

Report and Proposals of Lundin Petroleum AB's Nomination Committee for the 2014 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 15 May 2014.

1. Formation of the Nomination Committee

The Annual General Meeting of Lundin Petroleum held on 8 May 2013 resolved that the Nomination Committee Process approved by that 2013 Annual General Meeting, and which includes the following principles, shall apply for the nomination procedure for the 2014 Annual General Meeting.

The Chairman of the Board of Directors shall invite three or four of the larger shareholders of the Company, based on shareholdings as per 1 August 2013, 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 2014 Annual General Meeting. 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 2015 Annual General Meeting. The Nomination Committee shall appoint its Chairman within the Nomination Committee.

The Nomination Committee shall prepare the following proposals for resolutions to the 2014 Annual General Meeting:

- (i) Chairman of the 2014 Annual General Meeting;
- (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 the other members of the Board of Directors and remuneration for Committee work;
- (vi) election of auditor of the Company;
- (vii) remuneration of auditor of the Company; and
- (viii) Nomination Committee Process for the 2015 Annual General Meeting.

On 6 November 2013, the Nomination Committee for the 2014 Annual General Meeting was formed with the following members: Ian H. Lundin (Lorito Holdings (Guernsey) Ltd., Zebra Holdings and Investment (Guernsey) Ltd. and Landor Participations Inc., as well as Chairman of the Board of Directors), Magnus Unger (member of the Board of Directors), Åsa Nisell (Swedbank Robur fonder), Arne Löw (Fjärde AP-fonden) and André Vatsgar (Danske Capital AB). The Nomination Committee members were appointed by shareholders holding as per 1 August 2013 approximately 36 percent of the shares in Lundin Petroleum. The Nomination Committee meets the independence requirements of the Swedish Code of Corporate Governance (hereinafter the "Code").

Magnus Unger was appointed Chairman of the Nomination Committee at the first meeting, which constitutes a deviation from rule 2.4 of the Code as a member of the Board of Director shall according to this Code rule not act as Chairman of the Nomination Committee. The members of the Nomination Committee initially recommended that Ian H. Lundin be appointed Chairman in light of the Lundin family's large shareholdings in the Company. Ian H. Lundin proposed that Magnus Unger be appointed Chairman instead as he has been for several years responsible for these types of issues within the Board of Directors and at Annual General Meetings. For the same reasons, Magnus Unger has served as Chairman of Lundin Petroleum's Nomination Committees for the Annual General Meetings as of 2006 up to 2013.

The formation of the Nomination Committee was announced through a press release issued on 6 November 2013. The press release contained information on how shareholders could submit proposals to the Nomination Committee. Two such proposals were received and considered by the Nomination Committee.

2. The work of the Nomination Committee

The Nomination Committee met on three occasions and had many informal contacts and working sessions in between the meetings. The Nomination Committee received a report on the work of the Board of Directors, as well as the results of an evaluation of the Board of Directors' work carried out by the Chairman of the Board of Directors.

Committee members representing shareholders independent of the major shareholders of Lundin Petroleum (Åsa Nisell, Arne Lööv and André Vatsgar) also held meetings with two current Board members, Peggy Bruzelius and Cecilia Vieweg, to discuss the work and functioning of the Board of Directors. Ian H. Lundin and Magnus Unger were not present at these meetings.

Based on the Nomination Committee's opinion that succession planning is a very important consideration, an external executive recruitment company was appointed to advise the Committee. The Committee discussed in detail succession planning and the desired attributes for potential candidates, including considerations of qualifications, experience and a more equal gender distribution. In particular, the Committee noted the importance of Norway to the Company's business and therefore, the Committee focussed its efforts with respect to identifying possible candidates for membership on the Board, to individuals with extensive experience and detailed knowledge of the Norwegian oil and gas industry. The Committee worked closely with the recruitment company and conferred with current members of the Board in this regard. The Committee concluded not to propose to the 2014 AGM that any new members be elected, however the Committee did successfully identify several candidates who could be considered by future Nomination Committees for recommendation to the AGM.

3. Election of Chairman for the 2014 Annual General Meeting

The Nomination Committee proposes that Klaes Edhall, a member of the Swedish Bar Association, be appointed as the Chairman of the 2014 Annual General Meeting. Klaes Edhall has served as the Chairman at the Annual General Meetings of several listed Swedish companies and is considered as a competent Chairman for the 2014 Annual General Meeting of the Company.

4. Reasoned statement regarding the proposal for election of the Board of Directors

The Nomination Committee proposes that eight members of the Board of Directors be elected at the 2014 Annual General Meeting. The Nomination Committee has determined that the current Board size of eight

is appropriate taking into account the nature, size, complexity and geographical scope of the Company's business.

The Nomination Committee therefore proposes the re-election of all current members of the Board of Directors being Peggy Bruzelius, C. Ashley Heppenstall, Asbjørn Larsen, Ian H. Lundin, Lukas H. Lundin, William A. Rand, Magnus Unger and Cecilia Vieweg for a term until the 2015 Annual General Meeting. 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 the business operations of Lundin Petroleum, its current phase of development, and circumstances generally, the proposed Board of Directors is composed of multi-faceted individuals who are well-suited for the job and whose expertise, experience and background is extensive and the Board fulfils 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 generally and in particular in relation to Lundin Petroleum's current and prospective areas of operations, public company financial matters, Swedish practice and compliance matters, and corporate responsibility and health, safety and the environment. At the 2013 AGM, on the recommendation of the Nomination Committee constituted for that AGM, two new members were elected to the Board of Directors, both women. The Nomination Committee believes it is important to continue to strive for a more equal gender distribution when future changes in the composition of the Board of Directors 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 considers that it is reasonable to increase the fees payable to the members of the Board of Directors and to the Chairman of the Board of Directors, given the size, nature and increasing complexity of Lundin Petroleum's business. The Nomination Committee believes that the fees for Committee work are appropriate and reasonable, and therefore recommend that these fees remain unchanged. 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 Chairmen, be as follows:

- (i) annual fees of the members of the Board of Directors to be increased from SEK 490,000 to SEK 500,000 (excluding the Chairman of the Board of Directors and the Chief Executive Officer);
- (ii) annual fees of the Chairman of the Board of Directors to be increased from SEK 1,000,000 to SEK 1,050,000;
- (iii) annual fees for Committee members to remain unchanged at SEK 100,000 per Committee assignment (other than Committee Chairmen and the Reserves Committee for which no fee is to be paid); and
- (iv) annual fees for Committee Chairmen to remain unchanged at SEK 150,000 (other than the Reserves Committee for which no fee is to be paid).

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 Chief Executive Officer C. Ashley Heppenstall, shall be considered independent of the Company and Group management. In the opinion of the Nomination Committee, the fact that Ian H. Lundin and Magnus Unger have received fees for special assignments 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 William A. Rand and 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 William A. Rand serves on the Board of Directors of a number of listed companies in which entities associated with the Lundin family are significant shareholders. C. Ashley Heppenstall is, in addition to his position as Chief Executive Officer of the Company, also a member of the Board of one other company in which entities associated with the Lundin family are significant shareholders. It is the opinion of the Nomination Committee that Peggy Bruzelius, Asbjørn Larsen, Magnus Unger 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 2014 Annual General Meeting.

The Nomination Committee proposes that PricewaterhouseCoopers AB, with authorised public accountant Klas Brand as the auditor in charge, be re-elected at the 2014 Annual General Meeting for a term until the 2015 Annual General Meeting. Klas Brand currently acts as the auditor in charge and is considered by the Nomination Committee to be well-qualified for the engagement. The proposal regarding the choice of auditor, including the proposed auditor's independence and impartiality, is supported by the Company's Audit Committee.

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 proposes that the Nomination Committee Process attached hereto in [Annex 2](#) 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. There are no material amendments from the Nomination Committee Process approved at the past two Annual General Meetings.

The Nomination Committee's complete proposal for resolutions by the 2014 Annual General Meeting of Lundin Petroleum AB (publ)

- Advokat Klaes Edhall to be appointed as Chairman of the Annual General Meeting.
- Eight members of the Board of Directors to be appointed without deputy members.
- Re-election of Peggy Bruzelius, C. Ashley Heppenstall, Asbjørn Larsen, Ian H. Lundin, Lukas H. Lundin, William A. Rand, Magnus Unger and Cecilia Vieweg as members of the Board of Directors for a term until the 2015 Annual General Meeting.
- Re-election of Ian H. Lundin as Chairman of the Board of Directors.
- 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 SEK 500,000 (excluding the Chairman of the Board of Directors and the Chief Executive Officer); (ii) annual fees of the Chairman of the Board of Directors of SEK 1,050,000; (iii) annual fees for Committee members of SEK 100,000 per Committee assignment (other than Committee Chairmen and the Reserves Committee for which no fee is to be paid); and (iv) annual fees for Committee Chairmen of SEK 150,000 (other than the Reserves Committee for which no fee is to be paid); with the total fees for Committee work, including Committee Chairmen fees, not to exceed SEK 900,000.
- Re-election of the registered accounting firm PricewaterhouseCoopers AB, with authorised public accountant Klas Brand as the auditor in charge as the auditor of the Company for a term until the 2015 Annual General Meeting.
- The auditor's fees shall be payable upon approval of their invoice.
- The nomination procedure for future Annual General Meetings shall follow the Nomination Committee Process (described in [Annex 2](#)).

Stockholm, March 2014

Magnus Unger
Chairman

Ian H. Lundin

Åsa Nisell

Arne Lööw

André Vatsgar

Annex 1 – Report and Proposals of Lundin Petroleum AB's Nomination Committee for the 2014 AGM

Board of Directors				
Name	Ian H. Lundin	Peggy Bruzelius	C. Ashley Heppenstall	Asbjørn Larsen
Function	Chairman (since 2002)	Director	President and Chief Executive Officer, Director	Director, CR / HSE Representative
Elected	2001	2013	2001	2008
Born	1960	1949	1962	1936
Education	Bachelor of Science degree in Petroleum Engineering from the University of Tulsa.	Master of Science (Economics and Business) from the Stockholm School of Economics.	Bachelor of Science degree in Mathematics from the University of Durham.	Norwegian School of Economics and Business Administration (NHH).
Experience	Ian H. Lundin was previously CEO of International Petroleum Corp. during 1989 – 1998, of Lundin Oil AB during 1998 – 2001 and of Lundin Petroleum during 2001 – 2002.	Peggy Bruzelius has worked as Managing Director of ABB Financial Services AB and has headed the asset management division of Skandinaviska Enskilda Banken AB.	C. Ashley Heppenstall has worked with public companies where the Lundin family has a major shareholding since 1993. He was CFO of Lundin Oil AB during 1998 – 2001 and of Lundin Petroleum during 2001 – 2002.	Asbjørn Larsen was CFO of Saga Petroleum during 1978 – 1979 and President and CEO during 1979 – 1998.
Other board duties	Chairman of the board of Etrion Corporation and member of the board of Bukowski Auktioner AB.	Chairman of the board of Lancelot Asset Management AB, member of the board of Axfood AB, Diageo PLC, Akzo Nobel NV and Skandia Liv.	Member of the board of Etrion Corporation and Gateway Storage Company Limited.	Member of the board of Selvaag Gruppen AS, The Montebello Cancer Rehabilitation Foundation and The Tom Wilhelmsen Foundation.
Shares in Lundin Petroleum (as at 31 December 2013)	Nil ¹	3,000	1,391,283	12,000
Independent of the Company and the Group management	Yes ²	Yes	No ³	Yes
Independent of the Company's major shareholders	No ¹	Yes	No ³	Yes

1 Ian H. Lundin is the settler of a trust that owns Landor Participations Inc., an investment company that holds 11,538,956 shares in the Company, and is a member of the Lundin family that holds, through a family trust, Lorito Holdings (Guernsey) Ltd. which holds 76,342,895 shares in the Company and Zebra Holdings and Investment (Guernsey) Ltd. which holds 10,844,643 shares in the Company.

2 Ian H. Lundin has been regularly retained by management to perform remunerated work duties which fall outside the scope of the regular work of the Board. It is the Nomination Committee's and the Company's opinion that despite his work, he remains independent of the Company and the Group management.

3 C. Ashley Heppenstall is in the Nomination Committee's and the Company's opinion not deemed independent of the Company and the Group management since he is the President and CEO of Lundin Petroleum, and not of the Company's major shareholders since he is a director of a company in which entities associated with the Lundin family hold ten percent or more of the share capital and voting rights.

4 Lukas H. Lundin is a member of the Lundin family that holds, through a family trust, Lorito Holdings (Guernsey) Ltd. which holds 76,342,895 shares in the Company and Zebra Holdings and Investment (Guernsey) Ltd. which holds 10,844,643 shares in the Company.

5 William A. Rand is in the Nomination Committee's and the Company's opinion not deemed independent of the Company's major shareholders since he holds directorships in companies in which entities associated with the Lundin family hold ten percent or more of the share capital and voting rights.

Board of Directors			
Lukas H. Lundin	William A. Rand	Magnus Unger	Cecilia Vieweg
Director	Director	Director	Director
2001	2001	2001	2013
1958	1942	1942	1955
Graduate from the New Mexico Institute of Mining, Technology and Engineering.	Commerce degree (Honours Economics) from McGill University, Law degree from Dalhousie University, Master of Laws degree in International Law from the London School of Economics and Doctorate of Laws from Dalhousie University (Hon.).	MBA from the Stockholm School of Economics.	Master of Law from the University of Lund.
Lukas H. Lundin has held several key positions within companies where the Lundin family has a major shareholding.	William A. Rand practised law in Canada until 1992, after which he co-founded an investment company and pursued private business interests.	Magnus Unger was an Executive Vice President within the Atlas Copco group during 1988 – 1992.	Cecilia Vieweg is General Counsel and member of the Executive Management of AB Electrolux since 1999. She previously worked as legal advisor in senior positions within the AB Volvo Group and as a lawyer in private practice.
Chairman of the board of Lundin Mining Corp., Denison Mines Corp., Lucara Diamond Corp., NGEx Resources Inc. and Lundin Foundation, member of the board of Fortress Minerals Corp. and Bukowski Auktioner AB.	Member of the board of Lundin Mining Corp., Denison Mines Corp., New West Energy Services Inc. and NGEx Resources Inc.	Chairman of the board of CAL-Konsult AB and member of the board of Black Earth Farming Ltd.	Member of the board of the Association of Swedish Engineering Industries and the Swedish Securities Council.
788,331 ⁴	119,441	50,000	3,500
Yes	Yes	Yes	Yes
No ⁴	No ⁵	Yes	Yes

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 of the larger shareholders of the Company based on shareholdings as per 1 August 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 representing 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 represent, 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 representatives of less than three of the larger shareholders of the Company, the Chairman of the Board shall invite another larger shareholder to join the Nomination Committee. If a member ceases to be a representative of 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 represent, 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.