

## **Report by the Board of Directors of Lundin Petroleum AB (publ) regarding the acquisition of participating interests in the Edvard Grieg Field and thereto associated interests**

The Board of Directors hereby provides the following report pursuant the Swedish Securities Council's statement 2012:05:

Lundin Petroleum AB (the "**Company**") and its wholly-owned subsidiary Lundin Norway AS ("**Lundin AS**") have on 2 May 2016 entered into agreements with Statoil ASA ("**Statoil**") and its wholly-owned subsidiary Statoil Petroleum AS ("**Statoil Petroleum**") under which Lundin AS will acquire Statoil Petroleum's entire 15 percent interest in the Edvard Grieg Field, PL 338, offshore Norway and all associated interests including a 9 percent interest in the Edvard Grieg Oil pipeline and a 6 percent interest in the Utsira High Gas pipeline (the "**Assets**" and the "**Acquisition**", respectively). The consideration corresponds to a value of MUSD 470, based on a Company average share price of SEK 138 and a USD/SEK exchange rate of 8.098 and shall be payable in 27,580,806 newly issued shares in the Company.

The acquisition structure is as follows.

1. Statoil Petroleum sells the Assets to Lundin AS for MUSD 470.
2. As consideration, Lundin AS issues a loan note to Statoil Petroleum of MUSD 470 (the "**Loan Note**").
3. Statoil Petroleum transfers the Loan Note to Statoil.
4. Statoil subscribes for 27,580,806 newly issued shares in the Company.
5. As consideration for the newly issued shares, Statoil contributes the Loan Note to the Company as a contribution in kind.

The acquisition is conditional upon the extraordinary general meeting in the Company approving the acquisition of the Assets as well as the Board's proposal to authorise the Board to resolve on a new share issue in kind. The acquisition is also, *inter alia*, conditional upon customary approval of the Norwegian government authorities. In addition, it is a condition precedent to the transaction that Statoil attains a shareholding of above 20%. The acquisition is therefore also conditional upon the general meeting resolving in accordance with the Board's proposal to authorise the Board to resolve on a directed cash issue and transfer of own shares to Statoil.

### **Background and reasons**

For Lundin Petroleum, the Acquisition secures access to additional high quality reserves, production and cash flow in the Utsira High core area. The Edvard Grieg field was discovered by Lundin AS in 2007, and Lundin Petroleum is confident that the strong start-up performance of the field from both a facilities and subsurface perspective will continue in the years ahead. Following the Acquisition, Lundin Petroleum's platform to grow and mature its resource base becomes stronger than ever allowing Lundin Petroleum to continue maximising value for all of

its stakeholders. Following the transaction, Statoil will further increase its indirect exposure to world class assets such as Johan Sverdrup, Edvard Grieg, and an industry leading exploration portfolio. Attaining a shareholding in excess of 20% is an important threshold to Statoil, given the increased investment in the Company. As a consequence of the transaction Statoil will equity account its interest in Lundin Petroleum, and thereby report its share of the Company's reserves and production in its financial reporting.

### **Valuation of Assets**

The valuation of the Assets has been made on the basis of a discounted cash flow analysis, taking into account future oil price assumptions, cost assumptions, capital allowances associated with the Assets and recoverable reserves assumptions in line with Lundin Petroleum's 2015 year-end reserve process and reported reserves. The parties have agreed on an average share price and USD/SEK exchange rate.

### **Fairness opinion**

The Board has, in accordance with the Swedish Securities Council's statement 2012:05, obtained a *fairness opinion* from SEB regarding the reasonableness, from a financial point of view, of the Acquisition for the shareholders. SEB's opinion is that the terms of the Acquisition are reasonable for the shareholders from a financial point of view.

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Stockholm 3 May 2016  
Lundin Petroleum AB (publ)  
*The Board of Directors*