MUSD 511), clearly demonstrating our focus on driving shareholder returns.

In 2019 the full electrification of Edvard Grieg was sanctioned and will be developed together with the Johan Sverdrup Phase 2 project. With it, we aim to produce some of the lowest carbon intensity barrels in the world which will result in a significant reduction in CO_2 emissions from Edvard Grieg to below 1 kg per barrel by the end of 2022. The electrification is a key component of our Decarbonisation Strategy, which was announced in January 2020 together with the Board of Directors' proposal to change the name of the Company to Lundin Energy, this to better reflect our ambition and commitment to continue to play an important part in the future energy mix.

I would like to thank all of my colleagues for their excellent performance in 2019 as well as our shareholders and the Board of Directors for their continued support. I very much look forward to reporting our progress in 2020, which is set to be another exciting and successful year for Lundin Petroleum (soon to be Lundin Energy!).

Alex Schneiter
President and CEO

Oil and gas will continue to play an important role in the energy transition towards more renewable sources for decades to come.

As energy providers we are living in very exciting times. Humanity is going through an amazing transformation with improved living standards and prosperity spreading across the globe. Billions of people are being lifted out of poverty thanks to technological advances and the availability of affordable energy.

Of course, there is a clear correlation between human development and energy consumption and there is a strong need to meet demand as prosperity rises. From the expanding middle classes in Asia to the urbanization of Africa, the pattern of energy supply is likely to change dramatically over the next 20 years.

The shift from coal to gas for power generation has already happened in the US, the UK and will be followed by the rest of Europe and, eventually, the rest of the world. Those lagging behind will be countries rich in coal resources and high growth in demand for electricity (such as China, India, Indonesia, South Africa and Turkey). Electrification is changing the way we live, transport goods and people but the challenges we face to meet this disruption in the energy landscape, while limiting let alone reducing our greenhouse gas emissions, are significant.

Renewable energy's incredible expansion will continue unabated as demand increase, costs drop further and new technologies arrive on the market. But oil and gas will also play an increasingly important role in the global energy equation as coal is phased out. As part of our social licence to operate, we as energy producers need to be much smarter in how we produce, transport and consume energy in general, and all of us, as consumers, must accept that we too have an important role to play to achieve a lower carbon future. As the oil and gas industry continues to meet these challenges, governments also have to provide the proper regulatory and fiscal framework to encourage all sectors to decarbonise.

At Lundin Petroleum, we strive to be part of the solution while delivering shareholder value and continuously expanding our horizons. I believe the train towards a low-carbon energy system has left the station and Lundin Petroleum is sitting right up there with the train driver, being perhaps one of the first carbon neutral oil and gas producers in 2030.

On behalf of the Board of Directors, I would like to sincerely thank all our loyal and dedicated employees for making this amazing journey possible and for turning dreams into reality. Finally, a big thank you to you, our shareholders and stakeholders, for your support.

Ian H. Lundin
Chairman of the Board

Leading operational performance

Johan Sverdrup on stream

1st oil

Edvard Grieg production efficiency

98%

2P reserves replacement ratio

150%

“2019 was a year of industry leading operational performance, exceeding all our key targets. With Johan Sverdrup start-up ahead of schedule, plateau extension at Edvard Grieg and new project sanctions, we have seen a step change in our production levels reaching over 150 Mboepd.

Nick Walker
Chief Operating Officer

Organic growth strategy

Lundin Petroleum's main strategy is organic value creation. We do this by combining the Company's subsurface expertise with cutting-edge technology to maximise recovery as well as identify and explore for new reservoirs and plays. Through this strategy, the Company has succeeded in building a business with over one billion barrels of net reserves and resources at a finding cost of USD 0.8 per barrel. Lundin Petroleum is one of the most active explorers in Norway, investing approximately MUSD 300 in exploration and appraisal activities in 2019, across seven core areas. In addition, four new development projects were sanctioned and a further four appraisal projects are being progressed towards development.

7 core areas

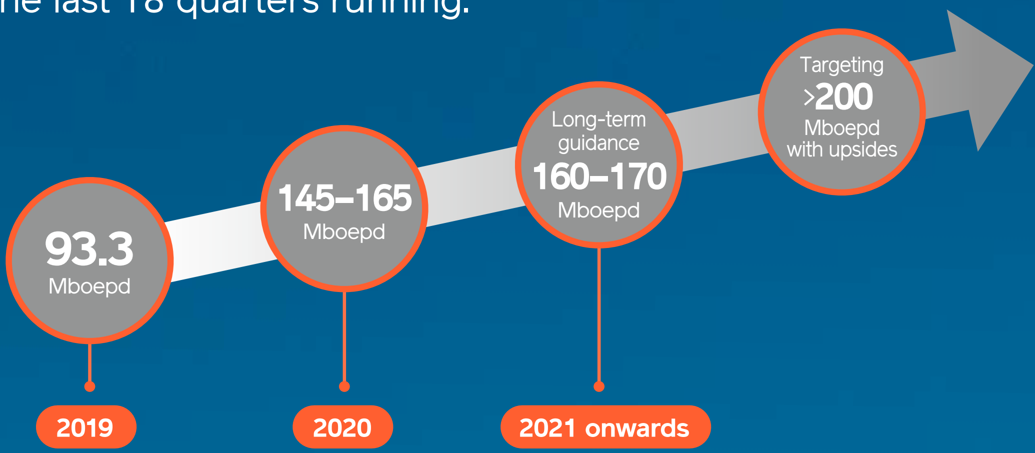
7 new discoveries

4 projects in appraisal phase

4 projects underway

Step change in production

Our continued excellent facilities and reservoir performance has enabled us to meet or exceed production guidance for the last 18 quarters running.



Record high production 2019

Lundin Petroleum delivered towards the top end of the guidance range in 2019 with an average production of 93.3 Mboepd, a record high for the Company. The accelerated start-up and quick ramp-up of the Johan Sverdrup field, along with continued excellent facilities and reservoir performance from both the Edvard Grieg field and the Alvheim Area, were the main drivers behind this result.

Edvard Grieg plateau extension

The Edvard Grieg field has continued to deliver reservoir performance above expectations. Ultimate 2P reserves are increased to 300 MMboe. Combined with the Solveig Phase 1 project and the Rolvsnes extended well test (EWT) both scheduled to come on stream in 2021, the facility is now expected to remain at plateau levels to at least end of 2022, an extension of over four years compared to the original Plan for Development and Operation (PDO) profile.

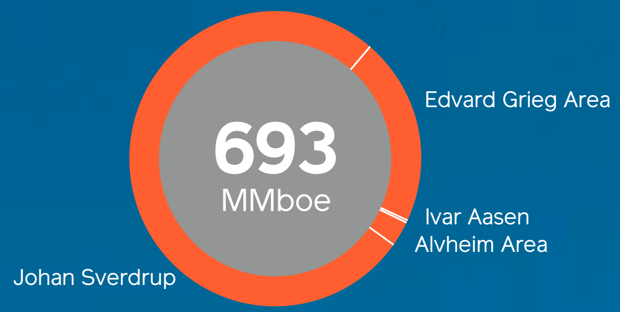
Production growth continues

The outlook for continued production growth remains strong, with further ramp-up and development of the Johan Sverdrup field, plateau extension at Edvard Grieg and our plan to deliver further organic growth.

Strong reserves replacement

Reserves Summary	Proved plus Probable (2P reserves)	Proved plus Probable plus Possible (3P reserves)
End 2018	745.4	900.9
Equity sale 2.6% Johan Sverdrup	-69.6	-82.0
End 2018 adjusted	675.9	818.8
2019 production	-34.7	-34.7
Revisions and new projects	+52.1	+73.4
Reserves end 2019	**693.3**	**857.5**
Reserves replacement ratio	**150%**	**212%**

2P reserves end 2019



Continuing track record of reserves replacement exceeding production

In 2019, the Solveig Phase 1 project, the Rolvsnes EWT project and the Edvard Grieg infill well programme were all sanctioned and accordingly the associated contingent resources were promoted to reserves. This has provided a 2P reserves replacement ratio of 150 percent after adjustment for the sale of 2.6 percent stake in the Johan Sverdrup development project. This is the sixth consecutive year that Lundin Petroleum has more than replaced produced barrels with reserves.

Oil and natural gas liquids (NGL) represent 95 percent of the 2P reserves and all reserve estimates are independently audited by ERC Equipoise Ltd. (ERCE).

Contingent resources

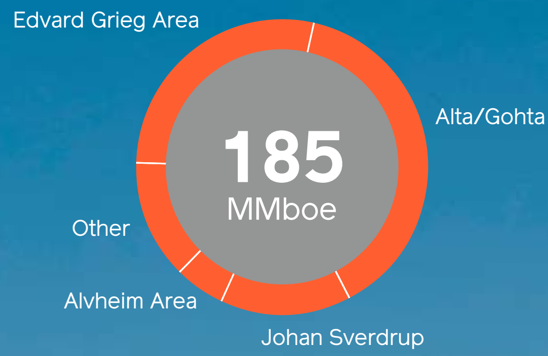
Lundin Petroleum's contingent resources at year end 2019 amounted to 185 MMboe, which represents a decrease of 40 MMboe from year end 2018, primarily driven by the projects matured to reserves. Several small discoveries have been added to the resource base along with the addition of the Water Alternating Gas project on Edvard Grieg and acquisition of an additional 30 percent interest in the Rolvsnes discovery.

The resource estimate of the Alta discovery has been reduced based on further technical evaluation and new seismic data. A standalone development of the Alta and nearby Gohta discovery is no longer considered to be commercial and a subsea tie-back development to either Johan Castberg or another future host in the area is considered the most viable option. The Company is drilling several large prospects in the Loppa High Area in 2020, which if successful could change the dynamic of commercial options for this area.

Exploration

Lundin Petroleum was involved in a record high 17 exploration and appraisal wells in 2019, making seven discoveries along with positive results from two appraisal wells. The high activity level will continue in 2020 with a balanced drilling programme involving 10 exploration and appraisal wells targeting over 650 MMboe of net unrisked resources.

Contingent resources end 2019



Lundin Petroleum reports all of its reserves in working interest barrels of oil equivalent.

Definitions of reserves and resources can be found on page 110.

Johan Sverdrup - in a league of its own

Production commenced at Johan Sverdrup Phase 1 on 5 October 2019 and marked a pivotal milestone for Lundin Petroleum.

It was delivered almost two months in advance of the Plan for Development and Operation (PDO) schedule and at approximately NOK 40 billion gross below the original budget. At year end 2019, the field was producing around 80 percent of facility capacity from eight pre-drilled production wells which were all quickly brought on stream by mid November. Phase 1 plateau rate of 440 Mbopd gross is expected to be achieved during summer 2020 when an additional two wells have been drilled. During the first months of operation, the Johan Sverdrup facility has performed to a very high level, a testament to the quality of the construction and operational excellence.

The PDO for Johan Sverdrup Phase 2 was approved in May 2019 and will involve the installation of an additional processing platform at the field centre, a major module on the existing riser platform and subsea facilities to reach the satellite areas of the field. The project will bring gross production capacity to 660 Mbopd, and is progressing according to plan with first oil scheduled during the fourth quarter of 2022.

Gross resources
2.2–3.2
billion boe

Costs reduced
~50%
since PDO
including foreign exchange savings

Phase 1 early start-up
5 October 2019

Production capacity
440 Mbopd

Phase 2 start-up
Q4 2022

Production capacity
660 Mbopd

Full field breakeven price
<20 USD/boe

Operating cost
<2 USD/bbl
from Phase 1 plateau

> “With Johan Sverdrup we have laid the foundation for sustainable and efficient production growth. It is truly a success story, creating value for our Company and society at large, for decades to come.

Kristin Færøvik
Managing Director, Lundin Norway

The history of Johan Sverdrup - unlocking the secrets of the Utsira High

During the past 40 years the Utsira High Area in the Norwegian North Sea was explored by several companies without any notable success.

It was not until 2007 that Lundin Petroleum discovered the Edvard Grieg field and with it developed a deeper technical understanding and in-depth knowledge of the underlying geology. This, in combination with the persistency of Hans Christen Rønnevik and his exploration team, convinced us that the Utsira High Area still had vast potential. With the support of an entrepreneurial management team, the dots were connected and the Johan Sverdrup field was discovered. Our success story went from strength to strength.

Following the Johan Sverdrup oil discovery in September 2010, an extensive appraisal progamme was conducted to determine the extent of the field. “The field exceeded all our expectations with excellent reservoir quality and significantly larger resources than estimated.” Alex Schneiter, President and CEO of Lundin Petroleum comments. In 2015, the Norwegian authorities approved the Plan for Development and Operation (PDO) and only 9 years after the first discovery, first oil was achieved on 5 October 2019, ahead of schedule and below budget.

It took 40 years to unlock the secret of the Utsira High, a secret that has transformed Lundin Petroleum and the wider Norwegian oil and gas industry. Today the Johan Sverdrup field is estimated to hold gross reserves of between 2.2 and 3.2 Bn boe, making it one of the largest discoveries ever made on the Norwegian Continental Shelf. The gross production capacity of Johan Sverdrup is estimated at 440 Mbopd with Phase 1 plateau production expected to be reached by the summer of 2020, and increasing to 660 Mbopd after Phase 2 commences production in the fourth quarter of 2022. At its peak, the field will account for around one quarter of all petroleum production in Norway.

The production will flow through one of the world’s most advanced and efficient production platforms, which in addition is being operated with power from shore making it one of the most carbon efficient fields in the world, with CO_2 emissions of below 1 kg per barrel, about one-twentieth of the world average.

Following the discoveries of Edvard Grieg, which quadrupled our production, and Johan Sverdrup, which will double it once again, we still believe there is potential in the Utsira High Area.

Power from shore

To further solidify Lundin Petroleum's position as a world leading low carbon emission oil producer the plan to electrify the whole Utsira High Area was finalised in 2019.

The power from shore system is already in place for Johan Sverdrup Phase 1 and will be extended with Phase 2 of the development to include the Edvard Grieg, Ivar Aasen, Gina Krog and Sleipner fields.

The whole Utsira High Area will be supplied with land-based power via underwater electrical cables, and will be fully operational in 2022. The power grid is connected to the Nord Pool power market, which is sourced mainly from renewable energy. Our net capital investment in the Utsira High Area power grid amounts to approximately MUSD 500, of which more than half (MUSD 270) has already been spent by year end 2019, and contributes to a total capacity of 300 megawatts for the area.

This full electrification project will be transformational for Lundin Petroleum, providing our operations on the Utsira High Area with electricity for the next 50 years. This will reduce our CO_2 emissions intensity to world leading levels of below 1 kg per barrel for this area, while at the same time enhancing the economic return from our operations.

Decarbonisation Strategy

Lundin Petroleum's ambition is to achieve carbon neutrality as an oil and gas exploration and production company by 2030.

With a growing demand for oil and gas we recognise the challenges of climate change. By focusing our operations in Norway, a world leader in terms of industry regulations and carbon reduction efforts, as well as implementing best available technology on our production facilities, we actively seek to minimise our environmental footprint.

Aiming to be one of the leading companies in our industry in terms of low carbon emissions, Lundin Petroleum has formalised a Decarbonisation Strategy (DCS). This confirms our continued focus on our core oil and gas activities, while also committing to find and support innovative ways to further reduce our exploration and production related CO_2 emissions.

Over the course of 2019, we have taken a number of steps in furtherance of our DCS. The Company has sanctioned the full electrification of the Edvard Grieg field, which is expected to take place at the end of 2022, when additional power capacity is available for the Utsira High Area. This investment will result in achieving record low carbon intensity levels of below 1 kg of CO_2 per barrel of oil produced on this platform.

In addition, we have invested in a hydropower project in Norway and in a wind farm project in Finland (January 2020) to replace part of our net electricity usage from power from shore through renewable power generation. The projects will also provide a natural hedge to electricity price fluctuation.

On an annual basis we have also committed to offset our carbon emissions associated with all air travel, including helicopter transport, used in our operations with natural carbon capture.

With our DCS and carbon reduction initiatives in place, Lundin Petroleum continues to provide the world with the energy it requires for global economic and social prosperity, while addressing and reducing our environmental impact, a mission already set out in our first climate statement in 2007.

You will find more information on our Decarbonisation Strategy and the steps we have taken to date in our Sustainability Report 2019 and on our website, www.lundin-petroleum.com.

Sustainable operations

Lundin Petroleum develops oil and gas resources efficiently and responsibly for a sustainable and low carbon energy future.

Ethical conduct and business success go hand in hand. Our business model rests on our commitment to carry out our activities in an efficient and responsible manner, taking into consideration the interests of our Company, employees, shareholders, other stakeholders and society at large.

Our sustainability work is an evolving journey, one which Lundin Petroleum is committed to pursue because we believe it's the right thing to do. Since the Company´s inception in 2001, we have been at the forefront of addressing key environmental, social and governance (ESG) issues. For example, in 2019 we elaborated a new Climate Strategy Statement and formalised our Decarbonisation Strategy, targeting carbon neutrality by 2030.

Since the Paris Climate Agreement in 2015, climate change has become central to the global agenda and to ours. Affordable, reliable energy is essential to economic development and prosperity, yet the world is confronted with the challenge of supplying sustainable energy. We acknowledge this, and seek to contribute to the transition towards a low carbon society, while also addressing the challenge of reaching an equitable energy balance.

Lundin Petroleum produces oil and gas in Norway, a leading country in terms of ESG. We operate with one of the lowest carbon emissions intensity levels in the industry, at approximately a third of the world average. We strive for excellence and seek continuous improvements in everything we do, including reducing our carbon footprint. We actively push the frontiers of research and development, where our teams in Norway have a strong, proven skillset.

With the full electrification of our operated Edvard Grieg platform by 2022, the carbon emissions intensity level for both Edvard Grieg and Johan Sverdrup, in which we have a 20 percent working interest, will reach below 1 kg CO_2 per barrel of oil produced. These record low levels of CO_2 emissions make the fields two of the most carbon efficient offshore fields in the world. On a net equity basis, our overall carbon footprint in 2019 was 5.4 kg CO_2 per barrel of oil produced.

Over the course of 2019, we have held discussions and conducted training at all levels of the organisation, in order to identify opportunities for Lundin Petroleum to continually play a positive role in the energy transition.

Our Decarbonisation Strategy (see page 15), approved by our Board of Directors, together with a joint corporate and operational management team workshop on climate change, were the cornerstones for moving forward on a sustainable energy roadmap in 2019.

By engaging with leading rating agencies Lundin Petroleum's ESG performance is continuously evaluated and is recognised as being among the top quartile performers.

"Our Decarbonisation Strategy sets out our commitment to become carbon neutral across our operations by 2030.

Zomo Fisher
Vice President Sustainability

Our ESG journey

2019 2018 2017 2016 2015 2014 2013 2012 2011 2010 2009 2008 2007 2006 2005 2004 2003 2002 2001

- Decarbonisation Strategy
- Climate Strategy Statement
- **Corporate Responsibility E-learning**
- Diversity Policy
- New Code of Conduct
- Competition Law Policy
- HSEQ Leadership Charter
- **First GRI Sustainability Report**
- Contractor Declaration
- **First Corporate Responsibility E-learning**
- Biodiversity Statement
- **UN Call to Action**
- **EITI Supporting Company**
- Stakeholder Engagement Policy
- **UN Guiding Principles on Business & Human Rights**
- Human Rights Policy
- Anti-Corruption Policy
- **UN Global Compact**
- **Carbon Disclosure Project**
- First Climate Change Statement
- Whistleblowing Statement
- Sustainable Investment Programme
- Corporate Donations Policy
- Community Relations Policy
- HSE Management System
- Human Rights Primer
- Environmental Policy
- Health and Safety Policy
- Code of Conduct

Initiatives / Corporate Governing Documents

Health, safety and environment (HSE)

We recognise the value of the people working for us and consider their well-being a major contributor to our business success. Our objective, as such, is to provide a safe and healthy environment for all our employees. Through internal health, safety and environmental campaigns, which we call "reflexes", we actively identify and assess potential risks, learn from past incidents and implement relevant mitigation measures.

The result of our robust HSE culture is reflected in our 2019 performance, by zero serious injuries, zero recordable oil spills, world leading low carbon emissions of 5.4 kg CO_2 per boe, on a net equity basis, and recognition as a top quartile performer in ESG ratings.

Sustainability reporting

Lundin Petroleum's Sustainability Report provides comprehensive information on our approach to managing key environmental, social and governance (ESG) issues within the industry. It outlines how we integrate this work into our business model to create long-term sustainable value for all stakeholders.

It conforms to the Global Reporting Initiative (GRI) standards and constitutes our disclosure on non-financial reporting required under Swedish law implementing the EU Directive 2014/95/EU. It also constitutes our Communication on Progress (COP) to the UN Global Compact.

Our Sustainability Report 2019 is available to read at www.lundin-petroleum.com.

"Lundin Petroleum takes pride in continuously and proactively addressing key environmental, social and governance issues.

Christine Batruch
Former Vice President Corporate Responsibility

Christine Batruch has been a valuable employee of the Company for close to 20 years and an appreciated Vice President Corporate Responsibility since 2002. On 31 December 2019, she stepped down from this position, but the Company will continue to leverage Christine's competences in the ESG area through her Strategic Advisory role.

Directors’ Report

Lundin Petroleum AB (publ) Reg No. 556610-8055

The address of Lundin Petroleum AB’s registered office is Hovslagargatan 5, Stockholm, Sweden.

Lundin Petroleum is an independent oil and gas exploration and production company with operations focused on Norway.

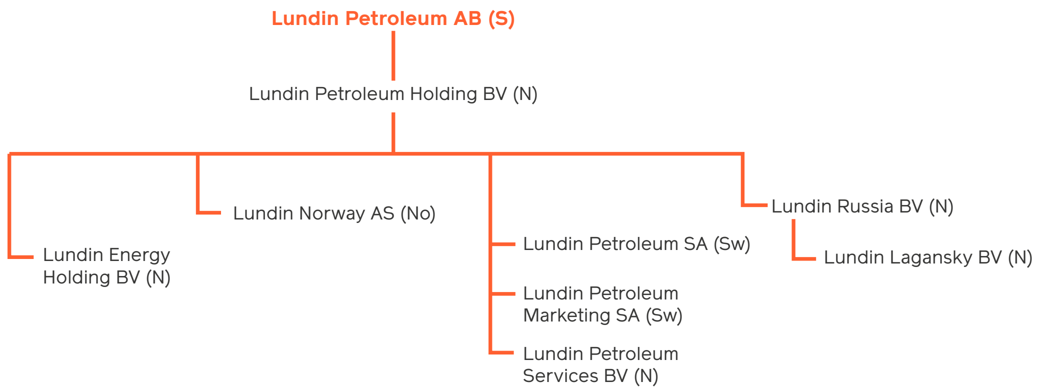
The Parent Company has no foreign branches.

Changes in the Group

In July 2019, Lundin Petroleum entered into a sales and purchase agreement for the sale of a 2.6 percent working interest in the Johan Sverdrup development project to Equinor. The transaction decreased the Company’s working interest in the Johan Sverdrup development project to 20 percent.

In October 2019, Lundin Petroleum signed an agreement with Sognekraft AS to acquire a 50 percent non-operated interest in the Leikanger hydropower project, in mid-west Norway. The completion of the transaction remains subject to customary closing conditions, expected to occur in early 2020.

Corporate structure as at 31 December 2019



Jurisdiction

(N) Netherlands
(No) Norway
(S) Sweden
(Sw) Switzerland

Note: The Group structure shows significant subsidiaries only. See the Parent Company Financial Statements Note 9 for full legal names and all subsidiaries.

Operational review

All the reported numbers and updates in the operational review relate to the financial year ended 31 December 2019 unless otherwise specified.

Norway

Reserves and resources

Lundin Petroleum has 693 million barrels of oil equivalent (MMboe) of proved plus probable net reserves and 858 MMboe of proved plus probable plus possible net reserves as at 31 December 2019 as certified by an independent third party. Lundin Petroleum has additional oil and gas resources which classify as contingent resources and the best estimate contingent resources net to Lundin Petroleum amounted to 185 MMboe as at 31 December 2019. The proved plus probable reserves replacement ratio for 2019 was 150 percent.

Production

Production was 93.3 thousand barrels of oil equivalent per day (Mboepd) (compared to 81.1 Mboepd for 2018) which was above the mid-point of the updated guidance for the year of between 90 and 95 Mboepd, and 10 percent above the mid-point of the original production guidance of between 75 and 95 Mboepd. This result is due to early start-up and quick ramp-up at the Johan Sverdrup field as well as continued strong performance at both the Edvard Grieg field and the Alvheim Area. As a result of the quick ramp-up of Johan Sverdrup, production at year end 2019 was over 150 Mboepd.

Operating cost, including netting off tariff income, was USD 4.03 per boe, which is 5 percent below guidance of USD 4.25 per boe. This result is due to higher production volumes.

Production in Mboepd	2019	2018
Norway		
Crude oil	83.5	71.9
Gas	9.8	9.2
Total production	**93.3**	81.1

Production in Mboepd	WI[1]	2019	2018
Johan Sverdrup	20%	14.0	–
Edvard Grieg	65%	63.7	63.6
Ivar Aasen	1.385%	0.8	0.9
Alvheim	15%	9.1	9.3
Volund	35%	4.8	6.5
Bøyla	15%	0.9	0.7
Gaupe	40%	–	0.1
Quantity in Mboepd		**93.3**	81.1

[1] Lundin Petroleum's working interest (WI)

Production from Johan Sverdrup Phase 1 commenced on 5 October 2019, which was at the front of the guidance range for first oil. Production has since ramped up quickly and ahead of expectations from the eight pre-drilled production wells and as at year end 2019 the field was producing around 350 thousand barrels of oil per day (Mbopd) gross, which is about 80 percent of the Phase 1 facilities capacity of 440 Mbopd. Initial reservoir performance is excellent and well productivities are above expectations. It will require the drilling of two new production wells to achieve Phase 1 plateau, the first of these commenced in January 2020 with the second expected on stream by the summer of 2020. The twelve pre-drilled water injection wells have been commissioned and water injection levels are more than supporting production offtake from the reservoir. The facilities have performed to a high standard, providing a production efficiency during the ramp-up phase above expectations at 94 percent. Operating costs for the Johan Sverdrup field were USD 2.40 per boe.

Production from the Edvard Grieg field was slightly ahead of forecast, supported by production efficiency ahead of guidance at 98 percent. Reservoir performance continues to exceed expectations; with limited water production and total well potential significantly higher than available facilities capacity. A three-well infill drilling programme planned to commence in 2020 has been sanctioned, providing increased reserves of 18 MMboe gross and taking the gross field ultimate proved plus probable reserves to 300 MMboe including historical production. The Rowan Viking jack-up rig, used to drill all the existing development wells has been contracted for the infill programme. Based on the field performance and the addition of the Solveig and Rolvsnes tie-back projects, the forecast plateau production period through the Edvard Grieg facilities has been extended to at least the end of 2022. During the second quarter 2019, a dual-branch exploration well made oil discoveries at Jorvik and Tellus East on the eastern edge of the Edvard Grieg field. Both areas can be accessed with wells drilled from the platform, with Jorvik the target of one of the planned wells in the first infill campaign. Operating costs for the Edvard Grieg field, including netting off tariff income, were USD 4.18 per boe.

The plan to fully electrify the Edvard Grieg platform has been finalised in conjunction with the Utsira High Area power grid that is being developed together with the Johan Sverdrup Phase 2 project. The Edvard Grieg electrification project, which will become operational in 2022, involves the retirement of the existing gas turbine power generation system on the platform, installation of electric boilers to provide process heat and installation of a power cable from Johan Sverdrup to Edvard Grieg. The project will result in a significant reduction in CO_2 emissions from Edvard Grieg of approximately 3.6 million tonnes from 2022 to end of field life, taking CO_2 emissions for the area to below 1 kg per boe, about one-twentieth of the world average. Additionally, the project will reduce operating costs, reduce carbon taxes and increase operating efficiency, which is partially offset by electricity power purchases from the grid.

Production from the Ivar Aasen field was in line with forecast. Two infill wells have been drilled during 2019, which are both producing in line with expectations.

Production from the Alvheim Area, consisting of the Alvheim, Volund and Bøyla fields, was slightly ahead of forecast. Production efficiency for the Alvheim FPSO was ahead of expectations at 97 percent. Two production wells came on stream during 2019, a sidetrack infill well at the Volund field and the two-branch Frosk test producer (which is produced through the Bøyla facilities). Both wells are producing in line with expectations. The Frosk well also included the drilling of two pilot holes, one of which tested the Froskelår North East prospect making a small oil discovery. In the third quarter 2019, a three-branch pilot well aimed at de-risking infill well opportunities in the Alvheim field was drilled, overall results were above expectations and will lead to an infill well to be drilled in 2020. Operating costs for the Alvheim Area were USD 5.79 per boe.

Development

Johan Sverdrup

The Johan Sverdrup Phase 1 project has been developed as a field centre of four platforms - drilling, processing, living quarters and riser platform. Phase 1 of the project has been delivered below the original capital budget, with a current estimate of gross NOK 83 billion (nominal), representing a saving to date of approximately NOK 40 billion compared to the Phase 1 PDO estimate of gross NOK 123 billion (nominal). Less than ten percent of the current Phase 1 capital estimate remains to be spent on final completion of the production facilities and on fifteen new Phase 1 platform development wells, to be drilled over the period from the first quarter of 2020 to 2023.

The Phase 2 PDO was submitted to the Norwegian Ministry of Petroleum and Energy in August 2018 and was approved in May 2019. Phase 2 involves a second processing platform bridge linked to the Phase 1 field centre, subsea facilities to allow for tie-in of additional wells to access the Avaldsnes, Kvitsøy and Geitungen satellite areas of the field and implementation of full field water alternating gas injection (WAG) for enhanced recovery. 28 wells are planned to be drilled in connection with the Phase 2 development. Phase 2 first oil is scheduled in the fourth quarter of 2022, which will take the gross plateau production capacity to 660 Mbopd. Full field breakeven oil price, including past investments, is estimated at below USD 20 per boe.

The Phase 2 capital expenditure is estimated at gross NOK 41 billion (nominal), which is unchanged from the Phase 2 PDO estimate and over a 50 percent saving from the original estimate in the Phase 1 PDO. The major topsides, jacket and Subsea Production System contracts, have been awarded. Construction has commenced on the second processing platform topsides and as well as the new modules to be installed on the existing Riser Platform. Phase 2 of the project is progressing to plan and is over 25 percent complete.

The field is being operated with power supplied from shore and will be one of the lowest CO_2 emitting fields in the world, with CO_2 emissions of below 1 kg per boe, about one-twentieth of the world average. Post Phase 1 plateau, operating costs will be below USD 2 per boe.

Greater Edvard Grieg Area tie-back projects

The PDO for the Solveig Phase 1 project was approved by the Norwegian Ministry of Petroleum and Energy in June 2019. Solveig is the first Edvard Grieg subsea tie-back development and will contribute to keeping the Edvard Grieg platform filled to capacity for an extended time period. Phase 1 will be developed

Development

Field	WI	Operator	Estimated gross reserves	Production start expected	Expected gross plateau production
Johan Sverdrup	20%	Equinor	2.2 – 3.2 Bn boe	October 2019	660 Mbopd
Solveig Phase 1	65%	Lundin Norway	57 MMboe	Q1 2021	30 Mboepd
Rolvsnes EWT	80%	Lundin Norway	–	Q2 2021	3 Mboepd

with three oil production wells and two water injection wells and will achieve gross peak production of 30 Mboepd, with first oil scheduled in the first quarter of 2021.

Solveig Phase 1 gross proved plus probable reserves are estimated at 57 MMboe. The capital cost of the development is estimated at MUSD 810 gross, with a breakeven oil price of below USD 30 per boe. The potential for further phases of development, which will capture the upside potential in the discovered resources, will be de-risked by production performance from Phase 1.

The production application for the Rolvsnes Extended Well Test (EWT) was approved by the Norwegian Ministry of Petroleum and Energy in July 2019. The Rolvsnes EWT project will be conducted through a 3 km subsea tie-back of the existing Rolvsnes horizontal well to the Edvard Grieg platform. The project is being implemented together with the Solveig project to take advantage of contracting and implementation synergies, with first oil scheduled in the second quarter 2021.

Both Edvard Grieg Area tie-back projects are progressing according to plan, with the Solveig Phase 1 project now over 20 percent complete and the Rolvsnes EWT project over 35 percent complete. All of the key contracts have been awarded and modifications at the Edvard Grieg platform commenced in May 2019.

Appraisal

In July 2019, an appraisal well was completed on the Lille Prinsen oil discovery made in 2018 in PL167 located in the Utsira High Area of the North Sea. The appraisal well was drilled 1 km west of the discovery well in the downdip Outer Wedge area, making an oil discovery. Other segments of Lille Prinsen are being evaluated for further delineation.

Following the extended well test on the Alta discovery in 2018 and the acquisition of a new 3D seismic (Topseis), the contingent resource estimate for the Alta discovery has been adjusted downwards. A standalone development of the Alta and nearby Gohta discoveries is no longer considered to be commercial, and a subsea tie-back development to either Johan Castberg or another future host development in the area is considered the most viable option. Lundin Petroleum is drilling several large prospects in the Loppa High Area in 2020, which if successful could change the dynamic of commercial options for this area.

In February 2020, an appraisal well was completed on the Balderbrå gas discovery in PL894 in the Norwegian Sea. The results were below expectations, leading to a reduction in the resource estimate and a commercial development of the discovery is not considered viable. The data collected from the well will be used in the assessment of further prospectivity in the area.

Exploration

Fifteen exploration wells were completed in 2019 yielding seven oil and gas discoveries and adding net resources of between 10 and 50 MMboe. Exploration and appraisal expenditure in 2019 was MUSD 298.

In February 2019, the Gjøkåsen Shallow prospect in PL857 and the Pointer/Setter dual target prospect in PL767, both located in the southern Barents Sea, were drilled and both wells were dry.

In March 2019, the Froskelår Main prospect in PL869 in the Alvheim Area proved an oil and gas discovery. Froskelår Main will be evaluated as part of a potential joint development with the Frosk discovery.

In April 2019, the Gjøkåsen Deep prospect in PL857 in the southeastern Barents Sea, the Vinstra/Otta prospect in PL539 located in the Mandal High Area of the North Sea and the JK prospect in PL916 located in the north of the Utsira High Area of the North Sea, were all drilled and all three wells were dry.

In June 2019, the Korpfjell Deep prospect in PL859 in the southeastern Barents Sea was drilled and was dry.

In June 2019, the Jorvik and Tellus East prospects on the eastern edge of the Edvard Grieg field in PL338 proved two oil discoveries. At Jorvik, the well encountered oil in 30 metres of conglomerate reservoir of Triassic age with a thin, high quality sandstone above. This combination of conglomerate and sandstone reservoir types are also found on the southern and eastern part of Edvard Grieg. At Tellus East, the well encountered a gross oil column of 60 metres in porous, weathered basement reservoir. The combined gross resources of Jorvik and Tellus East are estimated to be between 4 and 37 MMboe and both can be developed with wells from the Edvard Grieg platform.

In June 2019, the Froskelår North East prospect was drilled as part of the Frosk test producer and proved an oil discovery. The discovery is estimated by the operator to contain gross resources of between 2 and 10 MMboe and is potentially commercial as part of a Frosk/Froskelår development.

2019 appraisal well programme

Licence	Operator	WI	Well	Spud Date	Status
PL167	Equinor	20%	Lille Prinsen	May 2019	Completed July 2019
PL203	AkerBP	15%	Alvheim Infill Pilots	August 2019	Completed September 2019
PL894 [1]	Wintershall DEA	10%	Balderbrå	January 2020	Completed February 2020

[1] subject to closing of deal with Wintershall DEA

2019 exploration well programme

Licence	Operator	WI	Well	Spud Date	Result
PL857	Equinor	20%	Gjøkåsen Shallow	December 2018	Dry
PL767	Lundin Norway	50%	Pointer/Setter	January 2019	Dry
PL869	AkerBP	20%	Froskelår Main	January 2019	Oil & Gas Discovery
PL857	Equinor	20%	Gjøkåsen Deep	February 2019	Dry
PL338	Lundin Norway	65%	Jorvik/Tellus East	March 2019	Two Oil Discoveries
PL869	AkerBP	20%	Froskelår North East	March 2019	Oil Discovery
PL539	MOL	20%	Vinstra/Otta	April 2019	Dry
PL916	AkerBP	20%	JK	April 2019	Dry
PL859	Equinor	15%	Korpfjell Deep	June 2019	Dry
PL758	Capricorn	20%	Lynghaug	June 2019	Dry
PL869	AkerBP	20%	Rumpetroll	June 2019	Dry
PL815	Lundin Norway	60%	Goddo	July 2019	Oil Discovery
PL921	Equinor	15%	Gladsheim	September 2019	Dry
PL896	Wintershall DEA	30%	Toutatis	November 2019	Oil Discovery
PL917	ConocoPhillips	20%	Enniberg	November 2019	Oil & Gas Discovery
PL820S	MOL	40%	Evra/Iving	November 2019	Ongoing
PL917	ConocoPhillips	20%	Hasselbaink	January 2020	Dry

In July 2019, the Lynghaug prospect in PL758 in the Norwegian Sea, and the Rumpetroll prospect in PL869 in the Alvheim Area, were drilled and both wells were dry.

In August 2019, the Goddo prospect in PL815 located on the Utsira High was drilled and proved an oil discovery. The main objective of the well was to prove oil in porous basement similar to what is found in the Rolvsnes discovery located to the northwest. The Goddo well encountered weathered and fractured basement with an estimated gross oil column of 20 metres, with reservoir of similar characteristics as found in Rolvsnes, but the two discoveries are not connected. Gross resources at Goddo are estimated to be between 1 and 10 MMboe, with further upside potential in the larger Goddo area and surrounding prospective basement. The results from the Rolvsnes EWT will provide important reservoir performance data in relation to the commercialisation of the wider basement opportunity on the Utsira High.

In October 2019, the Gladsheim prospect in PL921 in the Northern North Sea was drilled and was dry.

In November 2019, the Toutatis prospect in PL896 in the Norwegian Sea was drilled and made a minor non-commercial oil and gas discovery.

In November 2019, drilling started on the Evra/Iving prospects in PL820S, located east of Alvheim in the North Sea. The dual target well is testing the injectite sandstone reservoir of the Evra prospect and further below, the Jurassic/Triassic reservoirs of the Iving prospect.

In January 2020, the Enniberg prospect in PL917 east of the Alvheim Area in the North Sea was drilled and made a minor non-commercial oil and gas discovery. Following which the Hasselbaink prospect in the same licence was drilled and was dry.

Research and Development

The Group invested MUSD 12.7 in research and development (R&D) in 2019. The main goal for the R&D is to maximise the value of the existing assets, improve operational preparedness in new areas of operation and developing platforms for future business opportunities. This means improvement of subsurface understanding which benefits both exploration and development activities. About one-third of the R&D investments have been used to focus on external environment, energy efficiency and CO_2 emissions reduction.

Decarbonisation Strategy

In January 2020, Lundin Petroleum announced its Decarbonisation Strategy with the target to become carbon neutral in its exploration and production activities by 2030. The Company currently has industry leading low carbon emissions with average net carbon intensity for all assets of 5.4 kg CO_2 per boe for 2019. This performance is set to improve further as Johan Sverdrup is already fully electrified from shore and Edvard Grieg is being fully electrified as part of the recently announced Utsira High Area power solution. This will reduce the average net carbon intensity from the Company's producing assets to below 2 kg CO_2 per boe from 2023, which is approximately one-tenth the world average. Additionally, from 2018 the Company has offset the emissions associated with all air travel, including helicopter transport, used in its operations with natural carbon capture.

With the electrification of the Utsira High Area, Lundin Petroleum will be using around 500 GWh per annum net of electricity from 2022 from Nord Pool, the Nordic countries' electricity transmission system, the majority of which is generated from renewable energy sources (estimated at about two thirds of the total electricity usage). In order to replace the Company's net electricity usage at Johan Sverdrup and subsequently Edvard Grieg, direct and profitable investment in renewable energy will be undertaken.

In October 2019, Lundin Petroleum signed an agreement with Sognekraft AS to acquire a 50 percent non-operated interest in the Leikanger hydropower project, in mid-west Norway. Leikanger will produce around 208 GWh per annum gross, once it is fully operational in 2021, from a river run off hydropower generation scheme. The investment to Lundin Petroleum, including the acquisition cost, is approximately MUSD 60 over the three year period 2019 to 2021 and the project will be free cash flow positive from 2022. The completion of the transaction remains subject to customary closing conditions, expected to occur in early 2020.

In January 2020, Lundin Petroleum concluded a transaction with OX2 AB (OX2) to acquire a 100 percent interest in the Metsälamminkangas (MLK) wind farm project, in mid Finland. MLK will produce around 400 GWh per annum gross, once it is fully operational in 2022, from 24 onshore wind turbines. The MLK operations will be managed by OX2. The investment, including the acquisition cost, is approximately MUSD 200 gross over 2020 to 2021 and the project will be free cash flow positive from 2022. It is Lundin Petroleum's intention to farm-down 50 percent of the 100 percent acquired MLK interest.

The Leikanger and MLK renewable power projects together, (after the intended farm-down) will replace around 60 percent of the Company's net electricity usage from 2023 with low carbon sources. It is Lundin Petroleum's strategy to fully replace all net electricity usage for power from shore with further direct investments in renewable energy power generation. The projects will also provide a natural hedge to the electricity price fluctuation; the electricity usage of Johan Sverdrup represents approximately 15 percent of the total field operating costs and for Edvard Grieg, it will be approximately 10 percent.

Decommissioning

Preparation of the decommissioning plan for the Brynhild field is ongoing with operations anticipated to be conducted during 2020/2021. The Rowan Viking jack-up drilling rig has been secured to plug and abandon the four Brynhild wells.

The Gaupe field ceased production during the fourth quarter of 2018 and preparation of the decommissioning plan for the field is also ongoing.

Licence awards and transactions

In January 2019, Lundin Petroleum was awarded 15 licences in the 2018 APA licensing round, of which nine are as operator.

In January 2019, Lundin Petroleum entered into a sales and purchase agreement involving the acquisition of Lime Petroleum's 30 percent working interest in each of PL338C and PL338E and 20 percent working interest in PL815, which contain the Rolvsnes and Goddo oil discoveries. The transaction increased the Company's working interest in each of PL338C and PL338E to 80 percent and in PL815 to 60 percent. The transaction involved a cash consideration payable to Lime Petroleum and was completed in May 2019, with economic effect from 1 January 2019.

In June 2019, Lundin Petroleum entered into a sales and purchase agreement involving the acquisition of a 10 percent working interest in each of PL896 and PL820S from Wintershall DEA. The transaction increased the Company's working interest to 40 percent in PL820S and to 30 percent in PL896.

In July 2019, as part of transaction to redeem 16 percent of the outstanding Lundin Petroleum shares held by Equinor, the Company further entered into an asset transfer agreement to sell 2.6 percentage points of the Johan Sverdrup development project to Equinor for a cash consideration of MUSD 962 with an effective date of 1 January 2019, which includes a MUSD 52 contingent payment on future reserve attainment. The asset transaction was completed on 30 August 2019.

In December 2019, Lundin Petroleum entered into a sales and purchase agreement with Wintershall DEA involving the acquisition of a 10 percent working interest in PL894, which includes the Balderbrå gas discovery and a 5 percent working interest in PL533 and PL533B. The transaction also includes options to acquire working interests in several other exploration licences in the Vøring Basin where PL894 is located. The transaction is subject to customary government approvals and is expected to complete in the first quarter of 2020.

In December 2019, Lundin Petroleum entered into a sales and purchase agreement with Neptune Energy Norge AS involving the acquisition of a 20 percent working interest in PL886 and PL886B. The transaction increased the Company's working interest to 60 percent in PL886 and PL886B. The transaction is subject to customary government approvals and is expected to complete in the first quarter of 2020.

In January 2020, the Company was awarded 12 licences in the 2019 APA licensing round, of which seven are as operator.

Currently the Company holds 88 licences in Norway, which is an increase of approximately 30percent from the beginning of 2019.

Russia

Lundin Petroleum has previously written down the entire contingent resources and book value for the Morskaya oil discovery in Russia, as it was deemed unlikely that the discovery could commercially be developed in the foreseeable future. Consequently the Morskaya licence has been relinquished and the local operating company, PetroResurs, has been liquidated.

Health, safety and environment

During the reporting period, no lost time incidents and one medical treatment incident occurred, resulting in a Lost Time Incident Rate of 0.0 per million hours worked and a Total Recordable Incident Rate of 0.6 per million hours worked. There were no material safety or environmental incidents.

Financial review

Result
The operating profit for the financial year amounted to MUSD 1,970.7 (MUSD 1,418.7) and included a MUSD 756.7 after tax accounting gain on the sale of 2.6 percent of Johan Sverdrup. The operating profit for the year excluding this accounting gain amounted to MUSD 1,214.0 with the decrease compared to the comparative period mainly driven by lower oil prices and higher expensed exploration costs and impairment charges somewhat offset by higher production volumes during the financial year.

The net result for the year amounted to MUSD 824.9 (MUSD 225.7) representing earnings per share of USD 2.61 (USD 0.67). Net result was impacted by a MUSD 756.7 after tax accounting gain on the sale of 2.6 percent of Johan Sverdrup during the financial year, impairment charges of MUSD 128.3, a foreign currency exchange loss of MUSD 131.7 (MUSD 164.9) and an accounting gain of MUSD 183.7 pre tax in the comparative period as a result of the re-negotiated improved borrowing terms for the reserve-based lending facility. Adjusted net result separates out the effects of accounting gains/losses from asset sales, loan modification gains, foreign currency exchange results, impairment charges and the tax impacts from these items and better reflects the net result generated by the Company's operational performance for the financial year. Adjusted net result for the year amounted to MUSD 252.7 (MUSD 295.3) representing adjusted earnings per share of USD 0.80 (USD 0.87). The decrease compared to the comparative period was mainly driven by the lower adjusted operating profit.

Earnings before interest, tax, depletion and amortisation (EBITDA) for the year amounted to MUSD 1,918.4 (MUSD 1,932.5) representing EBITDA per share of USD 6.07 (USD 5.71) with the increase on a per share basis compared to the comparative period mainly caused by the redemption of 16 percent of the outstanding shares in August 2019. Operating cash flow for the year amounted to MUSD 1,537.1 (MUSD 1,864.1) representing operating cash flow per share of USD 4.87 (USD 5.51) with the decrease compared to the comparative period impacted by a higher current tax charge as Special Petroleum Tax losses were fully utilised during the fourth quarter of 2019. Free cash flow for the year amounted to MUSD 1,271.7 (MUSD 663.0) representing free cash flow per share of USD 4.03 (USD 1.96) with the increase compared to the comparative period impacted by the cash inflow from the sale of 2.6 percent of Johan Sverdrup of MUSD 959.0 which includes received interest and pro and contra funding settlement from effective date to completion date as well as working capital balances and incurred expenses. Organic free cash flow for the year which excludes the cash inflow from the sale of 2.6 percent of Johan Sverdrup amounted to MUSD 312.7 and was also impacted by higher paid taxes and increased trade receivables as a result of Johan Sverdrup coming on stream in October 2019.

Changes in the Group
In January 2019, Lundin Petroleum entered into a sales and purchase agreement for the acquisition of Lime Petroleum's 30 percent working interest in each of PL338C and PL338E and 20 percent working interest in PL815, which contain the Rolvsnes oil discovery and Goddo prospect. The transaction increased the Company's working interest in each of PL338C and PL338E to 80 percent and in PL815 to 60 percent. The transaction involved a cash consideration payable to Lime Petroleum of MUSD 43.0 and was completed in May 2019, with economic effect from 1 January 2019.

In July 2019, Lundin Petroleum entered into a sales and purchase agreement for the sale of a 2.6 percent working interest in the Johan Sverdrup development project to Equinor. The transaction decreased the Company's working interest in the Johan Sverdrup development project to 20 percent. The transaction involved a cash consideration payable by Equinor of MUSD 962.0, which includes a nominal MUSD 52.0 contingent payment on future reserve reclassifications. The transaction was completed in August 2019, with economic effect from 1 January 2019. The transaction was accounted for at closing resulting in a net after tax accounting gain of MUSD 756.7 arising from the difference between the consideration received and the book value of the associated assets being divested. The accounting gain is reported as gain from sale of assets as detailed in the following table. The gain from the sale is presented on an after tax basis as the consideration is determined net after tax based on the Norwegian Petroleum Tax regulations.

Expressed in MUSD	2019
Assets	
Oil and gas properties	343.7
Total assets divested	**343.7**
Liabilities	
Site restoration provision	16.2
Deferred tax liabilities	108.9
Working capital	4.0
Total liabilities divested	129.1
Net assets divested	214.6
Consideration[1]	974.0
Incurred expenses	-2.7
Net after tax accounting gain	756.7

[1] Includes fair value of the contingent consideration on future reserve reclassifications, received interest and pro and contra funding settlement from effective date to completion date as well as working capital balances.

In October 2019, Lundin Petroleum signed an agreement with Sognekraft AS to acquire a 50 percent non-operated interest in the Leikanger hydropower project, in mid-west Norway. Leikanger will produce around 208 GWh per annum gross, once it is fully operational in 2021, from a river run off hydropower generation scheme. The investment to Lundin Petroleum, including the acquisition cost, is approximately MUSD 60 over the three year period 2019 to 2021 and the project will be free cash flow positive from 2022. The completion of the transaction remains subject to customary closing conditions, expected to occur in early 2020.

Revenue and other income
Revenue and other income for the year amounted to MUSD 2,948.7 (MUSD 2,640.7) and was comprised of net sales of oil and gas, gain from sale of 2.6 percent of Johan Sverdrup and other revenue as detailed in Note 1.

Net sales of oil and gas for the year amounted to MUSD 2,158.6 (MUSD 2,607.9). The average price achieved by Lundin Petroleum for a barrel of oil equivalent from own production amounted to USD 61.00 (USD 67.89) and is detailed in the following table. The average Dated Brent price for the year amounted to USD 64.21 (USD 71.31) per barrel.

Net sales of oil and gas from own production for the year are detailed in Note 3 and were comprised as follows:

Sales from own production Average price per boe expressed in USD	2019	2018
Crude oil sales		
Norway		
– Quantity in Mboe	29,769.7	26,834.7
– *Average price per boe*	*65.16*	*69.97*
Gas and NGL sales		
Norway		
– Quantity in Mboe	4,235.7	3,682.0
– *Average price per boe*	*31.77*	*52.74*
Total sales		
– Quantity in Mboe	**34,005.4**	30,516.7
– *Average price per boe*	*61.00*	*67.89*

The table above excludes crude oil revenue from third party activities.

Net sales of crude oil from third party activities for the year amounted to MUSD 84.3 (MUSD 536.1) and consisted of Grane Blend crude oil purchased from outside the Group by Lundin Petroleum Marketing SA and sold to the market. Revenue from sale of oil and gas are recognised when control of the products is transferred to the customer.

Gain from sale of assets amounted to MUSD 756.7 (MUSD –) and related to the sale of 2.6 percent of Johan Sverdrup as specified in Note 8.

Other income for the year amounted to MUSD 33.4 (MUSD 32.8) and mainly included tariff income of MUSD 27.2 (MUSD 29.4) which is due to net income from Ivar Aasen tariffs paid to Edvard Grieg.

Production costs
Production costs including under/over lift movements and inventory movements for the year amounted to MUSD 164.8 (MUSD 152.4) and are detailed in Note 2. The total production cost per barrel of oil equivalent produced is detailed in the table below:

Production costs	2019	2018
Cost of operations		
– In MUSD	118.1	102.5
– *In USD per boe*	*3.47*	*3.46*
Tariff and transportation expenses		
– In MUSD	46.3	35.2
– *In USD per boe*	*1.36*	*1.19*
Operating costs		
– In MUSD	**164.4**	**137.7**
– *In USD per boe* [1]	*4.83*	*4.65*
Change in under/over lift position		
– In MUSD	-0.9	7.0
– *In USD per boe*	-0.03	0.24
Change in inventory position		
– In MUSD	-2.8	0.6
– *In USD per boe*	*-0.08*	*0.02*
Other		
– In MUSD	4.1	7.1
– *In USD per boe*	*0.12*	*0.24*
Production costs		
– In MUSD	**164.8**	**152.4**
– *In USD per boe*	*4.84*	*5.15*

Note: USD per boe is calculated by dividing the cost by total production volume for the period.
[1] The numbers in this table are excluding tariff income netting. Lundin Petroleum's operating cost for the year of USD 4.83 (USD 4.65) per barrel is reduced to USD 4.03 (USD 3.66) when tariff income is netted off. The operating cost for the fourth quarter of USD 4.16 (USD 5.02) per barrel is reduced to USD 3.54 (USD 4.14) when tariff income is netted off.

The total cost of operations for the year amounted to MUSD 118.1 (MUSD 102.5) and the total cost of operations excluding operational projects amounted to MUSD 108.6 (MUSD 93.0). The increase compared to the comparative period related to the start up of production from the Johan Sverdrup field in October 2019 in combination with the reversal in the comparative period of an accrual as a result of the termination of production from the Brynhild field of MUSD 5.5.

The cost of operations per barrel for the year amounted to USD 3.47 (USD 3.46) including operational projects and USD 3.19 (USD 3.14) excluding operational projects. The cost of operations per barrel for the fourth quarter amounted to USD 2.91 (USD 3.78) with the reduction compared to the comparative period caused by the start up of production from the Johan Sverdrup field in October 2019.

Tariff and transportation expenses for the year amounted to MUSD 46.3 (MUSD 35.2) or USD 1.36 (USD 1.19) per barrel. The increase compared to the comparative period is driven by the start up of production from the Johan Sverdrup field, higher pipeline tariff rates and freight costs for crude oil sales in relation to some cargoes being sold on a CFR basis during the year.

Sales quantities in a period can differ from production quantities as a result of permanent and timing differences. Timing differences can arise due to under/over lift of entitlement, inventory, storage and pipeline balances effects. The change in under/over lift position is valued at production cost including depletion cost, and amounted to MUSD -0.9 (MUSD 7.0) in the year due to the timing of the cargo liftings compared to production. Sales quantities and production quantities are detailed in the table below:

Change in over/underlift position in Mboepd	**2019**	**2018**
Production volumes	93.3	81.1
Johan Sverdrup inventory movements	-0.7	–
Production volumes excluding inventory movements	**92.6**	81.1
Sales volumes from own production	93.2	83.6
Change in overlift position	**-0.6**	-2.5

Other costs for the year amounted to MUSD 4.1 (MUSD 7.1) and related to the business interruption insurance.

Depletion and decommissioning costs

Depletion and decommissioning costs for the year amounted to MUSD 443.8 (MUSD 458.0) at an average rate of USD 13.03 (USD 15.46) per barrel and are detailed in Note 9. The lower depletion costs for the year compared to the comparative period is due to the start up of production from the Johan Sverdrup field in October 2019 at a lower depletion rate per barrel, what resulted in lower depletion costs for the year although production volumes increased. The depletion costs are further positively impacted by a lower depletion rate per barrel in USD terms as the depletion rate per barrel is calculated in Norwegian Kroner with the Norwegian Kroner having weakened against the USD compared to prior year.

Exploration costs

Exploration costs expensed in the income statement for the year amounted to MUSD 125.6 (MUSD 53.2) and are detailed in Note 9. Exploration and appraisal costs are capitalised as they are incurred. When exploration and appraisal drilling is unsuccessful, the capitalised costs are expensed. All capitalised exploration costs are reviewed on a regular basis and are expensed when facts and circumstances suggest that the carrying value of an exploration and evaluation asset may exceed its recoverable amount.

Impairment costs of oil and gas properties

Impairment costs charged to the income statement for the year amounted to MUSD 128.3 (MUSD –) and are detailed in Note 9. Impairment costs related to certain licences in the Barents Sea of which future economic development is considered uncertain. A non-cash pre-tax impairment charge of MUSD 128.3 was recognised with an offsetting MUSD 101.3 deferred tax credit recognised in the income statement, yielding a net after tax charge of MUSD 27.0.

Purchase of crude oil from third parties

Purchase of crude oil from third parties for the year amounted to MUSD 84.3 (MUSD 533.8) and related to Grane Blend crude oil purchased from outside the Group.

General, administrative and depreciation expenses

The general administrative and depreciation expenses for the year amounted to MUSD 31.2 (MUSD 24.6) which included a charge of MUSD 4.6 (MUSD 3.9) in relation to the Group's long-term incentive plans (LTIP), see also Note 28. Fixed asset depreciation expenses for the year amounted to MUSD 6.7 (MUSD 2.6) with the increase compared to the comparative period mainly caused by the implementation of IFRS 16 with effective date 1 January 2019 based on which depreciation expenses relating to right of use assets are included in the financial year.

Finance income

Finance income for the year amounted to MUSD 27.5 (MUSD 192.2) and is detailed in Note 4.

The reserve-based lending facility was successfully re-negotiated during the comparative period, resulting in the interest rate margin over LIBOR being reduced from 3.15 percent to a current rate of 2.25 percent effective as of 1 June 2018. The amendment of the interest rate margin resulted in an accounting gain of MUSD 183.7 in the comparative period in accordance with IFRS 9 that unwinds to the income statement over the remaining period of the facility.

The result on interest rate hedge settlements amounted to a gain of MUSD 25.7 (MUSD 3.5).

Finance costs

Finance costs for the year amounted to MUSD 322.5 (MUSD 345.4) and are detailed in Note 5.

The net foreign currency exchange loss for the year amounted to MUSD 131.7 (MUSD 164.9). Foreign exchange movements occur on the settlement of transactions denominated in foreign currencies and the revaluation of working capital and loan balances to the prevailing exchange rate at the balance sheet date where those monetary assets and liabilities are held in currencies other than the functional currencies of the Group's reporting entities. Lundin Petroleum is exposed to exchange rate fluctuations relating to the relationship between US Dollar and other currencies. Lundin Petroleum has entered into derivative financial instruments to address this exposure for exchange rate fluctuations for capital expenditure amounts, Corporate and Special Petroleum Tax amounts and funding requirements for the share redemption. For the year, the net realised exchange loss on these settled foreign exchange instruments amounted to MUSD 60.9 (gain of MUSD 5.2).

The US Dollar strengthened with 2 percent against the Euro during the year resulting in a net foreign currency exchange loss on the US Dollar denominated external loan, which is borrowed by a subsidiary using Euro as functional currency. In addition, the Norwegian Krone strengthened with less than 1 percent against the Euro in the year, generating a net foreign currency exchange gain on an intercompany loan balance denominated in Norwegian Krone.

Interest expenses for the year amounted to MUSD 93.4 (MUSD 88.7) and represented the portion of interest charged to the income statement. An additional amount of interest of MUSD 85.7 (MUSD 87.6) associated with the funding of the Norwegian development projects was capitalised in the year. The total interest expense for the year increased slightly compared to the comparative period.

The amortisation of the deferred financing fees for the year amounted to MUSD 19.7 (MUSD 17.8) and related to the fees incurred in establishing the reserve-based lending facility and the fees incurred in establishing the short-term MUSD 500 bridge facility that was temporarily in place from late July 2019 to the end of August 2019 to partly fund the share redemption transaction. The bridge facility was fully repaid at the end of August 2019 when the sale of 2.6 percent of Johan Sverdrup completed. The fees in relation to the reserve-based lending facility are being expensed over the expected life of that facility.

Loan facility commitment fees for the year amounted to MUSD 10.9 (MUSD 13.0) and related mainly to the lower margin for commitment fees as agreed through the amendment of the facility effective as of 1 June 2018 in combination with a higher outstanding loan under the reserve-based lending facility following the share redemption in August 2019 what resulted in lower commitment fees.

As a result of the successful re-negotiated reserve-based lending facility during the comparative period, loan modification fees amounting to MUSD 17.3 were incurred in the comparative period.

The unwinding of the loan modification gain for the year amounted to MUSD 41.5 (MUSD 26.1) and related to the expensing of the accounting gain from the re-negotiated improved borrowing terms for the reserve-based lending facility over the period of usage of the facility.

Share in result of associated company
Share in result of associated company for the year amounted to MUSD -1.8 (MUSD -1.3) and related to the share in the result of the investment in Mintley Caspian Ltd. and are detailed in Note 6.

Tax
The overall tax charge for the year amounted to MUSD 849.0 (MUSD 1,038.5) and is detailed in Note 7.

The current tax charge for the year amounted to MUSD 405.8 (MUSD 90.4) and mainly related to Norway. The current tax charge for Norway related to both Corporate Tax and Special Petroleum Tax (SPT). The SPT tax losses were fully utilised during the fourth quarter of 2019 which resulted in increased current tax charges. The paid tax installments in Norway during the year amounted to MUSD 131.7 which has in combination with the current tax charge for the year resulted in an increase in current tax liabilities compared to the comparative period.

The deferred tax charge for the year amounted to MUSD 443.2 (MUSD 948.1) and related to Norway. A deferred tax amount arises primarily where there is a difference in depletion for tax and accounting purposes.

The Group operates in various countries and fiscal regimes where corporate income tax rates are different from the regulations in Sweden. Corporate income tax rates for the Group vary between 21.4 and 78 percent. The effective tax rate for the year is affected by items which do not receive a full tax credit such as the reported net foreign currency exchange results, Norwegian financial items and by the uplift allowance applicable in Norway for development expenditures against the offshore tax regime.

Balance sheet

Non-current assets
Oil and gas properties amounted to MUSD 5,473.2 (MUSD 5,341.1) and are detailed in Note 9.

Development, exploration and appraisal expenditure incurred for the year was as follows:

Development expenditure in MUSD	2019	2018
Norway	672.3	701.9
Development expenditures	**672.3**	**701.9**

Development expenditure of MUSD 672.3 (MUSD 701.9) was incurred in Norway during the year, primarily on the Johan Sverdrup field. In addition an amount of MUSD 85.7 (MUSD 87.6) of interest was capitalised.

Exploration and appraisal expenditure in MUSD	2019	2018
Norway	298.4	310.6
Exploration and appraisal expenditure	**298.4**	**310.6**

Exploration and appraisal expenditure of MUSD 298.4 (MUSD 310.6) was incurred in Norway during the year, primarily for the exploration and appraisal wells as summarised on page 23.

Other tangible fixed assets amounted to MUSD 49.4 (MUSD 13.6) and are detailed in Note 10. Following the implementation of IFRS 16 with effective date 1 January 2019, the Company recognised right of use assets that amounted to MUSD 35.9 (MUSD —).

Goodwill associated with the accounting for the Edvard Grieg transaction during 2016 amounted to MUSD 128.1 (MUSD 128.1) and is detailed in Note 11.

Financial assets amounted to MUSD 14.3 (MUSD 0.4) and are detailed in Note 12. The sale of 2.6 percent of Johan Sverdrup included a contingent consideration based on future reserve reclassifications and is due in 2026. This contingent consideration was fair valued by the Company and amounted to MUSD 12.4 (MUSD —).

Derivative instruments amounted to MUSD 2.7 (MUSD 2.7) and related to the marked-to-market gain on the outstanding currency hedge contracts due to be settled after twelve months and are detailed in Note 20.

Current assets
Inventories amounted to MUSD 40.7 (MUSD 36.5) and included both well supplies and hydrocarbon inventories and are detailed in Note 13.

Trade and other receivables amounted to MUSD 349.5 (MUSD 216.6) and are detailed in Note 14. Trade receivables, which are all current, amounted to MUSD 305.1 (MUSD 153.7) with the increase caused by the start up of production from Johan Sverdrup. Underlift amounted to MUSD 2.0 (MUSD 1.9) and was attributable to an underlift position on the producing fields, mainly relating to oil from the Johan Sverdrup field. Joint operations debtors relating to various joint venture receivables amounted to MUSD 11.4 (MUSD 17.0). Prepaid expenses and accrued income amounted to MUSD 23.9 (MUSD 26.9) and represented mainly prepaid operational and insurance expenditure. Other current assets amounted to MUSD 7.1 (MUSD 17.1) with the reduction mainly caused by the receipt during the year of the short-term receivable from IPC relating to certain working capital balances following the IPC spin-off.

Derivative instruments amounted to MUSD 11.3 (MUSD 34.0) and related to the marked-to-market gain on the outstanding interest rate and currency hedge contracts due to be settled within twelve months and are detailed in Note 20.

Cash and cash equivalents amounted to MUSD 85.3 (MUSD 66.8). Cash balances are mainly held to meet ongoing operational funding requirements, see also Note 15.

Non-current liabilities
Financial liabilities amounted to MUSD 3,888.4 (MUSD 3,262.0) and are detailed in Note 17. Bank loans amounted to MUSD 4,000.0 (MUSD 3,465.0) and related to the long-term portion of the outstanding loan under the reserve-based lending facility with the short-term portion classified as current liabilities. Capitalised financing fees relating to the establishment of the facility amounted to MUSD 37.1 (MUSD 54.1) and are being amortised over the expected life of the facility. The capitalised loan modification gain relating to the re-negotiated improved borrowing terms for the lending facility during 2018 amounted to MUSD 105.6 (MUSD 148.9) and are being amortised over the expected life of the facility. The lease commitments amounted to MUSD 31.1 (MUSD —) and related to the long-term portion of the lease commitments following the implementation of IFRS 16 with effective date 1 January 2019. The short-term portion of the lease commitments was classified as current liabilities.

Provisions amounted to MUSD 528.1 (MUSD 489.1) and are detailed in Note 18. The provision for site restoration amounted to MUSD 522.2 (MUSD 483.9) and related to the long-term portion of the future decommissioning obligations. The short-term portion of the future decommissioning obligations was classified as current liabilities and amounted to MUSD 49.2 (MUSD 6.6). The total increase in site restoration reflects the additional liability for the Johan Sverdrup field partly offset by the sale of 2.6 percent of Johan Sverdrup, and expected increases in site restoration costs for the other fields.

Deferred tax liabilities amounted to MUSD 2,412.7 (MUSD 2,103.8) and are detailed in Note 7. The provision mainly arises on the excess of book value over the tax value of oil and gas properties. Deferred tax assets are netted off against deferred tax liabilities where they relate to the same jurisdiction.

Derivative instruments amounted to MUSD 110.8 (MUSD 64.9) and related to the marked-to-market loss on outstanding interest rate and currency hedge contracts due to be settled after twelve months and are detailed in Note 20.

Current liabilities
Current financial liabilities amounted to MUSD 97.5 (MUSD —) and are detailed in Note 17. Current financial liabilities related to the short-term portion of the outstanding bank loans and lease commitments.

Dividends amounted to MUSD 106.0 (MUSD —) and related to the cash dividend approved by the AGM held on 29 March 2019 in Stockholm, which is paid in quarterly installments.

Trade and other payables amounted to MUSD 177.4 (MUSD 200.9) and are detailed in Note 19. Overlift amounted to MUSD 0.9 (MUSD 1.7) and was attributable to an overlift position in relation to condensate from the Edvard Grieg field. Joint operations creditors and accrued expenses amounted to MUSD 133.6 (MUSD 147.4) and related to activity in Norway. Other accrued expenses amounted to MUSD 16.6 (MUSD 17.6) and other current liabilities amounted to MUSD 8.5 (MUSD 7.6).

Derivative instruments amounted to MUSD 33.2 (MUSD 20.0) and related to the marked-to-market loss on outstanding interest rate and currency hedge contracts due to be settled within twelve months and are detailed in Note 20.

Current tax liabilities amounted to MUSD 343.3 (MUSD 70.4) and related mainly to Norway as detailed in Note 7.

Current provisions amounted to MUSD 55.9 (MUSD 12.5) and are detailed in Note 18. The short-term portion of the future decommissioning obligations amounted to MUSD 49.2 (MUSD 6.6) mainly relating to the Brynhild field. The short-term portion of the provision for Lundin Petroleum's Unit Bonus Plan amounted to MUSD 6.7 (MUSD 5.9).

Share information

For the number of shares outstanding and the repurchases of own shares, see Note 16.1.

For the AGM resolution on the authorisation to issue new shares, see page 39, Corporate Governance Report.

Dividend

In accordance with the dividend policy, the Board of Directors propose that the Annual General Meeting resolves on a dividend for 2019 of USD 1.80 per share, corresponding to USD 511 million (rounded off), to be paid in quarterly instalments of USD 0.45 per share, corresponding to USD 128 million (rounded off). Before payment, each quarterly dividend of USD 0.45 per share shall be converted into a SEK amount, and paid out in SEK, based on the USD to SEK exchange rate published by Sweden's central bank (Riksbanken) four business days prior to each record date (rounded off to the nearest whole SEK 0.01 per share). The final USD equivalent amount received by the shareholders may therefore slightly differ depending on what the USD to SEK exchange rate is on the date of the dividend payment. The SEK amount per share to be distributed each quarter will be announced in a press release four business days prior to each record date.

The first dividend payment is expected to be paid around 7 April 2020, with an expected record date of 2 April 2020 and expected ex-dividend date of 1 April 2020. The second dividend payment is expected to be paid around 8 July 2020, with an expected record date of 3 July 2020 and expected ex-dividend date of 2 July 2020. The third dividend payment is expected to be paid around 7 October 2020, with an expected record date of 2 October 2020 and an expected ex-dividend date of 1 October 2020. The fourth dividend payment is expected to be paid around 8 January 2021, with an expected record date of 4 January 2021 and an expected ex-dividend date of 30 December 2020.

In order to comply with Swedish company law, a maximum total SEK amount shall be pre-determined to ensure that the dividend distributed does not exceed the available distributable reserves of the Company and such maximum amount for the 2019 dividend has been set to a cap of SEK 9.203 billion (i.e., SEK 2.301 billion per quarter). If the total dividend would exceed the cap of SEK 9.203 billion, the dividend will be automatically adjusted downwards so that the total dividend corresponds to the cap of SEK 9.203 billion.

For details of the dividend policy, see page 39.

Proposed disposition of unappropriated earnings

The 2020 Annual General Meeting has an unrestricted equity at its disposal of MSEK 54,378.0, including the net result for the year of MSEK 18,885.5.

Based on the proposed dividend, the Board of Directors propose that the Annual General Meeting dispose of the unrestricted equity as follows:

MSEK	
The Board of Directors proposes that the shareholders are paid a dividend of USD 1.80 per share [1]	4,969.1
Brought forward	49,408.9
Unrestricted equity	54,378.0

[1] The amount is based on the USD to SEK exchange rate published by Sweden's central bank (Riksbanken) as at 26 February 2020. The amount is based on the number of shares in circulation on 26 February 2020 and the total dividend amount may change by the record dates as a result of repurchases of own shares or as a result of issue of new shares. The dividend is USD denominated, fluctuations in the USD to SEK exchange rate between 26 February 2020 and approval of the dividend proposal by the Annual General Meeting will have an impact on the total dividend amount reported in SEK. If the dividend proposal is approved by the Annual General Meeting, the dividend will be recorded as a liability in USD on the date of the Annual General Meeting and the SEK equivalent of the USD liability will fluctuate until the fourth tranche is converted from USD to SEK.

Based on a comprehensive review of the financial position of the Company and the Group as a whole, as well as the proposed authorisation to repurchase shares, the Board of Directors is of the opinion that the proposed dividend 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 their consolidation needs, liquidity and position in other respects. The Board of Directors considered that there is negative equity at Group level, however such equity is based on historical accounting determinations of book value, depreciations and foreign exchange results, and does not take into account the fair market value of the assets held by the Group. The Board of Directors' full statement in accordance with Chapter 18, Section 4 of the Swedish Companies Act is available on www.lundin-petroleum.com.

Changes in Board of Directors

At the 2020 AGM, all the current members of the Board of Directors will be proposed for re-election by the Nomination Committee.

Financial statements

The result of the Group's operations and financial position at the end of the financial year are shown in the income statement, statement of comprehensive income, balance sheet, statement of cash flow, statement of changes in equity and related notes, which are presented in US Dollars on pages 58—91.

The Parent Company's income statement, balance sheet, statement of cash flow, statement of changes in equity and related notes presented in Swedish Krona can be found on pages 92—97.

Subsequent events

Subsequent events are detailed in Note 30.

Sustainability Report

Lundin Petroleum has issued a Sustainability Report, which is separate from the Financial Statements. The Sustainability Report is available on www.lundin-petroleum.com.

Report on Payments to Government

Lundin Petroleum has issued a Report on Payments to Government, which is separate from the Financial Statements. The Report on Payments to Government is available on www.lundin-petroleum.com.

Risk management

Lundin Petroleum uses a standardised risk management methodology to perform risk assessments. This enables the Company to make informed decisions and to prioritise control activities and resources to deal effectively with any potential opportunities and threats.

This summary gives an overview of Lundin Petroleum's risk universe, however other risks may also exist or arise.

More information on how Lundin Petroleum works to address risks related to maintaining a sustainable and ethical business can be found in the Sustainability Report.

Risk areas

Lundin Petroleum's primary risks fall into three areas, which also include external risks that could influence the Company's business operations or reputation

- Operational risks
- Financial risks
- Strategic risks

Operational risks

Concentration of operations

Risk
All of our production comes from a few assets on the Norwegian Continental Shelf. This concentration of operations increases the vulnerability for long-term production shutdowns due to unexpected events.

Response
Highly skilled and experienced operational teams are employed throughout the organisation, the facilities are built and maintained to a high standard and critical spares are held in inventory. Insurance partially covering the cash flow impact on the Company from a loss of production is subscribed for our main producing assets, reducing the financial impact of any unexpected long-term shutdowns.

Delay of development projects

Risk
Oil and gas projects may be curtailed, or delayed because of many reasons such as safety incidents, changes in installation schedules or missed targets. This includes the risk of cost overruns and a delay in production that could affect liquidity.

Response
Lundin Petroleum has a robust project management system in place and highly competent project management teams that have a proven track record of safely and successfully delivering development projects. The large partner operated Johan Sverdrup Phase 1 project commenced production in October 2019 ahead of target start-up and below budget. The Solveig tie-back to Edvard Grieg and Rolvsnes extended well test projects are also progressing according to plan.

Health, Safety, Environment and Quality

Risk
Operational incidents such as major accidents involving impact on people and the environment, a significant fire, process safety, collisions or well control issues are a significant risk within the oil and gas industry.

Response
Lundin Petroleum has a strong Health, Safety, Environment and Quality (HSEQ) management system to reduce the risk and impact of such incidents, which is subject to incident investigations and audits. The Company maintains a robust HSEQ culture throughout the organisation to ensure safety and security for people and the environment.

Organic growth

Risk
Long-term inability to target and mature unrisked resources and replace reserves through exploration success, affecting stakeholder value creation. The Company may not achieve its strategic objectives of successfully replacing reserves as they are produced.

Response
Lundin Petroleum cultivates business opportunities in our existing markets. With a focus on Norway, there is excellent resource potential supporting our organic growth strategy. The combination of technical expertise, latest and new subsurface technology and an entrepreneurial culture allows for the creation and continued portfolio of attractive exploration prospects. The Company has good dialogue with Norwegian authorities to obtain access to acreage.

Resources and reserves

Risk
Uncertainty in estimates of economically recoverable reserves and inability to bring estimates into resources and reserves.

Response
Resource and reserves evaluations are performed according to international industry standards and undergo a comprehensive internal peer review in addition to an annual reserves audit process by an external independent reserves auditor.

Security / Cyber security

Risk
Security risks are of serious concern in the oil and gas industry and range from risks to personnel security to potential cyber intrusion leading to information data loss and system irregularities.

Response
Security risks are regularly monitored and audited. The risk level in Norway is assessed as low but high levels of awareness are nonetheless maintained. Business continuity plans are in place, networks are built and monitored to prevent and remedy any external cyber attacks and the Company focuses on preventive action including continuous training on cyber security.

Financial risks

Asset retirement

Risk
Incorrect financial estimates of future decommissioning costs for fields at the end of the economic life cycle could lead to a negative financial impact, with an increased liability from removal and other implications of abandonment and reclamation.

Response
Decommissioning cost estimates are reviewed on an annual basis throughout an asset's life cycle, including in the development phase, according to the Company's policy on asset retirement liability.

Financial reporting

Risk
Delayed or inaccurate financial reporting impacting external reporting requirements. The Company may face the risk of regulatory action, fiscal uncertainty, shareholder lawsuits and loss of investor confidence.

Response
Lundin Petroleum maintains robust internal controls and reporting processes to mitigate this risk. Financial reporting is subject to internal controls, a monthly management reporting process and is verified by internal and external audits. The Company has attractive fiscal terms for a full cycle strategy.

Interest and currency

Risk
As a result of the Company carrying debt, a rise in interest rates carries a risk of affecting the Company's earnings and free cash flow potential. A foreign exchange risk exists in relation to market fluctuations of foreign currencies, given that the underlying value of the Company's assets is predominantly USD denominated whilst certain costs are denominated in other currencies.

Response
The exposure to interest rate and currency risk is continuously assessed and monitored. Hedging instruments are used to manage this risk according to the Company's Hedging Procedure, which is also subject to robust internal controls.

Liquidity and funding

Risk
Investments and costs overrunning budgets or production underperformance may lead to the Company being unable to fund its financial commitments from cash flow, debt or equity.

Response
Access to debt capital markets is achieved through a proactive banking relationship strategy to ensure optimal debt availability. Access to the equity capital markets is achieved through an active investor relations strategy. Lundin Petroleum also strives to maintain a good asset management strategy to ensure continued asset performance levels to maximise cash flow and borrowing capacity.

Market conditions

Risk
Shareholder value is affected by our inability to meet stakeholder expectations and create value, either through current business strategies or due to market conditions. The price of oil has fluctuated significantly over the last few years and fundamental market forces beyond our control will continue to impact oil prices in the future. Prolonged low oil and gas prices could erode the profitability of some of the Company's development activities; affect financial earnings, cash flow generation and the overall investment and liquidity position.

Response
Lundin Petroleum mitigates the impact of fluctuating oil prices on our financial performance by having robust processes in place such as the Asset Business Plan (long-term liquidity tests) and continuously assessing the assets' debt borrowing capacity against the banks' oil price assumption, enabling management to forecast ahead of time a potential liquidity shortage. Through regular updates of the Asset Business Plan, the Company stress tests the business for a prolonged period of lower oil prices.

Strategic risks

Climate change

Risk
The impact on the oil and gas industry due to the effect of climate change, coupled with the world wide focus on reducing carbon emissions leads to a focus on energy transition. In response to negative public opinion of oil and gas companies banks and investors are increasingly focusing investment on companies that actively address the impact of climate change. In addition, stricter climate regulations and emissions policies could impact the Company, whether directly through costs to operations and projects, or indirectly through technology developments.

Response
The Company's carbon emissions and energy efficiency are reviewed on an ongoing basis. The Company is investing significantly in power from shore for a majority of its operations, which will significantly reduce the Company's carbon intensity per barrel produced to industry leading levels. In combination with this and as part of our Decarbonisation Strategy, the Company will replace its net electricity usage from power from shore, through investments in renewable power generation. Norway, where all the Company's operations are based, has world leading environmental legislation and governance. The CDP (previously named Carbon Disclosure Project) and our Sustainability reporting show transparency of the Company's performance in relation to climate change commitment.

Ethical business conduct

Risk
Risk of non-compliance with ethical business practices, fraud, bribery and corruption. Non-compliance could lead to investigations and litigation and loss of legal or social license to operate.

Response
Lundin Petroleum operates according to the highest level of ethical standards, ensured through the consistent application of its Code of Conduct and policies and procedures. Internal awareness training is conducted to communicate expectations of ethical business conduct to staff and reference to the Code of Conduct is integrated into business supplier contracts.

Laws and regulations

Risk
Changes to applicable laws and regulations, or complexity of legislation, could negatively affect the Company, lead to investigations, litigation, negative financial impact, reputational damage and cancellation or modification of contractual rights.

Response
Lundin Petroleum adheres to applicable laws and regulations and has a robust corporate governance framework in place to ensure it acts in accordance with good oilfield practice and high standards of corporate citizenship. Lundin Petroleum operates in Norway, a country with a world-leading regulatory framework for oil and gas activities.

Legal process in Sweden

Risk
Investigations in Sweden into past operations in Sudan (1997—2003), and allegations of interference of judicial proceedings, are a direct risk to the CEO and Chairman and cause reputational risks for the Company through potential indictment and trial, financial penalties, negative investor perception leading to divestments and critical media coverage of the Company and its directors.

Response
The Company actively defends its interests through the Swedish legal process and in the public domain, and maintains transparent and effective engagement with various key stakeholders to ensure open and informed dialog. More information on the Swedish legal process can be found on page 50.

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This Corporate Governance Report has been prepared in accordance with the Swedish Companies Act (SFS 2005:551), the Annual Accounts Act (SFS 1995:1554) and the Swedish Corporate Governance Code and has been subject to a review by the Company's statutory auditor.

Lundin Petroleum reports one deviation from the Corporate Governance Code in 2019 in respect of the Nomination Committee as further described on page 40. There were no infringements of applicable stock exchange rules during the year, nor any breaches of good practice on the securities market.

Lundin Petroleum AB (publ), company registration number 556610-8055, has its corporate head office at Hovslagargatan 5, 111 48 Stockholm, Sweden and the registered seat of the Board of Directors is Stockholm, Sweden. The Company's website is www.lundin-petroleum.com.

2020 Annual General Meeting

The 2020 Annual General Meeting (AGM) will be held on 31 March 2020 at 1 p.m. in Vinterträdgården at Grand Hôtel, Södra Blasieholmshamnen 8, in Stockholm. Shareholders who wish to attend the meeting must be recorded in the share register maintained by Euroclear Sweden on 25 March 2020 and must notify the Company of their intention to attend the AGM no later than 25 March 2020.

Further information about registration to the AGM, as well as voting by proxy, can be found in the notice of the AGM, available on the Company's website.

Corporate governance

Lundin Petroleum's corporate governance framework seeks to ensure that its business is conducted efficiently and responsibly, that responsibilities are allocated in a clear manner and that the interests of shareholders, management and the Board of Directors remain fully aligned.

Guiding principles of corporate governance

Since its creation in 2001, Lundin Petroleum has been guided by general principles of corporate governance, which form an integral part of Lundin Petroleum's business model. Lundin Petroleum's business is to explore for, develop and produce oil and gas. The Company aims to create value for its shareholders through exploration and organic growth, while operating in an economically, socially and environmentally responsible way for the benefit of all stakeholders. To achieve such sustainable value creation, Lundin Petroleum applies a governance structure that favours straightforward decision making processes, with easy access to relevant decision makers, while nonetheless providing the necessary checks and balances for the control of the activities, both operationally and financially. Lundin Petroleum's principles of corporate governance seek to:

- Protect shareholder rights
- Provide a safe and rewarding working environment to all employees
- Ensure compliance with applicable laws and best industry practice
- Ensure activities are carried out competently and sustainably
- Sustain the well-being of local communities in areas of operation

As a Swedish public limited company listed on Nasdaq Stockholm, Lundin Petroleum is subject to the Rule Book for Issuers of Nasdaq Stockholm, which can be found on www.nasdaqomxnordic.com. In addition, the Company abides by principles of corporate governance found in a number of internal and external documents. Abiding to corporate governance principles builds trust in Lundin Petroleum, which results in increased shareholder value. By ensuring the business is conducted in a responsible manner, the corporate governance structure ultimately paves the way to increased efficiency.

> Our corporate governance structure ensures safe, responsible and efficient operations throughout the organisation and is fundamental to achieving our ambition of being one of the most sustainable oil and gas companies in the world and being part of the solution towards a lower carbon society.

Ian H. Lundin
Chairman of the Board

Lundin Petroleum – governance structure

Main external rules and regulations for corporate governance at Lundin Petroleum

- Swedish Companies Act
- Swedish Annual Accounts Act
- Nasdaq Stockholm Rule Book for Issuers
- Swedish Corporate Governance Code

Main internal rules and regulations for corporate governance at Lundin Petroleum

- The Articles of Association
- The Code of Conduct
- Policies, Procedures and Guidelines
- The HSEQ Leadership Charter
- The Rules of Procedure of the Board, instructions to the CEO and for the financial reporting to the Board and the terms of reference of the Board Committees and the Investment Committee
- Code of Internal Audit Activity
- Nomination Committee process

Highlights 2019

EGM approval of transactions with Equinor resulting in the redemption of 16 percent of the outstanding shares of Lundin Petroleum and a sale of a 2.6 percent stake in the Johan Sverdrup unit for a cash consideration, both transactions completed in August 2019.

Commissioning and start-up of the Johan Sverdrup development project safely, ahead of time and below budget.

The 2019 AGM resolved to declare an increased cash dividend of USD 1.48 per share to be paid in quarterly instalments.

Development of a Decarbonisation Strategy targeting carbon neutrality in our operations by 2030, including acquiring a stake in the Leikanger hydropower project and discussing an investment in the Metsälamminkangas windfarm to replace part of Lundin Petroleum's net electricity usage.

Corporate governance rules and regulations

Swedish Corporate Governance Code
The Corporate Governance Code is based on the tradition of self- regulation and the principle of "comply or explain". It acts as a complement to the corporate governance rules contained in the Swedish Companies Act, the Annual Accounts Act, EU rules and other regulations such as the Rule Book for Issuers and good practice on the securities market. The Corporate Governance Code can be found on www.bolagsstyrning.se. A revised version of the Corporate Governance Code applies as of 1 January 2020.

Lundin Petroleum's Articles of Association
The Articles of Association contain customary provisions regarding the Company's governance and do not contain any limitations as to how many votes each shareholder may cast at shareholders' meetings, nor any special provisions regarding the appointment and dismissal of Board members or amendments to the Articles of Association. The Articles of Association are available on the Company's website.

Lundin Petroleum's Code of Conduct
Lundin Petroleum's Code of Conduct is a set of principles formulated by the Board to give overall guidance to employees, contractors and partners on how the Company is to conduct its activities in an economically, socially and environmentally responsible way, for the benefit of all stakeholders, including shareholders, employees, business partners, host and home governments and local communities. The Company applies the same standards to all of its activities to satisfy both its commercial and ethical requirements and strives to continuously improve its performance and to act in accordance with good oilfield practice and high standards of corporate citizenship. The Code of Conduct is an integral part of the Company's contracting procedures and any violations of the Code of Conduct will be the subject of an inquiry and appropriate remedial measures. In addition, performance under the Code of Conduct, sustainability and corporate responsibility (CR) is regularly reported to the Board. The Code of Conduct is available on the Company's website.

Lundin Petroleum's policies, procedures, guidelines and HSEQ Leadership Charter
Corporate policies, procedures and guidelines have been developed to outline specific rules and controls, to increase efficiency and improve performance by facilitating compliance. They cover areas such as Operations, Accounting and Finance, Health and Safety, Environment and Quality (HSEQ), Anti-Corruption, Human Rights, Stakeholder Relations, Legal, Information Systems, Insurance & Risk Management, Human Resources, Inside Information and Corporate Communications. All policies, procedures and guidelines are continuously reviewed and updated as and when required and have been integrated into local management systems. During 2019, an updated Corporate Authorisation Policy and Corporate Dawn Raid Procedure were approved, as well as a new Corporate Security Policy and Corporate Hedging Procedure.

Lundin Petroleum's Corporate HSEQ Leadership Charter, sets out the governance framework as well as operational governance for managing the business in accordance with the highest standards. The Charter sets out four core foundation themes: leadership, risk and opportunity management, continuous improvement and implementation and is applicable across the organisation. It further details how these themes are to be operationalised.

CR and HSEQ related policies are available on the Company's website.

Lundin Petroleum's Rules of Procedure of the Board
The Rules of Procedure of the Board contain the fundamental rules regarding the division of duties between the Board, the Committees, the Chairman of the Board and the Chief Executive Officer (CEO). The Rules of Procedure also include instructions to the CEO, instructions for the financial reporting to the Board and the terms of reference of the Board Committees and the Investment Committee. The Rules of Procedure are reviewed and approved annually by the Board.

Share capital and shareholders

The shares of Lundin Petroleum are listed on Nasdaq Stockholm. The total number of shares has been reduced from 340,386,445 to 285,924,614 as a result of the redemption of 16 percent of the outstanding shares of the Company. The share redemption was part of transactions agreed with Equinor, including also a sale of a 2.6 percent interest in the Johan Sverdrup unit, that were approved by the Extraordinary General Meeting (EGM) held on 31 July 2019. The share redemption and sale of the Johan Sverdrup unit interest were both completed in August 2019.

Each share has a quota value of SEK 0.01 (rounded-off) and the registered share capital of the Company is SEK 3,478,713 (rounded-off). All shares of the Company carry the same voting rights and the same rights to a share of the Company's assets and earnings. The Board has been authorised by previous Annual General Meetings (AGMs) to decide upon repurchases and sales of the Company's own shares as an instrument to optimise the Company's capital structure and to secure the Company's obligations under its incentive plans. During 2019, the Company did not purchase any own shares and held as per 31 December 2019 1,873,310 own shares in total.

Lundin Petroleum had at the end of 2019 a total of 33,113 shareholders listed with Euroclear Sweden, which represents an increase of 4,312 compared to the end of 2018, i.e. an increase of approximately 15 percent. Shares in free float amounted to approximately 67 percent and exclude shares held by an entity associated with the Lundin family.

The 10 largest shareholders as at 31 December 2019	Number of shares	Percent (rounded)
Nemesia[1]	95,478,606	33.39
Equinor	13,955,845	4.88
Vanguard	6,252,395	2.19
BlackRock	5,231,599	1.83
Miura	4,575,000	1.60
USS Investment Management	4,550,000	1.59
JP Morgan Asset Management	4,283,142	1.50
Norges Bank	3,810,979	1.33
State Street Global Advisors	3,679,146	1.29
Nordea Funds	3,506,103	1.23
Other shareholders	140,601,799	49.17
Total	285,924,614	100.00

[1] An investment company wholly owned by Lundin family trusts.
Source: Q4 Inc.

Shareholders' meetings

The shareholders' meeting is the highest decision-making body of Lundin Petroleum where the shareholders exercise their voting rights and influence the business of the Company. The AGM is held each year before the end of June at the seat of the Board in Stockholm. The notice of the AGM is announced in the Swedish Gazette (Post- och Inrikes Tidningar) and on the

Dividend Policy

Lundin Petroleum's objective is to create attractive shareholder returns by investing through the business cycle with capital investments allocated to exploration, development and production assets. The Company's expectation is to create shareholder returns both through share price appreciation and by distributing a sustainable yearly dividend - paid in quarterly instalments and denominated in USD - with the plan of maintaining or increasing the dividend over time in line with the Company's financial performance and being sustainable below an oil price of USD 50 per barrel. The dividend shall be sustainable in the context of allowing the Company to continue to pursue its organic growth strategy and to develop its contingent resources whilst maintaining a conservative gearing ratio and retaining an appropriate liquidity position within its available credit lines.

Company's website no more than six and no less than four weeks prior to the meeting. The documentation for the AGM is provided on the Company's website in Swedish and in English at the latest three weeks prior to the AGM and all proceedings are simultaneously translated from Swedish to English and from English to Swedish.

2019 AGM

The 2019 AGM was held on 29 March 2019 at Grand Hôtel in Stockholm. The AGM was attended by 481 shareholders, personally or by proxy, representing 76.16 percent of the share capital. The Chairman of the Board, all Board members including the CEO were present, as well as the Company's auditor and the majority of the members of the Nomination Committee for the 2019 AGM. The members of the Nomination Committee for the 2019 AGM were Hans Ek (SEB Investment Management AB), Filippa Gerstädt (Nordea Funds), and Ian H. Lundin (Nemesia S.à.r.l., as well as non-executive Chairman of the Board of Lundin Petroleum).[2]

The resolutions passed by the 2019 AGM include:

- Election of advokat Klaes Edhall as Chairman of the AGM.
- Adoption of the Company's income statement and balance sheet and the consolidated income statement and balance sheet for 2018 and resolving to declare a dividend of USD 1.48 per share to be paid out in four quarterly instalments with record dates of 2 April 2019, 3 July 2019, 2 October 2019 and 3 January 2020. Before payment, each quarterly dividend of USD 0.37 per share were to be converted into a SEK amount based on the USD to SEK exchange rate published by Sweden's central bank (Riksbanken) four business days prior to each record date (rounded off to the nearest whole SEK 0.01 per share).
- Discharge of the Board and the CEO from liability for the administration of the Company's business for 2018.
- Approval of the remuneration of SEK 1,150,000 to the Chairman of the Board and SEK 550,000 to other Board members, except for the CEO, and SEK 180,000 to each Committee Chair and SEK 130,000 to other Committee members with the total fees for Committee work, including fees for the Committee Chairs not to exceed SEK 1,710,000.
- Re-election of Peggy Bruzelius, C. Ashley Heppenstall, Ian H. Lundin, Lukas H. Lundin, Grace Reksten Skaugen, Torstein Sanness, Alex Schneiter, Jakob Thomasen and Cecilia Vieweg as Board members.
- Re-election of Ian H. Lundin as Chairman of the Board.
- Approval of the remuneration of the statutory auditor.
- Re-election of the registered accounting firm PricewaterhouseCoopers AB as the Company's statutory auditor until the 2020 AGM, authorised public accountant Johan Rippe being the designated auditor in charge.
- Approval of the Company's 2019 Policy on Remuneration for Group management.
- Approval of a long-term incentive plan (LTIP) 2019 for members of Group management and a number of key employees.
- Authorisation for the Board to issue new shares and/or convertible debentures corresponding to in total not more than 34 million new shares, with or without the application of the shareholders pre-emption rights.
- Authorisation for the Board to decide on repurchases and sales of the Company's own shares on Nasdaq Stockholm, where the number of shares held in treasury from time to time shall not exceed ten percent of all outstanding shares of the Company.
- Rejection of four shareholder proposals, which were put to the meeting by a minority shareholder.

An electronic system with voting devices was used and the minutes of the 2019 AGM and all AGM materials, in Swedish and English, are available on the Company's website, together with the CEO's address to the AGM.

2019 EGM

An Extraordinary General Meeting (EGM) was held on 31 July 2019 in Stockholm in respect of proposals to, among other things, redeem 16 percent of the outstanding shares of Lundin Petroleum and to sell a 2.6 percent stake in the Johan Sverdrup unit for a cash consideration. The EGM was attended by 807 shareholders, personally or by proxy, representing 66.85 percent of the share capital. The EGM resolved, in accordance with the proposals:

- To approve the agreement entered into between Lundin Petroleum and SpareBank 1 Markets AS regarding a share swap transaction in relation to 54,461,831 shares in Lundin Petroleum.
- To reduce the share capital by not more than SEK 556,594.14. The reduction of the share capital was to be effected with the retirement of not more than 54,461,831 shares held by SpareBank 1 Markets AS on the date of the implementation of the resolution.
- To increase the share capital by SEK 556,594.14 through a transfer from unrestricted equity (a so-called bonus issue) without issuing any new shares.
- To approve the sale by Lundin Norway AS of 2.6 percent of the Johan Sverdrup unit to Equinor Energy AS.

The Chairman of the Board and the CEO attended the EGM and a quorum of Board members was present. An electronic system with voting devices was used and the minutes of the 2019 EGM and all EGM materials, in Swedish and English, are available on the Company's website.

External auditors of the Company

Statutory auditor

Lundin Petroleum's statutory auditor audits annually the Company's financial statements, the consolidated financial statements, the Board's and the CEO's administration of the

[2] Åsa Nisell was a member of the Nomination Committee until 9 January 2019 but stepped down as a result of Swedbank Robur Fonder no longer being a larger shareholder of the Company.

Company's affairs and reports on the Corporate Governance Report. The auditor also reviews the Sustainability Report to confirm that it contains the required information. In addition, the auditor performs a review of the Company's half year report and issues a statement regarding the Company's compliance with the Policy on Remuneration approved by the AGM. The Board meets at least once a year with the auditor without any member of Group management present at the meeting. In addition, the auditor participates regularly in Audit Committee meetings, in particular in connection with the Company's half year and year end reports. Group entities outside of Sweden are audited in accordance with local rules and regulations.

The Company's external auditor is the registered accounting firm PricewaterhouseCoopers AB, which was first elected as the Company's statutory auditor in 2001. The auditor's fees are described in the notes to the financial statements, see Note 29 on page 91 and Note 7 on page 96. The auditor's fees also detail payments made for assignments outside the regular audit mandate. Such assignments are kept to a minimum to ensure the auditor's independence towards the Company and require prior approval of the Company's Audit Committee.

Independent qualified reserves auditor

Lundin Petroleum's independent qualified reserves auditor certifies annually the Company's oil and gas reserves and certain contingent resources, i.e. the Company's core assets, although such assets are not included in the Company's balance sheet. The current auditor is ERC Equipoise Ltd. For further information regarding the Company's reserves and resources, see the Operations Review on pages 8—15.

Nomination Committee

The Nomination Committee is formed in accordance with the Company's Nomination Committee Process approved at the 2014 AGM. According to the Process, the Company shall invite four of the larger shareholders of the Company based on shareholdings as per 1 August each year to form the Nomination Committee, however, the members are, regardless of how they are appointed, required to promote the interests of all shareholders of the Company.

The tasks of the Nomination Committee include making recommendations to the AGM regarding the election of the Chairman of the AGM, election of Board members and the Chairman of the Board, remuneration of the Chairman and other Board members, including remuneration for Board Committee work, election of the statutory auditor and remuneration of the statutory auditor. Shareholders may submit proposals to the Nomination Committee by e-mail to nomcom@lundin-petroleum.com.

Nomination Committee for the 2020 AGM

The members of the Nomination Committee for the 2020 AGM were announced and posted on the Company's website on 16 October 2019. Announcing the Nomination Committee on 16 October 2019 constitutes a deviation from rule 2.5 of the Corporate Governance Code as the date of announcement was less than six months before the 2020 AGM. The deviation was considered justified as one of the prospective members of the Nomination Committee withdrew from the Nomination Committee at a very late stage. As a result, the Company had to postpone the announcement and constitution of the Nomination Committee until a Nomination Committee with at least three members could be formed.

The Nomination Committee has held four meetings during its mandate so far. At the first meeting, Aksel Azrac was unanimously elected as Chairman of the Nomination Committee. To prepare the Nomination Committee for its tasks and duties and to familiarise the members with the Company, the Chairman of the Board, Ian H. Lundin, commented at the meetings on the Company's business operations and future outlook, as well as on the oil and gas industry in general.

Summary of the Nomination Committee's work during their mandate:

- Considering the recommendation received through the Company's Audit Committee regarding the election of statutory auditor at the 2020 AGM.
- Considering Board and statutory auditor remuneration issues and proposals to the 2020 AGM.
- Considering a proposal to appoint an external independent Chairman for the 2020 AGM.
- Considering amendments to the Nomination Committee Process.
- Considering the size and composition of the Board in light of the diversity recommendations in the Corporate Governance Code, including gender balance, age, educational and professional backgrounds and the proposed Board members' individual and collective qualifications, experiences and capabilities in respect of the Company's current position and expected development.
- Considering the results of the annual assessment of the Board and the functioning of its work.
- Members of the Nomination Committee met and had discussions with current Board members C. Ashley Heppenstall, Grace Reksten Skaugen, Alex Schneiter, Jakob Thomasen and Cecilia Vieweg to discuss the work and functioning of the Board.

The full Nomination Committee report, including the final proposals to the 2020 AGM, is available on the Company's website.

Nomination Committee for the 2020 AGM

Member	Representing	Meeting attendance	Shares represented as at 1 Aug 2019	Shares represented as at 31 Dec 2019	Independent of the Company and Group management	Independent of the Company's major shareholders
Aksel Azrac	Nemesia S.à.r.l	4/4	28.1%	33.4%	Yes	No[1]
Filippa Gerstädt	Nordea Funds	4/4	0.7%	1.2%	Yes	Yes
Ian H. Lundin	Chairman of the Board of Lundin Petroleum	4/4	N/a[2]	N/a[2]	Yes	No[2]
			Total 28.7% (rounded)	Total 34.6%		

[1] Nemesia S.à.r.l holds 33.4 percent of the shares in Lundin Petroleum.
[2] For details, see schedule on pages 42—43.

Board of Directors

The Board of Directors of Lundin Petroleum is responsible for the organisation of the Company and management of the Company's operations. The Board is to manage the Company's affairs in the interests of the Company and all shareholders with the aim of creating long-term sustainable shareholder value. To achieve this, the Board should at all times have an appropriate and diverse composition considering the current and expected development of the operations, with Board members from a wide range of backgrounds that possess both individually and collectively the necessary experience and expertise.

Composition of the Board

The Board of Lundin Petroleum shall, according to the Articles of Association, consist of a minimum of three and a maximum of ten directors with a maximum of three deputies, and the AGM decides the final number each year. The Board members are elected for a period of one year. There are no deputy members and no members appointed by employee organisations. In addition, the Board is supported by a corporate secretary, the Company's Vice President Legal Henrika Frykman, who is not a Board member.

The Nomination Committee for the 2019 AGM considered that a Board size of nine members would be appropriate and that the Board size should not be increased taking into account the nature, size, complexity and geographical scope of the Company's business. The Nomination Committee considered that the Board as proposed and elected by the 2019 AGM is a broad and versatile group of knowledgeable and skilled individuals who are motivated and prepared to undertake the tasks required of the Board in today's challenging international business environment. The Board members possess substantial expertise and experience relating to the oil and gas industry internationally and specifically Norway, being Lundin Petroleum's core area of operation, public company financial matters, Swedish practice and compliance matters and CR/HSEQ matters. The Nomination Committee considered that the proposed Board fulfilled the requirements regarding independence in relation to the Company, Group management and the Company's major shareholders.

Gender balance was specifically discussed and the Nomination Committee noted that 33 percent of the proposed Board members were women. The Company aims to promote diversity at all levels of the Company, and the Nomination Committee applies the diversity requirements of the Corporate Governance Code. The recommendation of the Swedish Corporate Governance Board is that larger listed Swedish companies should strive to achieve 35 percent female Board representation by 2018, which had been achieved by the Company during 2015—2018. Whilst the percentage of women on the proposed Board was slightly below the recommendation, the Nomination Committee considered that the experience of the Board members outweighed such shortfall. The Nomination Committee supports the ambition of the Swedish Corporate Governance Board regarding levels and timing of achieving gender balance and believes that it is important to continue to strive for gender balance when future changes in the composition of the Board are considered. The Nomination Committee reviewed the fee levels for the Board and noted that the Company's Board fees were below the median in Sweden and therefore considered that it was reasonable to propose to increase the Board fees to align them closer to market practice.

Board meetings and work in 2019

The Chairman of the Board, Ian H. Lundin, is responsible for ensuring that the Board's work is well organised and conducted in an efficient manner. He upholds the reporting instructions for management, as drawn up by the CEO and as approved by the Board, however, he does not take part in the day-to-day decision-making concerning the operations of the Company. The Chairman maintains close contacts with the CEO to ensure the Board is at all times sufficiently informed of the Company's operations and financial status.

To continue developing the Board's knowledge of the Company and its operations, generally at least one Board meeting per year is held in an operational location and is combined with visits to the operations, industry partners and other business interests. In October 2019, an executive session with Group management was held in connection with the Board meeting, and Group management also attended Board meetings during the year to present and report on specific questions. A monthly operational report was further circulated to the Board, as well as a quarterly CR/HSEQ report.

Principal tasks of the Board of Directors

- Establishing the overall goals and strategy of the Company.
- Making decisions regarding the supply of capital.
- Identifying how the Company's risks and business opportunities are affected by sustainability.
- Appointing, evaluating and, if necessary, dismissing the CEO.
- Ensuring that there is an effective system for follow-up and control of the Company's operations and the risks to the Company that are associated with its operations.
- Ensuring that there is a satisfactory process for monitoring the Company's compliance with laws and other regulations relevant to the Company's operations, as well as the application of internal guidelines.
- Defining necessary guidelines to govern the Company's conduct in society, with the aim of ensuring its long-term value creation capability.
- Ensuring that the Company's external communications are characterised by openness, and that they are accurate, reliable and relevant.
- Ensuring that the Company's organisation in respect of accounting, management of funds and the Company's financial position in general include satisfactory systems of internal control.
- Continuously evaluating the Company's and the Group's economic situation, including its fiscal position.

   

Board of Directors:	Ian H. Lundin	Alex Schneiter	Peggy Bruzelius	C. Ashley Heppenstall
Function	Chairman (since 2002) Elected 2001 Born 1960 Compensation Committee member	President & Chief Executive Officer, Director Elected 2016 Born 1962	Director Elected 2013 Born 1949 Audit Committee chair	Director Elected 2001 Born 1962 Audit Committee member
Education	B.Sc. Petroleum Engineering from the University of Tulsa.	M.Sc. Geophysics and degree in Geology from the University of Geneva.	M.Sc. Economics and Business from the Stockholm School of Economics.	B.Sc. Mathematics from the University of Durham.
Experience	CEO of International Petroleum Corp. 1989–1998. CEO of Lundin Oil AB 1998–2001. CEO of Lundin Petroleum 2001–2002.	Various positions within Lundin related companies since 1993. COO of Lundin Petroleum 2001–2015. CEO of Lundin Petroleum since 2015.	Managing Director of ABB Financial Services AB 1991–1997. Head of the asset management division of Skandinaviska Enskilda Banken AB 1997–1998.	Various positions within Lundin related companies since 1993. CFO of Lundin Oil AB 1998–2001. CFO of Lundin Petroleum 2001–2002. CEO of Lundin Petroleum 2002–2015.
Other board duties	Member of the board of Etrion Corporation and member of the advisory board of Adolf H. Lundin Charity Foundation (AHLCF).	–	Chair of the board of Lancelot Asset Management AB and member of the board of Skandia Liv.	Chairman of the board of Africa Energy Corp. and Josemaria Resources Inc. and member of the board of Lundin Gold Inc., Filo Mining Corp. and International Petroleum Corp.
Shares as at 31 December 2019	Nil[2]	335,690	8,000	Nil[4]
Attendance				
Board	12/13	11/13	12/13	13/13
Audit Committee	–	–	6/6	6/6
Compensation Committee	4/4	–	–	–
ESG/H&S Committee	–	–	–	–
Remuneration[1]				
Board and Committee work	SEK 1,256,667	Nil	SEK 716,667	SEK 665,000
Special assignments outside the directorship	SEK 1,000,000	Nil	Nil	Nil
Independent of the Company and Group management	Yes	No[3]	Yes	No[4]
Independent of major shareholders	No[2]	Yes	Yes	No[4]

1 See also Note 27 on pages 87–88.
2 Ian H. Lundin is in the Nomination Committee's and the Company's opinion not deemed independent of the Company's major shareholder as Ian H. Lundin is a member of the Lundin family that holds, through family trusts, Nemesia S.à.r.l., which holds 95,478,606 shares in the Company.
3 Alex Schneiter is in the Nomination Committee's and the Company's opinion not deemed independent of the Company and Group management since he is the President and CEO of Lundin Petroleum.





Lukas H. Lundin	Grace Reksten Skaugen	Torstein Sanness	Jakob Thomasen	Cecilia Vieweg
Director Elected 2001 Born 1958	Director Elected 2015 Born 1953 ESG/H&S Committee chair Compensation Committee member	Director Elected 2018 Born 1947 ESG/H&S Committee member	Director Elected 2017 Born 1962 Audit Committee member ESG/H&S Committee member	Director Elected 2013 Born 1955 Compensation Committee chair
Graduate (engineering) from the New Mexico Institute of Mining and Technology.	MBA from the BI Norwegian School of Management, Ph.D. Laser Physics and B.Sc. Honours Physics from Imperial College of Science and Technology at the University of London.	M.Sc. Engineering in geology, geophysics and mining engineering from the Norwegian Institute of Technology in Trondheim.	Graduate of the University of Copenhagen, Denmark, M.Sc. in Geoscience and completed the Advanced Strategic Management programme at IMD, Switzerland.	L.L.M. from the University of Lund.
Various key positions within companies where the Lundin family has a major shareholding.	Former Director of Corporate Finance with SEB Enskilda Securities in Oslo. Board member/deputy chair of Statoil ASA 2002–2015. Member of HSBC European Senior Advisory Council.	Various positions in Saga Petroleum 1972–2000. Managing Director of Det Norske Oljeselskap AS 2000–2004. Managing Director of Lundin Norway AS 2004–2015.	Former CEO of Maersk Oil and a member of the Executive Board of the Maersk Group 2009–2016.	General Counsel and member of the Executive Management of AB Electrolux 1999–2017. Senior positions in AB Volvo Group 1990–1998. Lawyer in private practice. Member of the Swedish Securities Council 2006–2016.
Chairman of the board of Lundin Mining Corp., Lucara Diamond Corp., Lundin Gold Inc., Filo Mining Corp., International Petroleum Corp, Lundin Foundation and Bukowski Auktioner AB and member of the board of Josemaria Resources Inc.	Deputy chair of the board of Orkla ASA and member of the board of Investor AB and Euronav NV, founder and board member of the Norwegian Institute of Directors, and trustee and council member of the International Institute for Strategic Studies in London.	Chairman of the board of Magnora ASA, deputy chairman of Panoro Energy ASA and member of the board of International Petroleum Corp. and TGS Nopec ASA.	Chairman of the DHI Group, ESVAGT, RelyOn Nutec (Global) and Hovedstadens Letbane.	–
425,000[5]	5,000	93,310	8,820	5,000
11/13 – – –	12/13 – 4/4 2/2	13/13 – – 2/2	13/13 6/6 – 2/2	13/13 – 4/4 –
SEK 541,667 Nil	SEK 840,000 Nil	SEK 665,000 Nil	SEK 788,333 Nil	SEK 716,667 Nil
Yes	Yes	No[6]	Yes	Yes
No[5]	Yes	Yes	Yes	Yes

4 C. Ashley Heppenstall holds 1,542,618 shares in Lundin Petroleum AB through an investment company, Rojafi. C. Ashley Heppenstall is in the Nomination Committee's and the Company's opinion not deemed independent of the Company and Group management since he was the President and CEO of Lundin Petroleum until 2015, and not of the Company's major shareholders since he is a director of several companies in which entities associated with the Lundin family are major shareholders.

5 Lukas H. Lundin is in the Nomination Committee's and the Company's opinion not deemed independent of the Company's major shareholder as Lukas H. Lundin is a member of the Lundin family that holds, through family trusts, Nemesia S.à.r.l., which holds 95,478,606 shares in the Company.

6 Torstein Sanness is in the Nomination Committee's and the Company's opinion not deemed independent of the Company and Group management since he was the Managing Director of Lundin Norway AS, a subsidiary of the Company, until 2015.

Board committees

To maximise the efficiency of the Board's work and to ensure a thorough review of specific issues, the Board has established a Compensation Committee, an Audit Committee and an ESG/H&S Committee. The tasks and responsibilities of the Committees are detailed in the terms of reference of each Committee, which are annually adopted as part of the Rules of Procedure of the Board. Minutes are kept at Committee meetings and matters discussed are reported to the Board. In addition, informal contacts take place between ordinary meetings as and when required by the operations.

Compensation Committee

The Compensation Committee assists the Board in Group management remuneration matters and receives information and prepares the Board's and the AGM's decisions on matters relating to the principles of remuneration, remunerations and other terms of employment of Group management. The objective of the Committee in determining compensation for Group management is to provide a compensation package that is based on market conditions, is competitive and takes into account the scope and responsibilities associated with the position, as well as the skills, experience and performance of the individual. The Committee's tasks also include monitoring and evaluating programmes for variable remuneration, the application of the Policy on Remuneration as well as the current remuneration structures and levels in the Company. The Compensation Committee may request advice and assistance of external reward consultants. For further information regarding Group remuneration matters, see the remuneration section of this report on pages 47—54.

Compensation Committee work during 2019:

- Ongoing review of the Performance Management Process through various work sessions across the year.
- Discussions and recommendations to the Board in remuneration matters.
- Reviewed the changes in Swedish legislation as a result of the European Union Shareholder Rights Directive II and how these changes will impact the Swedish Corporate Governance Code. In considering the impacts of the changed requirements, the Committee has overseen the development of an updated Policy on Remuneration and continue to work on a Remuneration Report.
- Review of the performance of the CEO and Group management as per the Performance Management Process.
- Preparing a report regarding the Board's evaluation of remuneration in 2018.
- Continuous monitoring and evaluation of remuneration structures, levels, programmes and the Policy on Remuneration.
- Preparing a proposal for the 2019 Policy on Remuneration for Board and AGM approval.
- Consultation and meetings with Company stakeholders, including institutional investors, regarding the proposed long-term incentive plan (LTIP) 2019.
- Preparing a proposal for LTIP 2019 for Board and AGM approval through various work sessions and preparation discussions.
- Review of fulfilment of LTIP 2016 performance conditions and confirmation of vesting.
- Preparing a proposal for remuneration and other terms of employment for the CEO for Board approval.
- Review of the CEO's proposals for remuneration and other terms of employment of the other members of Group management for Board approval.
- Review and approval of the CEO's proposals for the principles of compensation of other employees.
- Review and approval of the CEO's proposals for 2019 LTIP awards.
- Undertaking a remuneration benchmark study and various contacts and ongoing reviews in relation thereto during year.
- Frequent contacts, ongoing dialogue and decisions by email outside of formal meetings to provide oversight and approvals for remuneration issues as presented by Group management.
- Review of the Group management succession plan.

Audit Committee

The Audit Committee assists the Board in ensuring that the Company's financial reports are prepared in accordance with International Financial Reporting Standards (IFRS), the Swedish Annual Accounts Act and accounting practices applicable to a company incorporated in Sweden and listed on Nasdaq Stockholm. The Audit Committee supervises the Company's financial reporting and gives recommendations and proposals to ensure the reliability of the reporting. The Committee also supervises the efficiency of the Company's financial internal controls, internal audit and risk management in relation to the financial reporting and provides support to the Board in the decision making processes regarding such matters. The Committee monitors the audit of the Company's financial reports and also reports thereon to the Board. In addition, the Committee is empowered by the Committee's terms of reference to make decisions on certain issues delegated to it, such as review and approval of the Company's first and third quarter reports on behalf of the Board. The Audit Committee also regularly liaises with the Group's statutory auditor as part of the annual audit process and reviews the audit fees and the auditor's independence and impartiality. The Audit Committee further assists the Company's Nomination Committee in the preparation of proposals for the election of the statutory auditor at the AGM.

The Audit Committee members have extensive experience in financial, accounting and audit matters. Peggy Bruzelius' current and previous assignments include high level management positions in financial institutions and companies and she has chaired Audit Committees of other companies. C. Ashley Heppenstall is the Company's previous CFO and CEO and Jakob Thomasen was previously CEO of Maersk Oil, and both have extensive experience in financial matters.

Audit Committee work during 2019:

- Assessment of the 2018 year end report and the 2019 half year report for completeness and accuracy and recommendation for approval to the Board.
- Assessment and approval of the first and third quarter reports 2019 on behalf of the Board.
- Evaluation of accounting issues in relation to the assessment of the financial reports.
- Follow-up and evaluation of the results of the internal audit and risk management of the Group.
- Three meetings with the statutory auditor to discuss the financial reporting, internal controls, risk management, etc.
- Evaluation of the audit performance and the independence and impartiality of the statutory auditor.
- Review and approval of statutory auditor's fees.
- Assisting the Nomination Committee in its work to propose a statutory auditor for election at the 2020 AGM.

Board's yearly work cycle

Q3 / Q4 Activities
- Executive session with Group management
- Adoption of the budget and work programme
- Consideration of the Board self-evaluation to be submitted to the Nomination Committee
- Audit Committee report regarding the third quarter report
- Performance assessment of the CEO
- Consideration of the performance review of Group management and Compensation Committee remuneration proposals
- Detailed discussion of strategy issues
- In-depth analysis of the Company's business
- Adoption of the half year report, reviewed by the statutory auditor

Q1 / Q2 Activities
- Approval of the year end report
- Consideration of recommendation to the AGM to declare a dividend
- Approval of remuneration proposals regarding variable remuneration
- Approval of the Annual Report
- Review of the auditor's report
- Approval of the Policy on Remuneration for submission to the AGM
- Approval of the remuneration report
- Determination of the AGM details and approval of the AGM materials
- Statutory meeting following the AGM to confirm Board fees, Committee compensation, signatory powers, appointment of corporate secretary
- Audit Committee report regarding the first quarter report
- Annual ESG/H&S management report and performance assessment
- Meeting with the auditor without management present to discuss the audit process, risk management and internal controls
- Review of the Rules of Procedure

Board of Directors work 2019

13 board meetings were held in 2019 and in addition to the topics covered by the Board as per its yearly work cycle, the following significant matters were addressed by the Board during the year:
- Discussing and approving Lundin Petroleum's new dividend policy.
- Discussing in detail the Company's performance in 2018 and 2019 and resolving to propose to the 2019 AGM that an increased cash dividend of USD 1.48 per share shall be paid to the shareholders.
- Discussing in detail and recommending to the 2019 EGM to resolve on the redemption of 16 percent of the outstanding shares of the Company and the sale of a 2.6 percent stake in the Johan Sverdrup unit to Equinor.
- Reviewing and approving a short-term bridge facility in relation to the transactions with Equinor.
- Discussing in detail the financing of the Company, including the Company's financial risk management, cash flows, sources of funding, foreign exchange movements, liquidity position and hedging strategy, including approving foreign exchange rate and interest rate hedges.
- Discussions regarding the Company's risk management.
- Discussions regarding investor relations matters.
- Considering the Company's production performance, forecasts and future outlook.
- Considering and discussing in detail the Johan Sverdrup development project and remaining project risks, time schedule, first oil and production, operator performance and cost reductions and expectations.
- Discussing the Company's increased licence position and approving several licence acquisitions and divestments to optimise the Company's acreage position and ensure future organic growth opportunities.
- Considering several business acquisition opportunities in Norway.
- Assessing the Company's oil and gas reserves and resources positions.
- Discussing the Swedish Prosecution Office's on-going preliminary investigation into alleged complicity in violations of international humanitarian law in Sudan during 1997–2003, as well as the preliminary investigation into alleged instigation of interference in a judicial matter.
- Considering and discussing sustainability matters, including operations in the Barents Sea, climate change and the Company's efforts to reduce its carbon footprint and environmental impact, the Company's partnership with the Lundin Foundation and sustainability trends and initiatives.
- Discussing and adopting the new Decarbonisation Strategy with the ambition that the Company shall be one of the most sustainable oil and gas companies in the world, and approving a transaction to acquire a 50 percent non-operated in the Leikanger hydropower project in Norway and discussing an investment in Metsälamminkangas windfarm in Finland.
- Considering and discussing the Company's HSEQ performance, HSEQ assurance activities, including audits, and the HSEQ Leadership Charter.
- Considering the proposal for a performance based long-term incentive plan (LTIP) 2019, following similar principles as the previous LTIPs approved by the 2014–2018 AGMs, including continued stakeholder engagement discussions, revising the applicable peer group, approving participants, allocating individual awards and approving the detailed plan rules, subject to 2019 AGM approval.

i More information on the Board members can be found on www.lundin-petroleum.com

ESG/H&S Committee

The Environmental Social Governance/Health and Safety Committee (ESG/H&S Committee, renamed from CR/HSE Committee) assists the Board to monitor the performance and key risks that the Company faces in relation to environmental, social, governance and health and safety matters. The ESG/H&S Committee's responsibility is to oversee the Company's conduct and performance on ESG/H&S matters, to inform the Board and make recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed. The ESG/H&S Committee's tasks further include reviewing and monitoring ESG/H&S policies and the effectiveness of compliance, as well as considering ESG/H&S issues, risks, strategies and responses to climate change issues. The ESG/H&S Committee reviews Group management's proposals on ESG/H&S targets and goals, monitors the appropriateness of ESG/H&S audit strategies and plans, the execution and results of such plans and reviews and makes recommendations to the Board in relation to the Company's Sustainability Report. More information about the Company's ESG/H&S activities can be found in the Sustainability section on pages 16—17 and in the Sustainability Report available on the Company's website.

ESG/H&S Committee work during 2019:

- Review of ESG/H&S Committee terms of reference.
- Review of policies and conduct of the Company in respect of ESG/H&S matters.
- Review of major ESG/H&S issues or risks of public concern and the Company strategy to address them.
- Assessing current status of international climate initiatives and stakeholder expectations on Board oversight.
- Review of the Company's strategy and response to climate change issues and the Company's Decarbonisation Strategy.
- Review of ESG/H&S performance and monitoring of potential and/or large reputational risk for the Company with particular focus on corrective actions.
- Monitoring the appropriateness of ESG/H&S audit strategies and plans, and the execution and results of such plans.
- Review of the cyber security risks and awareness programme.
- Review of the 2020 ESG/H&S plan.
- Discuss third party ESG rating assessments of Lundin Petroleum.
- Discuss the change of name of the Committee to the ESG/H&S Committee

Remuneration of Board members

The remuneration of the Chairman and other Board members follows the resolution adopted by the AGM. The Board members, with the exception of the CEO, are not employed by the Company, do not receive any salary from the Company and are not eligible for participation in the Company's incentive programmes. The Policy on Remuneration approved by the AGM also comprises remuneration paid to Board members for work performed outside the directorship.

The Board has implemented a policy for share ownership by Board members and each Board member is expected to own, directly or indirectly, at least 5,000 shares of the Company. The level shall be met within three years of appointment and during such period, Board members are expected to allocate at least 50 percent of their annual Board fees towards purchases of the Company's shares.

The remuneration of the Board, including for work performed outside the directorship, is detailed further in the schedule on pages 42—43 and in the notes to the financial statements, see Note 27 on pages 87—88.

Evaluation of the Board's work

A formal review of the work of the Board was conducted in October 2019 through a questionnaire submitted to all Board members, with the objective of ensuring that the Board functions in an efficient manner and to enable the Board to improve on matters which may be raised.

The overall feedback from the members of the Board was positive and showed that the Board functions well and focuses on activities that will help the Company maximise shareholder value in a sustainable manner. The composition of the Board is considered appropriate and the Board members collectively exhibit diversity and breadth in respect of their qualifications, experience and background. Individual members of the Board complement each other and the meetings are constructive with good discussions and feedback from Board members and management. The diversity and wide spectrum of qualifications and experience of the Board members are considered as beneficial and the Board is viewed as competent for addressing actual and potential issues facing the Company.

The size of the Board was considered appropriate, however, individual feedback received noted that the maximum amount of Board members was being approached. The Board members considered that their knowledge of the Company and the oil and gas industry in general had increased during the year and that Board members are well prepared for the meetings. The need for a retirement policy was considered, however, the Board acknowledged that there was already a natural process of renewing the Board as the Company adapts to the new environment. Visits to operational locations were appreciated and considered very useful for the understanding of the business. Committee work was believed to function well, with well appreciated Committee Chairs, and the composition of the Committees in general was deemed appropriate. Individual feedback received noted that management reports were excellent and that Board meetings were well prepared but that materials sometimes could be shared earlier and that even more time could be scheduled for the meetings. The results of the Board evaluation were presented to the Nomination Committee.

Management

Management structure

Lundin Petroleum's Group and local management consists of highly experienced individuals with extensive worldwide oil and gas experience. The Company's CEO, Alex Schneiter, is responsible for the management of the day-to-day operations of Lundin Petroleum. He is appointed by, and reports to, the Board. He in turn appoints the other members of Group management, who assist the CEO in his functions and duties, and in the implementation of decisions taken and instructions given by the Board, with the aim of ensuring that the Company meets its strategic objectives and continues to deliver responsible growth and long-term shareholder value.

The Company's Investment Committee consists of, in addition to the CEO, the Chief Operating Officer (COO), Nick Walker, who is responsible for Lundin Petroleum's exploration, development and production operations and HSEQ, and the Chief Financial Officer (CFO), Teitur Poulsen, who is responsible for the financial reporting, internal control, risk management, treasury function and economics. The Investment Committee assists the Board in discharging its responsibilities in overseeing the Company's investment portfolio. The role of the Investment Committee is to determine that the Company has a clearly articulated investment policy, to develop, review and recommend to the Board investment strategies and guidelines in line with the Company's overall policy, to review and approve investment transactions and to monitor compliance with investment strategies and guidelines. The responsibilities and duties include considering annual budgets, supplementary budget approvals, investment proposals, commitments, relinquishment of licences, disposal of assets and performing other investment related functions as the Board may designate.

In addition to the members of the Investment Committee, Lundin Petroleum's Group management comprises:

- The Vice President Legal, Henrika Frykman, who is responsible for all legal and tax matters within the Group, the Vice President Corporate Affairs, Alex Budden, who is responsible for corporate affairs and strategic communications within the Group, the Vice President Investor Relations Edward Westropp, who is responsible for investor relations and financial communications within the Group, the Vice President Human Resources and Shared Services, Sean Reddy, who is responsible for human resources and shared services and the Vice President Sustainability, Zomo Fisher who is responsible for the Group's corporate sustainability strategy. Zomo Fisher replaced the Company's previous Vice President Corporate Responsibility, Christine Batruch, who stepped down from her position on 31 December 2019, a position she had held since 2002.
- Local management, who are responsible for the day-to-day operational activities.

Group management tasks and duties

The tasks of the CEO and the division of duties between the Board and the CEO are defined in the Rules of Procedure and the Board's instructions to the CEO. In addition to the overall management of the Company, the CEO's tasks include ensuring that the Board receives all relevant information regarding the Company's operations, including profit trends, financial position and liquidity, as well as information regarding important events such as significant disputes, agreements and developments in important business relations. The CEO is also responsible for preparing the required information for Board decisions and for ensuring that the Company complies with applicable legislation, securities regulations and other rules such as the Corporate Governance Code. Furthermore, the CEO maintains regular contacts with the Company's stakeholders, including shareholders, the financial markets, business partners and public authorities. To fulfil his duties, the CEO works closely with the Chairman of the Board to discuss the Company's operations, financial status, up-coming Board meetings, implementation of decisions and other matters.

Under the leadership of the CEO, Group management is responsible for ensuring that the operations are conducted in compliance with the Code of Conduct, all Group policies, procedures and guidelines and the HSEQ Leadership Charter in a professional, efficient and responsible manner. Regular management meetings are held to discuss all commercial, technical, CR/HSEQ, financial, legal and other issues within the Group to ensure the established short- and long-term business objectives and goals will be met. A detailed weekly operations report is circulated to Group management summarising the operational events, highlights and issues of the week in question. Group management also travels frequently to oversee the ongoing operations, seek new business opportunities and meet with various stakeholders, including business partners, suppliers and contractors, government representatives and financial institutions. In addition, Group management liaises continuously with the Board, and in particular the Board Committees, in respect of ongoing matters and issues that may arise, and meets with the Board at least once a year at the executive session held in connection with a Board meeting in one of the operational locations.

Internal audit

The internal audit function is responsible for providing independent and objective assurance in order to systematically evaluate and propose improvements for more effective governance, internal control and risk management processes. This work includes regular audits performed in accordance with an annual risk based internal audit plan, which is approved by the Audit Committee. The audit plan is derived from an independent risk assessment conducted by the Internal Audit function and is designed to address the most significant risks identified within the Group. The audits are executed using a methodology for evaluating the design and effectiveness of internal controls to ensure that risks are adequately addressed and processes are operated effectively. Opportunities for improving the efficiency of the governance, internal control and risk management processes which have been identified through the internal audits are reported to management for action.

The Internal Audit Manager has a direct reporting line to the Audit Committee and submits regularly reports on findings identified in the audits together with updates on the status of management's implementation of agreed actions. For additional information on internal control, see page 55.

Remuneration

Group principles of remuneration

Lundin Petroleum aims to offer all employees compensation packages that are competitive and in line with market conditions. These packages are designed to ensure that the Group can recruit, motivate and retain highly skilled individuals and reward performance that enhances shareholder value.

Group management

Alex Schneiter

President and Chief Executive Officer

Nick Walker

Chief Operating Officer

Teitur Poulsen

Chief Financial Officer

Henrika Frykman

Vice President Legal

Alex Budden

Vice President Corporate Affairs

Sean Reddy

Vice President Human Resources and Shared Services

Edward Westropp

Vice President Investor Relations

Zomo Fisher

Vice President Sustainability

Major topics addressed by Group management in 2019

- Negotiation and implementation of the transactions concluded with Equinor in relation to the redemption of 16 percent of the shares in issue and the divestment of a 2.6 percent stake in the Johan Sverdrup unit, including negotiating a USD 500 million bridge facility agreement.
- Overseeing the Johan Sverdrup commissioning and start-up.
- Discussing and managing the electrification of the Utsira High Area.
- Discussing and negotiating the agreement to acquire a 50 percent non-operated interest in the Leikanger hydropower project in Norway.
- Discussing and negotiating the agreement to acquire 30 percent of the Rolvsnes discovery and 20 percent of the Goddo prospect from Lime Petroleum AS.
- Management of the Norwegian acreage position, including pursuing new core areas of operation and solidifying existing core areas, through active licence acquisition and divestment management to optimise the Norwegian licence portfolio, including acquisitions of working interests in several discoveries.
- Management of the on-going exploration activities, development projects, appraisal activities and production operations.
- Continued focus on cost control measures, sustainability measures and maximising operational efficiency and performance.
- Consideration of organisational changes and improvements as well as considering new ventures and opportunities.
- Developing the Company's Decarbonisation Strategy, as well as ongoing analysis of climate change implications to the business and adaptation of the Company's business model to address this issue from a risk and opportunity perspective.
- Defence of the Swedish Prosecution Office's on-going preliminary investigation into alleged complicity in violations of international humanitarian law in Sudan during 1997—2003 as well as the preliminary investigation into alleged instigation of interference in a judicial matter.
- Negotiating the terms for the acquisition of 100 percent interest in the Metsälamminkangas wind farm project in Finland.

The Group's compensation packages consist of four elements, being (i) base salary; (ii) annual variable remuneration; (iii) long-term incentive plan (LTIP); and (iv) other benefits. As part of the yearly assessment process, a Performance Management Process has been established to align individual and team performance to the strategic and operational goals and objectives of the overall business. Individual performance measures are formally agreed and key elements of variable remuneration are clearly linked to the achievement of such stated and agreed performance measures.

To ensure compensation packages within the Group remain competitive and in line with market conditions, the Compensation Committee undertakes yearly benchmarking studies. For each study, a peer group of international oil and gas companies of similar size and operational reach is selected, against which the Group's remuneration practices are measured. The levels of base salary, annual variable remuneration and long-term incentives are set at the median level, however, in the event of exceptional performance, deviations may be authorised. As the Group continuously competes with the peer group to retain and attract the very best talent in the market, both at operational and executive level, it is considered important that the Group's compensation packages are determined primarily by reference to the remuneration practices within this peer group.

Policy on Remuneration for Group management

The remuneration of Group management follows the principles that are applicable to all employees, however, these principles must be approved by the shareholders at the AGM. The Compensation Committee therefore prepares yearly for approval by the Board and for submission for final approval to the AGM, a Policy on Remuneration for Group management. The proposed 2020 Policy on Remuneration for Group management has been revised compared to previous years' policy in order to comply with changes in Swedish law and the revised 2020 Corporate Governance Code. Based on the approved Policy on Remuneration, the Compensation Committee subsequently proposes to the Board for approval the remuneration and other terms of employment of the CEO. The CEO, in turn, proposes to the Compensation Committee, for approval by the Board, the remuneration and other terms of employment of the other members of Group management.

The yearly variable remuneration for Group management is assessed against annual performance targets that reflect the key drivers for value creation and growth in shareholder value. These annual performance targets include delivery against specific production of oil and gas, reserves and resource replacement, financial, health and safety, ESG, carbon dioxide gas emissions and strategic targets. Each member of Group management is set different performance weightings against each of the specific targets reflecting their influence on the performance outcome. The performance target structure and specific targets are reviewed annually by the Compensation Committee to ensure that it aligns with the strategic direction and risk appetite of the Company and the performance target structure and specific targets are approved by the Board.

Within the 2019 Policy on Remuneration, the Board of Directors could approve annual variable remuneration in excess of 12 months' base salary in circumstances or in respect of performance which it considered to be exceptional. To have had this discretion was important to accommodate the uncertainties and cyclical nature of the oil and gas industry. The Board has made two such decisions that are reported in Note 27 on page 87. The Board of Directors determined that it was reasonable to recognise the exceptional performance in relation to the transactions with Equinor and the significant value creation for shareholders of those transactions.

Long-term incentive plan 2019

The 2019 AGM resolved to approve a performance based LTIP 2019, that follows similar principles as the previously approved LTIPs 2014—2018, for Group management and a number of key employees of Lundin Petroleum, which gives the participants the possibility to receive shares in Lundin Petroleum subject to the fulfilment of a performance condition under a three year performance period commencing on 1 July 2019 and expiring on 30 June 2022. The performance condition is based on the share price growth and dividends (Total Shareholder Return) of the Lundin Petroleum share compared to the Total Shareholder Return of a peer group of companies.

At the beginning of the performance period, the participants were granted awards which, provided that among others the performance condition is met, entitle the participant to be allotted shares in Lundin Petroleum at the end of the performance period. The number of performance shares that may be allotted to each participant is limited to a value of three times his/her annual gross base salary for 2019 and the total LTIP award made in respect of 2019 was 316,855.

The Board of Directors may reduce (including reduce to zero) the allotment of performance shares at its discretion, should it consider the underlying performance not to be reflected in the outcome of the performance condition, for example, in light of operating cash flow, reserves and HSE performance. The participants will not be entitled to transfer, pledge or dispose of the LTIP awards or any rights or obligations under LTIP 2019, or perform any shareholders' rights regarding the LTIP awards during the performance period.

The LTIP awards entitle participants to acquire already existing shares. Shares allotted under LTIP 2019 are further subject to certain disposition restrictions to ensure participants build towards a meaningful shareholding in Lundin Petroleum. The level of shareholding expected of each participant is either 50 percent or 100 percent (200 percent for the CEO) of the participant's annual gross base salary based on the participant's position within the Group.

Performance monitoring and review

The Board is responsible for monitoring and reviewing on a continuous basis the work and performance of the CEO and shall carry out at least once a year a formal performance review. In 2019, the Compensation Committee undertook on behalf of the Board a review of the work and performance of Group management, including the CEO. The results were presented to the Board, together with proposals regarding the compensation of the CEO and other members of Group management. Neither the CEO nor other members of Group management were present at the Board meetings when such discussions took place.

The tasks of the Compensation Committee also include monitoring and evaluating the general application of the Policy on Remuneration, as approved by the AGM, and the Compensation Committee prepares in connection therewith a yearly report, for approval by the Board, on the application of the Policy on Remuneration and the evaluation of remuneration of Group management. As part of its review process, the statutory auditor of the Company also verifies on a yearly basis whether the Company has complied with the Policy on Remuneration. Both reports are available on the Company's website.

Board's proposal for remuneration to Group management to the 2020 AGM

The Board's proposal for remuneration to Group management to the 2020 AGM is the result of a review to comply with the revised Swedish legislation resulting from the European Union Shareholder Rights Directive II and to comply with the revised 2020 Corporate Governance Code. Few material changes are proposed for how the Company manages executive remuneration matters, however, the new legislation, together with discussions with shareholders' representatives, have led to some changes to the proposal that is submitted to shareholders for approval at the 2020 AGM. For information regarding the Board's proposal for remuneration to Group management to the 2020 AGM, including a new LTIP, see pages 51—54.

POLICY ON REMUNERATION FOR GROUP MANAGEMENT AS APPROVED BY THE 2019 AGM

Application of the Policy

In this Policy on Remuneration, the term "Group Management" refers to the President and Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer and Vice President level employees. Group Management is expected to be comprised of eight executives in 2019.

This Policy on Remuneration also comprises remuneration paid to members of the Board of Directors for work performed outside the directorship.

Objectives of the Policy

It is the aim of Lundin Petroleum to recruit, motivate and retain high calibre executives capable of achieving the objectives of the Company, and to encourage and appropriately reward performance that enhances shareholder value. Accordingly, the Company operates this Policy on Remuneration to ensure 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 Group Management is rewarded fairly for its contribution to the Company's performance.

Compensation Committee

The Board of Directors of Lundin Petroleum has established the Compensation Committee to, among other things, administer this Policy on Remuneration. The Compensation Committee is to receive information and prepare the Board of Directors' and the Annual General Meeting's decisions on matters relating to the principles of remuneration, remunerations and other terms of employment of Group Management. The Compensation Committee meets regularly and its tasks include monitoring and evaluating programmes for variable remuneration for Group Management and the application of this Policy on Remuneration, as well as the current remuneration structures and levels in the Company. The Compensation Committee may request the advice and assistance of external reward consultants, however, it shall ensure that there is no conflict of interest regarding other assignments that such consultants may have for the Company and Group Management.

Elements of remuneration

There are four key elements to the remuneration of the Group management:
a) base salary;
b) yearly variable remuneration;
c) long-term incentive plan; and
d) other benefits.

Base salary

The executive's base salary shall be based on market conditions, shall be competitive and shall take into account the scope and responsibilities associated with the position, as well as the skills, experience and performance of the executive. The executive's base salary, as well as the other elements of the executive's remuneration, shall be reviewed annually to ensure that such remuneration remains competitive and in line with market conditions. As part of this assessment process, the Compensation Committee undertakes yearly benchmarking studies in respect of the Company's remuneration policy and practices.

Sudan

In June 2010, the Swedish Prosecution Authority began a preliminary investigation into alleged complicity in violations of international humanitarian law in Sudan during 1997—2003. The Company has cooperated extensively and proactively with the investigation by providing information regarding its operations in Block 5A in Sudan during the relevant time period. We remain convinced that Lundin was a force for good for the development in Sudan. Ian H. Lundin and Alex Schneiter have been interviewed by the Swedish Prosecution Authority and have, together with the Company, been notified of the relevant suspicions and have received final notice of the investigation, which is being reviewed by the defence. No new final notice deadline has yet been set by the Swedish Prosecution Authority.

In 2018, the Company was notified by the Swedish Prosecution Authority that the Company may be liable to a corporate fine of SEK 3 million and forfeiture of economic benefits from the alleged offense in the amount of SEK 3,282 million, based on the profit of the sale of the Block 5A asset in 2003 of SEK 720 million. Any potential corporate fine or forfeiture could only be imposed after the conclusion of a trial, should one occur.

In 2018, the Swedish Prosecution Authority began a preliminary investigation into alleged interference in a judicial matter as a result of allegations of witness harassment. The Company and its representatives are not aware of any details of the alleged actions, despite several requests for information, and reject any knowledge of, or involvement in, any wrongdoing. Ian H. Lundin and Alex Schneiter have been interviewed by the Swedish Prosecution Authority and have been notified of the suspicions that form the basis for the investigation.

Neither investigation mean that charges have been, or will be, brought against any individuals or the Company. Lundin Petroleum knows that there are absolutely no grounds for any allegations of wrongdoing by the Company or any Company representatives in respect of any of these allegations. More information regarding the past operations in Sudan during 1997—2003 can be found on www.lundinsudanlegalcase.com.

Annual Variable Remuneration
The Company considers that annual variable remuneration is an important part of the executive's remuneration package where associated performance targets reflect the key drivers for value creation and growth in shareholder value. Through its Performance Management Process, the Company sets predetermined and measurable performance criteria for each executive, aimed at promoting long-term value creation for the Company's shareholders.

The annual variable remuneration shall, in the normal course of business, be based upon a predetermined limit, being within the range of one to twelve monthly salaries (if any). The cost of annual variable remuneration for 2019 is estimated to range between no payout at minimum level and SEK 26.3 million or approximately USD 2.8 million (excluding social security costs) at maximum level, based on the current composition of Group Management. However, the Compensation Committee may recommend to the Board of Directors for approval annual variable remuneration outside of this range in circumstances or in respect of performance, which the Compensation Committee considers to be exceptional.

Long-term Incentive Plan
The Company believes that it is appropriate to structure its long-term incentive plans (LTIP) to align Group Management's incentives with shareholder interests. Remuneration which is linked to the share price results in a greater personal commitment to the Company. Therefore, the Board of Directors believes that the Company's LTIP for Group Management should be related to the Company's share price.

Information on the principal conditions of the proposed 2019 LTIP for Group Management, which follows similar principles as the LTIPs approved by the 2014–2018 Annual General Meetings, is available as part of the documentation for the Annual General Meeting at www.lundin-petroleum.com.

The cost at grant of the proposed 2019 LTIP is estimated to range between no cost at minimum level and approximately SEK 90.1 million or approximately USD 9.7 million (excluding social security costs) at a share price of SEK 298 at maximum level, based on the current composition of Group Management.

Other Benefits
Other benefits shall be based on market terms and shall facilitate the discharge of each executive's duties. Such benefits include statutory pension benefits comprising a defined contribution scheme with premiums calculated based on remuneration up to the limit prescribed by law. The pension contributions in relation to the base salary are dependent upon the age of the executive.

Severance arrangements
A mutual notice period of between one and twelve 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, up to two years' base salary, in the event of termination of employment due to a change of control of the Company. The Board of Directors is further authorised, in individual cases, to approve severance arrangements, in addition to the notice periods and the severance arrangements in respect of a change of control of the Company, where employment is terminated by the Company without cause, or otherwise in circumstances at the discretion of the Board of Directors. Such severance arrangements may provide for the payment of up to one year's base salary; no other benefits shall be included. Severance payments in aggregate (i.e. for notice periods and severance arrangements) shall be limited to a maximum of two years' base salary.

Remuneration to members of the Board
In addition to Board of Directors' fees resolved by the Annual General Meeting, remuneration as per prevailing market conditions may be paid to members of the Board of Directors for work performed outside the directorship.

Authorisation for the Board
The Board of Directors is authorised 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.

Outstanding Remunerations
Remunerations outstanding to Group Management comprise awards granted under the Company's previous long-term incentive programs and include 242,057 shares for awards under LTIP 2016, 258,619 shares for awards under the LTIP 2017, 195,658 shares for awards under the LTIP 2018, 2,323 unit bonus awards under the 2016 Unit Bonus Plan and 2,746 unit bonus awards under the 2017 Unit Bonus Plan. Further information about these plans is available in Note 29 of the Company's Annual Report 2018.

POLICY ON REMUNERATION FOR GROUP MANAGEMENT TO BE PROPOSED TO THE 2020 AGM

The intention of the Board of Directors is to propose to the 2020 AGM the adoption of a Policy on Remuneration for 2020 that follows in essence the same principles as applied in 2019 and that contains similar elements of remuneration for Group management as the 2019 Policy on Remuneration. The proposed 2020 Policy on Remuneration is the result of a review to comply with revised Swedish legislation resulting from the European Union Shareholder Rights Directive II and the revised 2020 Swedish Corporate Governance Code.

The details of the Board of Directors proposal in respect of the 2020 Long-term Incentive Plan (LTIP) for Group management and a number of key employees, which follows similar principles as the LTIPs approved by the 2014–2019 AGMs, are available on www.lundin-petroleum.com. The total maximum number of performance shares that may be allotted under LTIP 2020 is 560,000, corresponding to approximately 0.2 percent of the total number of outstanding shares in Lundin Petroleum. The Board of Directors may reduce (including reduce to zero) allotment of performance shares at its discretion, should it consider the underlying performance not to be reflected in the outcome of the performance condition, for example, in light of operating cash flow, reserves, and HSEQ performance.

Proposed 2020 Policy on Remuneration for Group Management

Application of the Policy

This Policy on Remuneration (the "Policy") applies to the remuneration of "Group Management" at Lundin Petroleum AB ("Lundin Petroleum" or the "Company"), which includes (i) the President and Chief Executive Officer (the "CEO"), (ii) the Deputy CEO, who from time to time will be designated from one of the other members of Group Management, and (iii) the Chief Operating Officer, Chief Financial Officer and Vice President level employees. The Policy also applies to members of the Board of Directors (the "Board") of the Company where remuneration is paid for work performed outside the directorship.

Background to the proposed changes to the Policy

The Policy to be approved by the 2020 Annual General Meeting ("AGM") is the result of a review to comply with revised Swedish legislation resulting from the European Union Shareholder Rights Directive II and the 2020 revised Swedish Corporate Governance Code. Few material changes are proposed for how the Company manages executive remuneration matters, however the new legislation, together with discussions with shareholders' representatives, have led to some changes to the Policy that is submitted to the shareholders for approval. The revised Policy is different to the Policy approved by the 2019 AGM with regard to the following:

- the Policy is more explicit on the links to strategy, long-term performance and sustainability and requires that the Compensation Committee (the "Committee") takes shareholders' opinions into account, as well as remuneration across the broader employee population, when making its decisions and recommendations to the Board.
- The Board continues to award annual variable remuneration worth up to 12 months' base salary but now provides more clarity by imposing a cap of 18 months' base salary for occasions when individuals have delivered outstanding performance.
- The Policy now describes the design and governance of different elements of remuneration in more detail, as well as their relative proportions of total remuneration.
- There is more information on terms and decision making processes and considerations, including how the Company can deviate from the Policy.

This Policy is, together with previous years' Policies, available on the Company's website www.lundin-petroleum.com and it will remain available for ten years.

Key remuneration principles at Lundin Petroleum

Lundin Petroleum's remuneration principles and policies are designed to ensure responsible and sustainable remuneration decisions that support the Company's strategy, shareholders' long-term interests and sustainable business practices. It is the aim of Lundin Petroleum to recruit, motivate and retain high calibre executives capable of achieving the objectives of the Company and to encourage and appropriately and fairly reward executives for their contributions to Lundin Petroleum's success.

Remuneration to members of the Board

In addition to Board fees resolved by the AGM, remuneration as per prevailing market conditions may be paid to members of the Board for work performed outside the directorship.

Compensation Committee

The Board has established the Committee to support it on matters of remuneration relating to the CEO, the Deputy CEO, other members of Group Management and other key employees of the Company. The objective of the Committee is to structure and implement remuneration principles to achieve the Company's strategy, the principal matters for consideration being:

- the review and implementation of the Company's remuneration principles for Group Management, including this Policy which requires approval by the General Meeting of Shareholders;
- the remuneration of the CEO and the Deputy CEO, as well as other members of Group Management, and any other specific remuneration issues arising;
- the design of long-term incentive plans that require approval by the General Meeting of Shareholders; and
- compliance with relevant rules and regulatory provisions, such as this Policy, the Swedish Companies Act and the Swedish Corporate Governance Code.

When the Committee makes decisions, including determining, reviewing and implementing the Policy, it follows a process where:

- the Board sets and reviews the terms of reference of the Committee;
- the Chair of the Committee approves the Committee's agenda;
- the Committee considers reports, data and presentations and debates any proposal. In its considerations the Committee will give due regard to the Company's situation, the general and industry specific remuneration environment, the remuneration and terms of employment of the broader employee population, feedback from different stakeholders, relevant codes, regulations and guidelines published from time to time;
- the Committee may request the advice and assistance of management representatives, other internal expertise and of external advisors. However, it shall ensure that there is no conflict of interest regarding other assignments that any such advisors may have for the Company and Group Management;
- the Committee ensures through a requirement to notify and recuse oneself that no individual with a conflict of interest will take part in a remuneration decision that may compromise such a decision;
- once the Committee is satisfied that it has been properly and sufficiently informed, it will make its decisions and, where required, formulate proposals for approval by the Board; and
- the Board will consider any items for approval or proposals from the Committee and, following its own discussions, make decisions, proposals for a General Meeting of Shareholders and/or further requests for the Committee to deliberate on.

Elements of remuneration for Group Management

There are four key elements to the remuneration of Group Management:

	Description, purpose and link to strategy and sustainability	Process and governance	Relative share of estimated/maximum total reward [1]
a) Base salary	• Fixed cash remuneration paid monthly. Provides predictable remuneration to aid attraction and retention of key talent.	• The Committee reviews salaries every year as part of the review of total remuneration (see below for a description of the benchmarking process).	30% / 20%
b) Annual variable remuneration	• Annual bonus is paid for performance over the financial year. • Awards are capped at 18 months' base salary, paying up to 12 months' base salary for ranges of stretching performance requirements. Any value over 12 months' base salary is paid for delivering outstanding performance. • Signals and rewards the strategic and operational results and behaviours expected for the year that contribute to the long-term, sustainable value creation of the Company.	• The annual review of total remuneration also considers annual bonus awards, outcomes, target structure, weightings of targets and specific target levels of performance. • Measurable financial and non-financial performance requirements are identified according to position and responsibilities and include delivery against production of oil and gas, reserves and resource replacement, financial, health and safety, ESG, carbon dioxide gas emissions and strategic targets. • The Committee reviews the design of annual variable remuneration separately.	20% / 25%
c) Long-term incentive plan	• Performance share plan that aligns the interests of participants with those of shareholders through awards in shares worth up to 36 months' base salary on award, vesting after 3 years subject to performance. • Relative Total Shareholder Return ("TSR") summarises the complex set of variables for long-term sustainable success in oil and gas exploration and production into a single performance test relative to peers that the Company competes with for capital.	• Annual review of total remuneration considers long-term incentive awards, outcomes, TSR peer group and targets. • Participants are required to build a significant personal shareholding of up to 200% of base salary over time by retaining shares until a predetermined limit has been achieved. • The Committee reviews the design of long-term incentives separately.	40% / 50%
d) Benefits	• Predictable benefits to help facilitate the discharge of each executive's duties, aiding the attraction and retention of key talent.	• The Committee reviews benefits and contractual terms regularly to ensure that the Company does not fall behind the market. • Benefits are set with reference to external market practices, internal practices, position and relevant reference remuneration.	10% / 5%
Total			100% / 100%

[1] Estimated reward shows the percentage of total reward where proportions are estimated assuming 50 percent of maximum annual bonus and 50 percent of the long-term incentive without any share price or dividend effect. Proportions of maximum reward assume full vesting of both annual variable remuneration and the long-term incentive but without any share price or dividend effect. Different actual awards and the variable nature of incentives means that the actual proportions for an individual may be different.

Review and benchmarking
Every year the Committee undertakes a review of the Company's remuneration policies and practices considering the total remuneration of each executive as well as the individual components. Levels are set considering:
- the total remuneration opportunity;
- the external pay market;
- the scope and responsibilities of the position;
- the skills, experience and performance of the individual;
- the Company's performance, affordability of reward and general market conditions; and
- levels and increases in remuneration, as well as other terms of employment, for other positions within the Company.

External benchmarks for total remuneration are found from one or more sets of companies that compete with Lundin Petroleum for talent, taking into consideration factors like size, complexity, geography and business profile when determining such peer groups.

Variable remuneration
The Company considers that variable remuneration forms important parts of executives' remuneration packages, where associated performance targets reflect the key drivers for pursuing the Company's strategy, and to achieve sustainable value creation and growth in long-term shareholder value. The Committee ensures that performance and design align with the strategic direction and risk appetite of the Company before incentives are approved by the Board.

There is no deferral of incentive payments, however, the Board can recover annual bonuses paid in the unlikely event of outcomes based on information which is subsequently proven to have been manifestly misstated. The Board can also in exceptional circumstances reduce long-term incentive awards, including reducing them to zero, should it consider the vesting outcome to incorrectly reflect the true performance of the Company.

Benefits
Benefits provided shall be based on market terms and shall facilitate the discharge of each executive's duties. The pension provision is the main benefit and follows the local practice of the geography where the individual is based. The pension benefits consist of a basic defined contribution pension plan, where the employer provides 60 percent and the employee 40 percent of an annual contribution of up to 18 percent of the capped pensionable salary and a supplemental defined contribution pension plan where the employer provides 60 percent and the employee 40 percent of a contribution up to 14 percent of the capped pensionable salary.

Severance arrangements
Executives have rolling contracts where mutual notice periods of between three and twelve months apply between the Company and the executive, 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. Such compensation, together with applicable notice periods, shall not exceed 24 months' base salary.

The Board is further authorised, in individual cases, to approve severance arrangements, in addition to the notice periods and the severance arrangements in respect of a change of control of the Company, where employment is terminated by the Company without cause, or otherwise in circumstances at the discretion of the Board. Such severance arrangements may provide for the payment of up to 12 months' base salary; no other benefits shall be included.

In all circumstances, severance payments in aggregate (i.e. for notice periods and severance arrangements) shall be limited to a maximum of 24 months' base salary.

Authorisation for the Board
In accordance with Chapter 8, Section 53 of the Swedish Companies Act, the Board shall be authorised to approve temporary deviations from the Policy on any element of remuneration described in this Policy, except from the maximum award of annual variable remuneration, which shall at all times be limited to 18 months' base salary . Deviations shall be considered by the Committee and shall be presented to the Board for approval. Deviations may only be made in specific cases if there are special reasons outside of normal business that make it necessary to increase reward in order to help secure the Company's long-term interests, financial viability and/or sustainability by recognising exceptional contributions. The reasons for any deviation shall be explained in the remuneration report to be submitted to the AGM.

Outstanding remunerations
Remunerations outstanding to Group Management comprise awards granted under the Company's previous long-term incentive programs and include 258,619 shares for awards under the LTIP 2017, 195,658 shares for awards under the LTIP 2018, 222,148 shares for awards under LTIP 2019 and 2,746 unit bonus awards under the 2017 Unit Bonus Plan. Further information about these plans is available in Note 28 of the Company's Annual Report 2019.

Internal control over financial reporting

The control environment is the foundation of Lundin Petroleum's system for internal control over financial reporting

Introduction
According to the Swedish Companies Act and the Corporate Governance Code, the Board has overall responsibility for establishing and monitoring an effective system for internal control. The purpose of this report is to provide shareholders and other parties with an understanding of how internal control is organised at Lundin Petroleum.

Lundin Petroleum's system for internal control over financial reporting is based on the Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The five components of this framework are control environment, risk assessment, control activities, information and communication and monitoring activities.

Control environment 1
The control environment is the foundation of Lundin Petroleum's system for internal control over financial reporting and is characterised by the fact that the main part of the Group's operations is located in Norway where the Company has carried out operations for many years using well established processes. The control environment is defined by the Company's policies and procedures, guidelines and codes as well as its responsibility and authority structure. In the area of control activities Lundin Petroleum has documented all critical, financial processes and controls in the Group. The business culture established within the Group is also fundamental to ensure highest level of ethics, morals and integrity.

Risk assessment 2
Risks relating to financial reporting are evaluated and monitored by the Board through the Audit Committee. The Group's risk assessment process is used as a means to monitor that risks are managed and consists in identifying and evaluating risks and also determining the potential impact on the financial reporting. Regular reviews on local level as well as on Group level are made to assess any changes made in the Group that may affect internal control.

Control activities 3
Control activities range from high level reviews of financial results in management meetings to detailed reconciliation of accounts and day to day review and authorisation of payments. The monthly review and analysis of the financial reporting made on Company level and Group level are important control activities performed to ensure that the financial reporting does not contain any significant errors and also to prevent fraud. In addition, it is common in the oil and gas industry that projects are organised through joint ventures, where the partners have audit rights over the joint venture. Regular audits control that costs are allocated and accounted for in accordance with the joint operating agreement.

Information and communication 4
Lundin Petroleum has processes in place aiming to ensure effective and correct information in regards to financial reporting, both internally within the organisation as well as externally to the public to meet the requirements for a listed company. All information regarding the Company's policies, procedures and guidelines is available on the Group's intranet and any updates and changes to reporting and accounting policies are issued via email and at regular finance meetings. In addition, the Communications- and Investor Relations policies ensure that the public is provided with accurate, reliable, and relevant information concerning the Group and its financial position at the right time.

Monitoring 5
Monitoring of control activities is made at different levels of the organisation and involves both formal and informal procedures performed by management, process owners or control owners. In addition, the Group's Internal Audit function maintains test plans and performs independent testing of selected controls to identify any weaknesses and opportunities for improvement. Controls that have failed the testing must be remediated which means establishing and implementing actions to correct weaknesses. The results from the testing are presented to the external auditors who determine to what extent they can rely on this testing for the Group audit.

The Internal Audit Manager has a direct reporting line to the Audit Committee and submits regularly reports on findings identified in the audits together with updates on the status of management's implementation of agreed actions. The Audit Committee assists the Board in their role to ensure that steps are taken to address any weaknesses revealed in internal and external audits and to implement proposed actions.

Joint venture audits

It is common in the oil and gas industry that projects are organised through joint ventures with production licences awarded to a group of companies forming a joint venture. When entering into an exploration licence there is no guarantee that oil or gas will be found and in a joint venture the risk is shared between the partners. One partner is appointed to be the operator and is responsible for managing the operations, including the accounting for the joint venture. All partners have audit rights over the joint venture to ensure that costs are incurred in accordance with the joint operating agreement and that accounting procedures are followed.

Financial summary

2019 has been a transformational year for Lundin Petroleum with the start-up of the giant Johan Sverdrup field being the highlight of the year coupled with the continued outperformance of our operated Edvard Grieg field. This has resulted in another strong financial performance for 2019 despite the weaker macro environment compared to 2018. The Company generated record free cash flow of MUSD 1,272 pre dividend payments, of which MUSD 313 related to organic free cash flow driven by an excellent production performance from all our production hubs, lower than expected capital investment and good demand for all three crude oil grades which resulted in a realised oil price above Brent.

During the summer 2019 the Company completed a share redemption arrangement, which resulted in the Company's share count reducing by 16 percent leading to an accretive per share financial performance going forward. The 2019 financial performance has provided a solid financial platform for the Company to continue its expansive dividend policy with the board proposing a 22 percent dividend increase for 2019 to 1.80 USD/share.

Financial summary	2019	2018
Production in Mboepd	93.3	81.1
Revenue and other income in MUSD	2,948.7	2,640.7
CFFO in MUSD	1,378.2	1,718.3
Per share in USD	*4.36*	*5.07*
EBITDA in MUSD [1]	1,918.4	1,932.5
Per share in USD [1]	*6.07*	*5.71*
Free cash flow in MUSD	1,271.7	663.0
Per share in USD	*4.03*	*1.96*
Net result in MUSD	824.9	225.7
Per share in USD	*2.61*	*0.67*
Adjusted net result in MUSD	252.7	295.3
Per share in USD	*0.80*	*0.87*
Net debt	4,006.7	3,398.2

[1] Excludes the reported after tax accounting gain of MUSD 756.7 on the divestment of a 2.6 percent working interest in the Johan Sverdrup project.

"Lundin Petroleum's industry leading low unit operating costs coupled with high quality oil demanding a premium to Brent has resulted in excellent cash generation with a CFFO of USD 1.4bn, EBITDA of USD 1.9bn and FCF of USD 1.3bn.

Teitur Poulsen
Chief Financial Officer

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Consolidated Income Statement

for the Financial Year Ended 31 December

Expressed in MUSD	Note	2019	2018
Revenue and other income			
Revenue		2,158.6	2,607.9
Gain from sale of assets	8	756.7	–
Other income		33.4	32.8
	1	**2,948.7**	**2,640.7**
Cost of sales			
Production costs	2	-164.8	-152.4
Depletion and decommissioning costs	9	-443.8	-458.0
Exploration costs	9	-125.6	-53.2
Impairment costs of oil and gas properties	9	-128.3	–
Purchase of crude oil from third parties	3	-84.3	-533.8
Gross profit		**2,001.9**	**1,443.3**
General, administration and depreciation expenses		-31.2	-24.6
Operating profit		**1,970.7**	**1,418.7**
Net financial items			
Finance income	4	27.5	192.2
Finance costs	5	-322.5	-345.4
		-295.0	**-153.2**
Share in result of associated company	6	-1,8	-1.3
Profit before tax		**1,673.9**	**1,264.2**
Income tax	7	-849.0	-1,038.5
Net result		824.9	225.7
Earnings per share – USD	16.4	2.61	0.67
Earnings per share – fully diluted – USD	16.4	2.61	0.66
Adjusted earnings per share – USD	16.5	0.80	0.87
Adjusted earnings per share fully diluted – USD	16.5	0.80	0.87

Consolidated Statement of Comprehensive Income

for the Financial Year Ended 31 December

Expressed in MUSD	2019	2018
Net result	**824.9**	**225.7**
Items that may be subsequently reclassified to profit or loss:		
Exchange differences foreign operations	29.0	1.5
Cash flow hedges	-82.5	-74.1
Other comprehensive income	**-53.5**	**-72.6**
Total comprehensive income	**771.4**	**153.1**
Attributable to:		
Shareholders of the Parent Company	771.4	153.1
Non-controlling interest	–	–
	771.4	**153.1**

Consolidated Balance Sheet

for the Financial Year Ended 31 December

Expressed in MUSD	Note	2019	2018
ASSETS			
Non-current assets			
Oil and gas properties	9	5,473.2	5,341.1
Other tangible fixed assets	10	49.4	13.6
Goodwill	11	128.1	128.1
Financial assets	12	14.3	0.4
Derivative instruments	20	2.7	2.7
Total non-current assets		**5,667.7**	**5,485.9**
Current assets			
Inventories	13	40.7	36.5
Trade and other receivables	14	349.5	216.6
Derivative instruments	20	11.3	34.0
Cash and cash equivalents	15	85.3	66.8
Total current assets		**486.8**	**353.9**
TOTAL ASSETS		**6,154.5**	**5,839.8**
EQUITY AND LIABILITIES			
Equity			
Share capital	16.1	0.5	0.5
Additional paid in capital	16.1	326.0	339.7
Other reserves	16.2	-571.8	-518.3
Retained earnings	16.3	-2,178.4	-431.4
Net result	16.3	824.9	225.7
Total equity		**-1,598.8**	**-383.8**
Liabilities			
Non-current liabilities			
Financial liabilities	17	3,888.4	3,262.0
Provisions	18	528.1	489.1
Deferred tax liabilities	7	2,412.7	2,103.8
Derivative instruments	20	110,8	64.9
Total non-current liabilities		**6,940.0**	**5,919.8**
Current liabilities			
Financial liabilities	17	97.5	–
Dividends		106.0	–
Trade and other payables	19	177.4	200.9
Derivative instruments	20	33.2	20.0
Current tax liabilities	7	343.3	70.4
Provisions	18	55.9	12.5
Total current liabilities		**813.3**	**303.8**
Total liabilities		**7,753.3**	**6,223.6**
TOTAL EQUITY AND LIABILITIES		**6,154.5**	**5,839.8**

Consolidated Statement of Cash Flow

for the Financial Year Ended 31 December

Expressed in MUSD	Note	2019	2018
Cash flows from operating activities			
Net result		**824.9**	**225.7**
Adjustments for:			
Gain from sale of assets		-756.7	–
Exploration costs		125.6	53.2
Depletion, depreciation and amortisation		450.5	460.6
Impairment of oil and gas properties		128.3	–
Current tax		405.8	90.4
Deferred tax		443.2	948.1
Long-term incentive plans		14.7	14.6
Foreign currency exchange gain/loss		70.8	162.5
Interest expense		93.4	88.7
Loan modification gain		–	-183.7
Loan modification fees		–	17.3
Unwinding of loan modification gain		41.5	26.1
Amortisation of deferred financing fees		19.7	17.8
Other		17.8	12.8
Interest received		1.8	1.1
Interest paid		-177.4	-176.0
Income taxes paid		-132.7	-15.8
Changes in working capital:			
Changes in inventories		-4.2	-2.8
Changes in underlift position		-0.1	1.1
Changes in receivables		-140.3	57.4
Changes in overlift position		-0.8	–
Changes in liabilities		-47.6	-80.8
Total cash flows from operating activities		**1,378.2**	**1,718.3**
Cash flows from investing activities			
Investment in oil and gas properties		-1,057.8	-1,060.1
Investment in other fixed assets		-2.5	-3.2
Investment in financial assets		-1,5	9.3
Disposal of fixed assets[1]		959.0	–
Decommissioning costs paid		-3.7	-1.3
Total cash flows from investing activities		**-106.5**	**-1,055.3**
Cash flows from financing activities			
Changes in long-term bank loans	21	627.0	-490.0
Changes in lease commitments[2]	21	-3.4	–
Financing fees paid		-3.3	-17.3
Dividends paid		-355.6	-153.1
Share redemption		-1,517.2	–
Purchase of own shares		–	-14.3
Total cash flows from financing activities		**-1,252.5**	**-674.7**
Changes in cash and cash equivalents		19.2	-11.7
Cash and cash equivalents at the beginning of the year		66.8	71.4
Currency exchange difference in cash and cash equivalents		-0.7	7.1
Cash and cash equivalents at the end of the year		**85.3**	**66.8**

[1] Cash received on the divestment of a 2.6 percent working interest in the Johan Sverdrup field on closing including interest and pro and contra funding settlement from effective date to completion date as well as working capital balances and incurred expenses

[2] Change in lease commitments subsequent to initial recognition of lease commitments based on IFRS16

The effects of currency exchange differences due to the translation of foreign group companies have been excluded as these effects do not affect the cash flow. Cash and cash equivalents comprise cash and short-term deposits maturing within less than three months.

Consolidated Statement of Changes in Equity

for the Financial Year Ended 31 December

	Attributable to owners of the Parent Company				
Expressed in MUSD	**Share capital[1]**	**Additional paid-in-capital**	**Other reserves[2]**	**Retained earnings**	**Total equity**
Balance at 1 January 2018	**0.5**	**527.9**	**-445.7**	**-433.5**	**-350.8**
Change in accounting principle[3]	–	–	–	-3.4	-3.4
Restated equity at 1 January 2018	**0.5**	**527.9**	**-445.7**	**-436.9**	**-354.2**
Comprehensive income					
Net result	–	–	–	225.7	225.7
Currency translation difference	–	–	1.5	–	1.5
Cash flow hedges	–	–	-74.1	–	-74.1
Total comprehensive income	**–**	**–**	**-72.6**	**225.7**	**153.1**
Transactions with owners					
Cash distributions	–	-153.1	–	–	-153.1
Purchase of own shares	–	-14.3	–	–	-14.3
Share based payments[4]	–	-20.8	–	–	-20.8
Value of employee services[5]	–	–	–	5.5	5.5
Total transactions with owners	**–**	**-188.2**	**–**	**5.5**	**-182.7**
Balance at 31 December 2018	**0.5**	**339.7**	**-518.3**	**-205.7**	**-383.8**
Comprehensive income					
Net result	–	–	–	824.9	824.9
Currency translation difference	–	–	29.0	–	29.0
Cash flow hedges	–	–	-82.5	–	-82.5
Total comprehensive income	**–**	**–**	**-53.5**	**824.9**	**771.4**
Transactions with owners					
Cash distributions	–	–	–	-501.0	-501.0
Share redemption	-0.1	–	–	-1,476.9	-1,477.0
Bonus issue (sw. fondemission)	0.1	–	–	-0.1	–
Share based payments[4]	–	-13.7	–	–	-13.7
Value of employee services[5]	–	–	–	5.3	5.3
Total transactions with owners	**–**	**-13.7**	**–**	**-1,972.7**	**-1,986.4**
Balance at 31 December 2019	**0.5**	**326.0**	**-571.8**	**-1,353.5**	**-1,598.8**

[1] Lundin Petroleum AB's issued share capital described in detail in Note 16.1.

[2] Other reserves are described in detail in Note 16.2.

[3] Relates to change in accounting principle for revenue recognition relating to under/overlift balances as mentioned on page 63.

[4] Represents the cost to hedge the equity-settled share-based long-term incentive plan as described in Note 28.

[5] Represents the fair value at the date of grant of the equity-settled share-based long-term incentive plan that is recognised over the vesting period as described in Note 28.

Accounting Policies

Basis of preparation

Lundin Petroleum's annual report has been prepared in accordance with prevailing International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretation Committee (IFRIC) interpretations adopted by the EU Commission and the Swedish Annual Accounts Act (1995:1554). In addition, RFR 1 "Supplementary Rules for Groups" has been applied as issued by the Swedish Financial Reporting Board. The Parent Company applies the same accounting policies as the Group, except as specified in the Parent Company accounting policies on page 92.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed under the headline "Critical accounting estimates and judgements". The consolidated financial statements have been prepared under the historical cost convention, except for items that are required to be accounted for at fair value as detailed in the Group's accounting policies. Intercompany transactions and balances have been eliminated.

Accounting standards, amendments and interpretations

As from 1 January 2019, Lundin Petroleum has applied the following new accounting standards:

IFRS 16 Leases, the standard requires recognition in the balance sheet for each contract, with some exceptions, that meets the definition of a lease as a right of use asset and lease liability, while lease payments are to be reflected as interest expense and a reduction of lease liability. Effective from 1 January 2019, the Group has made the following transition choices in relation to IFRS 16: (a) application of the modified retrospective method, (b) right of use assets will be measured at an amount equal to the lease liability and (c) leases with a less than 12 months remaining lease term at year end 2018 will not be reflected as leases. The Group has made the following application policy choice: short-term leases (less than 12 months) and leases of low value assets will not be reflected in the balance sheet, but will be expensed as incurred.

Lundin Petroleum has assessed the impact of IFRS 16 on the financial statements of the Group and only identified one relevant contract containing a lease with no material impact on the financial statements of the Group. The Company accounted for right of use assets and lease commitments amounting to MUSD 36.6 per effective date 1 January 2019.

Lundin Petroleum has changed its accounting principle for revenue recognition relating to under/overlift balances due to developments in IFRIC discussion. The Group previously recognized income based on its produced volumes (entitlement method) for the period. Lundin Petroleum has decided to change the accounting treatment of such under/overlift so that income will reflect sold volumes (sales method). This means that changes in under/overlift balances are no longer reported as other income valued at market price, but will instead be reported as an adjustment to cost valued at production cost including depletion. Comparative figures have been restated in line with IAS 8 as per the following table:

MUSD	2018
Reported net result previous year	222.1
Changes due to change in accounting principle	
Adjustment in other income	23.3
Adjustment in production costs	-7.0
Adjustment in deferred tax	-12.7
Impact of change in accounting principle	3.6
Restated net result previous year	**225.7**

Principles of consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing the Group's control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The non-controlling interest in a subsidiary represents the portion of the subsidiary not owned by the Group. The equity of the subsidiary relating to the non-controlling shareholders is shown as a separate item within equity for the Group. The Group recognises any non-controlling interest on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from intercompany transactions are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Joint arrangements

Oil and gas operations are conducted by the Group as co-licences in unincorporated joint operations with other companies, These joint operations are a type of joint arrangement whereby the parties have joint control. The Group's financial statements account for the production, capital costs, operating costs and current assets and liabilities relating to its working interests in joint arrangements.

Information about incorporated joint arrangements is available on www.lundin-petroleum.com/operations/

Associated companies
An investment in an associated company is an investment in an undertaking where the Group exercises significant influence but not control, generally accompanying a shareholding of at least 20 percent but not more than 50 percent of the voting rights. Such investments are accounted for in the consolidated financial statements in accordance with the equity method and are initially recognised at cost. The difference between the acquisition cost of shares in an associated company and the net fair value of the assets, liabilities and contingent liabilities of the associated company recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. The Group's share in the post-acquisition results of the associated company is recognised in the income statement and the Group's share in post-acquisition movements in other comprehensive income of the associated company are recognised directly in other comprehensive income of the Group. When the Group's accumulated share of losses in an associated company equals or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's percentage in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Foreign currencies
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in US Dollars, which is the currency the Group has elected to use as the presentation currency.

Transactions and balances
Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date and foreign exchange currency differences are recognised in the income statement. Transactions in foreign currencies are translated at exchange rates prevailing at the transaction date. Exchange differences are included in finance income/costs in the income statement except deferred exchange differences on qualifying cash flow hedges which are recorded in other comprehensive income.

Presentation currency
The balance sheets and income statements of foreign Group companies are translated for consolidation purposes using the current rate method. All assets and liabilities are translated at the balance sheet date rates of exchange, whereas the income statements are translated at average rates of exchange for the year, except for transactions where it is more relevant to use the rate of the day of the transaction. The translation differences which arise are recorded directly in the foreign currency translation reserve within other comprehensive income. Upon disposal of a foreign operation, the translation differences relating to that operation will be transferred from equity to the income statement and included in the result on sale. Translation differences arising from net investments in subsidiaries, used for financing exploration activities, are recorded directly in other comprehensive income.

For the preparation of the annual financial statements, the following currency exchange rates have been used.

	31 December 2019		31 December 2018	
	Average	Period end	Average	Period end
1 USD equals NOK	8.8003	8,7803	8.1329	8.6885
1 USD equals EUR	0.8932	0.8902	0,8464	0,8734
1 USD equals SEK	9.4581	9.2993	8.6921	8.9562

Classification of assets and liabilities
Non-current assets, long-term liabilities and provisions consist of amounts that are expected to be recovered or paid more than twelve months after the balance sheet date. Current assets and current liabilities consist solely of amounts that are expected to be recovered or paid within twelve months after the balance sheet date.

Oil and gas properties
Oil and gas properties are recorded at historical cost less depletion. All costs for acquiring concessions, licences or interests in production sharing contracts and for the survey, drilling and development of such interests are capitalised on a field area cost centre basis.

Costs directly associated with an exploration well are capitalised. If it is determined that a commercial discovery has not been achieved, these exploration costs are charged to the income statement. During the exploration and development phases, no depletion is charged. The field will be transferred from the non-production cost pool to the production cost pool within oil and gas properties once production commences, and accounted for as a producing asset. Routine maintenance and repair costs for producing assets are expensed as production costs when they occur.

Net capitalised costs to reporting date, together with anticipated future capital costs for the development of the proved and probable reserves determined at the balance sheet date price levels, are depleted based on the year's production in relation to estimated total proved and probable reserves of oil and gas, in accordance with the unit of production method. Depletion of a field area is charged to the income statement through cost of sales once production commences.

Proved reserves are those quantities of petroleum which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods and governmental regulations. Proved reserves can be categorised as developed or undeveloped. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimates.

Probable reserves are those unproved reserves which analysis of geological and engineering data indicate are less likely to be recovered than Proved reserves but more certain to be recovered than Possible reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50 percent probability that the actual quantities recovered will equal or exceed the 2P estimate.

Proceeds from the sale or farm-out of oil and gas concessions in the exploration stage are offset against the related capitalised costs of each cost centre, with any excess of net proceeds over the costs capitalised included in the income statement. In the event of a sale in the exploration stage, any deficit is included in the income statement.

Impairment tests are performed annually or when there are facts and circumstances that suggest that the carrying value of an asset capitalised costs within each field area less any provision for site restoration costs, royalties and deferred production or revenue related taxes is higher than the anticipated future net cash flow from oil and gas reserves attributable to the Group's interest in the related field areas. Capitalised costs cannot be carried unless those costs can be supported by future cash flows from that asset. Provision is made for any impairment, where the net carrying value, according to the above, exceeds the recoverable amount, which is the higher of value in use and fair value less costs to sell, determined through estimated future discounted net cash flows using prices and cost levels used by Group management in their internal forecasting. If there is no decision to continue with a field specific exploration programme, the costs will be expensed at the time the decision is made.

Other tangible assets

Other tangible assets are stated at cost less accumulated depreciation. Depreciation is based on cost and is calculated on a straight line basis over the estimated economic life of 20 years for real estate and three to five years for office equipment and other assets.

Additional costs to existing assets are included in the assets' net book value or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The net book value of any replaced parts is written off. Other additional expenses are deemed to be repair and maintenance costs and are charged to the income statement when they are incurred.

The net book value is written down immediately to its recoverable amount when the net book value is higher. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Goodwill

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets acquired, the difference is recognised in profit or loss.

Goodwill is also recognised as the offsetting accounting entry to the deferred tax liability booked on the difference between the assigned fair value of an asset and the related tax base acquired in a business combination.

Impairment of assets including goodwill

At each balance sheet date the Group assesses whether there is an indication that an asset may be impaired. Where an indicator of impairment exists or when impairment testing for an asset is required, the Group makes a formal assessment of the recoverable amount. Where the carrying value of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

The recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is calculated by discounting estimated future cash flows to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. When the recoverable amount is less than the carrying value an impairment loss is recognised with the expensed charge to the income statement. If indications exist that previously recognised impairment losses no longer exist or are decreased, the recoverable amount is estimated. When a previously recognised impairment loss is reversed the carrying amount of the asset is increased to the estimated recoverable amount but the increased carrying amount may not exceed the carrying amount after depreciation that would have been determined had no impairment loss been recognised for the asset in prior years.

Financial assets and liabilities

Assets and liabilities are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost unless stated otherwise. Financial assets are derecognised when the rights to receive cash flows from the investments have expired, or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Lundin Petroleum recognises the following financial assets and liabilities:

Financial Assets at Amortised Cost
Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. The Group's loans and receivables consist of fixed or determined cash flows related solely to principal and interest amounts or contractual sales of oil and gas. The Group's intent is to hold these receivables until cash flows are collected. Loans and receivables are recognised initially at fair value, net of any transaction costs incurred and subsequently measured at amortised cost.

Financial assets at Fair Value through Profit or Loss (FVTPL)
Financial assets measured at FVTPL are assets which do not qualify as financial assets at amortised cost or at fair value through other comprehensive income.

Financial Liabilities at Amortised Cost
Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL, or the Group has opted to measure them at FVTPL. Borrowings and accounts payable are recognised initially at fair value, net of any transaction costs incurred, and subsequently at amortised cost using the effective interest method.

Financial Liabilities at FVTPL
Financial liabilities measured at FVTPL are liabilities which include embedded derivatives and cannot be classified as amortised cost.

Impairment of Financial Assets
The measurement of impairment of financial assets is based on the expected credit losses model. For the trade and other receivables, the Group applies the simplified approach which requires the use of the lifetime expected loss provision for all trade receivables. In estimating the lifetime expected loss provision, the Group considered historical industry default rates as well as credit ratings of major customers. Additional disclosure related to the Group's financial assets is included in Note 20.

Derivatives used for hedging
Derivative financial instruments are used to manage economic exposure to market risks relating to foreign currency exchange rates and interest rates. Policies and procedures are in place with respect to required documentation and approvals for the use of derivative financial instruments. Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Where specific financial instruments are executed, The Group assesses, both at the time of purchase and on an ongoing basis, whether the financial instrument used in the particular transaction is effective in offsetting changes in fair values or cash flows of the transaction.

The Group has only cash flow hedges which qualify for hedge accounting. The effective portion of changes in the fair value of derivatives that qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion, if any, is recognised immediately in the income statement. Amounts accumulated in other comprehensive income are transferred to the income statement in the period when the hedged item will affect the income statement. When a hedging instrument no longer meets the requirements for hedge accounting, expires or is sold, any accumulated gain or loss recognised in other comprehensive income remains in shareholders' equity until the forecast transaction no longer is expected to occur, at which point it is transferred to the income statement.

Inventories
Inventories of consumable well supplies are stated at the lower of cost and net realisable value, cost being determined on a weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Inventories of hydrocarbons and under or overlift positions of hydrocarbons are stated at the lower of cost and net realisable value. An underlift of production from a field is included in the current receivables and an overlift of production from a field is included in the current liabilities. See also section Accounting standards, amendments and interpretations on page 63 for change in accounting principles relating to under/overlift balances.

Cash and cash equivalents
Cash and cash equivalents include cash at bank, cash in hand and interest bearing securities with original maturities of three months or less.

Equity
Share capital consists of the registered share capital for the Parent Company. Share issue costs associated with the issuance of new equity are treated as a direct reduction of proceeds. Excess contribution in relation to the issuance of shares is accounted for in the item additional paid-in-capital.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until these shares are cancelled or sold. Where these shares are subsequently sold, any consideration received, net of any directly attributable incremental transaction costs and related income tax effects, is included in equity attributable to the Company's equity holders.

The change in fair value of hedging instruments which qualify for hedge accounting is accounted for in the hedge reserve. Upon settlement of the hedge instrument, the hedged item will be transferred to the income statement. The currency translation reserve contains unrealised translation differences due to the conversion of the functional currencies into the presentation currency.

Retained earnings contain the accumulated results attributable to the shareholders of the Parent Company.

Provisions
A provision is reported when the Company has a legal or constructive obligation as a consequence of an event and when it is more likely than not that an outflow of resources is required to settle the obligation and a reliable estimate can be made of the amount.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance costs.

On fields where the Group is required to contribute to site restoration costs, a provision is recorded to recognise the future commitment. An asset is created, as part of the oil and gas property, to represent the discounted value of the anticipated site restoration liability and depleted over the life of the field on a unit of production basis. The corresponding accounting entry to the creation of the asset recognises the discounted value of the future liability. The discount applied to the anticipated site restoration liability is subsequently released over the life of the field and is charged to financial expenses. Changes in site restoration costs and reserves are treated prospectively and consistent with the treatment applied upon initial recognition.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised costs using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or a shorter period where appropriate.

Revenue

Revenues from the sale of oil and gas are recognised in the income statement net of royalties taken in kind. Sales of oil and gas are recognised upon delivery of products and customer acceptance. Incidental revenues from the production of oil and gas are offset against capitalised costs of the related cost centre until quantities of proven and probable reserves are determined and commercial production has commenced.

Service income, generated by providing technical and management services to joint operations, is recognised upon performance of services and is recognised as other income.

Borrowing costs

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets. Qualifying assets are assets that take a substantial period of time to complete for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending to be used for the qualifying asset, is deducted from the borrowing costs eligible for capitalisation.

This applies on the interest on borrowings to finance fields under development which is capitalised within oil and gas properties until production commences. All other borrowing costs are recognised in the income statement in the period in which they occur. Interest on borrowings to finance the acquisition of producing oil and gas properties is charged to the income statement as incurred.

Employee benefits

Short-term employee benefits

Short-term employee benefits such as salaries, social premiums and holiday pay, are expensed when incurred.

Pension obligations

Pensions are the most common long-term employee benefits. The pension schemes are funded through payments to insurance companies. The Group's pension obligations consist mainly of defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an expense when they are due.

The Group has one obligation under a defined benefit plan. The relating liability recognised in the balance sheet is valued at the discounted estimated future cash outflows as calculated by an external actuarial expert. Actuarial gains and losses are recognised in other comprehensive income. The Group does not have any designated plan assets.

Share-based payments

Cash-settled share-based payments are recognised in the income statement as expenses during the vesting period and as a liability in relation to the long-term incentive plan. The liability is measured at fair value and revalued using the Black & Scholes pricing model at each balance sheet date and at the date of settlement, with any change in fair value recognised in the income statement for the period. Equity-settled share-based payments are recognised in the income statement as expenses during the vesting period and as equity in the Balance Sheet. The option is measured at fair value at the date of grant using an options pricing model and is charged to the income statement over the vesting period without revaluation of the value of the option.

Income taxes

The components of tax are current and deferred. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is matched.

Current tax is tax that is to be paid or received for the year in question and also includes adjustments of current tax attributable to previous periods.

Deferred income tax is a non-cash charge provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values. Temporary differences can occur, for example, where investment expenditure is capitalised for accounting purposes but the tax deduction is accelerated, or where site restoration costs are provided for in the financial statements but not deductible for tax purposes until they are actually incurred. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets are offset against deferred tax liabilities in the balance sheet where they relate to the same jurisdiction.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker being Group management, which, due to the unique nature of each country's operations, commercial terms or fiscal environment, is at a country level. Information for segments is only disclosed when applicable. Segmental information is presented in Note 3, Note 7 and Note 9.

Critical accounting estimates and judgements

The management of Lundin Petroleum has to make estimates and judgements when preparing the financial statements of the Group. Uncertainties in the estimates and judgements could have an impact on the carrying amount of assets and liabilities and the Group's result. The most important estimates and judgements in relation thereto are:

Estimates in oil and gas reserves

Estimates of oil and gas reserves are used in the calculations for impairment tests and accounting for depletion and site restoration. Standard recognised evaluation techniques are used to estimate the proved and probable reserves. These techniques take into account the future level of development required to produce the reserves. An independent reserves auditor reviews these estimates, see page 109 Reserve Quantity Information. Changes in estimates of oil and gas reserves, resulting in different future production profiles, will affect the discounted cash flows used in impairment testing, the anticipated date of site decommissioning and restoration and the depletion charges in accordance with the unit of production method. Changes in estimates in oil and gas reserves could for example result from additional drilling, observation of long-term reservoir performance or changes in economic factors such as oil price and inflation rates.

Information about the carrying amounts of the oil and gas properties and the amounts charged to income, including depletion, exploration costs, and impairment costs is presented in Note 9.

Impairment of oil and gas properties

Key assumptions in the impairment models relate to prices and costs that are based on forward curves and the long-term corporate assumptions. Lundin Petroleum carried out its annual impairment tests in conjunction with the annual reserves audit process. The calculation of the impairment requires the use of estimates. For the purpose of determining a potential impairment the assumptions that management uses to estimate the future cash flows to calculate the recoverable amounts are future oil and gas prices and expected production volumes. These assumptions and judgements of management that are based on them are subject to change as new information becomes available. Changes in economic conditions can also affect the rate used to discount future cash flow estimates and the discount rate applied is reviewed throughout the year. Goodwill relating to acquisitions of oil and gas properties forms part of the impairment testing of oil and gas properties and is tested at least once a year.

Information about the carrying amounts of the oil and gas properties and impairment of oil and gas properties is presented in Note 3 and Note 9.

Provision for site restoration

Amounts used in recording a provision for site restoration are estimates based on current legal and constructive requirements and current technology and price levels for the removal of facilities and plugging and abandoning of wells. Due to changes in relation to these items, the future actual cash outflows in relation to the site decommissioning and restoration can be different. To reflect the effects due to changes in legislation, requirements and technology and price levels, the carrying amounts of site restoration provisions are reviewed on a regular basis.

The effects of changes in estimates do not give rise to prior year adjustments and are treated prospectively over the estimated remaining commercial reserves of each field. While the Group uses its best estimates and judgement, actual results could differ from these estimates.

Information about the carrying amounts of the Provision for site restoration is presented in Note 18.

Income tax

A tax liability is recognised when a future payment, in application of a tax regulation, is considered probable and can be reasonably estimated. The exercise of judgment is required to assess the impact of new events on the amount of the liability.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that future taxable profits will be available against which the losses can be utilised. Estimation and judgement is required to determine the value of the deferred tax asset, based upon the timing and level of future taxable profits.

Events after the balance sheet date

All events up to the date when the financial statements were authorised for issue and which have a material effect in the financial statements have been disclosed. Subsequent events are presented in Note 30.

Notes to the Financial Statements
of the Group

Note 1 Revenue and Other Income

MUSD	2019	2018
Revenue		
Crude oil from own production	1,939.8	1,877.6
Crude oil from third party activities	84.3	536.1
Condensate	41.4	41.8
Gas	93.1	152.4
Net sales of oil and gas	**2,158.6**	2,607.9
Gain from sale of assets	756.7	–
Other income	33.4	32.8
Revenue and other income	**2,948.7**	2,640.7

For further information on revenue, see the Directors Report on page 26.

Note 2 Production Costs

MUSD	2019	2018
Cost of operations	118.1	102.5
Tariff and transportation expenses	46.3	35.2
Change in under/over lift position	-0.9	7.0
Change in inventory position	-2.8	0.6
Other production costs	4.1	7.1
Production costs	**164.8**	152.4

For further information on production costs, see the Directors Report on pages 26–27.

Note 3 Segment Information

The Group operates within several geographical areas with a focus on Norway. Operating segments are reported at country level which is consistent with the internal reporting provided to Group management.

The following tables present segment information regarding; revenue and other income, production costs, depletion and decommissioning costs, exploration costs, impairment costs of oil and gas properties, loss from sale of assets, other cost of sales, gross profit/loss and certain asset and liability information regarding the Group's business segments. In addition segment information is reported in Note 7 and Note 9.

Revenues are derived from various external customers. There were no intercompany sales or purchases in the year or in the previous year other than to Lundin Petroleum Marketing SA which performs marketing activities for Norway. These intercompany transactions are reported into segment Norway and therefore there are no reconciling items towards the amounts stated in the income statement. Within each segment, revenues from transactions with a single external customer amount to ten percent or more of revenue for that segment. Approximately 35 percent of the total revenue is contracted with one customer. The Parent Company is included in Other in the following table.

Note 3 continued

MUSD	2019	2018
Norway		
Crude oil from own production	1,939.8	1,877.6
Condensate	41.4	41.8
Gas	93.1	152.4
Net sales of oil and gas	**2,074.3**	2,071.8
Gain from sale of assets	756.7	–
Other income	33.4	32.8
Revenue and other income	**2,864.4**	2,104.6
Production costs	-164.8	-152.4
Depletion and decommissioning costs	-443.8	-458.0
Exploration costs	-125,6	-53.2
Impairment costs of oil and gas properties	-128.3	–
Gross profit	**2,001.9**	1,441.0
Other		
Crude oil from third party activities	84.3	536.1
Revenue	**84.3**	536.1
Purchase of crude oil from third parties	-84.3	-533.8
Gross profit	**0.0**	2.3

MUSD	2019	2018
Total		
Crude oil from own production	1,939.8	1,877.6
Crude oil from third party activities	84.3	536.1
Condensate	41.4	41.8
Gas	93.1	152.4
Net sales of oil and gas	**2,158.6**	2,607.9
Gain from sale of assets	756.7	–
Other income	33,4	32.8
Revenue and other income	**2,948.7**	2,640.7
Production costs	-164.8	-152.4
Depletion and decommissioning costs	-443.8	-458.0
Exploration costs	-125.6	-53.2
Impairment costs of oil and gas properties	-128.3	–
Purchase of crude oil from third parties	-84.3	-533.8
Gross profit	**2,001.9**	1,443.3

	Assets		Equity and Liabilities	
MUSD	2019	2018	2019	2018
Norway	6,114.2	5,760.0	5,774.0	5,203.3
Sweden	122.5	3.9	109.2	3.7
Other	296.0	104.8	299.6	104.2
Corporate	2,399.7	2,596.8	4,348.4	3,538.1
Intercompany balance elimination	-2,777.9	-2,625.7	-2,777.9	-2,625.7
Assets/liabilities per country	**6,154.5**	5,839.8	**7,753.3**	6,223.6
Shareholders' equity	N/A	N/A	-1,598.8	-383.8
Total equity for the Group	N/A	N/A	**-1,598.8**	-383.8
Total consolidated	**6,154.5**	5,839.8	**6,154.5**	5,839.8

For detailed information of the oil and gas properties per country, see also Note 9.

For further information on revenue and other income, production costs, depletion and decommissioning costs, exploration costs, impairment costs of oil and gas properties, loss from sale of assets and other cost of sales, see the Directors Report on pages 26–27.

Note 4 Finance Income

MUSD	2019	2018
Loan modification gain	–	183.7
Interest income	1.8	1.7
Gain on interest rate hedge settlement	25.7	3.5
Fair value change of other shares	–	3.3
Finance income	**27.5**	192.2

For further information on finance income, see the Directors Report on page 27.

Note 5 Finance Costs

MUSD	2019	2018
Foreign currency exchange loss, net	131.7	164.9
Interest expense	93.4	88.7
Unwinding of site restoration discount	17.9	16.4
Amortisation of deferred financing fees	19.7	17.8
Loan facility commitment fees	10.9	13.0
Loan modification fees	–	17.3
Unwinding of loan modification gain	41.5	26.1
Other	7.4	1.2
Finance costs	**322.5**	345.4

Exchange rate variations result primarily from fluctuations in the value of the USD currency against a pool of currencies which mainly includes, amongst others, EUR and NOK. Lundin Petroleum has USD denominated debt recorded in subsidiaries using a functional currency other than USD. For further information on the foreign exchange movement, see the Directors Report on pages 27–28.

For further information on finance costs, see the Directors Report on pages 27–28.

Note 6 Share in Result of Associated Company

MUSD	2019	2018
Group´s share of net result	1.8	1.3
Total result from share in result of associated company	**1.8**	1.3

The result from share in associated company consisted of the 70 percent non-controlling equity share of the result of Mintley Caspian Ltd owned by Lundin Petroleum.

Note 7 Income Taxes

Tax charge MUSD	2019	2018
Current tax		
Norway	405.2	89.0
Switzerland	0.6	1.4
Current tax	**405.8**	90.4
Deferred tax		
Norway	443.2	948.1
Deferred tax	**443.2**	948.1
Total tax	**849.0**	1,038.5

For further information on income taxes, see the Directors Report on page 28.

Note 7 continued

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate of Sweden as follows:

MUSD	2019	2018
Profit before tax	1,673.9	1,264.2
Tax calculated at the corporate tax rate in Sweden 21.4% (22%)	-358.2	-278.1
Effect of foreign tax rates	-1,091.6	-824.3
Tax effect of expenses non-deductible for tax purposes	-85.1	-63.6
Tax effect of uplift on expenses	83.1	103.1
Tax effect of income not subject to tax	615.4	31.2
Tax effect of utilisation of unrecorded tax losses	0.6	–
Tax effect of creation of unrecorded tax losses	-6.1	-5.7
Adjustments to prior year tax assessments	-7.1	-1.1
Tax credit	**-849.0**	-1,038.5

The tax rate in Norway is 78 percent and is the primary reason for the effect of foreign tax rates in the table above. The effect of non-deductible expenses mainly relates to non-deductible foreign currency exchange losses and interest charges. The uplift on expenses relates to uplift on development expenses for oil and gas assets in Norway. The effect of non-taxable income mainly relates to the presentation of the gain from the sale of 2.6 percent of Johan Sverdrup on an after tax basis, see also Note 8.

There is no tax charge/credit relating to components of other comprehensive income.

Corporation tax liability - current and deferred	Current		Deferred	
MUSD	2019	2018	2019	2018
Norway	342.7	69.5	2,412.7	2,103.8
Switzerland	0.6	0.9	–	–
Total	**343.3**	70.4	**2,412.7**	2,103.8

Specification of deferred tax assets and tax liabilities[1] MUSD	2019	2018
Deferred tax assets		
Unused uplift/tax loss carry forwards	–	184.9
Other deductible temporary differences	44.0	13.6
	44.0	198.5
Deferred tax liabilities		
Accelerated allowances	2,456.2	2,301.6
Deferred tax on excess values	0.5	0.7
	2,456.7	2,302.3

[1] The specification of deferred tax assets and tax liabilities does not agree to the face of the balance sheet due to the netting off of balances in the balance sheet when they relate to the same jurisdiction.

The deferred tax liability arises mainly on accelerated allowances, being the difference between the book and the tax value of oil and gas properties in Norway. The deferred tax liability will be released over the life of the assets as the book value is depleted for accounting purposes.

Unrecognised tax losses

The Group has Dutch tax loss carry forwards of approximately MUSD 36 (MUSD 34). The tax losses can be carried forward and utilised for up to nine years. The related deferred tax asset has not been recognised due to the uncertainty of the timing and extent of the utilisation of the tax losses.

The Group also has Swedish tax loss carry forwards of approximately MUSD 106 (MUSD 83). The related deferred tax asset has not been recognised due to the uncertainty of the timing and extent of the utilisation of the tax losses.

Note 8 Gain from Sale of Assets

In July 2019, Lundin Petroleum entered into a sales and purchase agreement for the sale of a 2.6 percent working interest in the Johan Sverdrup development project to Equinor. The transaction decreased the Company's working interest in the Johan Sverdrup development project to 20 percent. The transaction involved a cash consideration payable by Equinor of MUSD 962.0, which includes a nominal MUSD 52.0 contingent payment on future reserve reclassifications. The transaction was completed in August 2019, with economic effect from 1 January 2019. The transaction was accounted for at closing resulting in a net after tax accounting gain of MUSD 756.7 arising from the difference between the consideration received and the book value of the associated assets being divested. The accounting gain is reported as gain from sale of assets as detailed in the following table. The gain from the sale is presented on an after tax basis as the consideration is determined net after tax based on the Norwegian Petroleum Tax regulations. There are no gains or losses from sale of assets in 2018.

MUSD	2019
Assets	
Oil and gas properties	343.7
Total assets divested	**343.7**
Liabilities	
Site restoration provision	16.2
Deferred tax liabilities	108.9
Working capital	4.0
Total liabilities divested	**129.1**
Net assets divested	**214.6**
Consideration received[1]	974.0
Incurred expenses	-2.7
Net after tax accounting gain	**756.7**

[1] Includes fair value of the contingent consideration on future reserve reclassifications, received interest and pro and contra funding settlement from effective date to completion date as well as working capital balances.

Note 9 Oil and Gas Properties

MUSD	31 December 2019	31 December 2018
Production cost pools	4,065.3	1,759.3
Non-production cost pools	1,407.9	3,581.8
	5,473.2	5,341.1

Production cost pools MUSD	Norway 2019	Norway 2018
Cost		
1 January	4,751.3	4,892.0
Additions	95.5	161.5
Reclassification from non-production cost pools	2,687.9	—
Change in estimates	2.3	-15.4
Currency translation difference	-85.5	-286.8
31 December	7,451.5	4,751.3
Depletion		
1 January	-2,992.0	-2,722.3
Depletion charge for the year	-424.4	-451.7
Currency translation difference	30.2	182.0
31 December	-3,386.2	-2,992.0
Net book value	**4,065.3**	1,759.3

Depletion amounted to MUSD 424.4 (MUSD 451.7) and is included within the depletion and decommissioning costs line in the income statement.

Note 9 continued

Non-production cost pools MUSD	Norway 2019	Norway 2018
1 January	3,581.8	2,767.4
Additions	1,115.4	1,087.4
Reclassification to production cost pools	-2,687.9	–
Disposals	-343.7	–
Expensed exploration costs	-125.6	-53.2
Impairment costs of oil and gas properties	-128.3	–
Change in estimates	1.4	-6.7
Currency translation difference	-5.2	-213.1
31 December	**1,407.9**	3,581.8

Impairment
Lundin Petroleum carried out its impairment testing at 31 December 2019 on an asset basis in conjunction with the annual reserves audit process. In the assessment Lundin Petroleum used a combination of the oil price forward curve at year end and the price deck as used by ERCE for the year-end 2019 reserves certification process as a basis for its price forecast, a future cost inflation factor of 2% (2%) per annum and a discount rate of 8% (8%) to calculate the future post-tax cash flows. Non-cash impairment costs amounted to MUSD 128.3 (MUSD –) with the impairment costs relating to certain licences in the Barents Sea of which future economic development is considered uncertain.

Capitalised borrowing costs
During 2019, MUSD 85.7 (MUSD 87.6) of capitalised interest costs were added to oil and gas properties and relate to Norwegian development projects. The interest rate for capitalised borrowing costs is calculated at the external facility borrowing rate of LIBOR plus a margin of between 2.0% to 2.5%.

Development expenditure commitments
The Group is contractually committed to development projects with a remaining commitment as at 31 December 2019 of approximately USD 2.0 billion (USD 1.9 billion), mainly relating to the Johan Sverdrup Phase 2 project and excluding the renewable power project.

Exploration and appraisal expenditure commitments
The Group participates in joint operations with third parties in oil and gas exploration and appraisal activities. The Group is contractually committed under various concession agreements to complete certain exploration and appraisal programmes. The commitments as at 31 December 2019 are estimated to be MUSD 107.0 (MUSD 118.1) of which third parties who are joint operations partners will contribute approximately MUSD 71.5 (MUSD 82.2) resulting in a net commitment of approximately MUSD 35.5 (MUSD 35.9).

Contracted drilling rigs commitments
The Group has entered into lease contracts for drilling rigs during 2019. As the leases have not commenced yet as at 31 December 2019, no lease commitment is recognised in the balance sheet for these contracts as at 31 December 2019. The commitments under these contracts are estimated to be MUSD 290.7 (MUSD –) of which third parties who are joint operations partners will contribute approximately MUSD 109.8 (MUSD –). The net lease commitment of approximately MUSD 180.9 is already included in the above mentioned development and exploration and appraisal expenditure commitments and in the site restoration provision as at 31 December 2019.

Note 10 Other Tangible Assets

	2019			2018		
MUSD	Real estate	Other	Total	Real estate	Other	Total
Cost						
1 January	10.6	32.0	42.6	10.6	30.4	41.0
Additions	41.0	2.0	43.0	–	3.2	3.2
Currency translation difference	-0.4	-0.3	-0.7	–	-1.6	-1.6
31 December	51.2	33.7	84.9	10.6	32.0	42.6
Depreciation						
1 January	-1.2	-27.8	-29.0	-1.2	-26.6	-27.8
Depreciation charge for the year	-4.3	-2.4	-6.7	–	-2.6	-2.6
Currency translation difference	–	0.2	0.2	–	1.4	1.4
31 December	-5.5	-30.0	-35.5	-1.2	-27.8	-29.0
Net book value	**45.7**	**3.7**	**49.4**	9.4	4.2	13.6

Note 10 continued

The depreciation charge for the year is based on cost and an estimated useful life of three to five years for office equipment and other assets. Real estate is depreciated using an estimated useful life of 20 years and taking into account its residual value. Depreciation is included within the general, administration and depreciation line in the income statement. Real estate additions during the year mainly relate to office premises that fall under IFRS16 which is depreciated based on the remaining contractual life of the office lease.

Note 11 Goodwill

MUSD	2019	2018
1 January	128.1	128.1
Change	–	–
31 December	**128.1**	128.1

The Group's goodwill arose from the acquisition of a further 15 percent interest in the Edvard Grieg field in 2016. Goodwill was included in the Group's impairment testing as per 31 December 2019 and will be tested for impairment annually as part of the annual impairment testing of oil and gas properties.

Note 12 Financial Assets

MUSD	31 December 2019	31 December 2018
Contingent consideration	12.4	–
Associated companies	0.3	–
Other	1.6	0.4
	14.3	0.4

The sale of 2.6 percent of Johan Sverdrup during the year included a contingent consideration based on future reserve reclassifications and is due in 2026, This contingent consideration was fair valued by the Company and amounted to MUSD 12.4.

Note 12.1 Associated companies

	31 December 2019			31 December 2018
	Number of shares	Share %	Book amount MUSD	Book amount MUSD
Johan Sverdrup Eiendom DA	N/A	20.0	0.3	–
			0.3	–

Note 13 Inventories

MUSD	31 December 2019	31 December 2018
Hydrocarbon stocks	6.1	3.3
Drilling equipment and consumable materials	34.6	33.2
	40.7	36.5

Note 14 Trade and Other Receivables

MUSD	31 December 2019	31 December 2018
Trade receivables	305.1	153.7
Underlift	2.0	1.9
Joint operations debtors	11.4	17.0
Prepaid expenses and accrued income	23.9	26.9
IPC working capital	–	14.0
Other	7.1	3.1
	349.5	216.6

Note 14 continued

The trade receivables relate mainly to hydrocarbon sales to a limited number of independent customers from whom there is no recent history of default. The trade receivables balance is current and the provision for bad debt is nil.

The IPC working capital related to a residual receivable from IPC for working capital balances following the IPC spin-off which was received during 2019.

Note 15 Cash and Cash Equivalents

Cash and cash equivalents include only cash at hand or on bank. No short-term deposits are held as at 31 December 2019.

Note 16 Equity

Note 16.1 Share Capital and Share Premium

	Share capital			Additional paid in capital
MUSD	**Number of shares**	**Par value MSEK**	**Par value MUSD**	**MUSD**
1 January 2018	340,386,445	3.5	0.5	527.9
Distributions	–	–	–	-153.1
Purchase of own shares	–	–	–	-14.3
Share based payments	–	–	–	-20.8
Movements	–	–	–	-188.2
31 December 2018	340,386,445	3.5	0.5	339.7
Share redemption	-54,461,831	-0.6	-0.1	–
Bonus issue (sw. fondemission)	–	0.6	0.1	–
Share based payments	–	–	–	-13.7
Movements	–	–	–	-13.7
31 December 2019	**285,924,614**	**3.5**	**0.5**	**326.0**

Included in the number of shares issued at 31 December 2019 are 1,873,310 shares (1,873,310 shares) which Lundin Petroleum holds in its own name. During 2017, Lundin Petroleum purchased 1,233,310 of its own shares at an average price of SEK 186.14 based on the approval granted at the AGM 2017. During 2018, Lundin Petroleum purchased an additional 640,000 of its own shares at an average price of SEK 186.77 based on the approval granted at the AGM 2018 resulting in 1,873,310 of its own shares held at the end of the year and at the end of the prior year.

The EGM of Lundin Petroleum held on 31 July 2019 in Stockholm approved the redemption of 54,461,831 shares previously held by Equinor, amounting to 16 percent of the outstanding shares at a price of SEK 266.40 per share. The total number of shares in issue decreased because of the share redemption from 340,386,445 shares to 285,924,614 shares. The issued share capital includes a bonus issue (sw. fondemission) to restore the share capital of Lundin Petroleum to the same amount as immediately prior to the share redemption.

Note 16.2 Other Reserves

MUSD	Hedge reserve	Currency translation reserve	Total
1 January 2018	-0.3	-445.4	-445.7
Total comprehensive income	-74.1	1.5	-72.6
31 December 2018	-74.4	-443.9	-518.3
Total comprehensive income	-82.5	29.0	-53.5
31 December 2019	**-156.9**	**-414.9**	**-571.8**

Note 16.3 Retained Earnings

MUSD	2019	2018
1 January	-205.7	-436.9
Net result for the year	824.9	225.7
Distributions	-501.0	–
Share redemption	-1,476.9	–
Bonus issue (sw. fondemission)	-0.1	–
Value of employee services	5.3	5.5
31 December	**-1,353.5**	-205.7

The AGM of Lundin Petroleum held on 29 March 2019 in Stockholm approved a cash dividend distribution for the year 2018 of USD 1.48 per share, to be paid in quarterly installments of USD 0.37 per share. Based on the number of shares outstanding, excluding own shares held by the Company, the dividend distribution amounted to MSEK 4,638.7, equaling MUSD 501.0 based on the exchange rate on the date of AGM approval. The actual paid out dividend subsequently reduced to MUSD 460.7 following the redemption of 54,461,831 shares in August 2019. The first dividend payment was made on 5 April 2019, the second dividend payment was made on 8 July 2019, the third dividend payment was made on 7 October 2019 and the fourth dividend payment was made on 9 January 2020.

The EGM of Lundin Petroleum held on 31 July 2019 in Stockholm approved the redemption of 54,461,831 shares previously held by Equinor, amounting to 16 percent of the outstanding shares at a price of SEK 266.40 per share. The share redemption adjusted for outstanding dividends amounted to MSEK 14,124.2, equaling MUSD 1,476.9 based on the exchange rate on the date of EGM approval.

Note 16.4 Earnings Per Share

Earnings per share are calculated by dividing the net result attributable to shareholders of the Parent Company by the weighted average number of shares for the year.

	2019	2018
Net result attributable to shareholders of the Parent Company, MUSD	**824.9**	225.7
Weighted average number of shares for the year	315,833,140	338,592,250
Earnings per share, USD	**2.61**	0.67
Weighted average diluted number of shares for the year	316,551,300	339,513,634
Earnings per share fully diluted, USD	**2.61**	0.66

Note 16.5 Adjusted earnings Per Share

Adjusted earnings per share are calculated by dividing the adjusted net result attributable to shareholders of the Parent Company by the weighted average number of shares for the year. For the calculation of adjusted net result, reference is made to page 106.

	2019	2018
Adjusted net result attributable to shareholders of the Parent Company, MUSD	**252.7**	295.3
Weighted average number of shares for the year	315,833,140	338,592,250
Adjusted earnings per share, USD	**0.80**	0.87
Weighted average diluted number of shares for the year	316,551,300	339,513,634
Adjusted earnings per share fully diluted, USD	**0.80**	0.87

Note 17 Financial Liabilities

MUSD	31 December 2019	31 December 2018
Non-current:		
Bank loans	4,000.0	3,465.0
Capitalised financing fees	-37,1	-54.1
Capitalised loan modification gain	-105,6	-148.9
Lease commitments	31.1	–
	3,888.4	3,262.0
Current:		
Bank loans	92.0	–
Lease commitments	5.5	–
	97.5	–
	3,985.9	3,262.0

The short-term portion of the bank loans which is due within 1 year is classified as current liabilities.

Capitalised financing fees amounted to MUSD 37.1 (MUSD 54.1) and related to the establishment costs of the reserve-based credit facility. The capitalised financing fees are being amortised over the duration of the facility.

Capitalised loan modification gain amounted to MUSD 105.6 (MUSD 148.9) and related to the re-negotiated improved borrowing terms for the reserve-based credit facility. The capitalised loan modification gain is being amortised over the duration of the facility.

Lease commitments relates to leased office premises and is accounted for following the implementation of IFRS16. The short-term portion of the lease commitments is classified as current liabilities.

For further information, see Note 20.

Note 18 Provisions

MUSD	Site Restoration	LTIP	Pension provision	Other	Total
1 January 2019	490.5	8.3	1.2	1.6	501.6
Additions	65.6	8.9	0.1	1.1	75.7
Changes in estimates	23.0	–	–	–	23.0
Disposals	-16.2	–	–	–	-16.2
Payments	-3.7	-7.7	-0.1	-0.6	-12.1
Unwinding of discount	17.9	–	–	–	17.9
Currency translation difference	-5.7	-0.1	–	-0.1	-5.9
31 December 2019	**571.4**	**9.4**	**1.2**	**2.0**	**584.0**
Non-current	522.2	2.7	1.2	2.0	528.1
Current	49.2	6.7	–	–	55.9
Total	**571.4**	**9.4**	**1.2**	**2.0**	**584.0**

Note 18 continued

MUSD	Site Restoration	LTIP	Pension provision	Other	Total
1 January 2018	414.6	9.7	1.2	2.8	428.3
Additions	101.3	10.3	0.1	0.3	112.0
Changes in estimates	-15.9	–	–	–	-15.9
Payments	-1.3	-10.8	-0.1	-1.5	-13.7
Unwinding of discount	16.4	–	–	–	16.4
Currency translation difference	-24.6	-0.9	–	–	-25.5
31 December 2018	**490.5**	**8.3**	**1.2**	**1.6**	**501.6**
Non-current	483.9	2.4	1.2	1.6	489.1
Current	6.6	5.9	–	–	12.5
Total	**490.5**	**8.3**	**1.2**	**1.6**	**501.6**

Site Restoration provision

In calculating the present value of the site restoration provision, a pre-tax discount rate of 3.5 percent (3.5 percent) was used which is based on long-term risk-free interest rate projections. The additions in 2019 mainly relate to the liability associated with Norwegian development projects. Based on the estimates used in calculating the site restoration provision as at 31 December 2019, approximately 81 percent of the total amount is expected to be settled after more than 15 years.

LTIP provision

For more information on the Group's LTIP, see Note 28.

Pension provision

In May 2002, the Compensation Committee recommended to the Board of Directors, and the Board of Directors approved, a pension to be paid to Adolf H. Lundin upon his resignation as Chairman of the Board of Directors and his appointment as Honorary Chairman. It was further agreed that upon the death of Adolf H. Lundin, the monthly payments would be paid to his wife, Eva Lundin, for the duration of her life.

Pension payments totalling an annual amount of TCHF 138 (TCHF 138) are payable to Eva Lundin. The Company may, at its option, buy out the obligation to make the pension payments through a lump sum payment in the amount of TCHF 1,800 (TCHF 1,800).

Note 19 Trade and Other Payables

MUSD	31 December 2019	31 December 2018
Trade payables	17.8	26.6
Overlift	0.9	1.7
Joint operations creditors and accrued expenses	133.6	147.4
Other accrued expenses	16.6	17.6
Other	8.5	7.6
	177.4	200.9

Note 20 Financial Assets and Liabilities

Financial assets and liabilities by category

The accounting policies for financial assets and liabilities have been applied to the line items below:

31 December 2019 MUSD	Total	Loan receivables and other receivables at amortised cost	Financial assets at amortised cost	Fair value recognised in profit/loss	Derivatives used for hedging
Contingent consideration	**12.4**	–	–	12.4	–
Associated companies	**0.3**	–	–	0.3	–
Other non-current financial assets	**1.6**	–	1.6	–	–
Derivative instruments	**14.0**	–	–	–	14.0
Joint operations debtors	**11.4**	11.4	–	–	–
Other current receivables[1]	**312.2**	312.2	–	–	–
Cash and cash equivalents	**85.3**	85.3	–	–	–
	437.2	408.9	1.6	12.7	14.0

Note 20 continued

31 December 2019 MUSD	Total	Other liabilities at amortised cost	Financial liabilities at amortised cost	Derivatives used for hedging
Financial liabilities	**3,985.9**	–	3,985.9	–
Derivative instruments	**144.0**	–	–	144.0
Joint operations creditors	**133.6**	133.6	–	–
Other current liabilities	**369.6**	369.6	–	–
	4,633.1	503,2	3,985.9	144.0

31 December 2018 MUSD	Total	Loan receivables and other receivables at amortised cost	Financial assets at amortised cost	Derivatives used for hedging
Other non-current financial assets	0.4	–	0.4	–
Derivative instruments	36.7	–	–	36.7
Joint operations debtors	17.0	17.0	–	–
Other current receivables[1]	170.8	170.8	–	–
Cash and cash equivalents	66.8	66.8	–	–
	291.7	254.6	0.4	36.7

31 December 2018 MUSD	Total	Other liabilities at amortised cost	Financial liabilities at amortised cost	Derivatives used for hedging
Financial liabilities	3,262.0	–	3,262.0	–
Derivative instruments	84.9	–	–	84.9
Joint operations creditors	147.4	147.4	–	–
Other current liabilities	104.6	104.6	–	–
	3,598.9	252.0	3,262.0	84.9

[1] Prepayments are not included in other current assets, as prepayments are not deemed to be financial instruments.

The fair value of loan receivables and other receivables is a fair approximation of the book value.

For financial assets and liabilities measured at fair value in the balance sheet, the following fair value measurement hierarchy is used:
– Level 1: based on quoted prices in active markets;
– Level 2: based on inputs other than quoted prices as within level 1, that are either directly or indirectly observable;
– Level 3: based on inputs which are not based on observable market data.

Based on this hierarchy, financial assets and liabilities measured at fair value can be detailed as follows:

31 December 2019 MUSD	Level 1	Level 2	Level 3
Assets			
Contingent consideration	–	–	12.4
Associated companies	–	–	0.3
Derivative instruments – non-current	–	2.7	–
Derivative instruments – current	–	11.3	–
	–	**14.0**	**12.7**
Liabilities			
Derivative instruments – non-current	–	110.8	–
Derivative instruments – current	–	33.2	–
	–	**144.0**	–

Note 20 continued

31 December 2018 MUSD	Level 1	Level 2	Level 3
Assets			
Derivative instruments — non-current	–	2.7	–
Derivative instruments — current	–	34.0	–
	–	**36.7**	**–**
Liabilities			
Derivative instruments - non-current	–	64.9	–
Derivative instruments - current	–	20.0	–
	–	**84.9**	**–**

The outstanding derivative instruments can be specified as follows:

Fair value of outstanding derivative instruments in the balance sheet	31 December 2019		31 December 2018	
MUSD	Assets	Liabilities	Assets	Liabilities
Interest rate swap	0.2	66.7	36.7	8.1
Foreign currency contracts	13.8	77.3	–	76.8
Total	**14.0**	**144.0**	36.7	84.9
Non-current	2.7	110.8	2.7	64.9
Current	11.3	33.2	34.0	20.0
Total	**14.0**	**144.0**	36.7	84.9

The fair value of the interest rate swap is calculated using the forward interest rate curve applied to the outstanding portion of the swap transaction. The effective portion of the interest rate swap as at 31 December 2019 amounted to a net payable of MUSD 66.5 (receivable of MUSD 28.6).

The fair value of the foreign currency contracts is calculated using the forward exchange rate curve applied to the outstanding foreign currency contracts. The effective portion of the foreign currency contracts as at 31 December 2019 amounted to a net payable of MUSD 63.5 (MUSD 76.8).

Note 21 Changes in Liabilities with Cash Flow Movements from Financing Activities

The changes in liabilities whose cash flow movements are disclosed as part of financing activities in the cash flow statement are as follows.

			Non-cash changes				
	At 1 January 2019	Cash flows	Amortisation of deferred financing fees	Unwinding of loan modification gain	Initial recognition lease under IFRS16	Foreign exchange movement	At 31 December 2019
Financial liabilities	3,262.0	623.6	19.7	41.5	40.5	-1.4	3,985.9

			Non-cash changes				
	At 1 January 2018	Cash flows	Loan modification gain	Amortisation of deferred financing fees	Unwinding of loan modification gain	Foreign exchange movement	At 31 December 2018
Financial liabilities	3,880.0	-490.0	-183.7	17.8	26.1	11.8	3,262.0

Note 22 Financial Risks, Sensitivity Analysis and Derivative Instruments

As an international oil and gas exploration and production company, Lundin Petroleum is exposed to financial risks such as currency risk, interest rate risk, credit risks, liquidity risks as well as the risk related to the fluctuation in the oil price. The Group seeks to control these risks through sound management practice and the use of internationally accepted financial instruments, such as oil price, interest rate and foreign exchange hedges. Lundin Petroleum uses financial instruments solely for the purpose of minimising risks in the Group's business.

For further information on risks in the financial reporting, see the section Internal Control over financial reporting in the Corporate Governance report on page 55 and Risk Management on pages 32—35.

Capital management
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to meet its committed work programme requirements in order to create shareholder value. The Group may put in place new credit facilities, repay debt, or other such restructuring activities as appropriate. Group management continuously monitors and manages the Group's net debt position in order to assess the requirement for changes to the capital structure to meet objectives and to maintain flexibility. Lundin Petroleum is not subject to any externally imposed capital requirements.

Apart from the updated dividend policy, no significant changes were made to the objectives, policies or processes during 2019.

Lundin Petroleum monitors capital on the basis of net debt and financial agreements. Net debt is calculated as bank loans as shown in the balance sheet less cash and cash equivalents.

MUSD	31 December 2019	31 December 2018
Bank loans	4,092.0	3,465.0
Cash and cash equivalents	-85.3	-66.8
Net debt	**4,006.7**	3,398.2

The increase in net debt compared to 2018 is mainly due to the redemption of 16 percent of the outstanding shares during the year partly offset by the positive free cash flow generated during 2019.

Interest rate risk
Interest rate risk is the risk to the earnings due to uncertain future interest rates.

Lundin Petroleum is exposed to interest rate risk through the reserve-based credit facility, see also Liquidity risk below. The interest rate for capitalised borrowing costs is calculated at the reserve-based credit facility borrowing rate of LIBOR plus a margin of 2.25% to 2.5% per annum. Lundin Petroleum will assess the benefits of interest rate hedging on borrowings on a continuous basis. If the hedging contract provides a reduction in the interest rate risk at a price that is deemed acceptable to the Group, then Lundin Petroleum may choose to enter into an interest rate hedge.

The total interest expense for 2019 amounted to MUSD 179.1 which included MUSD 85.7 of capitalised interest related to borrowings for the Group's development activities. A 100 basis point increase in the interest rate would have resulted in a change in the total interest expense for the year of MUSD 8.1, taking into account the Group's interest rate hedges for 2019.

The Group has entered into interest rate hedging as follows:

Borrowings MUSD	Fixing of floating LIBOR Rate per annum	Settlement period
3,300	1.96%	Jan 2020 — Dec 2020
3,100	2.28%	Jan 2021 — Dec 2021
2,900	2.41%	Jan 2022 — Dec 2022
2,000	1.75%	Jan 2023 — Dec 2023
1,500	1.91%	Jan 2024 — Dec 2024

Currency risk
Lundin Petroleum is a Swedish company which is operating globally and therefore attracts substantial foreign exchange exposure, both on transactions as well as on the translation from functional currency for entities to the Group's presentational currency of the US Dollar. The main functional currencies of Lundin Petroleum's subsidiaries are Norwegian Krone (NOK) and Euro (EUR), as well as US Dollar, making Lundin Petroleum sensitive to fluctuations of these currencies against the US Dollar.

Transaction exposure
Lundin Petroleum's policy on currency rate hedging is, in case of currency exposure, to consider setting the rate of exchange for known costs in non-US Dollar currencies to US Dollars in advance so that future US Dollar cost levels can be forecasted with a reasonable degree of certainty. The Group will take into account the current rates of exchange and market expectations in comparison to historic trends and volatility in making the decision to hedge.

Note 22 continued

The Group has entered into derivative financial instruments to address its exposure for exchange rate fluctuations for capital expenditure amounts relating to its committed field development projects and Corporate and Special Petroleum Tax amounts as summarised in the table below.

Buy	Sell	Average contractual exchange rate	Settlement period
MNOK 7,304.0	MUSD 842.7	NOK 8.67:USD 1	Jan 2020 – Dec 2020
MNOK 2,470.0	MUSD 310.0	NOK 7.97:USD 1	Jan 2021 – Dec 2021
MNOK 1,430.0	MUSD 183.4	NOK 7.80:USD 1	Jan 2022 – Dec 2022
MNOK 530.0	MUSD 64.2	NOK 8.26:USD 1	Jan 2023 – Dec 2023
MNOK 300.0	MUSD 33.0	NOK 9.09:USD 1	Jan 2024 – Dec 2024

Under IFRS 9, subject to hedge effectiveness testing, all of the hedges are treated as effective and changes to the fair value are reflected in other comprehensive income. At 31 December 2019, a net current payable of MUSD 21.9 (receivable of MUSD 14.0) and a net non-current payable of MUSD 108.1 (MUSD 62.2) have been recognised representing the fair value of the outstanding currency and interest rate hedges.

Foreign exchange exposure
The following table summarises the effect that a change in these currencies against the US Dollar would have on operating profit through the conversion of the income statements of the Group's subsidiaries from functional currency to the presentation currency US Dollar for the year ended 31 December 2019.

Operating result in the financial statements, MUSD		**1,970.7**	**1,970.7**
Shift of currency exchange rates	Average rate 2019	10% USD weakening	10% USD strengthening
EUR/USD	0.8932	0.8120	0.9825
SEK/USD	9.4581	8.5983	10.4039
NOK/USD	8.8003	8.0003	9.6803
Total effect on operating result, MUSD		**-60.3**	**54.8**

The foreign currency risk to the Group's income and equity from conversion exposure is not hedged.

As described in the Directors' report on page 28, the foreign exchange result in the income statement is mainly impacted by foreign exchange movements on the revaluation of the loan and working capital balances. A 10 percent strengthening in the US Dollar currency rate against the other Group currency rates would result in an additional MUSD 277.3 reported foreign exchange loss in the income statement.

The impact on the foreign exchange result from a change in the US Dollar currency compared to the other Group currencies is mainly due to the bank loan denominated in US Dollar.

Price of oil and gas
Price of oil and gas are affected by the normal economic drivers of supply and demand as well as the financial investors and market uncertainty. Factors that influence these include operational decisions, natural disasters, economic conditions, political instability or conflicts or actions by major oil exporting countries. Price fluctuations can affect Lundin Petroleum's financial position.

The table below summarises the effect that a change in the oil price would have had on the net result and equity at 31 December 2019:

Net result in the financial statements, MUSD	**824.9**	**824.9**
Possible shift	-10%	10%
Total effect on net result, MUSD	**-45.6**	**45.6**

The impact on the net result from a change in oil price is reduced due to the 78 percent tax rate in Norway.

Lundin Petroleum's policy is to adopt a flexible approach towards oil price hedging, based on an assessment of the benefits of the hedge contract in specific circumstances. Based on analysis of the circumstances, Lundin Petroleum will assess the benefits of forward hedging monthly sales contracts for the purpose of establishing cash flow. If it believes that the hedging contract will provide an enhanced cash flow then it may choose to enter into an oil price hedge.

For the year ended 31 December 2019, the Group did not enter into oil price hedging contracts and there are no oil price hedging contracts outstanding as at 31 December 2019.

Note 22 continued

Credit risk
Lundin Petroleum's policy is to limit credit risk by limiting the counter-parties to major banks and oil companies. Where it is determined that there is a credit risk for oil and gas sales, the policy is to require an irrevocable letter of credit for the full value of the sale. The policy on joint operations parties is to rely on the provisions of the underlying joint operating agreements to take possession of the licence or the joint operations partner's share of production for non-payment of cash calls or other amounts due.

As at 31 December 2019, the Group's trade receivables amounted to MUSD 305.1 (MUSD 153.7). There is no recent history of default and there are no expected losses. Other long-term and short-term receivables are considered recoverable and no provision for bad debt was accounted for as at 31 December 2019. Cash and cash equivalents are maintained with banks having strong long-term credit ratings.

Liquidity risk
Liquidity risk is defined as the risk that the Group could not be able to settle or meet its obligations on time or at a reasonable price. Group treasury is responsible for liquidity, funding as well as settlement management. In addition, liquidity and funding risks and related processes and policies are overseen by Group management.

In February 2016, Lundin Petroleum entered into a committed seven year senior secured reserve-based credit facility of USD 5.0 billion. The facility was amended during the second quarter of 2018 resulting in the interest rate margin over LIBOR being reduced from 3.15 percent to a margin of between 2.0 to 2.5 percent. The facility is secured against certain cash flows generated by the Group. The amount available under the facility is recalculated every twelve months based upon the calculated cash flow generated by certain producing fields and fields under development at an oil price and economic assumptions agreed with the banking syndicate providing the facility. The facility is secured by a pledge over the shares of certain Group companies, a pledge over the Company's working interest in some production licences and a charge over some of the bank accounts of the pledged companies. The size of the committed facility will reduce from USD 5.0 billion to USD 4.75 billion as per 1 July 2020 and to USD 4.0 billion as per 1 January 2021.

The amendment of the interest rate margin during 2018 resulted in an accounting gain of MUSD 183.7 in accordance with IFRS 9. When a financial liability, measured at amortised cost, is modified without this resulting in derecognition, a gain or loss should be recognised in the income statement based on IFRS 9. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. The net accounting gain when offsetting against the incurred loan modification fees of MUSD 17.3 amounted to MUSD 166.4. The associated deferred taxes amounted to MUSD 68.3 resulting in a post-tax accounting gain of MUSD 98.1.

The facility agreement provides that an "event of default" occurs where the Group does not comply with certain material covenants or where certain events occur as specified in the agreement, as are customary in financing agreements of this size and nature. Two of the main covenants are the net debt to EBITDA and the EBITDA to financial charges testing the ability to repay debt. If such an event of default occurs and subject to any applicable cure periods, the external lenders may take certain specified actions to enforce their security, including accelerating the repayment of outstanding amounts under the facility.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Loan repayments are made based upon a net present value calculation of the assets' future cash flows. No loan repayments are currently forecast under this calculation.

Note 22 continued

MUSD	31 December 2019	31 December 2018
Non-current		
Repayment within 1 – 2 years:		
– Bank loans	1,500.0	–
– Lease commitments	5.3	–
– Derivative instruments	85.4	19.3
Repayment within 2 – 5 years:		
– Bank loans	2,500.0	3,465.0
– Lease commitments	14.5	–
– Derivative instruments	25.4	45.6
Repayment after 5 years:		
– Lease commitments	11.3	–
	4,141.9	3,529.9
Current		
Repayment within 6 months:		
– Lease commitments	2.7	–
– Trade payables	17.8	26.6
– Tax liabilities	58.7	14.8
– Joint operations creditors	133.6	147.4
– Other current liabilities	8.5	7.6
– Derivative instruments	16.6	9.0
Repayment after 6 months:		
– Bank loans	92.0	–
– Lease commitments	2.8	–
– Tax liabilities	284.6	55.6
– Derivative instruments	16.6	11.0
	633.9	272.0

Note 23 Pledged Assets

In February 2016, Lundin Petroleum entered into a committed seven year senior secured reserve-based credit facility of USD 5.0 billion with the terms being successfully re-negotiated during 2018 as mentioned in note 22. The facility is a reserve-based credit facility secured against certain cash flows generated by the Group. The amount available under the facility is recalculated every twelve months based upon the calculated cash flow generated by certain producing fields and fields under development at an oil price and economic assumptions agreed with the banking syndicate providing the facility. The facility is secured by a pledge over the shares of certain Group companies, a pledge over the Company's working interest in some production licences and a charge over some of the bank accounts of the pledged companies. The pledged assets at 31 December 2019 amounted to MUSD 5,927.2 (MUSD 6,154.3) and represented the carrying value of the pledge of the Group companies whose shares are pledged as described in the Parent Company section on page 96.

Note 24 Contingent Liabilities and Assets

The Swedish Prosecution Authority issued a notification of a corporate fine and forfeiture of economic benefits against Lundin Petroleum in relation to past operations in Sudan from 1997 to 2003. The notification indicated that the Prosecutor might seek a corporate fine of MSEK 3 and forfeiture of economic benefits from the alleged offense in the amount of MSEK 3,282, based on the profit of the sale of the Block 5A asset in 2003 of MSEK 720. Any potential corporate fine or forfeiture would only be imposed after the conclusion of a trial, should one occur. The investigation is in its tenth year and Lundin Petroleum remains convinced that there are absolutely no grounds for any allegations of wrongdoing by any Company representative and the Company will firmly contest any corporate fine or forfeiture of economic benefits. The Company considers this to be a contingent liability and therefore no provision has been recognised.

As part of the IPC spin-off that was completed on 24 April 2017, the Company has indemnified IPC for certain legal proceedings related to the period before spin-off. The Company has not provided for any costs in relation hereto as per 31 December 2018 as it does not believe the proceedings will lead to any liability for the Company.

Note 25 Related Party Transactions

Lundin Petroleum recognises the following related parties: associated companies, jointly controlled entities, key management personnel and members of their close family or other parties that are partly, directly or indirectly, controlled by key management personnel or of its family or of any individual that controls, or has joint control or significant influence over the entity.

During the year, the Group has entered into transactions with related parties on a commercial basis and the material transactions are described below:

MUSD	2019	2018
Sale of oil and related products	107.3	879.5
Purchases of oil and related products	–	296.2
Sale of services	4.0	4.2
Purchase of services	1.5	1.8
Interest income	0.2	0.5

Following the redemption of 16 percent of the outstanding Lundin Petroleum shares previously held by Equinor, as approved at the Extraordinary General Meeting of Lundin Petroleum held on 31 July 2019, the Equinor Group is no longer considered a related party. Until end July, the Group has sold oil and related products to the Equinor group on an arm's-length basis amounting to MUSD 107.3 (MUSD 879.5). Until end July, the Group did not purchase oil and related products from the Equinor group (MUSD 296.2).

The related party transactions concern other parties that are controlled by key management personnel. Key management personnel include members of the Board of Directors and Group management. The remuneration to the Board of Directors and Group management is disclosed in Note 27.

As at the date of the IPC spin-off, the Group had a residual receivable for working capital from IPC of MUSD 27.4 of which the last portion was received during the year.

Note 26 Average Number of Employees

	2019		2018	
Average number of employees per country	**Total employees**	**of which men**	**Total employees**	**of which men**
Parent Company in Sweden	5	2	2	1
Subsidiaries abroad				
Norway	389	285	370	273
Switzerland	41	25	35	20
Netherlands	2	2	1	1
Total subsidiaries abroad	**432**	**312**	406	294
Total	**437**	**314**	408	295

	2019		2018	
Board members and Group management	**Total at year end**	**of which men**	**Total at year end**	**of which men**
Parent Company in Sweden				
Board members[1]	8	5	8	5
Subsidiaries abroad				
Group management	8	6	8	6
Total Group	**16**	**11**	16	11

[1] Alex Schneiter, Chief Executive Officer (CEO) and Board Member is only included in Group management.

Note 27 Remuneration to the Board of Directors, Group Management and Other Employees

Salaries, other remuneration and social security costs TUSD	2019 Salaries and other remuneration	2019 Social security costs	2018 Salaries and other remuneration	2018 Social security costs
Parent Company in Sweden				
Board members	654	125	628	122
Employees	646	339	386	222
Subsidiaries abroad				
Group management	15,187	1,959	11,802	1,584
Other employees	83,394	21,271	94,773	22,240
Total	**99,881**	**23,694**	**107,589**	**24,168**
of which pension costs		**9,058**		**8,758**

Salaries and other remuneration for the Board members and Group management [1] TUSD	Fixed Board remuneration/ base salary	Other benefits[1]	Short-term variable remuneration [2]	Performance based incentive plan	Remuneration for Committee work	Remuneration for special assignments outside of directorship	Pension	Total 2019
Parent Company in Sweden								
Board members								
Ian H. Lundin	120	–	–	–	13	106	–	239
Peggy Bruzelius	57	–	–	–	19	–	–	76
C. Ashley Heppenstall	57	–	–	–	13	–	–	70
Lukas H. Lundin	57	–	–	–	–	–	–	57
Grace Reksten Skaugen	57	–	–	–	32	–	–	89
Jakob Thomasen	57	–	–	–	26	–	–	83
Cecilia Vieweg	57	–	–	–	19	–	–	76
Torstein Sanness	57	–	–	–	13	–	–	70
Total Board members	**519**	–	–	–	**135**	**106**	–	**760**
Subsidiaries abroad								
Group management								
Alex Schneiter	798	30	927	4,464	–	–	173	6,392
Nick Walker	622	71	601	2,358	–	–	169	3,821
Other[3]	2,065	316	1,554	1,381	–	–	372	5,688
Total Group management	**3,485**	**417**	**3,082**	**8,203**	–	–	**714**	**15,901**

[1] Other benefits may include, but not limited to, school fees and health insurance for Group management.
[2] This column shows bonuses awarded for achievements in 2019, including a discretionary award to the CEO and some other members of Group management, see page 49.
[3] Comprises Chief Financial Officer, Vice President Corporate Responsibility, Vice President Legal, Vice President Corporate Affairs, Vice President Investor Relations and Vice President Human Resources and Shared Services.

Note 27 continued

Salaries and other remuneration for the Board members and Group management[1] TUSD	Fixed Board remuneration/ base salary	Other benefits[1]	Short-term variable remuneration[2]	Performance based incentive plan	Remuneration for Committee work	Remuneration for special assignments outside of directorship	Pension	Total 2018
Parent Company in Sweden								
Board members								
Ian H. Lundin	127	–	–	–	13	115	–	255
Peggy Bruzelius	60	–	–	–	19	–	–	79
C. Ashley Heppenstall	60	–	–	4,646	13	613	–	5,332
Lukas H. Lundin	60	–	–	–	–	–	–	60
Grace Reksten Skaugen	60	–	–	–	22	–	–	82
Jakob Thomasen	60	–	–	–	19	–	–	79
Cecilia Vieweg	60	–	–	–	19	–	–	79
Torstein Sanness	30	–	–	–	6	–	–	36
Total Board members	**517**	**–**	**–**	**4,646**	**111**	**728**	**–**	**6,002**
Subsidiaries abroad								
Group management								
Alex Schneiter	855	42	855	2,926	–	–	175	4,853
Other[3]	2,410	396	1,905	2,413	–	–	441	7,565
Total Group management	**3,265**	**438**	**2,760**	**5,339**	**–**	**–**	**616**	**12,418**

[1] Other benefits may include, but not limited to, school fees and health insurance for Group management.
[2] This column shows bonuses awarded for achievements in 2018 based on the Policy on Remuneration for Group management, see page 49.
[3] Comprises Chief Financial Officer, Chief Operating Officer, Vice President Corporate Responsibility, Vice President Legal, Vice President Corporate Affairs, Vice President Investor Relations and Vice President Human Resources and Shared Services.

Note: The performance based incentive plan that was awarded in 2015 when C. Ashley Heppenstall was the CEO of the Company vested in 2018. The amount mentioned in the table above relates to this award and does not relate to his work as Board Member. No further awards to C. Ashley Heppenstall are outstanding.

Board members
There are no severance pay agreements in place for any non-executive directors and such directors are not eligible to participate in any of the Group's incentive programmes.

Group management
The pension contribution for Group management is between 15 percent and 18 percent of the qualifying income for pension purposes. The Company provides for 60 percent of the pension contribution and the employee for the remaining 40 percent. Qualifying income is defined as annual base salary and short-term variable remuneration and is capped at approximately TCHF 846 (TCHF 846). The normal retirement age for the CEO is 65 years.

A mutual termination period of between three months and twelve months applies between the Company and Group management, 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, up to two years' base salary, in the event of termination of employment due to a change of control of the Company. The Board of Directors is further authorised, in individual cases, to approve severance arrangements, in addition to the notice periods and the severance arrangements in respect of a change of control of the Company, where employment is terminated by the Company without cause, or otherwise in circumstances at the discretion of the Board. Such severance arrangements may provide for the payment of up to one year's base salary; no other benefits shall be included. Severance payments in aggregate (i.e. for notice periods and severance arrangements) shall be limited to a maximum of two years' base salary.

See page 49 – 54 of the Corporate Governance report for further information on the Group's principles of remuneration and the Policy on Remuneration for the Group management for 2019.

Note 28 Long-term Incentive Plans

The Company maintains the long-term incentive plans (LTIP) described below.

Unit Bonus Plan
In 2008, Lundin Petroleum implemented an LTIP scheme consisting of a Unit Bonus Plan which provides for an annual grant of units that will lead to a cash payment at vesting. The LTIP has a three year duration whereby the initial grant of units vested 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 Group at the time of payment. The share price for determining the cash payment at the end of each vesting period will be the average of the Lundin Petroleum closing share price for the five trading days prior to and following the actual vesting date adjusted for any dividend payments between grant date and vesting date. The exercise price at vesting date 31 May 2019 was SEK 265.33.

LTIPs that follow the same principles as the 2008 LTIP have subsequently been implemented each year.

The following table shows the number of units issued under the LTIPs, the amount outstanding as at 31 December 2019 and the year in which the units will vest.

	Plan				
Unit Bonus Plan	**2016**	**2017**	**2018**	**2019**	**Total**
Outstanding at the beginning of the period	107,794	188,064	226,389	–	522,247
Awarded during the period	–	–	–	190,161	190,161
Forfeited during the period	-4,428	-7,750	-9,766	-1,736	-23,680
Exercised during the period	-103,366	-90,806	-73,131	–	-267,303
Outstanding at the end of the period	–	89,508	143,492	188,425	421,425
Vesting date					
31 May 2020	–	89,508	71,746	62,808	224,062
31 May 2021	–	–	71,746	62,808	134,554
31 May 2022	–	–	–	62,809	62,809
Outstanding at the end of the period	–	89,508	143,492	188,425	421,425

The costs associated with the Unit Bonus Plan are as given in the following table.

Unit Bonus Plan MUSD	2019	2018
2015	–	3.4
2016	0.8	2.1
2017	2.4	2.9
2018	3.4	1.9
2019	2.2	–
	8.8	10.3

LTIP awards are recognised in the financial statements pro rata over their vesting period. The total carrying amount for the provision for the Unit Bonus Plan including social costs at 31 December 2019 amounted to MUSD 9.5 (MUSD 8.3). The provision is calculated based on Lundin Petroleum's share price at the balance sheet date. The closing share price at 31 December 2019 was SEK 318.30.

Performance Based Incentive Plan
The 2014–2019 AGMs resolved a long-term performance based incentive plan in respect of Group management and a number of key employees.

The 2019 plan is effective from 1 July 2019 and the 2019 award has been accounted for from the second half of 2019. The awards made in respect of 2019 vest over three years from 1 July 2019 subject to certain performance conditions being met. Each award was fair valued at the date of grant at SEK 169.00 using an option pricing model.

The 2018 plan is effective from 1 July 2018 and vests over three years from 1 July 2018 subject to certain performance conditions being met. Each award was fair valued at the date of grant at SEK 167.10 using an option pricing model.

The 2017 plan is effective from 1 July 2017 and vests over three years from 1 July 2017 subject to certain performance conditions being met. Each award was fair valued at the date of grant at SEK 100.10 using an option pricing model.

Note 28 continued

The 2016 plan was effective from 1 July 2016 and vested on 30 June 2019. The number of awards increased compared to the original number of awards as a result of the dividend distribution of the IPC business as per the plan rules. Each original award was fair valued at the date of grant at SEK 89.30 using an option pricing model. Awards given to employees employed by IPC following the IPC spin-off have been pro-rated until the spin-off date 24 April 2017. Based on the performance conditions of the 2016 plan, the 2016 plan vested in full in 2019 with Lundin Petroleum's total shareholder return (TSR) ranking well above the upper quartile level as 2nd of 16 peers. The TSR movements of peers that were taken over were measured by the acquiring companies post acquisition.

The following table shows the number of units issued under the LTIPs, the amount outstanding as at 31 December 2019 and the year in which the awards will vest.

	Plan				
Performance Based Incentive Plan	**2016**	**2017**	**2018**	**2019**	**Total**
Outstanding at the beginning of the period	409,343	355,954	278,917	–	1,044,214
Awarded during the period	–	–	–	316,855	316,855
Forfeited during the period	–	-5,535	-7,758	–	-13,293
Exercised during the period	-409,343	–	–	–	-409,343
Outstanding at the end of the period	–	350,419	271,159	316,855	938,433
End of performance period					
30 June 2020	–	350,419	–	–	350,419
30 June 2021	–	–	271,159	–	271,159
30 June 2022	–	–	–	316,855	316,855
Outstanding at the end of the period	–	350,419	271,159	316,855	938,433

The costs associated with the Performance Based Incentive Plan are as given in the following table.

Performance Based Incentive Plan MUSD	2019	2018
2015	–	0.6
2016	0.6	1.3
2017	1.5	1.4
2018	1.7	0.7
2019	1.0	–
	4.8	4.0

LTIP awards are recognised in the financial statements pro rata over their vesting period. The total effect on equity for the Performance Based Incentive Plan at 31 December 2019 amounted to MUSD 7.3 (MUSD 6.0). The effect on equity is calculated based on the fair value at date of grant.

Note 29 Remuneration to the Group's Auditors

TUSD	2019	2018
PwC		
Audit fees	536	448
Out of which to PricewaterhouseCoopers AB	*191*	*201*
Audit related	22	33
Out of which to PricewaterhouseCoopers AB	*11*	*23*
Tax advisory services	6	45
Out of which to PricewaterhouseCoopers AB	–	–
Other fees	90	69
Out of which to PricewaterhouseCoopers AB	*79*	*55*
Total PwC	**654**	595
Out of which to PricewaterhouseCoopers AB	***281***	*279*
Remuneration to other auditors than PwC	68	65
Total audit fees	**722**	660
Out of which to PricewaterhouseCoopers AB	***281***	*279*

Audit fees include the review of the 2019 half year report. Audit related costs include special assignments such as licence audits and PSC audits.

Note 30 Subsequent Events

In January 2020, Lundin Petroleum concluded a transaction with OX2 AB (OX2) to acquire a 100 percent interest in the Metsälamminkangas (MLK) wind farm project, in mid Finland. MLK will produce around 400 GWh per annum gross, once it is fully operational in 2022, from 24 onshore wind turbines. The MLK operations will be managed by OX2. The investment, including the acquisition cost, is approximately MUSD 200 gross over 2020 to 2021 and the project will be free cash flow positive from 2022. It is Lundin Petroleum's intention to farm-down 50 percent of the 100 percent acquired MLK interest.

In January 2020, Lundin Petroleum entered into a revolving credit facility amounting to MUSD 260 for the financing of the renewable power projects with a current interest rate margin over LIBOR of 1.25 percent.

In February 2020, the drilling of the exploration well Hasselbaink in PL917 was completed. For more information on the results of this well, see page 23 of the Directors' Report.

Annual Accounts of the Parent Company

Parent Company

The business of the Parent Company is investment in and management of oil and gas assets. The net result for the Parent Company amounted to MSEK 18,885.5 (MSEK 1,657.8) for the year. The net result for the year included MSEK 19,148.4 (MSEK 1,812.4) financial income as a result of received dividends from a subsidiary. The net result excluding received dividends amounted to MSEK -262.9 (MSEK -154.6).

The net result included general and administrative expenses of MSEK 248.1 (MSEK 180.9) and net finance costs of MSEK 33.7 (finance income of MSEK 5.3) when excluding the received dividends as mentioned above.

Pledged assets of MSEK 55,118.9 (MSEK 55,118.9) relate to the carrying value of the pledge of the shares in respect of the reserve-based credit facility entered into by its fully-owned subsidiary Lundin Petroleum Holding BV, see also Note 23 in the notes to the financial statements of the Group.

The Swedish Prosecution Authority issued a notification of a corporate fine and forfeiture of economic benefits against Lundin Petroleum in relation to past operations in Sudan from 1997 to 2003. The notification indicated that the Prosecutor might seek a corporate fine of MSEK 3 and forfeiture of economic benefits from the alleged offense in the amount of MSEK 3,282, based on the profit of the sale of the Block 5A asset in 2003 of MSEK 720. Any potential corporate fine or forfeiture would only be imposed after the conclusion of a trial, should one occur. The investigation is in its tenth year and Lundin Petroleum remains convinced that there are absolutely no grounds for any allegations of wrongdoing by any Company representative and the Company will firmly contest any corporate fine or forfeiture of economic benefits. The Company considers this to be a contingent liability and therefore no provision has been recognised.

Accounting Policies

The financial statements of the Parent Company are prepared in accordance with accounting policies generally accepted in Sweden, applying RFR 2 issued by the Swedish Financial Reporting Board and the Annual Accounts Act (1995: 1554). RFR 2 requires the Parent Company to use similar accounting policies as for the Group, i.e. IFRS to the extent allowed by RFR 2. The Parent Company's accounting policies do not in any material respect deviate from the Group policies, see pages 63–68.

Parent Company Income Statement

for the Financial Year Ended 31 December

Expressed in MSEK	Note	2019	2018
Revenue		18.9	21.0
General and administration expenses		-248.1	-180.9
Operating loss		**-229.2**	-159.9
Result from financial investments			
Finance income	1	19,148.5	1,818.1
Finance cost	2	-33.8	-0,4
		19,114.7	1,817.7
Profit before tax		**18,885.5**	1,657.8
Income tax	3	–	–
Net result		**18,885.5**	1,657.8

Parent Company Comprehensive Income Statement

for the Financial Year Ended 31 December

Expressed in MSEK	2019	2018
Net result	18,885.5	1,657.8
Other comprehensive income	–	–
Total comprehensive income	**18,885.5**	1,657.8
Attributable to:		
Shareholders of the Parent Company	18,885.5	1,657.8
	18,885.5	1,657.8

Parent Company Balance Sheet

for the Financial Year Ended 31 December

Expressed in MSEK	Note	2019	2018
ASSETS			
Non-current assets			
Shares in subsidiaries	9	55,118.9	55,118.9
Other tangible fixed assets		0.4	0.4
Total non-current assets		**55,119.3**	55,119.3
Current assets			
Prepaid expenses and accrued income		2.4	1.8
Other receivables	4	1,105.0	3.6
Cash and cash equivalents		31.7	29.5
Total current assets		**1,139.1**	34.9
TOTAL ASSETS		**56,258.4**	55,154.2
EQUITY AND LIABILITIES			
Restricted equity			
Share capital		3.5	3.5
Statutory reserve		861.3	861.3
Total restricted equity		**864.8**	864.8
Unrestricted equity			
Other reserves		6,479.7	6,479.7
Retained earnings		29,012.8	46,118.5
Net result		18,885.5	1,657.8
Total unrestricted equity		**54,378.0**	54,256.0
Total equity		**55,242.8**	55,120.8
Non-current liabilities			
Provisions		1.0	0.7
Total non-current liabilities		**1.0**	0,7
Current liabilities			
Dividends		985.7	–
Trade payables		–	5.8
Payables to Group companies		0.3	21.5
Accrued expenses and prepaid income	5	27.5	3.4
Other liabilities		1.1	2.0
Total current liabilities		**1,014.6**	32.7
TOTAL EQUITY AND LIABILITIES		**56,258.4**	55,154.2

Parent Company Statement of Cash Flow

for the Financial Year Ended 31 December

Expressed in MSEK	2019	2018
Cash flow from operating activities		
Net result	**18,885.5**	1,657.8
Adjustment for		
Foreign currency exchange loss	0.2	-5.7
Dividends from subsidiary	-1,159.5	–
Other	1.4	0.9
Changes in working capital:		
Changes in current assets	137.9	2.1
Changes in current liabilities	-4.9	-162.0
Total cash flow from operating activities	**17,860.6**	1,493.1
Cash flow from investing activities		
Investments in other fixed assets	-0.1	-0.4
Total cash flow from investing activities	**-0.1**	-0.4
Cash flow from financing activities		
Dividends paid	-3,347.6	-1,354.1
Share redemption	-14,510.3	–
Purchase of own shares	–	-119.5
Total cash flow from financing activities	**-17,857.9**	-1,473.6
Change in cash and cash equivalents	**2.6**	19.1
Cash and cash equivalents at the beginning of the year	29.5	4.8
Currency exchange difference in cash and cash equivalents	-0.4	5.6
Cash and cash equivalents at the end of the year	**31.7**	29.5

Parent Company Statement of Changes in Equity

for the Financial Year Ended 31 December

	Restricted Equity		Unrestricted Equity			
Expressed in MSEK	Share capital	Statutory reserve	Other reserves	Retained earnings	Total	Total equity
Balance at 1 January 2018	3.5	861.3	6,599.2	47,472.6	54,071.8	54,936.6
Total comprehensive income	–	–	–	1,657.8	1,657.8	1,657.8
Transactions with owners						
Purchase of own shares	–	–	-119.5	–	-119.5	-119.5
Cash distributions	–	–	–	-1,354.1	-1,354.1	-1,354.1
Total transactions with owners	**–**	**–**	**-119.5**	**-1,354.1**	**-1,473.6**	**-1,473.6**
Balance at 31 December 2018	**3.5**	**861.3**	**6,479.7**	**47,776.3**	**54.256.0**	**55.120.8**
Total comprehensive income	–	–	–	18,885.5	18,885.5	18,885.5
Transactions with owners						
Cash distributions	–	–	–	-4,638.7	-4,638.7	-4,638.7
Share redemption	-0.6	–	–	-14,124.2	-14,124.2	-14,124.8
Bonus issue (sw. fondemission)	0.6	–	–	-0.6	-0.6	–
Total transactions with owners	–	–	–	**-18,763.5**	**-18,763.5**	**-18,763.5**
Balance at 31 December 2019	**3.5**	**861.3**	**6,479.7**	**47,898.3**	**54,378.0**	**55,242.8**

Notes to the Financial Statements
of the Parent Company

Note 1 Finance Income

MSEK	2019	2018
Dividend	19,148.4	1,812.4
Interest income	0.1	–
Foreign exchange gain	–	5.7
	19,148.5	1,818.1

Note 2 Finance Costs

MSEK	2019	2018
Interest expenses	0.2	–
Foreign exchange loss	0.2	–
Other	33.4	0.4
	33.8	0.4

Note 3 Income Tax

MSEK	2019	2018
Net result before tax	18,885.5	1,657.8
Tax calculated at the corporate tax rate in Sweden 21.4% (22%)	-4,041.5	-364.7
Tax effect of received dividend	4,097.8	398.7
Tax effect of expenses non-deductible for tax purposes	-4.3	-3.6
Increase unrecorded tax losses	-52.0	-30.4
	–	–

Note 4 Other Receivables

MSEK	31 December 2019	31 December 2018
Due from Group companies	1,101.3	0.2
VAT receivable	1.7	1.2
Other	2.0	2.2
	1,105.0	3.6

Note 5 Accrued Expenses and Prepaid Income

MSEK	31 December 2019	31 December 2018
Social security costs	1.7	1.1
Directors fees	0.6	0.6
Audit fees	1.4	1.1
Outside services	23.8	0.6
	27.5	3.4

Note 6 Pledged Assets, Contingent Liabilities and Assets

Pledged assets relate to the carrying value of the pledge of the shares in respect of the reserve-based credit facility entered into by the wholly-owned subsidiary Lundin Petroleum Holding BV, see Note 23 in the notes to the financial statements of the Group.

Note 7 Remuneration to the Auditor

MSEK	2019	2018
PwC		
Audit fees	1.8	1.8
Audit related	–	0.1
Other fees	0.7	0.5
	2.5	2.4

There has been no remuneration to any auditors other than PricewaterhouseCoopers AB.

Note 8 Proposed Disposition of Unappropriated Earnings

The 2020 Annual General Meeting has an unrestricted equity at its disposal of MSEK 54,378.0, including the net result for the year of MSEK 18,885.5.

In accordance with the dividend policy, the Board of Directors propose that the Annual General Meeting resolves on a dividend for 2019 of USD 1.80 per share, corresponding to USD 511 million (rounded off), to be paid in quarterly instalments of USD 0.45 per share, corresponding to USD 128 million (rounded off). Before payment, each quarterly dividend of USD 0.45 per share shall be converted into a SEK amount, and paid out in SEK, based on the USD to SEK exchange rate published by Sweden's central bank (Riksbanken) four business days prior to each record date (rounded off to the nearest whole SEK 0.01 per share). The final USD equivalent amount received by the shareholders may therefore slightly differ depending on what the USD to SEK exchange rate is on the date of the dividend payment. The SEK amount per share to be distributed each quarter will be announced in a press release four business days prior to each record date.

The first dividend payment is expected to be paid around 7 April 2020, with an expected record date of 2 April 2020 and expected ex-dividend date of 1 April 2020. The second dividend payment is expected to be paid around 8 July 2020, with an expected record date of 3 July 2020 and expected ex-dividend date of 2 July 2020. The third dividend payment is expected to be paid around 7 October 2020, with an expected record date of 2 October 2020 and an expected ex-dividend date of 1 October 2020. The fourth dividend payment is expected to be paid around 8 January 2021, with an expected record date of 4 January 2021 and an expected ex-dividend date of 30 December 2020.

In order to comply with Swedish company law, a maximum total SEK amount shall be pre-determined to ensure that the dividend distributed does not exceed the available distributable reserves of the Company and such maximum amount for the 2019 dividend has been set to a cap of SEK 9.203 billion (i.e., SEK 2.301 billion per quarter). If the total dividend would exceed the cap of SEK 9.203 billion, the dividend will be automatically adjusted downwards so that the total dividend corresponds to the cap of SEK 9,203 billion.

Note 8 continued

Based on the above, the Board of Directors propose that the Annual General Meeting dispose of the unrestricted equity as follows:

MSEK	
The Board of Directors proposes that the shareholders are paid a dividend of USD 1.80 per share [1]	4,969.1
Brought forward	49,408.9
Unrestricted equity	54,378.0

[1] The amount is based on the USD to SEK exchange rate published by Sweden's central bank (Riksbanken) as at 26 February 2020. The amount is based on the number of shares in circulation on 26 February 2020 and the total dividend amount may change by the record dates as a result of repurchases of own shares or as a result of issue of new shares. The dividend is USD denominated, fluctuations in the USD to SEK exchange rate between 26 February 2020 and approval of the dividend proposal by the Annual General Meeting will have an impact on the total dividend amount reported in SEK. If the dividend proposal is approved by the Annual General Meeting, the dividend will be recorded as a liability in USD on the date of the Annual General Meeting and the SEK equivalent of the USD liability will fluctuate until the fourth tranche is converted from USD to SEK.

Based on a comprehensive review of the financial position of the Company and the Group as a whole, as well as the proposed authorisation to repurchase shares, the Board of Directors is of the opinion that the proposed dividend 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 their consolidation needs, liquidity and position in other respects. The Board of Directors considered that there is negative equity at Group level, however such equity is based on historical accounting determinations of book value, depreciations and foreign exchange results, and does not take into account the fair market value of the assets held by the Group. The Board of Directors' full statement in accordance with Chapter 18, Section 4 of the Swedish Companies Act is available on www.lundin-petroleum.com.

Note 9 Shares in Subsidiaries

MSEK	Registration number	Registered office	Total number of shares issued	Percentage owned	Nominal value per share	Book amount 31 Dec 2019
Directly owned						
Lundin Petroleum Holding BV	68246226	The Hague, Netherlands	100	100	EUR 1.00	55,118.9
Indirectly owned						
Lundin Norway AS	986 209 409	Lysaker, Norway	4,930,000	100	NOK 100.00	
Lundin Petroleum Marketing SA	660.6.133.015-6	Collonge-Bellerive, Switzerland	1,000	100	CHF 100.00	
Lundin Petroleum SA	660.0.330.999-0	Collonge-Bellerive, Switzerland	1,000	100	CHF 100.00	
Lundin Energy Holding BV	76493202	The Hague, Netherlands	100	100	EUR 1.00	
Lundin Petroleum Services BV	68359985	The Hague, Netherlands	100	100	EUR 1.00	
Lundin Russia BV	27290574	The Hague, Netherlands	18,000	100	EUR 1.00	
- Lundin Russia Ltd.	656565-4	Vancouver, Canada	55,855,414	100	CAD 1.00	
- Lundin Lagansky BV	27292984	The Hague, Netherlands	18,000	100	EUR 1.00	

Board Assurance

As at 28 February 2020, the Board of Directors and the President of Lundin Petroleum AB have adopted this annual report for the financial year ended 31 December 2019.

Board Assurance

The Board of Directors and the President & CEO certify that the annual financial report for the Parent Company has been prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated accounts have been prepared in accordance with IFRS as adopted by the EU and give a true and fair view of the financial position and profit of the Company and the Group and provides a fair review of the performance of the Group's and Parent Company's business, and describes the principal risks and uncertainties that the Company and the companies in the Group face.

Stockholm, 28 February 2020

Lundin Petroleum AB (publ) Reg. Nr. 556610-8055

Ian H. Lundin
Chairman

Alex Schneiter
President & CEO

Peggy Bruzelius
Board Member

C. Ashley Heppenstall
Board Member

Lukas H. Lundin
Board Member

Torstein Sanness
Board Member

Grace Reksten Skaugen
Board Member

Jakob Thomasen
Board Member

Cecilia Vieweg
Board Member

Our audit report was issued on March 2, 2020

PricewaterhouseCoopers AB

Johan Rippe
Authorised Public Accountant
Lead Partner

Auditor's Report

To the general meeting of the shareholders of Lundin Petroleum AB (publ), corporate identity number 556610-8055

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Lundin Petroleum AB (publ) for the year 2019 except for the corporate governance statement on pages 36—55. The annual accounts and consolidated accounts of the company are included on pages 19—98 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 36—55. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

Therefore, we recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the Group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Audit scope

Lundin Petroleum is an oil and gas company with exploration, development and production activities that primarily have been located in Norway during the financial year 2019. We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Our planning of the audit included an assessment of the level of audit work to be performed at the Group's headquarters and at local offices. Following the Group's organisation certain processes for accounting and financial reporting are performed outside the Group's headquarter which means that we performed our audit work both at the Group's headquarters and in those locations.

In determining the level of audit work required for the purposes of the Group audit in each entity of the Group we considered the geographical location, the size of each entity and the risk associated with the accounts in each entity in relation to the Group's consolidated accounts as a whole. This analysis also included the nature and extent of audit procedures in each entity where a combination of full audits and specified audit procedures were performed based on size and risk in the individual entity. Following this analysis and in dialogue with the Group's audit committee, we performed, through our component audit teams, a full audit in Norway, as well as for the parent company and specified audit procedures in the Netherlands. For entities considered to be of insignificant size to the Group we performed analytical procedures. At the Group's headquarters we performed the audit of the parent company, the consolidation, the annual report and key judgments and estimates in the Group. Given the size of the Norwegian operations, our procedures as Group auditors have also included several meetings with management from Norway.

We have obtained reporting from our component auditors on two occasions during 2019 and we have reported the results from our procedures to management and the Audit Committee after the review of the Report for the six months period ended 30 June, 2019 and after the year-end audit of the financial year 2019.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.
Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Recoverability of the carrying value of oil and gas properties and goodwill The carrying value of oil and gas properties represents the majority of the assets in the balance sheet in the Group and amounted to USD 5.473 million (USD 5.341 million) as per 31 December 2019. During the year management follows a process to identify potential indicators of impairment and to the extent that indicators are identified impairment tests are prepared. In an impairment test the carrying value of oil and gas properties is supported by the higher of either value in use calculations, which are based on discounted future cash flow forecasts, or fair value less cost of disposal (recoverable amount). The assessment is performed for each cash generating unit separately both for producing and non-producing fields. Each field or fields with shared infrastructure in the development or production phase typically represents a separate cash generating unit. For exploration and evaluation assets, the assessment is generally performed on a field cost centre basis and by exploration well. The assessment to identify potential impairment indicators and to perform impairment tests requires management to exercise significant judgement as described in the Accounting Policies "Critical accounting estimates and judgements" as well as in note 9 to the Annual Report where there is a risk that the valuation of oil and gas properties and any potential impairment charge or reversal of impairment may be incorrect. Management's assessment requires consideration of a number of factors, including but not limited to, the determination of cash generating units, the Group's intention to proceed with a future work programme, the probability of success of future drilling, the size of proved and probable reserves, short and long term oil prices, future capital expenditures and operating costs as well as discount and inflation rates. The estimation of oil and natural gas reserves is a significant area of judgement due to the technical uncertainty in assessing the estimated quantities. The estimates has a direct impact on depletion charges and is fundamental to the impairment assessment of oil and gas properties, but is also an indicator of the future potential of the Group's performance. Following the analysis of impairment indicators management concluded that there were no impairment indicators identified for producing fields and no impairment or reversal of impairment was recorded. As part of the impairment testing process for producing fields, the goodwill of USD 128 million that originates from the Edvard Grieg transaction in 2016 was also tested for impairment which is in accordance with the requirement to test goodwill on an annual basis. Management has concluded that the carrying values could be supported as per 31 December 2019. For non-producing fields the company has expensed USD 126 million during the year as exploration costs. In addition, following a technical review as part of the year-end process, management determined that a stand-alone development of the Alta and nearby Gohta discoveries is no longer considered to be commercial, and a subsea tie-back development to either Johan Castberg or another future host development in the area is considered the most viable option. Following this review, capitalized costs of USD 128 million for related licenses in the Barents Sea were impaired as of 31 December 2019. Refer to pages 27–29 in the Directors' report, pages 64–65 and 68 in the Accounting Policies and note 9 in the financial statements for more information.	For producing fields and the technical goodwill related to the Edvard Grieg cash generating unit we obtained management's impairment indicator assessment and impairment test as per 31 December 2019. There were significant headroom in the goodwill impairment test mainly as a result of an upward revision in reserves and improved short term price assumptions. No impairment indicators were identified for producing field, and consequently our procedures were limited to audit procedures on management's impairment indicator assessment for producing field and assessing changes in significant assumptions in the goodwill impairment test. As part of our internal controls work, we evaluated and challenged management's assessment and controls over determining the impairment indicators and the process by which this was performed. Our internal controls testing supported management's conclusion that no impairment indicators triggering the need for impairment tests for the Company's producing oil and gas assets as per 31 December 2019. In respect of the impairment model applied by management for goodwill impairment testing, we considered and tested controls around input data to the impairment test and the review and approval of the impairment calculation. The assumptions that underpin management's assessment of potential impairment indicators are inherently judgmental. Our audit work therefore assessed and challenged the reasonableness of management's key judgements. Specifically our work included, but was not limited to, the following procedures: • comparison of management´s short-term oil price assumptions against external oil price forward curves; • comparison of long-term oil price assumptions against long-term assumptions communicated by peers, views published by an independent data provider and broker firms, which provided a range of relevant third-party data points; • comparison of hydrocarbon production profiles, proved and probable reserves to updated reserve reports prepared by ERC Equipoise Ltd for 2019; • comparison of estimated future operating costs and capital expenditures to prior period profiles; • benchmarking of inflation and discount rates applied. As part of assessment of impairment indicators, we challenged the estimation of proven and probable reserves performed by the group's external reserves auditor, ERC Equipoise Ltd. We have performed the following audit procedures; • determined that the group's process for collecting relevant reports was sufficiently robust; • assessed competence and objectivity of ERC as expert, to satisfy ourselves they were appropriately qualified to carry out the volumes estimation; • testing of internal controls related to assumptions used in determining reserves, and approving the final ERC reserve report. For non-producing oil and gas properties we obtained a listing of capitalized exploration expenditures by field area cost centre basis (field) as of 31 December 2019. We tested Management's internal controls for assessing continued capitalisation of non-producing oil and gas properties. Furthermore, we tested the mathematical accuracy of this listing and reconciled the listing to the general ledger. We then assessed and challenged the continued capitalization of exploration expenditures by assessing the underlying documentation prepared by management for each of the fields/licenses and discussing with management. On a sample basis, we also reconciled and corroborated information provided on expenditures incurred and wells drilled to license budgets, resource and value estimates, publicly available information, progress reporting in the joint venture, future plans and/or well commitments.

Key audit matter	How our audit addressed the Key audit matter
Recognition and valuation of current taxes and deferred taxes The calculation of taxes under the Norwegian Petroleum Tax Act involves complexity and requires management judgement in the application of the tax regulations to the calculation of current and deferred taxes. For the year ended 31 December 2019 the current and deferred income tax expense amounted to USD 849 million (USD 1,038 million) of which USD 443 million (USD 948 million) related to a deferred tax expense. The group has recognised a net deferred tax liability of USD 2.413 million at December 31, 2019 (USD 2.103 million) that primarily relate to Lundin Norway AS. This net amount relates to deferred tax liabilities arising primarily from the tax value of oil and gas assets being lower than the book value resulting in a temporary difference with offsetting entries for deferred tax assets that are mainly related to asset retirement obligations and losses and uplift carried forward that are expected to be utilised in the future. Refer to pages 28—29 in the Directors' report, pages 67—68 in the Accounting Policies and note 7 in the financial statements for more information.	We obtained the Company's annual tax calculation as prepared by management. The tax calculation is subject to internal controls. We tested management's controls over the detailed tax calculation, the reconciliation of the tax assessment received against the prior year tax return and review of uncertain tax positions. As part of our substantive procedures, we tested mathematical accuracy of the tax calculations and formulas applied. We reconciled book and tax positions as of Dec 31, 2019 and Dec 31, 2018 used in the calculation to underlying documentation. Furthermore, we tested the reconciliation of the effective rate to underlying documentation. Uncertain tax positions were examined based on the application of tax regulations and by reviewing any correspondence with tax authorities, documentation provided by the Company supporting their position and legal documents presented by the Company's external legal advisors as part of the tax correspondence.
Estimation of decommissioning and site restoration provisions The group has recognised site restoration provisions in the amount of USD 571 million as of December 31, 2019 (USD 490 million). The calculation of decommissioning and site restoration provisions requires significant management judgement amongst other due to the inherent complexity in estimating future decommissioning costs. The decommissioning of offshore infrastructure is a relatively immature activity and consequently there is limited historical precedent against which to benchmark estimates of future costs. These factors increase the complexity involved in determining accurate accounting provisions that are material to the group's balance sheet. Management reviews decommissioning and site restoration provisions on an annual basis but recognises provisions for new fields and wells on an ongoing basis as installations are made offshore. This review incorporates the effects of any changes in local regulations, management's expected approach to decommissioning, cost estimates, year of decommissioning, inflation and discount rates, and the effects of changes in exchange rates. Refer to page 29 in the Directors' report, pages 66 and 68 in the Accounting Policies and note 18 in the financial statements.	We critically assessed management's annual review of provisions recorded. The provisions contain estimates from both own operated assets and non-operated assets. We have gained an understanding of the mandatory or constructive obligations with respect to the decommissioning of each asset based on the contractual arrangements and relevant local regulation to validate the appropriateness of the cost estimate. We obtained management's calculation of site restoration provisions for each field. We tested mathematical accuracy of the calculations and reconciled the calculated site provision liability to the general ledger. As part of our testing, we considered the competence and objectivity of the internal experts who produced the cost estimates and challenged key assumptions such as rig rates, discount rate, and year of decommissioning. For non-operated assets we have also assessed the competence of the operator performing the estimate. Our procedures confirmed that management's estimate of future decommissioning and restoration costs are appropriate.

Other Information than the annual accounts and consolidated accounts
This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1—18 and 104—113. The Board of Directors and the Chief Executive Officer are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Director's and the Chief Executive Officer
The Board of Directors and the Chief Executive Officer are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Chief Executive Officer are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Chief Executive Officer are responsible for the assessment of the company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Chief Executive Officer intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility
Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.
A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Report on other legal and regulatory requirements

Opinions
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Chief Executive Officer of Lundin Petroleum AB (publ) for the year 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Chief Executive Officer be discharged from liability for the financial year.

Basis for Opinions
We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Director's and the Chief Executive Officer
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the Group's type of operations, size and risks place on the size of the parent company's and the Group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the Group's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Chief Executive Officer shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility
Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Chief Executive Officer in any material respect:
- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

The auditor's examination of the corporate governance statement
The Board of Directors is responsible for that the corporate governance statement on pages 36—55 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act/ the Annual Accounts Act for Credit Institutions and Securities Companies/ the Annual Accounts Act for Insurance Companies.

PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed by the Annual General meeting on 29 March 2019 and has been the company's auditor since the company was listed on the Stockholm Stock Exchange 6 September, 2001.

Stockholm, 2 March 2020

PricewaterhouseCoopers AB

Johan Rippe
Authorised Public Accountant
Lead Partner

Key Financial Data

Lundin Petroleum discloses alternative performance measures as part of its financial statements prepared in accordance with ESMA's (European Securities and Markets Authority) guidelines. Lundin Petroleum believes that that the alternative performance measures provide useful supplement information to management, investors, security analysts and other stakeholders and are meant to provide an enhanced insight into the financial development of Lundin Petroleum's business operations and to improve comparability between periods. Reconciliations of relevant alternative performance measures are provided on page 106. Definitions of the performance measures are provided under the key ratio definitions below.

Financial data from continuing operations MUSD	**2019**	**2018**	**2017**	**2016**	**2015**
Revenue and other income	2,948.7	2,640.7	1,997.0	950.0	380.3
Operating cash flow[1]	1,537.1	1,864.1	1,530.0	857.9	558.1
CFFO	1,378.2	1,718.3	1,299.3	668.7	238.0
EBITDA[1]	1,918.4	1,932.5	1,501.5	752.5	246.3
Free cash flow	1,271.7	663,0	203.7	-328.2	-1,035.2
Net result	824.9	225.7	380.9	-399.3	-679.7
Adjusted net result	252.7	295.3	156.5	28.6	2.0
Net debt	4,006.7	3,398.2	3,883.6	4,075.5	3,786.1
Data per share from continuing operations USD					
Shareholders' equity per share	-5.63	-1,13	-1.03	-0.70	-1.61
Operating cash flow per share [1]	4.87	5.51	4.50	2.63	1.81
CFFO per share	4.36	5.07	3.82	2.05	0.77
EBITDA per share [1]	6.07	5.71	4.41	2.31	0.80
Free cash flow per share	4.03	1.96	0.60	-1.01	-3.35
Earnings per share	2.61	0.67	1.13	-0.79	-2.18
Earnings per share fully diluted	2.61	0.66	1.13	-0.79	-2.18
Adjusted earnings per share	0.80	0.87	0.46	0.09	0.01
Adjusted earnings per share fully diluted	0.80	0.87	0.46	0.09	0.01
Dividend per share [2]	1.11	0.45	1.21	–	–
Number of shares issued at year end	285,924,614	340,386,445	340,386,445	340,386,445	311,070,330
Number of shares in circulation at year end	284,051,304	338,513,135	339,153,135	340,386,445	309,070,330
Weighted average number of shares for the year	315,833,140	338,592,250	340,237,772	325,808,486	309,070,330
Weighted average number of shares for the year fully diluted	316,551,300	339,513,634	341,380,316	326,738,233	310,019,890
Share price					
Share price in SEK	318.30	221.40	187.80	198.10	122.60
Share price in USD [3]	34.23	24.72	22.88	21.86	14.52
Key ratios from continuing operations (%)					
Return on equity[4]	–	–	–	–	–
Return on capital employed	72	47	22	-9	-19
Net debt/equity ratio[4]	–	–	–	–	–
Net debt/EBITDA ratio [1]	2.1	1.8	2.6	5.4	15.4
Equity ratio	-26	-7	-6	-17	-10
Share of risk capital	13	29	17	-3	1
Interest coverage ratio	20	17	6	-2	-8
Operating cash flow/interest ratio [1]	16	21	12	5	7
Yield	3	2	5	n/a	n/a

[1] Excludes the reported after tax accounting gain of MUSD 756.7 in 2019 on the divestment of a 2.6 percent working interest in the Johan Sverdrup project and excludes the reported after tax accounting loss of MUSD 14.4 in 2017 on the divestment of a 39 percent working interest in the Brynhild field.

[2] Dividend per share represents the actual paid out dividend per share.

[3] Share price at period end in USD is calculated based on quoted share price in SEK and applicable SEK/USD exchange rate as per period end.

[4] As the equity at 31 December 2019, 31 December 2018, 31 December 2017, 31 December 2016 and 31 December 2015 is negative, these ratios have not been calculated.

Relevant Reconciliations of Alternative Performance Measures

EBITDA MUSD	2019	2018	2017	2016	2015
Operating profit	1,970.7	1,418.7	812.4	-244.7	-588.7
Minus: gain from sale of assets	-756.7	–	–	–	–
Add: depletion of oil and gas properties	443.8	458.0	568.4	386.2	159.1
Add: exploration costs	125.6	53.2	73.1	101.9	146.5
Add: impairment costs of oil and gas properties	128.3	–	30.6	506.1	526.0
Add: loss from sale of assets	–	–	14.4	–	–
Add: depreciation of other tangible assets	6.7	2.6	2.6	3.0	3.4
EBITDA	**1,918.4**	1,932.5	1,501.5	752.5	246.3

Operating cash flow MUSD					
Revenue and other income	2,948.7	2,640.7	1,997.0	950.0	380.3
Minus: gain from sale of assets	-756.7	–	–	–	–
Minus: production costs	-164.8	-152.4	-164.2	-168.4	-104.6
Minus: purchase of crude oil from third parties	-84.3	-533.8	-303.3	-2.1	–
Minus: current taxes	-405.8	-90.4	0.5	78.4	282.4
Operating cash flow	**1,537.1**	1,864.1	1,530.0	857.9	558.1

Free cash flow MUSD					
Cash flows from operating activities (CFFO)	1,378.2	1,718.3	1,299.3	668.7	238.0
Minus: cash flows from investing activities	-106.5	-1,055.3	-1,095.6	-996.9	-1,273.2
Free cash flow	**1,271.7**	663.0	203.7	-328.2	-1,035.2

Adjusted net result MUSD					
Net result	824.9	225.7	380.9	-399.3	-679.7
Adjusted for gain or loss from sale of assets	-756.7	–	14.4	–	–
Adjusted for impairment costs of oil and gas properties	128.3	–	30.6	506.1	526.0
Adjusted for impairment of other shares	–	–	11.2	–	–
Adjusted for loan modification gain	–	-183.7	–	–	–
Adjusted for unwinding of loan modification gain	41.5	26.1	–	–	–
Adjusted for foreign currency exchange gain or loss	131.7	164.9	-255.3	4.2	573.0
Adjusted for tax effects of above mentioned items	-117.0	62.3	-25.3	-82.4	-417.3
Adjusted net result	**252.7**	295.3	156.5	28.6	2.0

Net debt MUSD					
Bank loans	4,092.0	3,465.0	3,955.0	4,145.0	3,858.0
Minus: cash and cash equivalents	-85.3	-66.8	-71.4	-69.5	-71,9
Net debt	**4,006.7**	3,398.2	3,883.6	4,075.5	3,786.1

Key Ratio Definitions

Operating cash flow: Revenue and other income less production costs less purchase of crude oil from third parties less current taxes and less gain on sale of assets.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation): Operating profit before depletion of oil and gas properties, exploration costs, impairment costs, depreciation of other tangible assets and gain on sale of assets.

Free cash flow: Cash flow from operating activities (CFFO) less cash flow from investing activities in accordance with the consolidated statement of cash flow.

Adjusted net result: Net result adjusted for the following items:
- **Gain or loss from sale of assets** is adjusted since the gain or loss does not give an indication of future or periodic performance.
- **Impairment and reversal of impairment** is adjusted since this affects the economics of an asset for the lifetime of that asset, not only the period in which it is impaired or the impairment is reversed.
- **Other items of income and expenses** are adjusted when the impact on net result in the period is not reflective of the company's underlying performance in the period. Such items may be unusual or infrequent transactions but they may also include transactions that are significant which would not necessarily qualify as either unusual or infrequent.
- **Foreign currency exchange gain or loss** is adjusted since the gain or loss does not give an indication of future or periodic performance as currency exchange rates change between periods.
- **Tax effects** of the above mentioned adjustments to net result

Net debt: Bank loan less cash and cash equivalents.

Shareholders' equity per share: Shareholders' equity divided by the number of shares in circulation at year end.

Operating cash flow per share: Operating cash flow divided by the weighted average number of shares for the year.

CFFO per share: Cash flow from operating activities (CFFO) divided by the weighted average number of shares for the year.

EBITDA per share: EBITDA divided by the weighted average number of shares for the year.

Free cash flow per share: Free cash flow divided by the weighted average number of shares for the year.

Earnings per share: Net result attributable to shareholders of the Parent Company divided by the weighted average number of shares for the year.

Earnings per share fully diluted: Net result attributable to shareholders of the Parent Company divided by the weighted average number of shares for the year after considering any dilution effect.

Adjusted earnings per share: Adjusted net result attributable to shareholders of the Parent Company divided by the weighted average number of shares for the year.

Adjusted earnings per share fully diluted: Adjusted net result attributable to shareholders of the Parent Company divided by the weighted average number of shares for the year after considering any dilution effect.

Dividend per share: Paid out dividends per share for the year.

Weighted average number of shares for the year: The number of shares at the beginning of the year with changes in the number of shares weighted for the proportion of the year they are in issue.

Weighted average number of shares for the year fully diluted: The number of shares at the beginning of the year with changes in the number of shares weighted for the proportion of the year they are in issue after considering any dilution effect.

Return on equity: Net result divided by average total equity.

Return on capital employed: Income before tax plus interest expenses plus/less currency exchange differences on financial loans divided by the average capital employed (the average balance sheet total less non-interest bearing liabilities).

Net debt/equity ratio: Bank loan less cash and cash equivalents divided by shareholders' equity.

Net debt/EBITDA ratio: Bank loan less cash and cash equivalents divided by EBITDA of the last four quarters.

Equity ratio: Total equity divided by the balance sheet total.

Share of risk capital: The sum of the total equity and the deferred tax provision divided by the balance sheet total.

Interest coverage ratio: Result after financial items plus interest expenses plus/less currency exchange differences on financial loans divided by interest expenses.

Operating cash flow/interest ratio: Operating cash flow divided by the interest expense for the year.

Yield: Dividend per share in relation to quoted share price at the end of the year.

Five Year Financial Data

Income statement summary [1] MUSD	2019	2018	2017	2016	2015
Revenue from own production	2,074.3	2,071.8	1,654.8	973.8	347.6
Revenue from third party activities	84.3	536.1	303.5	2.1	–
Gain from sale of assets	756.7	–	–	–	–
Other income	33.4	32.8	38.7	-25.9	32.7
Production costs	-164.8	-152.4	-164.2	-168.4	-104.6
Depletion and decommissioning costs	-443.8	-458.0	-567.3	-386.2	-159.1
Exploration costs	-125.6	-53.2	-73.1	-101.9	-146.5
Impairment costs of oil and gas properties	-128.3	–	-30.6	-506.1	-526.0
Loss from sale of assets	–	–	-14.4	–	–
Other cost of sales	-84.3	-533.8	-303.3	-2.1	–
Gross profit/loss	**2,001.9**	1,443.3	844.1	-214.7	-555.9
General, administration and depreciation expenses	-31.2	-24.6	-31.7	-30.0	-32.8
Operating profit/loss	**1,970.7**	1,418.7	812.4	-244.7	-588.7
Net financial items	-295.0	-153.2	70.1	-218.8	-670.9
Share in result of associated company	-1.8	-1.3	-0.4	–	–
Profit/loss before tax	**1,673.9**	1,264.2	882.1	-463.5	-1,259.6
Income tax	-849.0	-1,038.5	-501.2	64.2	579.9
Net result from continuing operations	**824.9**	225.7	380.9	-399.3	-679.7
Net result from discontinued operations	–	–	46.5	-100.0	-186.6
Net result	**824.9**	225.7	427.4	-499.3	-866.3
Net result attributable to the shareholders of the Parent Company:	824.9	225.7	431.2	-356.7	-861.7
Net result attributable to non-controlling interest:	–	–	-3.8	-142.6	-4.6
Net result	**824.9**	225.7	427.4	-499.3	-866.3

Balance sheet summary MUSD	2019	2018	2017	2016	2015
Tangible fixed assets	5,522.6	5,354.7	4,950.3	4,542.5	4,219.7
Other non-current assets	145.1	131.2	161.3	168.0	24.1
Current assets	486.8	353.9	417.2	491.6	541.5
Total assets	**6,154.5**	5,839.8	5,528.8	5,202.1	4,785.3
Shareholders' equity	-1,598.8	-383.8	-350.8	-238.6	-498.2
Non-controlling interest	–	–	–	-113.6	24.1
Total equity	**-1,598.8**	-383.8	-350.8	-352.2	-474.1
Non-current provisions	3,051.6	2,657.8	1,725.9	1,119.1	970.5
Non-current liabilities	3,888.4	3,262.0	3,880.0	4,082.1	3,867.0
Current liabilities	813.3	303.8	273.7	353.1	421.5
Total shareholders'equity and liabilities	**6,154.5**	5,839.8	5,528.8	5,202.1	4,785.3

[1] The above table is based on continuing operations only (excluding the discontinued IPC operations following the spin-off in 2017 and excluding the discontinued Russian onshore assets following the sale in 2014). The result from discontinued operations is reported separately in the income statement.

Reserve Quantity Information

Proved plus probable reserves (2P)	Norway oil reserves MMbbl	Norway gas reserves Bn scf[2]
1 January 2019	**715.8**	**177.5**
Changes during the year		
Acquisitions/Dispositions	-67.9	-10.3
Revisions	-1.1	1.5
Extensions and new projects	46.1	41.7
Production	-31.7	-18.0
31 December 2019	**661.2**[1]	**192.4**

[1] The year end 2019 2P oil reserves reported include 19.5 MMbbl of NGL's.
[2] The factor of 6,000 is used by the Company to convert one scf to one boe.

Proved plus probable plus possible reserves (3P)	Norway oil reserves MMbbl	Norway gas reserves Bn scf[2]
1 January 2019	**862.9**	227.8
Changes during the year		
Acquisitions/Dispositions	-80.0	-12.1
Revisions	-2.6	4.2
Extensions and new projects	65.9	56.4
Production	-31.7	-18.0
31 December 2019	**814.5**[1]	**258.3**

[1] The year end 2019 3P oil reserves reported include 24.9 MMbbl of NGL's.
[2] The factor of 6,000 is used by the Company to convert one scf to one boe.

Definitions and Abbreviations

Reserves defined

Lundin Petroleum estimates reserves and resources according to 2018 Petroleum Resources Management System (PRMS) Guidelines of the Society of Petroleum Engineers (SPE), World Petroleum Congress (WPC), American Association of Petroleum Geologists (AAPG) and Society of Petroleum Evaluation Engineers (SPEE). Lundin Petroleum's reserves are audited by ERC Equipoise Ltd. (ERCE), an independent reserves auditor. Reserves are defined as those quantities of petroleum which are anticipated to be commercially recovered by application of development projects to known accumulations from a given date forward under defined conditions. Estimation of reserves is inherently uncertain and to express an uncertainty range, reserves are subdivided into Proved, Probable and Possible categories. Unless stated otherwise, Lundin Petroleum reports its Proved plus Probable (2P) reserves and its Proved plus Probable plus Possible (3P) reserves.

3P Reserves

2P Reserves

Proved reserves

Proved reserves are those quantities of petroleum which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods and governmental regulations. Proved reserves can be categorised as developed or undeveloped. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimates.

Probable reserves

Probable reserves are those unproved reserves which analysis of geological and engineering data indicate are less likely to be recovered than Proved reserves but more certain to be recovered than Possible reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated 2P reserves. In this context, when probabilistic methods are used, there should be at least a 50 percent probability that the actual quantities recovered will equal or exceed the 2P estimate.

Possible reserves

Possible Reserves are those additional reserves which analysis of geoscience and engineering data suggest are less likely to be recoverable than Probable reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of 3P reserves, which is equivalent to the high estimate scenario. In this context, when probabilistic methods are used, there should be at least a 10 percent probability that the actual quantities recovered will equal or exceed the 3P estimate.

Resources defined

Contingent resources

Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies. 2C is the best estimate of the quantity that will actually be recovered from the accumulation by the project. It is the most realistic assessment of recoverable quantities if only a single result were reported. If probabilistic methods are used, there should be at least 50 percent probability (P50) that the quantities actually recovered will equal or exceed the best estimate. Unless stated otherwise, Lundin Petroleum reports its 2C contingent resources.

Prospective resources

Prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and chance of development.

Oil related measurements

bbl	Barrel (1 barrel = 159 litres)
bcf	Billion cubic feet (1 cubic foot = 0.028 m^3)
Bn	Billion
boe	Barrels of oil equivalent
boepd	Barrels of oil equivalent per day
bopd	Barrels of oil per day
Bn boe	Billion barrels of oil equivalent
Mbbl	Thousand barrels
Mboe	Thousand barrels of oil equivalent
Mboepd	Thousand barrels of oil equivalent per day
Mbopd	Thousand barrels of oil per day
MMboe	Million barrels of oil equivalent
MMbbl	Million barrels
MMbopd	Million barrels of oil per day
Mcf	Thousand cubic feet
MMscf	Million standard cubic feet
Bn scf	Billion standard cubic feet

Currency abbreviations

CHF	Swiss Franc
CAD	Canadian Dollar
EUR	Euro
GBP	British Pound
NOK	Norwegian Krone
SEK	Swedish Krona
USD	US Dollar
TCHF	Thousand CHF
TSEK	Thousand SEK
TUSD	Thousand USD
MSEK	Million SEK
MUSD	Million USD

For further definitions of oil and gas terms and measurements, visit www.lundin-petroleum.com

Share Data

Share data

Since Lundin Petroleum was incorporated in May 2001 and up to 31 December 2019 the Parent Company share capital has developed as shown below.

Share data	Year	Quota value SEK	Change in number of shares	Total number of shares	Total share capital SEK
Formation of the Company	2001	100.00	1,000	1,000	100,000
Share split 10,000:1	2001	0.01	9,999,000	10,000,000	100,000
New share issue	2001	0.01	202,407,568	212,407,568	2,124,076
Warrants	2002	0.01	35,609,748	248,017,316	2,480,173
Incentive warrants	2002 – 2008	0.01	14,037,850	262,055,166	2,620,552
Valkyries Petroleum Corp. acquisition	2006	0.01	55,855,414	317,910,580	3,179,106
Cancellation of shares/Bonus issue	2014	0.01	-6,840,250	311,070,330	3,179,106
New share issue	2016	0.01	29,316,115	340,386,445	3,478,713
Cancellation of shares/Bonus issue	2019	0.01	-54,461,831	285,924,614	3,478,713
Total			285,924,614	285,924,614	3,478,713

Shareholder Information

Lundin Petroleum will publish the following interim reports:

• 30 April 2020	Three month report (January—March 2020)
• 29 July 2020	Six month report (January—June 2020)
• 29 October 2020	Nine month report (January—September 2020)
• 28 January 2021	Year end report

The reports are available on www.lundin-petroleum.com in Swedish and English directly after public announcement.

Annual General Meeting

The Annual General Meeting (AGM) is held within six months from the close of the financial year. All shareholders who are registered in the shareholders' register and who have duly notified their intention to attend the AGM may do so and vote in accordance with their level of shareholding. Shareholders may also attend the AGM through a proxy and a shareholder shall in such a case issue a written and dated proxy. A proxy form is available on www.lundin-petroleum.com.

Lundin Petroleum's AGM is to be held on Tuesday 31 March 2020 at 13.00 (Swedish time). Location: Vinterträdgården, Grand Hôtel, Södra Blasieholmshamnen 8 in Stockholm.

Attendance at the meeting

Shareholders wishing to attend the meeting shall:

- be recorded in the share register maintained by Euroclear Sweden AB on Wednesday 25 March 2020; and
- notify Lundin Petroleum of their intention to attend the meeting no later than Wednesday 25 March 2020 through the website www.lundin-petroleum.com (only applicable to individuals) or by mail to Computershare AB, "Lundin Petroleum AB's AGM", P.O. Box 610, SE - 182 16 Danderyd, Sweden, by telephone Int +46-8-518 01 554 or by e-mail info@computershare.se.

When registering please indicate your name, social security number/company registration number, registered shareholding, address and day time telephone number.

Shareholders whose shares are registered in the name of a nominee must temporarily register, through the nominee, the shares in their own names in order to be entitled to attend the Annual General Meeting. Such registration must be effected by Wednesday 25 March 2020, at the latest.

This information is information that Lundin Petroleum AB is required to make public pursuant to the Swedish Securities Markets Act. The information was submitted for publication at 08.00 CET on 4 March 2020.

Forward-looking statements

Certain statements made and information contained herein constitute "forward-looking information" (within the meaning of applicable securities legislation). Such statements and information (together, "forward-looking statements") relate to future events, including Lundin Petroleum's future performance, business prospects or opportunities. Forward-looking statements include, but are not limited to, statements with respect to estimates of reserves and/or resources, future production levels, future capital expenditures and their allocation to exploration and development activities, future drilling and other exploration and development activities. Ultimate recovery of reserves or resources are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

All statements other than statements of historical fact may be forward-looking statements. Statements concerning proven and probable reserves and resource estimates may also be deemed to constitute forward-looking statements and reflect conclusions that are based on certain assumptions that the reserves and resources can be economically exploited. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions) are not statements of historical fact and may be "forward-looking statements". Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. No assurance can be given that these expectations and assumptions will prove to be correct and such forward-looking statements should not be relied upon. These statements speak only as on the date of the information and Lundin Petroleum does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable laws. These forward-looking statements involve risks and uncertainties relating to, among other things, operational risks (including exploration and development risks), productions costs, availability of drilling equipment, reliance on key personnel, reserve estimates, health, safety and environmental issues, legal risks and regulatory changes, competition, geopolitical risk, and financial risks. These risks and uncertainties are described in more detail under the heading "Risk management" and elsewhere in Lundin Petroleum's Annual Report. Readers are cautioned that the foregoing list of risk factors should not be construed as exhaustive. Actual results may differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements are expressly qualified by this cautionary statement.

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Revisorsyttrande enligt 8 kap. 54 § aktiebolagslagen (2005:551) om huruvida årsstämmans riktlinjer om ersättningar till ledande befattningshavare har följts

Till årsstämman i Lundin Petroleum AB (publ), org.nr 556610-8055

Vi har granskat om styrelsen och verkställande direktören för Lundin Petroleum AB (publ) under år 2018 har följt de riktlinjer för ersättningar till ledande befattningshavare som fastställts på årsstämman den 4 maj 2017 respektive årsstämman den 3 maj 2018.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att riktlinjerna följs och för den interna kontroll som styrelsen och verkställande direktören bedömer är nödvändig för att tillse att riktlinjerna följs.

Revisorns ansvar

Vårt ansvar är att lämna ett yttrande, grundat på vår granskning, till årsstämman om huruvida riktlinjerna har följts. Vi har utfört granskningen enligt FARs rekommendation RevR 8 *Granskning av ersättningar till ledande befattningshavare i aktiemarknadsbolag*. Denna rekommendation kräver att vi följer yrkesetiska krav samt planerar och utför granskningen för att uppnå rimlig säkerhet att årsstämmans riktlinjer i allt väsentligt följts. Revisionsföretaget tillämpar ISQC 1 (International Standard on Quality Control) och har därmed ett allsidigt system för kvalitetskontroll vilket innefattar dokumenterade riktlinjer och rutiner avseende efterlevnad av yrkesetiska krav, standarder för yrkesutövningen och tillämpliga krav i lagar och andra författningar.

Vi är oberoende i förhållande till Lundin Petroleum AB (publ) enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Granskningen har omfattat bolagets organisation för och dokumentation av ersättningsfrågor för ledande befattningshavare, de nya beslut om ersättningar som fattats samt ett urval av de utbetalningar som gjorts under räkenskapsåret till de ledande befattningshavarna. Revisorn väljer vilka åtgärder som ska genomföras, bland annat genom att bedöma risken för att riktlinjerna inte i allt väsentligt följts. Vid denna riskbedömning beaktar revisorn de delar av den interna kontrollen som är relevant för riktlinjernas efterlevnad i syfte att utforma granskningsåtgärder som är ändamålsenliga med hänsyn till omständigheterna, men inte i syfte att göra ett uttalande om effektiviteten i bolagets interna kontroll.

Vi anser att vår granskning ger oss rimlig grund för vårt uttalande nedan.

Uttalande

Vi anser att styrelsen och den verkställande direktören för Lundin Petroleum AB (publ) under 2018 följt de riktlinjer för ersättningar till ledande befattningshavare som fastställdes på årsstämman den 4 maj 2017 respektive årsstämman den 3 maj 2018.

Stockholm den 20 Februari 2019
PricewaterhouseCoopers AB

Johan Rippe
Auktoriserad revisor
Huvudansvarig revisor

Johan Malmqvist
Auktoriserad revisor

This is an literal translation of the Swedish original document

Auditor's statement pursuant to Chapter 8, Section 54 of the Swedish Companies Act (2005:551) regarding whether the guidelines for remuneration to senior executives adopted by the annual general meeting of shareholders have been complied with

To the annual general meeting of shareholders in Lundin Petroleum AB (publ), Corporate Identity Number 556610-8055

We have performed procedures to determine whether the Board of Directors and the Managing Director of Lundin Petroleum AB (publ) have, for the year 2018, complied with the guidelines for remuneration to senior executives adopted by the annual general meetings of shareholders held on 4 May 2017 and 3 May 2018, respectively.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for compliance with the guidelines and for such internal control as the Board of Directors and the Managing Director determine is necessary to ensure compliance with the guidelines.

Auditor's responsibility

Our responsibility is to express an opinion, based on our procedures, to the annual general meeting of shareholders regarding as to whether the guidelines for remuneration to senior executives have been complied with. We conducted our procedures in accordance with FAR's recommendation, RevR 8 *Examination of remuneration to senior executives of listed companies*. This recommendation requires that we comply with ethical requirements and have planned and performed the procedures to obtain reasonable assurance that the guidelines adopted by the annual general meeting of shareholders have, in all material aspects, been complied with. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of the Lundin Petroleum AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The procedures have involved the company's organisation for and documentation of matters pertaining to remuneration to senior executives, recent resolutions regarding remuneration and a selection of payments made to senior executives during the financial year. The procedures selected depend on the auditor's judgment, including the assessment of the risk that the guidelines have not, in all material aspects, been complied with. In making this risk assessment, the auditor considers the aspects of internal control relevant to compliance with the guidelines, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control

We believe that the procedures performed provide a reasonable basis for our opinion below.

Opinion

In our opinion, the Board of Directors and the Managing Director of Lundin Petroleum AB (publ) have, for the year 2018, complied with the guidelines for remuneration to senior executives adopted by the annual general meetings of shareholders held on 4 May 2017 and 3 May 2018, respectively.

Stockholm 20 February 2019
PricewaterhouseCoopers AB

Johan Rippe
Authorised Public Accountant
Lead Partner

Johan Malmqvist
Authorised Public Accountant

Appendix 6

The Board of Directors' revised dividend proposal to the Annual General Meeting 2020

In light of current market conditions, the Board of Directors has decided to amend its dividend proposal to the Annual General Meeting down to USD 1.00 per share from USD 1.80 per share as set out in the notice of the Annual General Meeting published on 27 February 2020.

Under the revised dividend proposal, the Board of Directors proposes that the Annual General Meeting resolves on a cash dividend in the amount of USD 1.00 per share, corresponding to USD 284 million (rounded off), to be paid in quarterly instalments of USD 0.25 per share, corresponding to USD 71 million (rounded off). Before payment, each quarterly dividend of USD 0.25 per share shall be converted into a SEK amount based on the USD to SEK exchange rate published by Sweden's central bank (Riksbanken) four business days prior to each record date (rounded off to the nearest whole SEK 0.01/share). The final USD equivalent amount received by the shareholders may therefore slightly differ depending on what the USD to SEK exchange rate is on the date of the dividend payment. The SEK amount per share to be distributed each quarter will be announced in a press release four business days prior to each record date.

Relevant dates for the proposed dividend:

Ex-dividend date	Record date	Expected payment date
1 April 2020	2 April 2020	7 April 2020
2 July 2020	3 July 2020	8 July 2020
1 October 2020	2 October 2020	7 October 2020
30 December 2020	4 January 2021	8 January 2021

In order to comply with Swedish company law, a maximum total SEK amount shall be pre-determined to ensure that the annual dividend distributed does not exceed the available distributable reserves of the Company and such maximum amount for the proposed dividend has been set to a cap of SEK 5.188 billion (i.e., SEK 1.297 billion per quarter). If the total dividend would exceed the cap of SEK 5.188 billion, the dividend will be automatically adjusted downwards so that the total dividend corresponds to the cap of SEK 5.188 billion.

If Riksbanken does not publish the USD to SEK exchange rate on the fourth business day prior to the relevant record date, the conversion into SEK will be based on the USD to SEK exchange rate published by Riksbanken immediately before such business day.

The AGM has the following funds at its disposal:	SEK 54,377,993,045
The Board of Directors proposes that the shareholders are paid a dividend of USD 1.00 per share:	SEK 2,964,671,865[1]
The following amount will be carried forward as retained earnings:	SEK 52,278,128,135

The Board of Directors' reasoned statement to the revised dividend proposal is available on the Company's website, www.lundin-petroleum.com.

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1 The amount is based on the USD to SEK exchange rate published by Sweden's central bank (Riksbanken) as at 23 March 2020. The amount is based on the number of shares in circulation on 23 March 2020 and the total dividend amount may change by the record dates as a result of repurchases of own shares or as a result of issue of new shares. The dividend is USD denominated, fluctuations in the USD to SEK exchange rate between 23 March 2020 and approval of the dividend proposal by the Annual General Meeting will have an impact on the total dividend amount reported in SEK.

If the dividend proposal is approved by the Annual General Meeting, the dividend will be recorded as a liability in USD on the date of the Annual General Meeting and the SEK equivalent of the USD liability will fluctuate until the fourth tranche is converted from USD to SEK.

Stockholm in March 2020

Lundin Petroleum AB (publ)

The Board of Directors

Resolution
to be presented at the Annual General Meeting (AGM) of
Lundin Petroleum AB
31 March 2020

A recoupment policy is a powerful mechanism for holding senior leadership accountable to the fundamental mission of the Company: proper risk taking balanced with ethical conduct, reputation management, and compliance with Company policies. It is an instrument of choice for companies that strive for the robust fusion of high performance with high integrity.

The General Meeting calls for an amendment of the company's POLICY ON REMUNERATION FOR GROUP MANAGEMENT to include a clawback policy that provides that the Compensation Committee will (a) annually review, and determine whether to seek recoupment of any compensation paid, granted or awarded to a member of the Group Management or the Board of Directors if, in the Committee's judgment (i) there has been misconduct resulting in a material violation of law or Company policy that causes significant financial or reputational harm to the Company, and (ii) the Group Manager or Director commissioned, stands credibly accused of, or is convicted for any felony or morally abject misdemeanour while serving the Company, and (iii) the Group Manager or Director engaged in any activity that the he knows or should know could harm the business or reputation or prospects of the Company; and (b) disclose the circumstances of any recoupment. "Recoupment" is recovery of Compensation, being (i) base salary; (ii) yearly variable remuneration; (iii) long-term incentive plan (LTIP); and/or (iv) other benefits.

All new contracts shall be adjusted to ensure consistency with the above described amendment to the Policy on Remuneration of Group Management. The Compensation Committee will seek adjustment of existing contracts where the amendment violates any of their provisions.

Aktieägarförslag till Lundin Petroleum ABs årsstämma 31 mars, 2020

Återbetalningspolicy är en kraftfull mekanism för att hålla ledande befattningshavare ansvariga för företagets grundläggande uppdrag: korrekt risktagande balanserad med etiskt beteende, rykteshantering samt efterlevnad av företagets policyn. Det är ett instrument för företag som strävar efter en robust fusion av hög prestanda med hög integritet.

Aktieägarförslaget begär att bolagsstämman kräver en ändring av bolagets ERSÄTTNINGSPOLICY FÖR LEDANDE BEFATTNINGSHAVARE för att inkludera en återbetalningspolicy som föreskriver att ersättningskommittén (a) årligen granskar och fastslår om bolaget ska kräva återbetalning av ersättning som har betalats ut, beviljats eller tilldelats en ledamot i koncernledningen eller styrelsen om det i kommitténs bedömning (i) kan konstateras att befattningshavare har agerat på ett felaktigt sätt vilket resulterat i en allvarlig överträdelse av nationella eller internationella lagar eller företagspolicyn vilket i sin tur orsakar eller riskerar orsaka betydande ekonomisk- eller renomméskada för företaget, och (ii) om ansvarig befattningshavare står trovärdigt anklagad för, eller döms för brott eller orsakat en allvarlig moralisk förseelse i företagets tjänst, och (iii) om en befattningshavare i företagets verksamhet verkat på ett sätt där hen känner till eller borde ha känt till att det skulle kunna skada verksamheten eller företagets rykte eller framtidsutsikter; och (b) avslöja de omständigheter som lett till återbetalning. "Återbetalning" innebär en återbetalning av kompensation, som grundats på (i) grundlön; (ii) årlig rörlig ersättning; (iii) långsiktig incitamentsprogram (LTIP); och / eller (iv) andra förmåner.

Alla nya kontrakt ska justeras för att säkerställa att de stämmer överens med ovanstående ändringar av ersättningspolicyn. Ersättningskommittén ska arbeta för att anpassa samtliga befintliga kontrakt om en ändring av dessa skulle bryta mot någon av kontraktsbestämmelserna.

Resolution
to be presented at the Annual General Meeting (AGM) of
Lundin Petroleum AB
31 March 2020

The war crimes investigation into the Company's operations in Sudan/South Sudan is costly in terms of staff time, legal counsel, and reputation. A second criminal investigation into obstruction of justice by people connected to the company comes with additional costs to the Company. Once indictments will be issued, these costs are likely to shoot up, while additional costs may be incurred in terms of prospects, employer attractiveness, investor attractiveness, and the announced fine and forfeiture @ SEK 3,2 billion. It is in the interest of the Company and its shareholders that all costs associated with the criminal investigations are promptly, separately and in detail brought to the attention of the shareholders, and that all risks associated with the investigations and all foreseeable costs in terms of budgets, staff time, reputation etc. are fully understood and assessed, and communicated to the shareholders.

The General Meeting calls on the Board of Directors of the Company to urge the Group Management to promptly and comprehensively (i) disclose the costs incurred by the Company that are related to the criminal investigations into aiding and abetting international crimes and obstruction of justice by the CEO and Chairman of the Company, (ii) assess all risks to the company and its shareholders, that are associated with the two investigations in the short, middle and long term, including re staff time, budgets, reputation, employer and investor attractiveness, business prospects, and any other risks relevant to shareholders, and (iii) develop a risk mitigation strategy and planning, and (iv) promptly and comprehensively inform the shareholders of any progress.

Aktieägarförslag till Lundin Petroleum ABs årsstämma 31 mars, 2020

Förundersökningen om medhjälp till brott mot folkrätten på grund av företagets verksamhet i Sudan/Sydsudan och är kostsam i fråga om tid personal lägger, monetära resurser för juridisk rådgivning och försvarsadvokater, samt kostnader för PR för att motverka ryktesskada. En andra förundersökning pågår som utreder övergrepp i rättssak vilket innebär omfattande omkostnader för företaget och ytterligare risker för varumärkets rykte. Om, eller när åtal väcks, kommer kostnaderna troligen att stiga markant, samtidigt som ytterligare kostnader på företaget kan uppstå, kostnader som kommer att innebära risker för bolagets framtidsutsikter, företagets möjlighet att rekrytera kompetent personal, investerares vilja att gå in med kapital, värdet på aktiekursen samt kostnader i form av böter och förverkan av den vinst åklagare krävt vilka uppgår till sammanlagt 3,2 miljarder SEK.

Det ligger därför i bolagets och aktieägarnas intresse att omedelbar och i detalj få veta vad för kostnader brottsutredningarna har tagit i anspråk på företaget samt att vi aktieägare får information om vad för framtida kostnader ledningen räknar med att utredningen och ett möjligt åtal kan komma att ta i anspråk. Aktieägarförslaget kräver att bolagets styrelse och ledning kommunicerar till aktieägarna vilka risker som förknippas med utredningarna och informerar oss om vad bolaget kommer att budgetera i förutsebara kostnader, hur många timmar personal beräknas lägga, samt de kostnader bolaget räknar med att lägga på att försvara bolagets rykte.

Bolagsstämman uppmanar bolagets styrelse att kräva att koncernledningen snabbt och grundligt (i) specificerar alla kostnader bolaget har lagt på att försvara bolagets VD och bolagets ordförande i brottsutredningarna om medhjälp till folkrättsbrott samt övergrepp i rättssak, (ii) utvärderar och redovisar till stämman alla risker förknippade med de två brottsutredningarna på kort, mellan och lång sikt; inklusive tid personal beräknas lägga, resurser som budgeteras, risker för ryktesskada, risker för att bolagets attraktivitet som arbetsgivare och för investerare, samt risker beträffande kommande affärsutsikter och alla andra risker som kan vara relevanta för oss aktieägare att veta (iii) utveckla en strategi och planering för att reducera riskerna, samt (iv) snabbt och fullständigt informera aktieägarna om de framsteg som görs.

Report and Proposals of Lundin Petroleum AB's Nomination Committee for the 2020 Annual General Meeting of Shareholders

The Nomination Committee of Lundin Petroleum AB (publ) (hereinafter “Lundin Petroleum” or the “Company”) submits the following report for the Annual General Meeting of Lundin Petroleum to be held on 31 March 2020 (the “2020 AGM”).

1. Formation of the Nomination Committee

The Annual General Meeting of Lundin Petroleum held on 15 May 2014 (the “2014 AGM”) resolved that the Nomination Committee Process approved by that 2014 AGM, and which includes the following principles, shall apply as the Company’s nomination procedure generally for all Annual General Meetings, until recommended to be amended or replaced by a future Nomination Committee.

In respect of the 2020 AGM, the Chairman of the Board of Directors shall invite four of the larger shareholders of the Company, based on shareholdings as per 1 August 2019, to form a Nomination Committee. The names of the members of the Nomination Committee shall be announced no later than six months prior to the 2020 AGM. If the shareholding in the Company changes significantly before the Nomination Committee’s work is completed, or if a member leaves the Nomination Committee before its work has been completed, a change in the composition of the Nomination Committee may take place. The Nomination Committee shall remain in office until the publication of the composition of the Nomination Committee for the 2021 Annual General Meeting (the “2021 AGM”). The Nomination Committee shall appoint its Chairman within the Nomination Committee.

The Nomination Committee shall prepare the following proposals for resolutions to the 2020 AGM:

- (i) Chairman of the 2020 AGM;
- (ii) number of members of the Board of Directors;
- (iii) remuneration of the members of the Board of Directors, distinguishing between the Chairman and the other members of the Board of Directors and remuneration for Committee work;
- (iv) members of the Board of Directors;
- (v) Chairman of the Board of Directors;
- (vi) remuneration of auditor of the Company;
- (vii) election of auditor of the Company; and
- (viii) if the Nomination Committee recommends that the current Nomination Committee Process be amended or replaced, then a revised or new Nomination Committee Process.

On 16 October 2019, the Nomination Committee for the 2020 AGM was formed with the following members: Aksel Azrac (Nemesia Sàrl), Filippa Gerstädt (Nordea Funds) and Ian H. Lundin (Chairman of the Board of Directors). Aksel Azrac was unanimously elected as Chairman of the Nomination Committee. Other larger shareholders of the Company were invited to join the Nomination Committee but all declined the invitation. The Nomination Committee members were appointed by shareholders holding as per 1 August 2019 approximately 28.7 percent of the shares and voting rights in Lundin Petroleum. The Nomination Committee meets the requirements of the Swedish Code of Corporate Governance (hereinafter the "Code").

The formation of the Nomination Committee was announced through a press release issued on 16 October 2019. The fact that the formation of the Nomination Committee was announced later than six months before the 2020 AGM constitutes a deviation from rule 2.5 of the Code. The deviation was however considered justified by the Company as one of the prospective members of the Nomination Committee withdrew from the Nomination Committee at a very late stage. The press release contained information on how shareholders could submit proposals to the Nomination Committee. No such proposals were received.

2. The work of the Nomination Committee

The Nomination Committee met on four occasions and had informal contacts in between the meetings. The Nomination Committee received an oral report from the Chairman of the Board of Directors on the work of the Board of Directors. The Nomination Committee has also reviewed the results of the written evaluation of the Board of Directors' work carried out during the year. The Chairman also presented updates to the Committee regarding the business of the Company and the general international economic situation and industry in which the Company operates.

Aksel Azrac and Filippa Gerstädt also held meetings with the current Board members C. Ashley Heppenstall, Grace Reksten Skaugen, Alex Schneiter, Jakob Thomasen and Cecilia Vieweg to discuss the work and functioning of the Board. The feedback received was positive. It was felt that the Board is well functioning and that the current Board size should not be increased. The Chairman of the Board Mr. Lundin was also asked to comment on the functioning of the Board and he confirmed that the Board in his view works very well.

In the course of its work, the Nomination Committee applied the diversity policy as set out in rule 4.1 of the Code: “The board is to have a composition appropriate to the company's operations, phase of development and other relevant circumstances. The board members elected by the shareholders' meeting are collectively to exhibit diversity and breadth of qualifications, experience and background. The company is to strive for gender balance on the board.”

The Nomination Committee believes that it is necessary to regularly assess the breadth and versatility of the Board of Directors. As part of that assessment, the Committee discussed in detail the composition and qualifications of the Board of Directors, also in-light of the Company’s recent investments into renewable energy projects and sustainability matters in general. The Committee considered and discussed the desired attributes for members of the Board, including considerations of qualifications, experience and gender distribution, as well as succession planning matters.

3. Election of Chairman for the 2020 Annual General Meeting

The Nomination Committee proposes that Klaes Edhall, a member of the Swedish Bar Association, be appointed as the Chairman of the 2020 AGM. Klaes Edhall served as the Chairman of the Company’s 2014 to 2019 Annual General Meetings, as well as several Extraordinary General Meetings, and has also served as the Chairman at the Annual General Meetings of several other listed Swedish companies.

4. Reasoned statement regarding the proposal for election of the Board of Directors

The Nomination Committee proposes that nine members of the Board of Directors be elected at the 2020 AGM. It was noted that the Board of Directors is considered to function very well and that the Nomination Committee has thus determined that a Board size of nine is appropriate taking into account the nature, size and complexity of the Company's business.

The Nomination Committee therefore proposes the re-election of the nine current members of the Board of Directors being Peggy Bruzelius, C. Ashley Heppenstall, Ian H. Lundin, Lukas H. Lundin, Grace Reksten Skaugen, Torstein Sanness, Alex Schneiter, Jakob Thomasen and Cecilia Vieweg for a term until the 2021 AGM. The Nomination Committee further proposes the re-election of Ian H. Lundin as Chairman of the Board of Directors and that no deputy members be elected.

It is the opinion of the Nomination Committee that, taking into consideration Lundin Petroleum's current and planned business and operations, and the economic and financial circumstances generally in which the Company operates, the proposed Board of Directors is composed of a broad and versatile group of knowledgeable and skilled individuals who are motivated and prepared to undertake the tasks required of the Board of Directors in today's international business environment. These proposed members possess, in the opinion of the Committee, substantial expertise and experience and in addition, the proposed Board of Directors will fulfil the requirements regarding independence in relation to the Company, Group management and the Company's major shareholders (see further below). Such expertise and experience relates to the oil and gas industry globally and specifically in Norway, Lundin Petroleum's core area of operation, public company financial matters, Swedish practice and compliance matters, sustainability matters, corporate responsibility and health, safety and the environment.

If the Committee's proposal regarding the composition of the Board of Directors is accepted by the 2020 AGM, the Board of Directors will consist of nine members, out of which three women, i.e. 33.3 percent of the Board members will be women. Whilst the percentage of women on the proposed Board is slightly lower than the recommendation of the Swedish Corporate Governance Board, the Nomination Committee considers that the skills and broad experience of the current Board members outweighs the importance of such variance. The Nomination Committee however supports the ambition of the Swedish Corporate Governance Board regarding levels and timing of achieving gender balance and believes that it is important to continue to strive for gender balance when future changes in the composition of the Board are considered. Further information regarding the proposed members of the Board of Directors is included in Annex 1.

5. Remuneration of the members of the Board of Directors, the Chairman of the Board of Directors and remuneration for Committee work

The Nomination Committee considered carefully the fees payable to the members of the Board of Directors, including in respect of Board Committee work, and to the Chairman of the Board of Directors. The Nomination Committee noted that the Company has three Board Committees being the Compensation Committee, the Audit Committee and the ESG/H&S Committee.

The Nomination Committee noted that the Company has implemented a policy for share ownership by Board members and that each Board member is expected to own, directly or indirectly, at least 5,000 shares of the Company. The level shall be met within three years of appointment and during such period, Board members are expected to allocate at least 50 percent of their annual Board fees towards purchases of the Company’s shares. The Nomination Committee noted that all proposed Board members fulfil this requirement.

The Nomination Committee reviewed an external report regarding non-executive director remuneration in Europe and noted that the Company’s fees are in general below the median fees in Sweden. In-light of the fact that the Company’s business is USD denominated, the Nomination Committee considered that it is therefore rational that fees payable to the members of the Board of Directors and to the Chairman of the Board of Directors also be USD denominated to achieve alignment with the Company’s business. In order to convert the current SEK denominated fees to USD, the Nomination Committee has based itself on a three year average USD/SEK foreign exchange rate, which represents an approximate increase of the previous SEK denominated fees of 9% compared with a conversion using the spot rate as per the end of January 2020. The Nomination Committee therefore proposes that the remuneration of the members of the Board of Directors, the Chairman of the Board of Directors and fees for Committee work and Committee Chairs, be as follows:

(i) annual fees of the members of the Board of Directors of USD 62,000 (excluding the Chairman of the Board of Directors and the Chief Executive Officer as a Board member);
(ii) annual fees of the Chairman of the Board of Directors of USD 130,000;
(iii) annual fees for Committee members of USD 14,700 per Committee assignment (other than Committee Chairs); and
(iv) annual fees for Committee Chairs of USD 20,300.

The total remuneration for Committee work, including remuneration to Committee Chairs, thus amounts to USD 149,100 based on the current composition of the Committees. The Nomination Committee considers that it should be possible to elect further Committee members and the total annual remuneration for Committee work shall therefore not exceed USD 193, 200, corresponding to remuneration for three additional Committee members.

6. Independence of the members of the Board of Directors

According to the Code, a majority of the members of the Board of Directors elected by the shareholders' meeting are to be independent of the Company and Group management. In addition, at least two of the members of the Board of Directors who are independent of the Company and Group management are also to 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 current Chief Executive Officer Alex Schneiter, the former Chief Executive Officer C. Ashley Heppenstall and the former Managing Director of Lundin Norway AS, Torstein Sanness, shall be considered independent of the Company and Group management. In the opinion of the Nomination Committee, the fact that Ian H. Lundin has received fees for work performed outside the directorship does not entail that they shall be considered non-independent of the Company and Group management.

With respect to independence of the Company’s major shareholders, it is the opinion of the Nomination Committee that C. Ashley Heppenstall shall not 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 C. Ashley Heppenstall serves on the Board of Directors of several listed companies in which entities associated with the Lundin family are significant shareholders. It is the opinion of the Nomination Committee that Peggy Bruzelius, Grace Reksten Skaugen, Torstein Sanness, Alex Schneiter, Jakob Thomasen and Cecilia Vieweg are independent of the Company's major shareholders.

7. Election of auditor and auditor's fees

The term of office of Lundin Petroleum's current auditor PricewaterhouseCoopers AB expires at the 2020 AGM.

The Nomination Committee proposes that Ernst & Young AB, which intends to appoint authorised public accountant Anders Kriström as the auditor in charge, be elected at the 2020 AGM for a term until the 2021 AGM. The proposal regarding the election of auditor was recommended to the Nomination Committee by the Company's Audit Committee following an appraisal process conducted in view of auditor rotation.

The Nomination Committee proposes that, as in previous years, the payment of auditor's fees shall be made upon approval of their invoice.

8. Nomination Committee Process

The Nomination Committee reviewed the Nomination Committee Process approved at the 2014 AGM and concluded that changes in respect of the number of Committee members, and the determining point in time for their shareholding, shall be proposed to facilitate the formation and work of the Nomination Committee. The Nomination Committee therefore proposes an up-dated Nomination Committee Process for approval at the 2020 AGM, as included in Annex 2 and Annex 3 (mark-up), to be adopted as the Company's nomination procedure generally for all Annual General Meetings, until recommended to be amended or replaced by a future Nomination Committee.

The Nomination Committee's complete proposal for resolutions by the 2020 Annual General Meeting of Lundin Petroleum AB (publ)

- Advokat Klaes Edhall to be appointed as Chairman of the Annual General Meeting.
- Nine members of the Board of Directors to be appointed without deputy members.
- Remuneration of the members of the Board of Directors and the Chairman of the Board of Directors, including in respect of Committee membership, to be as follows: (i) annual fees of the members of the Board of Directors of USD 62,000 (excluding the Chairman of the Board of Directors and the Chief Executive Officer as a Board member); (ii) annual fees of the Chairman of the Board of Directors of USD 130,000; (iii) annual fees for Committee members of USD 14,700 per Committee assignment (other than Committee Chairs); (iv) annual fees for Committee Chairs of USD 20,300; with the total fees for Committee work, including Committee Chair, not to exceed USD 193,200.
- Re-election of Peggy Bruzelius, C. Ashley Heppenstall, Ian H. Lundin, Lukas H. Lundin, Grace Reksten Skaugen, Torstein Sanness, Alex Schneiter, Jakob Thomasen and Cecilia Vieweg as members of the Board of Directors for a term until the 2021 Annual General Meeting.
- Re-election of Ian H. Lundin as Chairman of the Board of Directors.
- The auditor's fees shall be payable upon approval of their invoice.
- Election of the registered accounting firm Ernst & Young AB, which intends to appoint authorised public accountant Anders Kriström as the auditor in charge, as the auditor of the Company for a term until the 2021 Annual General Meeting.
- The nomination procedure for future Annual General Meetings shall follow the Nomination Committee Process (described in Annex 2).

Stockholm, February 2020

Aksel Azrac	Filippa Gerstädt	Ian H. Lundin
Chairman		

Board of Directors:	Ian H. Lundin	Alex Schneiter	Peggy Bruzelius	C. Ashley Heppenstall
Function	Chairman (since 2002) Elected 2001 Born 1960 Compensation Committee member	President & Chief Executive Officer, Director Elected 2016 Born 1962	Director Elected 2013 Born 1949 Audit Committee chair	Director Elected 2001 Born 1962 Audit Committee member
Education	B.Sc. Petroleum Engineering from the University of Tulsa.	M.Sc. Geophysics and degree in Geology from the University of Geneva.	M.Sc. Economics and Business from the Stockholm School of Economics.	B.Sc. Mathematics from the University of Durham.
Experience	CEO of International Petroleum Corp. 1989—1998. CEO of Lundin Oil AB 1998—2001. CEO of Lundin Petroleum 2001—2002.	Various positions within Lundin related companies since 1993. COO of Lundin Petroleum 2001—2015. CEO of Lundin Petroleum since 2015.	Managing Director of ABB Financial Services AB 1991—1997. Head of the asset management division of Skandinaviska Enskilda Banken AB 1997—1998.	Various positions within Lundin related companies since 1993. CFO of Lundin Oil AB 1998—2001. CFO of Lundin Petroleum 2001—2002. CEO of Lundin Petroleum 2002—2015.
Other board duties	Member of the board of Etrion Corporation and member of the advisory board of Adolf H. Lundin Charity Foundation (AHLCF).	–	Chair of the board of Lancelot Asset Management AB and member of the board of Skandia Liv.	Chairman of the board of Africa Energy Corp. and Josemaria Resources Inc. and member of the board of Lundin Gold Inc., Filo Mining Corp. and International Petroleum Corp.
Shares as at 31 December 2019	Nil[1]	335,690	8,000	Nil[3]
Independent of the Company and Group management	Yes	No[2]	Yes	No[3]
Independent of major shareholders	No[1]	Yes	Yes	No[3]

1 Ian H. Lundin is in the Nomination Committee's and the Company's opinion not deemed independent of the Company's major shareholder as Ian H. Lundin is a member of the Lundin family that holds, through family trusts, Nemesia S.à.r.l., which holds 95,478,606 shares in the Company.

2 Alex Schneiter is in the Nomination Committee's and the Company's opinion not deemed independent of the Company and Group management since he is the President and CEO of Lundin Petroleum.

3 C. Ashley Heppenstall holds 1,542,618 shares in Lundin Petroleum AB through an investment company, Rojafi. C. Ashley Heppenstall is in the Nomination Committee's and the Company's opinion not deemed independent of the Company and Group management since he was the President and CEO of Lundin Petroleum until 2015, and not of the Company's major shareholders since he is a director of several companies in which entities associated with the Lundin family are major shareholders.

Lukas H. Lundin	Grace Reksten Skaugen	Torstein Sanness	Jakob Thomasen	Cecilia Vieweg
Director Elected 2001 Born 1958	Director Elected 2015 Born 1953 ESG/H&S Committee chair Compensation Committee member	Director Elected 2018 Born 1947 ESG/H&S Committee member	Director Elected 2017 Born 1962 Audit Committee member ESG/H&S Committee member	Director Elected 2013 Born 1955 Compensation Committee chair
Graduate (engineering) from the New Mexico Institute of Mining and Technology.	MBA from the BI Norwegian School of Management, Ph.D. Laser Physics and B.Sc. Honours Physics from Imperial College of Science and Technology at the University of London.	M.Sc. Engineering in geology, geophysics and mining engineering from the Norwegian Institute of Technology in Trondheim.	Graduate of the University of Copenhagen, Denmark, M.Sc. in Geoscience and completed the Advanced Strategic Management programme at IMD, Switzerland.	L.L.M. from the University of Lund.
Various key positions within companies where the Lundin family has a major shareholding.	Former Director of Corporate Finance with SEB Enskilda Securities in Oslo. Board member/deputy chair of Statoil ASA 2002—2015. Member of HSBC European Senior Advisory Council.	Various positions in Saga Petroleum 1972—2000. Managing Director of Det Norske Oljeselskap AS 2000—2004. Managing Director of Lundin Norway AS 2004—2015.	Former CEO of Maersk Oil and a member of the Executive Board of the Maersk Group 2009—2016.	General Counsel and member of the Executive Management of AB Electrolux 1999—2017. Senior positions in AB Volvo Group 1990—1998. Lawyer in private practice. Member of the Swedish Securities Council 2006—2016.
Chairman of the board of Lundin Mining Corp., Lucara Diamond Corp., Lundin Gold Inc., Filo Mining Corp., International Petroleum Corp, Lundin Foundation and Bukowski Auktioner AB and member of the board of Josemaria Resources Inc.	Deputy chair of the board of Orkla ASA and member of the board of Investor AB and Euronav NV, founder and board member of the Norwegian Institute of Directors, and trustee and council member of the International Institute for Strategic Studies in London.	Chairman of the board of Magnora ASA, deputy chairman of Panoro Energy ASA and member of the board of International Petroleum Corp. and TGS Nopec ASA.	Chairman of the DHI Group, ESVAGT, RelyOn Nutec (Global) and Hovedstadens Letbane.	—
425,000[4]	5,000	93,310	8,820	5,000
Yes	Yes	No[5]	Yes	Yes
No[4]	Yes	Yes	Yes	Yes

4 Lukas H. Lundin is in the Nomination Committee's and the Company's opinion not deemed independent of the Company's major shareholder as Lukas H. Lundin is a member of the Lundin family that holds, through family trusts, Nemesia S.à.r.l., which holds 95,478,606 shares in the Company.

5 Torstein Sanness is in the Nomination Committee's and the Company's opinion not deemed independent of the Company and Group management since he was the Managing Director of Lundin Norway AS, a subsidiary of the Company, until 2015.

LUNDIN PETROLEUM AB

NOMINATION COMMITTEE PROCESS

1. General

1.1 As per the Swedish Code of Corporate Governance (Code of Governance), Lundin Petroleum AB (publ) (the Company) shall each year appoint a Nomination Committee which shall have as its sole task to propose decisions to the Annual General Meeting (AGM) on electoral and remuneration issues, and procedural issue for the appointment of the Nomination Committee for the following year.

1.2 The AGM shall either appoint the members of the Nomination Committee or specify how they are to be appointed. This Nomination Committee Process shall apply as the Company's nomination procedure generally for all AGMs, until recommended to be amended or replaced by a future Nomination Committee, to specify how the Nomination Committee is to be appointed and to instruct the Nomination Committee on how it is to conduct its work.

1.3 References herein to AGMs shall apply *mutatis mutandis* to Extraordinary General Meetings where elections of the Board of Directors and/or the auditor are to take place.

2. Appointment of the Nomination Committee

2.1 The Chairman of the Board of Directors shall invite a minimum of three and a maximum of four of the larger shareholders of the Company based on shareholdings as per 1 June of each year, provided such larger shareholders agree to participate, to form a Nomination Committee for the AGM of the following year. The Chairman of the Board of Directors shall also be a member of the Nomination Committee. External members not appointed by a larger shareholder may also be invited to join the Nomination Committee to assist in and facilitate the work of the Nomination Committee.

2.2 The names of the members of the Nomination Committee shall be published on the Company's website no later than six months prior to the AGM of the following year. The names of the shareholders that the members were appointed by, if applicable, shall be included in the announcement, as well as information on how shareholders may submit recommendations to the Nomination Committee.

2.3 The mandate period of a Nomination Committee commences on the date its composition has been published as per article 2.2 and continues until the publication of the composition of the Nomination Committee for the following AGM.

2.4 The Chairman of the Board of Directors shall convene the first meeting of each Nomination Committee, which is to be held in good time before the announcement of the composition of the Nomination Committee as per article 2.2. The Nomination Committee shall appoint a Chairman at the first meeting.

2.5 If the shareholding in the Company changes significantly before the Nomination Committee's work has been completed, or if a member leaves the Nomination Committee before its work has been completed, a change in the composition of the Nomination Committee may take place. If the Nomination Committee then consists of appointees of less than three of the larger shareholders of the Company, the Chairman of the Board shall, with the aim to increase the number of members to three, invite another larger shareholder to join the Nomination Committee. If a member ceases to be connected to a larger shareholder, due to termination of employment or similar, that larger shareholder may appoint another person to replace such member of the Nomination Committee. Information about changes to the composition of the Nomination Committee, as well as information about new members and the larger shareholders that they were appointed by, if applicable, shall be published on the Company's website as soon as possible after a change has occurred.

3. Duties of the Nomination Committee

3.1 The Nomination Committee shall prepare proposals for the following resolutions to the AGM:

(i) Chairman of the AGM;

(ii) number of members of the Board of Directors;

(iii) members of the Board of Directors;

(iv) Chairman of the Board of Directors;

(v) remuneration of the members of the Board of Directors, distinguishing between the Chairman and other members and remuneration for Board Committee work;

(vi) election of auditor of the Company;

(vii) remuneration of the Company's auditor; and

(viii) Nomination Committee Process (in case of amendment).

3.2 The proposals of the Nomination Committee shall be presented to the Company in a written report in general at least eight weeks before the AGM to ensure the proposals can be duly included in the notice of the AGM. The Nomination Committee report shall in addition be posted on the Company's website at the same time as the notice of the AGM is issued.

3.3 As a basis for its proposals regarding the members of the Board of Directors, the Nomination Committee shall consider the requirements set forth in the Code of Governance to ensure that the Company's Board of Directors has a size and composition that enables it to manage the Company's affairs efficiently and with integrity.

3.4 In its written report, the Nomination Committee shall include a description of its work and considerations, as well as explanations regarding its proposals, in particular in respect of the following requirements regarding the composition of the Board of Directors:

(i) candidates' age, principal education and work experience;

(ii) any work performed by the candidates for the Company and other significant professional commitments;

(iii) candidates' holdings of shares and other financial instruments in the Company and any such holdings owned by candidates' related natural or legal persons;

(iv) whether the Nomination Committee deems the candidates to be independent of the Company and Group management, as well as of major shareholders of the Company;

(v) in case of re-election, the year that the candidates were first elected to the Board of Directors; and

(vi) other information that could be of importance to shareholders to assess the candidates' expertise and independence.

3.5 If an election for auditor shall take place at the AGM, the proposal of the Nomination Committee shall be based on a report to be prepared by the Company's Audit Committee, which report shall include an assessment of the independence and impartiality of the proposed auditor, as well as of the implications of services provided to the Company by the proposed auditor outside the scope of general audit work, if applicable.

3.6 The Nomination Committee shall at each AGM give an account of its work and present its proposals for resolutions at the AGM. All members of the Nomination Committee shall endeavour to be present at each AGM.

4. Meetings of the Nomination Committee

4.1 The Nomination Committee shall meet as often as is required for the performance of its duties. A notice of a meeting shall be circulated by the Chairman of the Nomination Committee in good time before each meeting, except as provided in article 2.4 in respect of the first meeting of each Nomination Committee. Any member of the Nomination Committee may reasonably request at any time during the mandate period that a meeting be convened and the Chairman shall comply with such reasonable requests.

4.2 The Nomination Committee shall be quorate if more than half of the members are present.

4.3 The Nomination Committee shall endeavour to reach unanimous decisions in all matters to be proposed to the AGM. If a unanimous decision cannot be reached, the Nomination Committee shall present to the AGM the proposals approved by a majority of the members of the Nomination Committee and dissenting members may present their own proposals individually or jointly with other members of the Committee.

4.4 Meetings of the Nomination Committee shall be minuted and the minutes shall be signed by the person keeping the minutes and shall be attested by the Chairman and another member appointed by the Nomination Committee. If the Chairman has been assigned to keep the minutes, the minutes shall be attested by two other members appointed by the Nomination Committee.

5. Other

5.1 All information which is provided to the members of the Nomination Committee by the Company and/or candidates, or which information the Nomination Committee members otherwise receive within the scope of their duties as Nomination Committee members, shall be treated as confidential and may not be disclosed to third parties without the prior approval of the Company.

5.2 No remuneration shall be paid to the members of the Nomination Committee. The Company may however cover reasonable out of pocket expenses that the members may occur in relation to work performed for the Nomination Committee.

5.3 The Nomination Committee shall yearly assess this Nomination Committee Process and shall propose changes to it to the AGM, as appropriate.

LUNDIN PETROLEUM AB

NOMINATION COMMITTEE PROCESS

1. General

1.1 As per the Swedish Code of Corporate Governance (Code of Governance), Lundin Petroleum AB (publ) (the Company) shall each year appoint a Nomination Committee which shall have as its sole task to propose decisions to the Annual General Meeting (AGM) on electoral and remuneration issues, and procedural issue for the appointment of the Nomination Committee for the following year.

1.2 The AGM shall either appoint the members of the Nomination Committee or specify how they are to be appointed. This Nomination Committee Process shall apply as the Company's nomination procedure generally for all AGMs, until recommended to be amended or replaced by a future Nomination Committee, to specify how the Nomination Committee is to be appointed and to instruct the Nomination Committee on how it is to conduct its work.

1.3 References herein to AGMs shall apply *mutatis mutandis* to Extraordinary General Meetings where elections of the Board of Directors and/or the auditor are to take place.

2. Appointment of the Nomination Committee

2.1 The Chairman of the Board of Directors shall invite ~~four~~ a minimum of three and a maximum of four of the larger shareholders of the Company based on shareholdings as per 1 ~~August~~ June of each year, provided such larger shareholders agree to participate, to form a Nomination Committee for the AGM of the following year. The Chairman of the Board of Directors shall also be a member of the Nomination Committee. External members not appointed by a larger shareholder may also be invited to join the Nomination Committee to assist in and facilitate the work of the Nomination Committee.

2.2 The names of the members of the Nomination Committee shall be published on the Company's website no later than six months prior to the AGM of the following year. The names of the shareholders that the members were appointed by, if applicable, shall be included in the announcement, as well as information on how shareholders may submit recommendations to the Nomination Committee.

2.3 The mandate period of a Nomination Committee commences on the date its composition has been published as per article 2.2 and continues until the publication of the composition of the Nomination Committee for the following AGM.

2.4 The Chairman of the Board of Directors shall convene the first meeting of each Nomination Committee, which is to be held in good time before the announcement of the composition of the Nomination Committee as per article 2.2. The Nomination Committee shall appoint a Chairman at the first meeting.

2.5 If the shareholding in the Company changes significantly before the Nomination Committee's work has been completed, or if a member leaves the Nomination Committee before its work has been completed, a change in the composition of the Nomination Committee may take place. If the Nomination Committee then consists of appointees of less than three of the larger shareholders of the Company, the Chairman of the Board shall, with the aim to increase the number of members to three, invite another larger shareholder to join the Nomination Committee. If a member ceases to be connected to a larger shareholder, due to termination of employment or similar, that larger shareholder may appoint another person to replace such member of the Nomination Committee. Information about changes to the composition of the Nomination Committee, as well as information about new members and the larger shareholders that they were appointed by, if applicable, shall be published on the Company's website as soon as possible after a change has occurred.

3. Duties of the Nomination Committee

3.1 The Nomination Committee shall prepare proposals for the following resolutions to the AGM:

(i) Chairman of the AGM;

(ii) number of members of the Board of Directors;

(iii) members of the Board of Directors;

(iv) Chairman of the Board of Directors;

(v) remuneration of the members of the Board of Directors, distinguishing between the Chairman and other members and remuneration for Board Committee work;

(vi) election of auditor of the Company;

(vii) remuneration of the Company's auditor; and

(viii) Nomination Committee Process (in case of amendment).

3.2 The proposals of the Nomination Committee shall be presented to the Company in a written report in general at least eight weeks before the AGM to ensure the proposals can be duly included in the notice of the AGM. The Nomination Committee report shall in addition be posted on the Company's website at the same time as the notice of the AGM is issued.

3.3 As a basis for its proposals regarding the members of the Board of Directors, the Nomination Committee shall consider the requirements set forth in the Code of Governance to ensure that the Company's Board of Directors has a size and composition that enables it to manage the Company's affairs efficiently and with integrity.

3.4 In its written report, the Nomination Committee shall include a description of its work and considerations, as well as explanations regarding its proposals, in particular in respect of the following requirements regarding the composition of the Board of Directors:

(i) candidates' age, principal education and work experience;

(ii) any work performed by the candidates for the Company and other significant professional commitments;

(iii) candidates' holdings of shares and other financial instruments in the Company and any such holdings owned by candidates' related natural or legal persons;

(iv) whether the Nomination Committee deems the candidates to be independent of the Company and Group management, as well as of major shareholders of the Company;

(v) in case of re-election, the year that the candidates were first elected to the Board of Directors; and

(vi) other information that could be of importance to shareholders to assess the candidates' expertise and independence.

3.5 If an election for auditor shall take place at the AGM, the proposal of the Nomination Committee shall be based on a report to be prepared by the Company's Audit Committee, which report shall include an assessment of the independence and impartiality of the proposed auditor, as well as of the implications of services provided to the Company by the proposed auditor outside the scope of general audit work, if applicable.

3.6 The Nomination Committee shall at each AGM give an account of its work and present its proposals for resolutions at the AGM. All members of the Nomination Committee shall endeavour to be present at each AGM.

4. Meetings of the Nomination Committee

4.1 The Nomination Committee shall meet as often as is required for the performance of its duties. A notice of a meeting shall be circulated by the Chairman of the Nomination Committee in good time before each meeting, except as provided in article 2.4 in respect of the first meeting of each Nomination Committee. Any member of the Nomination Committee may reasonably request at any time during the mandate period that a meeting be convened and the Chairman shall comply with such reasonable requests.

4.2 The Nomination Committee shall be quorate if more than half of the members are present.

4.3 The Nomination Committee shall endeavour to reach unanimous decisions in all matters to be proposed to the AGM. If a unanimous decision cannot be reached, the Nomination Committee shall present to the AGM the proposals approved by a majority of the members of the Nomination Committee and dissenting members may present their own proposals individually or jointly with other members of the Committee.

4.4 Meetings of the Nomination Committee shall be minuted and the minutes shall be signed by the person keeping the minutes and shall be attested by the Chairman and another member appointed by the Nomination Committee. If the Chairman has been assigned to keep the minutes, the minutes shall be attested by two other members appointed by the Nomination Committee.

5. Other

5.1 All information which is provided to the members of the Nomination Committee by the Company and/or candidates, or which information the Nomination Committee members otherwise receive within the scope of their duties as Nomination Committee members, shall be treated as confidential and may not be disclosed to third parties without the prior approval of the Company.

5.2 No remuneration shall be paid to the members of the Nomination Committee. The Company may however cover reasonable out of pocket expenses that the members may occur in relation to work performed for the Nomination Committee.

5.3 The Nomination Committee shall yearly assess this Nomination Committee Process and shall propose changes to it to the AGM, as appropriate.

Item 18: Resolution in respect of the 2020 Policy on Remuneration for Group Management
The Board of Directors proposes that the Annual General Meeting resolves that the Company shall apply the following policy for Group Management.

POLICY ON REMUNERATION FOR GROUP MANAGEMENT

Application of the Policy
This Policy on Remuneration (the "**Policy**") applies to the remuneration of "**Group Management**" at Lundin Petroleum AB ("**Lundin Petroleum**" or the "**Company**"), which includes (i) the President and Chief Executive Officer (the "**CEO**"), (ii) the Deputy CEO, who from time to time will be designated from one of the other members of Group Management, and (iii) the Chief Operating Officer, Chief Financial Officer and Vice President level employees. The Policy also applies to members of the Board of Directors (the "**Board**") of the Company where remuneration is paid for work performed outside the directorship.

Background to the proposed changes to the Policy
The Policy to be approved by the 2020 Annual General Meeting ("**AGM**") is the result of a review to comply with revised Swedish legislation resulting from the European Union Shareholder Rights Directive II and the 2020 revised Swedish Corporate Governance Code. Few material changes are proposed for how the Company manages executive remuneration matters, however the new legislation, together with discussions with shareholders' representatives, have led to some changes to the Policy that is submitted to the shareholders for approval. The revised Policy is different to the Policy approved by the 2019 AGM with regard to the following:

- The Policy is more explicit on the links to strategy, long- term performance and sustainability and requires that the Compensation Committee (the "**Committee**") takes shareholders' opinions into account, as well as remuneration across the broader employee population, when making its decisions and recommendations to the Board.
- The Board continues to award annual variable remuneration worth up to 12 months' base salary but now provides more clarity by imposing a cap of 18 months' base salary for occasions when individuals have delivered outstanding performance.
- The Policy now describes the design and governance of different elements of remuneration in more detail, as well as their relative proportions of total remuneration.
- There is more information on terms and decision making processes and considerations, including how the Company can deviate from the Policy.

This Policy is, together with previous years' Policies, available on the Company's website www.lundin-petroleum.com and it will remain available for ten years.

Key remuneration principles at Lundin Petroleum
Lundin Petroleum's remuneration principles and policies are designed to ensure responsible and sustainable remuneration decisions that support the Company's strategy, shareholders' long-term interests and sustainable business practices. It is the aim of Lundin Petroleum to recruit, motivate and retain high calibre executives capable of achieving the objectives of the Company and to encourage and appropriately and fairly reward executives for their contributions to Lundin Petroleum's success.

Remuneration to members of the Board
In addition to Board fees resolved by the AGM, remuneration as per prevailing market conditions may be paid to members of the Board for work performed outside the directorship.

Compensation Committee
The Board has established the Committee to support it on matters of remuneration relating to the CEO, the Deputy CEO, other members of Group Management and other key employees of the Company. The objective of the Committee is to structure and implement remuneration principles to achieve the Company's strategy, the principal matters for consideration being:

- the review and implementation of the Company's remuneration principles for Group Management, including this Policy which requires approval by the General Meeting of Shareholders;
- the remuneration of the CEO and the Deputy CEO, as well as other members of Group Management, and any other specific remuneration issues arising;
- the design of long-term incentive plans that require approval by the General Meeting of Shareholders; and
- compliance with relevant rules and regulatory provisions, such as this Policy, the Swedish Companies Act and the Swedish Corporate Governance Code.

When the Committee makes decisions, including determining, reviewing and implementing the Policy, it follows a process where:

- The Board sets and reviews the terms of reference of the Committee;
- the Chair of the Committee approves the Committee's agenda;
- the Committee considers reports, data and presentations and debates any proposal. In its considerations the Committee will give due regard to the Company's situation, the general and industry specific remuneration environment, the remuneration and terms of employment of the broader employee population, feedback from different stakeholders, relevant codes, regulations and guidelines published from time to time;
- the Committee may request the advice and assistance of management representatives, other internal expertise and of external advisors. However, it shall ensure that there is no conflict of interest regarding other assignments that any such advisors may have for the Company and Group Management;
- the Committee ensures through a requirement to notify and recuse oneself that no individual with a conflict of interest will take part in a remuneration decision that may compromise such a decision;
- once the Committee is satisfied that it has been properly and sufficiently informed, it will make its decisions and, where required, formulate proposals for approval by the Board; and
- the Board will consider any items for approval or proposals from the Committee and, following its own discussions, make decisions, proposals for a General Meeting of Shareholders and/ or further requests for the Committee to deliberate on.

Elements of remuneration for Group Management
There are four key elements to the remuneration of Group Management:

	Description, purpose and link to strategy and sustainability	**Process and governance**	**Relative share of estimated/maximum total reward**[2]
a) Base salary	- Fixed cash remuneration paid monthly. Provides predictable remuneration to aid attraction and retention of key talent.	- The Committee reviews salaries every year as part of the review of total remuneration (see below for a description of the benchmarking process).	30% / 20%

[2] Estimated reward shows the percentage of total reward where proportions are estimated assuming 50 percent of maximum annual bonus and 50 percent of the long-term incentive without any share price or dividend effect. Proportions of maximum reward assume full vesting of both annual variable remuneration and the long-term incentive but without any share price or dividend effect. Different actual awards and the variable nature of incentives means that the actual proportions for an individual may be different.

b) Annual variable remuneration	- Annual bonus is paid for performance over the financial year. - Awards are capped at 18 months' base salary, paying up to 12 months' base salary for ranges of stretching performance requirements. Any value over 12 months' base salary is paid for delivering outstanding performance. - Signals and rewards the strategic and operational results and behaviours expected for the year that contribute to the long-term, sustainable value creation of the Company.	- The annual review of total remuneration also considers annual bonus awards, outcomes, target structure, weightings of targets and specific target levels of performance. - Measurable financial and non- financial performance requirements are identified according to position and responsibilities and include delivery against production of oil and gas, reserves and resource replacement, financial, health and safety, ESG, carbon dioxide gas emissions, and strategic targets. - The Committee reviews the design of annual variable remuneration separately.	20% / 25%
c) Long-term incentive plan	- Performance share plan that aligns the interests of participants with those of shareholders through awards in shares worth up to 36 months' base salary on award, vesting after 3 years subject to performance. - Relative Total Shareholder Return ("**TSR**") summarises the complex set of variables for long-term sustainable success in oil and gas exploration and production into a single performance test relative to peers that the Company competes with for capital.	- Annual review of total remuneration considers long-term incentive awards, outcomes, TSR peer group and targets. - Participants are required to build a significant personal shareholding of up to 200% of base salary over time by retaining shares until a predetermined limit has been achieved. - The Committee reviews the design of long-term incentives separately.	40% / 50%
d) Benefits	- Predictable benefits to help facilitate the discharge of each executive's duties, aiding the attraction and retention of key talent.	- The Committee reviews benefits and contractual terms regularly to ensure that the Company does not fall behind the market. - Benefits are set with reference to external market practices, internal	10% / 5%

		practices, position and relevant reference remuneration.	
Total			100% / 100%

Review and benchmarking
Every year the Committee undertakes a review of the Company's remuneration policies and practices considering the total remuneration of each executive as well as the individual components. Levels are set considering:

- the total remuneration opportunity;
- the external pay market;
- the scope and responsibilities of the position;
- the skills, experience and performance of the individual;
- the Company's performance, affordability of reward and general market conditions; and
- levels and increases in remuneration, as well as other terms of employment, for other positions within the Company.

External benchmarks for total remuneration are found from one or more sets of companies that compete with Lundin Petroleum for talent, taking into consideration factors like size, complexity, geography and business profile when determining such peer groups.

Variable remuneration
The Company considers that variable remuneration forms important parts of executives' remuneration packages, where associated performance targets reflect the key drivers for pursuing the Company's strategy, and to achieve sustainable value creation and growth in long-term shareholder value. The Committee ensures that performance and design align with the strategic direction and risk appetite of the Company before incentives are approved by the Board.

There is no deferral of incentive payments, however, the Board can recover annual bonuses paid in the unlikely event of outcomes based on information which is subsequently proven to have been manifestly misstated. The Board can also in exceptional circumstances reduce long-term incentive awards, including reducing them to zero, should it consider the vesting outcome to incorrectly reflect the true performance of the Company.

Benefits
Benefits provided shall be based on market terms and shall facilitate the discharge of each executive's duties. The pension provision is the main benefit and follows the local practice of the geography where the individual is based. The pension benefits consist of a basic defined contribution pension plan, where the employer provides 60 percent and the employee 40 percent of an annual contribution of up to 18 percent of the capped pensionable salary and a supplemental defined contribution pension plan where the employer provides 60 percent and the employee 40 percent of a contribution up to 14 percent of the capped pensionable salary.

Severance arrangements
Executives have rolling contracts where mutual notice periods of between three and twelve months apply between the Company and the executive, 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. Such compensation, together with applicable notice periods, shall not exceed 24 months' base salary.

The Board is further authorised, in individual cases, to approve severance arrangements, in addition to the notice periods and the severance arrangements in respect of a change of control of the Company, where employment is terminated by the Company without cause, or otherwise in circumstances at the discretion of the Board. Such severance arrangements may provide for the payment of up to 12 months' base salary; no other benefits shall be included.

In all circumstances, severance payments in aggregate (i.e. for notice periods and severance arrangements) shall be limited to a maximum of 24 months' base salary.

Authorisation for the Board
In accordance with Chapter 8, Section 53 of the Swedish Companies Act, the Board shall be authorised to approve temporary deviations from the Policy on any element of remuneration described in this Policy, except from the maximum award of annual variable remuneration, which shall at all times be limited to 18 months' base salary . Deviations shall be considered by the Committee and shall be presented to the Board for approval. Deviations may only be made in specific cases if there are special reasons outside of normal business that make it necessary to increase reward in order to help secure the Company's long-term interests, financial viability and/or sustainability by recognising exceptional contributions. The reasons for any deviation shall be explained in the remuneration report to be submitted to the AGM.

Outstanding remunerations
Remunerations outstanding to Group Management comprise awards granted under the Company's previous long-term incentive programs and include 258,619 shares for awards under the LTIP 2017, 195,658 shares for awards under the LTIP 2018, 222,148 shares for awards under LTIP 2019 and 2,746 unit bonus awards under the 2017 Unit Bonus Plan. Further information about these plans is available in note 28 of the Company's Annual Report 2019.

Stockholm in February 2020
Lundin Petroleum AB (publ)
The Board of Directors

Item 19: Resolution for the 2020 Long-term, Performance-based Incentive Plan
The Board of Directors proposes that the Annual General Meeting resolves to establish a long-term, performance-based incentive plan ("**LTIP 2020**") in respect of Group Management and a number of key employees of Lundin Petroleum AB (publ) ("**Lundin Petroleum**" or the "**Company**"), which follows similar principles as the long-term, performance-based incentive plan approved by the 2014 - 2019 Annual General Meetings, as set forth below.

The primary reason for establishing LTIP 2020 is to align the interests of Group Management and other key employees with the interests of the shareholders, and to provide market appropriate reward reflecting performance and commitment. The Board of Directors also believes that the proposed LTIP 2020 will provide Lundin Petroleum with a crucial component to a competitive total compensation package to attract and retain executives who are critical to Lundin Petroleum's on-going success. Participants in the LTIP 2020 will not be entitled to receive any new awards under any of the Company's other long term incentive ("**LTI**") plans in the same year.

The Board of Directors intends to propose to future Annual General Meetings to establish LTI plans based on principles corresponding to the currently proposed LTIP 2020. In order to be eligible to participate in such future LTI plans, each participant needs to build towards a meaningful shareholding in Lundin Petroleum, meaning that a certain portion of any allotted shares pursuant to LTIP 2020 (and any future LTI plans) shall be retained until the required level of shareholding has been met.

Implementation of LTIP 2020

The Board of Directors proposes that the Annual General Meeting 2020 resolves on the implementation of the LTIP 2020 in accordance with the terms and conditions set out below.

Terms and conditions

(a) Awards under LTIP 2020 are proposed to be made to approximately 20 permanent employees of the Lundin Petroleum Group (the "**Participants**"), comprising the CEO and other members of Group Management as well as certain other key employees within the Lundin Petroleum Group. The Board of Directors may, within the total number of shares available under LTIP 2020, invite a limited number of additional Participants in LTIP 2020 following recruitment to the Lundin Petroleum Group.

(b) LTIP 2020 gives the Participants the possibility to receive shares in Lundin Petroleum subject to uninterrupted employment and to the fulfilment of a performance condition over a three year performance period normally commencing on 1 July 2020 and expiring on 30 June 2023 (the "**Performance Period**"). The performance condition (the "**Performance Condition**") is based on the share price growth and dividends ("**Total Shareholder Return**") of the Lundin Petroleum share compared to the Total Shareholder Return of a peer group of companies (the "**Peer Group**"). At the beginning of the Performance Period, the Participants will, free of charge, be granted awards ("**LTIP Awards**") which, to the extent that i.a. the Performance Condition is met, entitle the Participant to be allotted, also free of charge, shares in Lundin Petroleum ("**Performance Shares**") as soon as reasonably practicable following the end of the Performance Period.

(c) The LTIP Award (i.e. the number of Performance Shares that a Participant may be allotted following the expiration of the Performance Period, provided that i.a. the Performance Condition is met) to be awarded to each Participant shall be calculated as follows:

LTIP Award = A multiplied by B divided by C multiplied by D, where

A is the Participant's monthly gross base salary applicable as at the date of grant of the LTIP Award;

B is a number of months as determined by the Board of Directors in respect of each Participant, taking into account such factors as industry benchmarking and the Participant's position within the Lundin Petroleum Group (but in any case, not exceeding 36 months);

C is the average closing price of the Lundin Petroleum share on Nasdaq Stockholm for the three month period immediately prior to the Performance Period (the "**Initial Share Price**"); and

D is the product of the factors representing the proportional increases in the number of Performance Shares under award, calculated by dividing the value of the Lundin Petroleum share at closing on the ex-dividend date plus the declared dividend by the value of the share at closing on the ex-dividend date, for each dividend until allotment.

Fractions of allotted Performance Shares shall be rounded-off to the immediate lower whole number.

Assuming a share price of the Lundin Petroleum share as of 26 February 2020 of SEK 274, the total number of Performance Shares that may be allotted under LTIP 2020 as at the date of award (assuming 100 per cent vesting) is approximately 350,000, corresponding to approximately 0.12 per cent of the current total number of shares and votes in Lundin Petroleum. Since LTIP Awards are intended to be awarded in July 2020 and the share price of the Lundin Petroleum share may fluctuate until the Initial Share Price is determined, and considering additional Participants (if any) following recruitment and increased awards due to dividends, it is proposed that the total number of Performance Shares under LTIP 2020 shall not exceed 560,000.

(d) Allotment of Performance Shares will be determined by the Board of Directors after the expiration of the Performance Period on the basis of LTIP Awards made and is conditional on (i) the Participant retaining his or her uninterrupted employment in the Lundin Petroleum Group until the expiry of the Performance Period and (ii) the extent to which (if any) the Performance Condition has been met. The LTIP Award will as in previous years compensate for dividends distributed, however, to ensure further alignment with shareholders' interests, LTIP 2020 will do so by increasing the number of Performance Shares under award proportionally during the award period through the formula described in (c) above, entailing also a reinvestment of dividends received during the award period. The Board of Directors may reduce (including reduce to zero) allotment of Performance Shares at its discretion, should it consider the underlying performance not to be reflected in the outcome of the Performance Condition, for example, in light of operating cash flow, reserves, and health and safety performance.

(e) A minimum and a maximum level for the Performance Condition to be fulfilled have been established by the Board of Directors. In order for the LTIP Awards to give entitlement to the maximum number of Performance Shares, the maximum level for the Performance Condition must have been fulfilled. The Performance Condition calculation will be made based on a comparison of Total Shareholder Return of the Lundin Petroleum share to the Peer Group, comparing the period of three months prior to the commencement of the Performance Period with the period of three months prior to the end of the Performance Period. The LTIP Awards will vest based on the comparative Total Shareholder Return of the Lundin Petroleum share from no vesting below the 50th percentile performance and with vesting at or above the 50th percentile performance (i.e. on a straight line basis) from one-third entitlement at the 50th percentile performance to 100 per cent vesting at the 75th percentile performance or above. The Performance Condition calculation will be performed by the Board of Directors. Lundin Petroleum intends to present the level of fulfilment of the LTIP 2020 Performance Condition in the 2023 Annual Report.

(f) The Participants will not be entitled to transfer, pledge or dispose of the LTIP Award or any rights or obligations under LTIP 2020, or exercise any shareholders' rights regarding the LTIP Awards during the Performance Period.

(g) Shares allotted under LTIP 2020 (or any future LTI plans) shall be subject to certain disposition restrictions meaning that the Participants shall be building towards a meaningful shareholding in Lundin Petroleum. The required level of shareholding will be either 50 per cent or 100 per cent (200 per cent for the CEO) of the Participant's annual gross base salary based on the Participant's position within the Lundin Petroleum Group. Notwithstanding this requirement, the Company may pay part or whole of the allotment of Performance Shares in cash in order to facilitate the payment of the Participant's tax liabilities. However, a minimum of 50 per cent of the allotted Performance Shares (after taxes and social security charges) under LTIP 2020 will be required to be retained until the required level of shareholding has been met.

(h) Recalculation of the Performance Condition and the LTIP Awards, including the number of Performance Shares allotted, shall take place in the event of an intervening dividend in kind, bonus issue, split, preferential rights issue and/or other similar corporate events.

Structure and administration

The Board of Directors of Lundin Petroleum will be responsible for the structure and administration of LTIP 2020, as well as for the detailed terms and conditions applicable between Lundin Petroleum and the Participants. The detailed terms and conditions will be adopted within the scope of the terms and conditions and guidelines stated herein. In connection therewith, the Board of Directors will be entitled to adopt different terms and conditions for LTIP 2020 regarding, among other things, the Performance Period and allotment of Performance Shares in the event of commencement or termination of employment during the Performance Period, e.g. due to new recruitments, illness, disability, death, redundancy, contractual retirement and other exceptional circumstances determined by the Board of Directors.

The Board of Directors will be entitled to make adjustments in order to comply with special rules or market conditions abroad. In the event that delivery of Performance Shares to Participants cannot take place under applicable law or at a reasonable cost and employing reasonable administrative measures, the Board of Directors will be entitled to decide that Participants may, instead, be offered a cash settlement. In the event of a change of control, the vesting of any LTIP Awards under LTIP 2020 will be accelerated, based upon performance up to such time.

Peer Group

The Board of Directors has reviewed the Peer Group and determined that it shall consist of the following companies for LTIP 2020: Aker BP, Apache Corporation, BP, Cairn Energy, ConocoPhillips, ENI, Equinor, Galp Energia, Hess Corporation, Kosmos Energy, MOL Group, Oil Search, OMV, Premier Oil, Repsol, Santos, Total, Tullow Oil and Vermilion Energy. The Board of Directors shall have the power to amend the Peer Group in order to maintain a representative and relevant group of companies during the Performance Period.

Delivery of shares, costs etc.

The LTIP Awards entitle Participants to receive free of charge already existing Lundin Petroleum shares.

Under items 21 and 23 of the proposed agenda, the Board of Directors proposes that the Annual General Meeting resolves to authorise the Board of Directors to acquire own shares for the purposes of securing delivery of shares and covering costs, including social security charges, that may arise as a result of LTIP 2020 and that the Annual General Meeting resolves on a transfer of a maximum of 560,000 own shares for the purposes of securing delivery of shares to participants in LTIP 2020. As an alternative to acquisitions and transfers of own shares, the Board of Directors may resolve to hedge the

Company's obligations under LTIP 2020 by entering into an equity swap arrangement with a third party on terms in accordance with market practice, whereby the third party in its own name shall be entitled to acquire and transfer shares in the Company.

The LTIP 2020 will be accounted for in accordance with the accounting standard IFRS 2 and the costs will be charged to the income statement over the Performance Period.

The maximum cost for granting LTIP Awards under LTIP 2020 (assuming 100 per cent vesting), excluding costs related to delivery of the Performance Shares, is approximately USD 9.7 million (approximately SEK 94.2 million), excluding social security charges. On this basis, the maximum cost for social security charges is estimated to be approximately USD 1.0 million (approximately SEK 9.5 million) assuming 100 per cent vesting.

Effects on key figures

Under the assumptions set out in item (c) above and upon full allotment of Performance Shares, the number of shares under LTIP 2020 amounts to approximately 350,000 shares in Lundin Petroleum (subject to final determination of the Initial Share Price and adjustments for dividends), corresponding to approximately 0.12 per cent of the current total number of shares and votes in the Company. If the total number of Performance Shares under LTIP 2020 reaches the cap of 560,000 shares in Lundin Petroleum, it will correspond to approximately 0.2 per cent of the current total number of shares and votes in the Company LTIP 2020 is expected to have only marginal effects on Lundin Petroleum's key figures.

Preparation of the proposal

The proposal for LTIP 2020 has been prepared by the Compensation Committee and resolved on by the Board of Directors.

Other incentive schemes in Lundin Petroleum

For a description of the Company's other LTI plans, reference is made to the Company's Annual Report for 2019, note 28, and the Company's website, www.lundin-petroleum.com. In addition to the plans described there, no other LTI plans have been implemented in Lundin Petroleum.

Majority requirement

The proposal to implement LTIP 2020 requires the affirmative support of shareholders holding more than half of the votes represented at the Annual General Meeting.

For information on the majority requirements that apply to the proposed acquisitions and transfers of own shares, see the Board of Directors' proposals under items 21 and 23 of the proposed agenda.

Stockholm in February 2020
Lundin Petroleum AB (publ)
The Board of Directors

Item 20: Resolution in respect of delivery of shares under the 2017, 2018 and 2019 Long-term, Performance-based Incentive Plans

The Board of Directors proposes that the Annual General Meeting resolves to transfer treasury shares held by the Company to the participants under the 2017, 2018 and 2019 Long-term, Performance-based Incentive Plans ("**LTIPs**"), respectively, on the following terms and conditions.

- A maximum of 465,000 shares may be transferred under the 2017 LTIP, a maximum of 460,000 shares under the 2018 LTIP and a maximum of 500,000 shares under the 2019 LTIP.
- The shares shall, with deviation from the shareholders' preferential rights, be transferred to the participants in LTIPs 2017, 2018 and 2019, respectively, that are eligible to receive shares under such LTIPs. Further, shares may, with deviation from the shareholders' preferential rights, be transferred to subsidiaries of the Company, whereby such subsidiary shall be obligated to immediately transfer such shares to the participants eligible to receive shares under the relevant LTIP.
- The shares shall be transferred free of charge.
- The transfers of shares shall be subject to all terms and conditions under the respective LTIPs 2017, 2018 and 2019 as approved by the Annual General Meetings 2017, 2018 and 2019. Accordingly, shares shall only be transferred if and to the extent allotment of shares shall take place under the respective LTIPs. Further, shares shall be transferred within the time periods set out in the terms and conditions for the respective LTIPs.
- The number of shares that may be transferred under each of LTIPs 2017, 2018 and 2019 may be recalculated as a result of bonus issues, share splits, rights issues or similar measures in accordance with the terms and conditions of each respective LTIP.

The rationale for the proposed transfers of treasury shares held by the Company and for the deviation from the shareholders' preferential rights is to enable delivery of shares to the participants in LTIPs 2017, 2018 and 2019, respectively.

The 2017, 2018 and 2019 LTIPs were approved at the Annual General Meetings 2017, 2018 and 2019, respectively, and the complete terms and conditions are available on www.lundin-petroleum.com.

This proposal requires the affirmative support of shareholders holding at least nine tenths of the votes cast as well as of the shares represented at the Annual General Meeting.

Stockholm in February 2020
Lundin Petroleum AB (publ)
The Board of Directors

Appendix 12

Item 21: Resolution in respect of delivery of shares under the 2020 Long-term, Performance-based Incentive Plan
The Board of Directors proposes that the Annual General Meeting resolves to transfer treasury shares held by the Company to the participants under the LTIP 2020 on the following terms and conditions.

- A maximum of 560,000 shares may be transferred.
- The shares shall, with deviation from the shareholders' preferential rights, be transferred to the participants in LTIP 2020 that are eligible to receive shares under the LTIP. Further, shares may, with deviation from the shareholders' preferential rights, be transferred to subsidiaries of the Company, whereby such subsidiary shall be obligated to immediately transfer such shares to the participants eligible to receive shares under the relevant LTIP.
- The shares shall be transferred free of charge.
- The transfers of shares shall be subject to all terms and conditions under LTIP 2020. Accordingly, shares shall only be transferred if and to the extent allotment of shares shall take place under LTIP 2020. Further, shares shall be transferred within the time period set out in the terms and conditions for LTIP.
- The number of shares that may be transferred under the LTIP 2020 may be recalculated as a result of bonus issues, share splits, rights issues or similar measures in accordance with the terms and conditions of the LTIP 2020.

The rationale for the proposed transfers of treasury shares held by the Company and for the deviation from the shareholders' preferential rights is to enable delivery of shares to the participants in LTIP 2020.

This proposal requires the affirmative support of shareholders holding at least nine tenths of the votes cast as well as of the shares represented at the Annual General Meeting.

Stockholm in February 2020
Lundin Petroleum AB (publ)
The Board of Directors

Item 22: Resolution to authorise the Board of Directors to resolve on new issue of shares and convertible debentures

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

(i) to issue no more than 28,500,000 new shares with consideration in cash or in kind or by set-off or otherwise with conditions and thereby be able to resolve to deviate from the shareholders' preferential rights. To the extent the new shares are issued with deviation from the shareholders' preferential 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 deviate from the shareholders' preferential rights, where the number of shares that may be issued after conversion must not exceed 28,500,000. To the extent the convertible debentures are issued with deviation from the shareholders' preferential 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.

If the Board of Directors resolves to deviate from the shareholders' preferential rights, the reason shall be to enable Lundin Petroleum to make business acquisitions or other major investments. The total number of shares that can be issued based on the proposed authorisations under (i) and (ii) may not together exceed 28,500,000. If the authorisation is exercised in full for issues with deviation from the shareholders' preferential rights, the dilution effect is approximately ten percent.

This proposal requires the affirmative support of shareholders holding at least two thirds of the votes given for this resolution and of the shares represented at the Annual General Meeting.

Stockholm in February 2020
Lundin Petroleum AB (publ)
The Board of Directors

Item 23: Resolution to authorise the Board of Directors to resolve on repurchase and sale of shares

The Board of Directors proposes that the Board of Directors is authorised, during the period until the next Annual General Meeting, to decide on repurchases and sales of Lundin Petroleum shares on Nasdaq Stockholm . The maximum number of shares repurchased shall be such that shares held in treasury from time to time do not exceed ten percent of all shares of the Company. The maximum number of shares that may be sold is the number of shares that the Company at such time holds in treasury. Repurchase and sale of shares on Nasdaq Stockholm may take place only at a price within the spread between the highest bid price and lowest ask price prevailing and disseminated by Nasdaq Stockholm from time to time. The repurchases and sales shall be made in accordance with the provisions concerning the purchase and sale of a company's own shares under applicable stock exchange rules and other applicable rules and regulations.

The purpose of the authorisation is to provide the Board of Directors with an instrument to optimise Lundin Petroleum's capital structure and thereby create added value for the shareholders, to secure Lundin Petroleum's obligations under its incentive plans and to cover costs, including social security charges, that may arise as a result of the LTIP programs of the Company.

The Board of Directors' reasoned statement pursuant to pursuant to Chapter 19, Section 22 of the Swedish Companies Act is available on the Company's website, www.lundin-petroleum.com

This proposal requires the affirmative support of shareholders holding at least two thirds of the votes given for this resolution and of the shares represented at the Annual General Meeting.

Stockholm in February 2020
Lundin Petroleum AB (publ)
The Board of Directors

LUNDIN PETROLEUM AB

NOMINATION COMMITTEE PROCESS

1. General

1.1 As per the Swedish Code of Corporate Governance (Code of Governance), Lundin Petroleum AB (publ) (the Company) shall each year appoint a Nomination Committee which shall have as its sole task to propose decisions to the Annual General Meeting (AGM) on electoral and remuneration issues, and procedural issue for the appointment of the Nomination Committee for the following year.

1.2 The AGM shall either appoint the members of the Nomination Committee or specify how they are to be appointed. This Nomination Committee Process shall apply as the Company's nomination procedure generally for all AGMs, until recommended to be amended or replaced by a future Nomination Committee, to specify how the Nomination Committee is to be appointed and to instruct the Nomination Committee on how it is to conduct its work.

1.3 References herein to AGMs shall apply *mutatis mutandis* to Extraordinary General Meetings where elections of the Board of Directors and/or the auditor are to take place.

2. Appointment of the Nomination Committee

2.1 The Chairman of the Board of Directors shall invite a minimum of three and a maximum of four of the larger shareholders of the Company based on shareholdings as per 1 June of each year, provided such larger shareholders agree to participate, to form a Nomination Committee for the AGM of the following year. The Chairman of the Board of Directors shall also be a member of the Nomination Committee. External members not appointed by a larger shareholder may also be invited to join the Nomination Committee to assist in and facilitate the work of the Nomination Committee.

2.2 The names of the members of the Nomination Committee shall be published on the Company's website no later than six months prior to the AGM of the following year. The names of the shareholders that the members were appointed by, if applicable, shall be included in the announcement, as well as information on how shareholders may submit recommendations to the Nomination Committee.

2.3 The mandate period of a Nomination Committee commences on the date its composition has been published as per article 2.2 and continues until the publication of the composition of the Nomination Committee for the following AGM.

2.4 The Chairman of the Board of Directors shall convene the first meeting of each Nomination Committee, which is to be held in good time before the announcement of the composition of the Nomination Committee as per article 2.2. The Nomination Committee shall appoint a Chairman at the first meeting.

2.5 If the shareholding in the Company changes significantly before the Nomination Committee's work has been completed, or if a member leaves the Nomination Committee before its work has been completed, a change in the composition of the Nomination Committee may take place. If the Nomination Committee then consists of appointees of less than three of the larger shareholders of the Company, the Chairman of the Board shall, with the aim to increase the number of members to three, invite another larger shareholder to join the Nomination Committee. If a member ceases to be connected to a larger shareholder, due to termination of employment or similar, that larger shareholder may appoint another person to replace such member of the Nomination Committee. Information about changes to the composition of the Nomination Committee, as well as information about new members and the larger shareholders that they were appointed by, if applicable, shall be published on the Company's website as soon as possible after a change has occurred.

3. Duties of the Nomination Committee

3.1 The Nomination Committee shall prepare proposals for the following resolutions to the AGM:

(i) Chairman of the AGM;

(ii) number of members of the Board of Directors;

(iii) members of the Board of Directors;

(iv) Chairman of the Board of Directors;

(v) remuneration of the members of the Board of Directors, distinguishing between the Chairman and other members and remuneration for Board Committee work;

(vi) election of auditor of the Company;

(vii) remuneration of the Company's auditor; and

(viii) Nomination Committee Process (in case of amendment).

3.2 The proposals of the Nomination Committee shall be presented to the Company in a written report in general at least eight weeks before the AGM to ensure the proposals can be duly included in the notice of the AGM. The Nomination Committee report shall in addition be posted on the Company's website at the same time as the notice of the AGM is issued.

3.3 As a basis for its proposals regarding the members of the Board of Directors, the Nomination Committee shall consider the requirements set forth in the Code of Governance to ensure that the Company's Board of Directors has a size and composition that enables it to manage the Company's affairs efficiently and with integrity.

3.4 In its written report, the Nomination Committee shall include a description of its work and considerations, as well as explanations regarding its proposals, in particular in respect of the following requirements regarding the composition of the Board of Directors:

(i) candidates' age, principal education and work experience;

(ii) any work performed by the candidates for the Company and other significant professional commitments;

(iii) candidates' holdings of shares and other financial instruments in the Company and any such holdings owned by candidates' related natural or legal persons;

(iv) whether the Nomination Committee deems the candidates to be independent of the Company and Group management, as well as of major shareholders of the Company;

(v) in case of re-election, the year that the candidates were first elected to the Board of Directors; and

(vi) other information that could be of importance to shareholders to assess the candidates' expertise and independence.

3.5 If an election for auditor shall take place at the AGM, the proposal of the Nomination Committee shall be based on a report to be prepared by the Company's Audit Committee, which report shall include an assessment of the independence and impartiality of the proposed auditor, as well as of the implications of services provided to the Company by the proposed auditor outside the scope of general audit work, if applicable.

3.6 The Nomination Committee shall at each AGM give an account of its work and present its proposals for resolutions at the AGM. All members of the Nomination Committee shall endeavour to be present at each AGM.

4. Meetings of the Nomination Committee

4.1 The Nomination Committee shall meet as often as is required for the performance of its duties. A notice of a meeting shall be circulated by the Chairman of the Nomination Committee in good time before each meeting, except as provided in article 2.4 in respect of the first meeting of each Nomination Committee. Any member of the Nomination Committee may reasonably request at any time during the mandate period that a meeting be convened and the Chairman shall comply with such reasonable requests.

4.2 The Nomination Committee shall be quorate if more than half of the members are present.

4.3 The Nomination Committee shall endeavour to reach unanimous decisions in all matters to be proposed to the AGM. If a unanimous decision cannot be reached, the Nomination Committee shall present to the AGM the proposals approved by a majority of the members of the Nomination Committee and dissenting members may present their own proposals individually or jointly with other members of the Committee.

4.4 Meetings of the Nomination Committee shall be minuted and the minutes shall be signed by the person keeping the minutes and shall be attested by the Chairman and another member appointed by the Nomination Committee. If the Chairman has been assigned to keep the minutes, the minutes shall be attested by two other members appointed by the Nomination Committee.

5. Other

5.1 All information which is provided to the members of the Nomination Committee by the Company and/or candidates, or which information the Nomination Committee members otherwise receive within the scope of their duties as Nomination Committee members, shall be treated as confidential and may not be disclosed to third parties without the prior approval of the Company.

5.2 No remuneration shall be paid to the members of the Nomination Committee. The Company may however cover reasonable out of pocket expenses that the members may occur in relation to work performed for the Nomination Committee.

5.3 The Nomination Committee shall yearly assess this Nomination Committee Process and shall propose changes to it to the AGM, as appropriate.

Appendix 16

Lundin Energy AB

Company Reg. No. 556610-8055

ARTICLES OF ASSOCIATION

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§ 1 Name

The name of the Company is Lundin Energy 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 of directors shall consist of not less than three and not more than ten members without deputies.

§ 8 Auditors

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

§ 9 Annual general 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) allocation of the Company's profit or loss according to the adopted balance sheet

c) discharge from liability of the directors and managing director

8. Determination of the number of members of the board of directors

9. Determination of the fees to be paid to the members of the board of directors and the auditor

10. Election of members of the board of directors and auditor

11. 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 of general meetings of shareholders

Notice of a general meeting of shareholders shall be made by an announcement in the Official Swedish Gazette (Post- och Inrikes Tidningar) and by making the notice available on the Company's website. The Company shall advertise in Svenska Dagbladet that notice has been made.

§ 11 Participation at general meetings of shareholders

Shareholders who wish to participate in a general meeting of shareholders shall 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.

§ 12 Central Securities Depository clause

The Company's shares shall be registered in a central securities depository register pursuant to the Swedish Central Securities Depositaries and Financial Instruments Accounts Act.