

Lundin History in Sudan

1997-2003

- › The operation was set up to explore for oil and gas resources
- › Expected that operations would promote economic growth and social development in the region
- › Based on the Khartoum Peace Agreement, expected to operate in a peaceful environment
- › In line with the laws and standards of Sweden, the European Union and the United Nations
- › Advocated for peace



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References to "Lundin" in this publication include Lundin Petroleum AB, and its predecessors, and their present and former affiliates, including Lundin Oil AB and International Petroleum Corporation and their Sudan-based subsidiary, Lundin Sudan Limited, formerly known as IPC Sudan Limited and its transferee, Lundin Sudan BV.

Version 1, October 2016

Foreword

A force for development

In February 1997, Lundin signed an agreement with the Government of Sudan to search for oil in an area called Block 5A, in the southern part of Sudan, an area which today belongs to the independent state of South Sudan. Shortly after, we formed a consortium with companies from Austria, Malaysia and Sudan. The consortium worked together until we divested our interest in Block 5A in 2003.

Expected peace

Based on our discussions with local leaders in Block 5A, who assured us that we were welcome in the area, and on the negotiations that resulted in the Khartoum Peace Agreement in April 1997, we expected to be operating in a peaceful environment.

We were aware that this was an unstable part of the world and so we continuously monitored the conditions on the ground.

Suspension of operations

Following a number of scouting trips and gathering of seismic data in 1997 and 1998, the first series of exploratory drillings started at our rig site called Thar Jath in April 1999.

“ The conflict was not caused by the discovery of oil, but over time oil installations were affected by the conflicts among local groups.”

Just a few weeks later, the Thar Jath rig site was attacked. All drilling activities were stopped for the rest of that year and the following year. While drilling activities were suspended, we focused on infrastructure projects, mainly an all-weather road, in order to improve access between the base camp at Rubkona and the drilling site all year round. The road was built for operational reasons and was designed to avoid any populated areas, but nevertheless became a vital link for the local population as it provided direct access to the humanitarian relief organisations in Bentiu and the market in Rubkona. Drilling then recommenced in January 2001 and in March 2001, we announced that we had found oil.

However, soon afterwards, the security situation deteriorated and we decided not to resume operations until peace was restored. We never fully resumed operations before the divestment of our interest in Block 5A in 2003.

Advocacy and humanitarian assistance

Soon after hostilities flared up, Lundin started to actively advocate for peace in the region, and continued to do so in the years that followed. We also made it clear to the Government of Sudan, and other parties to the conflict, that our continued operation was contingent on peace being achieved by peaceful means. Lundin's advocacy efforts were directed to support the peace negotiations, which eventually led to the signing of the Comprehensive Peace Agreement in early 2005 (see page 19).

This report has been put together to give an overview of Lundin's activities in Sudan from 1997 to 2003 - where we operated and what we did during different stages. Lundin's field activities commenced in 1998 and oil was discovered in 2001. During the period that Lundin held an interest in Block 5A we were only active in the field part of 1998, part of 1999 and part of 2001. The allegations made by some NGOs, resulting in a preliminary investigation initiated by the Swedish Prosecution Office in 2010, bear no resemblance to our experience in Sudan.

During our entire time in Sudan, we pursued various community development and humanitarian assistance programs.

In addition to our most substantial infrastructure investment, the 75 kilometre all-weather road, we drilled water wells and built large water filtration units that provided a permanent supply of fresh water to nearby villages.

We constructed schools and distributed supplies to schools in the area, set up medical facilities and trained para-medics and para-vets as well as sponsored the training of midwives. We also provided tents, mosquito nets and other goods to the local population.

Caught in the crossfire

There has been conflict in Sudan ever since the country gained independence in 1956, and, unfortunately, this conflict persists today. The conflict is historical and was not caused by the discovery of oil, but over time oil installations were affected by the conflicts among local groups. Unfortunately the conflict in the south is still not resolved. It is very saddening that the suffering of the people of South Sudan continues even today in spite of having gained independence in 2011.

Throughout our time in Block 5A, Lundin's position was that peace should be achieved by peaceful means. We are certain that none of Lundin's representatives have committed, aided, facilitated, instigated, encouraged or remained indifferent to any violations of international humanitarian law.

With respect to the Swedish preliminary investigation, we have actively cooperated with the Prosecution Office and have provided information and materials requested on a continuous basis. We are firmly convinced that no Lundin representative was in any way involved in the alleged crimes being investigated, and believe that it will ultimately be confirmed that there are no grounds for any allegations of wrongdoing in Block 5A by any Lundin representative.

“ It is very saddening that the suffering for the people of South Sudan continues even today in spite of having gained independence in 2011.”

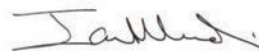
Improved living conditions

Our firm belief is that Lundin's presence in Block 5A contributed to improving living conditions in the region. In the short term, our community development and humanitarian assistance made life better for thousands of people.

Long term, as has been seen in many cases, foreign direct investments in developing countries such as Sudan has the potential to generate GDP growth and take people, communities and countries out of poverty.

That is why the foreign policies of both Sweden and the European Union were and remain that companies should do business in turbulent parts of the world. And that is why neither Sweden nor the European Union issued any sanctions against business operations in Sudan during Lundin's time in the country.

I hope this report will provide clarity on Lundin's activities in Sudan and the environment in which we operated.



Ian H. Lundin

Geography

Lundin's activities in Sudan took place in Block 5A, an area defined by the license, not by any political boundaries. The area is located in the southern part of Sudan that is since 2011, part of the independent state of South Sudan.

Sudan before 2011



Sudan is today the third largest country in Africa, with borders to Egypt and Libya in the North, Chad and the Central African Republic in the west, South Sudan in the south, and Eritrea and Ethiopia in the east. In the northeast Sudan has a long coastline along the Red Sea.

Before South Sudan became an independent state, Sudan was the largest country in Africa. The current state of Sudan is more than four times the size of Sweden.

South Sudan is about one and a half times the size of Sweden, bordering the Central African Republic in the west, Congo, Rwanda and Kenya in the south, Ethiopia in the east and Sudan in the north.

Block 5A in South Sudan

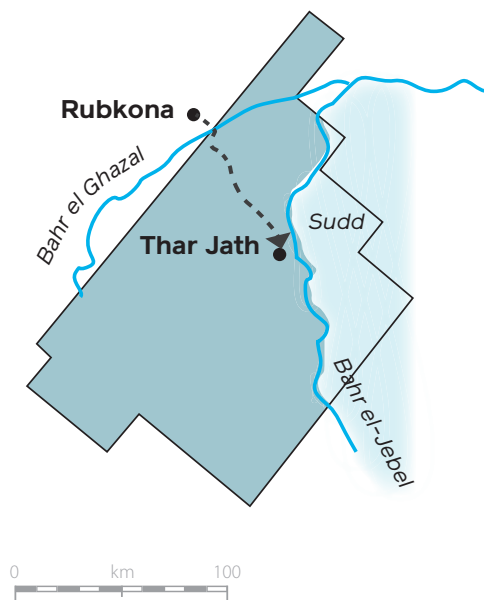


Block 5A is located in the northern part of the today independent South Sudan and is about the same size as the counties of Stockholm, Södermanland, Uppsala and Västmanland in Sweden combined. The distance from the northern part of the block to the Sudanese capital Khartoum is about 700 kilometres.

A large part of the region where Block 5A is located is covered by the Sudd, the world's largest swamp created by the White Nile River, Bahr el Jebel, which constantly changes its course through the area.

At the time of Lundin's presence in Block 5A, the population of the block was estimated to be 100,000-250,000 people, compared to a population of around 3 million people in the same sized area in the greater Stockholm region in Sweden.

Block 5A



Most of the people in Block 5A live in the western and southern parts of the block where Lundin had no operations.

The east and north-east part of the block is partly covered by swamp land. Areas nearby are flooded several months every year, from the summer into the autumn. This is one of the reasons why the population in the area is nomadic.

Lundin's operations in Block 5A were limited to the base camp, located in Rubkona in Block 1 to the north, and to the drill site called Thar Jath, about 75 kilometres southeast of the base camp. We also conducted seismic surveys of the surrounding areas to understand more about the subterranean oil reserves.

To transport equipment and personnel safely all year round, Lundin built an all-weather road from the base camp to the Thar Jath drill site. The route for the road was planned to avoid the settlements in the area, which were all located at a distance on either side of the road.

The distance between the drill site Thar Jath and the base camp in Rubkona is about the same as between Stockholm and Västerås.

Lundin's presence in Block 5A

Lundin was present in Block 5A from 1997 to 2003 however field activities only took place part of 1998, 1999 and 2001. Community development and humanitarian assistance efforts were undertaken throughout the period with peace advocacy commencing actively in early 2001.

During the 1990's, Lundin operated several projects around the world in Africa, the Middle East and Southeast Asia.

Lundin first became involved in north-east Africa in 1991 when it signed an agreement with the Government of Sudan to search for oil in the Red Sea off the coast of Sudan. No oil was discovered and in May 1997, Lundin gave up the concession.

Parallel discussions on peace and oil

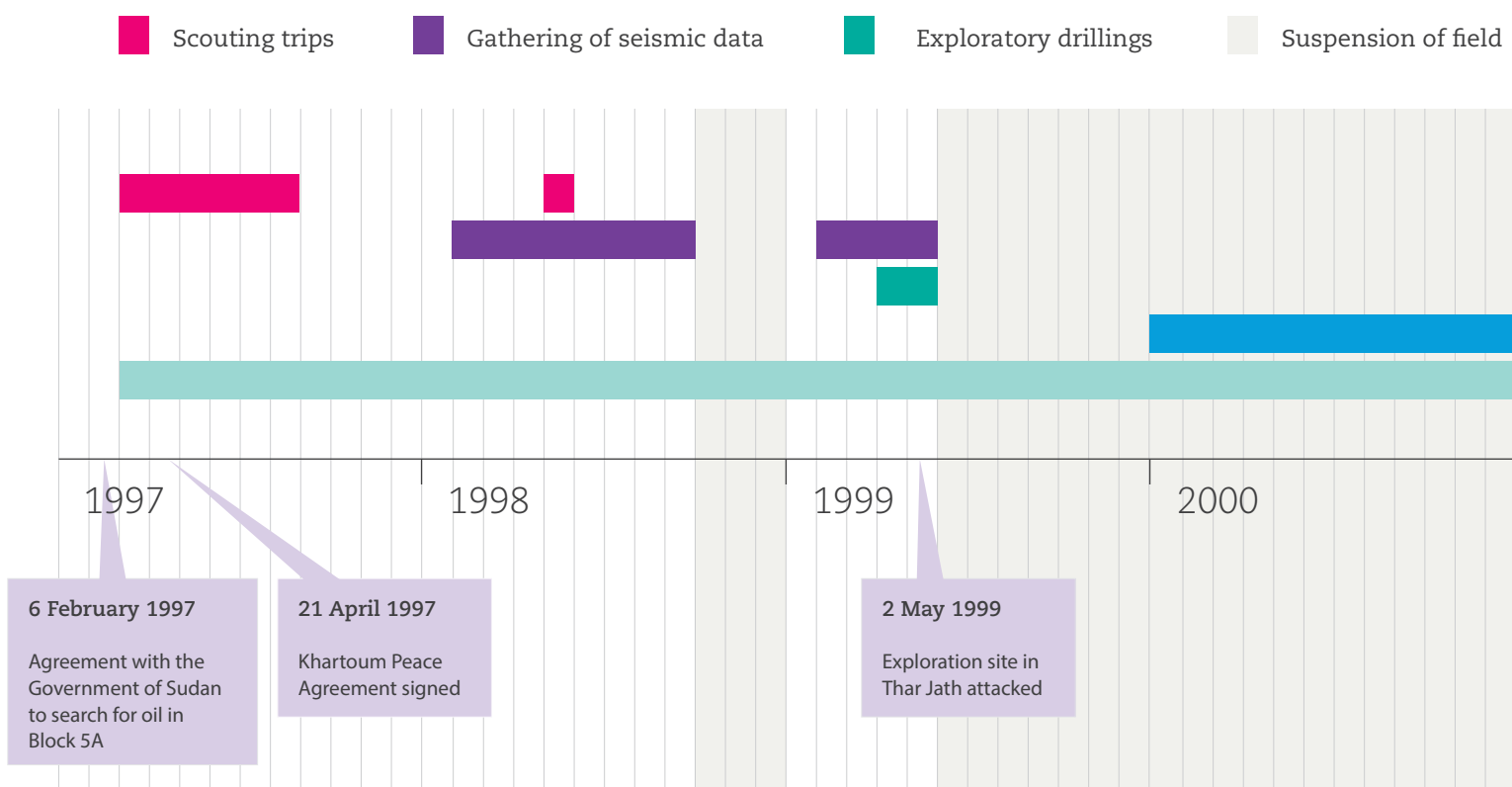
In March 1996, Lundin was invited by the Government of Sudan to discuss the creation of an international consortium to search for oil in Block 1, 2 and 4 in the southern part of Sudan. In the end Lundin was not part of this consortium. Instead, Lundin was invited to look into the neighbouring Block 5A.

On 10 April 1996, the Government of Sudan signed a Political Charter with factional groups in southern Sudan to ensure peace in the area.

In August the same year, Lundin entered into a Memorandum of Understanding with the Government of Sudan regarding exploration for oil in Block 5A.

Agreements

The final agreement that gave Lundin the right to search for oil in Block 5A was signed on 6 February 1997. Two months later, the Khartoum Peace Agreement was officially entered into by the Government of Sudan and factional groups in parts of southern Sudan where oil operations were to take place.





Operational conditions at the Thar Jath rig site.

During the spring of 1997, a consortium was formed between Lundin (40.375%), Petronas (28.5%), OMV (26.125%) and Sudapet (5%). The consortium worked together until Lundin sold its interest in Block 5A to Petronas in April 2003.

Exploration activities

From March to August 1997, a number of scouting trips were conducted in the area to find potential drilling sites, base camp locations and to analyse the need for additional infrastructure in the area.

After the wet season of 1997, gathering of seismic data commenced in early 1998. In the summer of 1998, before the next wet season, the consortium had obtained enough information to start planning for the actual drilling. Environmental studies were conducted at the same time.

The exploratory drilling started in Thar Jath in April 1999. But as Lundin was on the brink of finding oil, the rig site was attacked on 2 May 1999. Sadly, three guards were killed. All seismic and drilling activities were discontinued, and did not start again until January 2001.

In March 2001, Lundin announced that commercial quantities of oil had been discovered at the Thar Jath site. Two months later, operations were once again shut down, initially due to the onset of the rainy season but over time it became apparent that the security situation was not stable. With the exception of a short period in December the same year, Lundin never resumed field operations before it sold its interest in the area two years later.

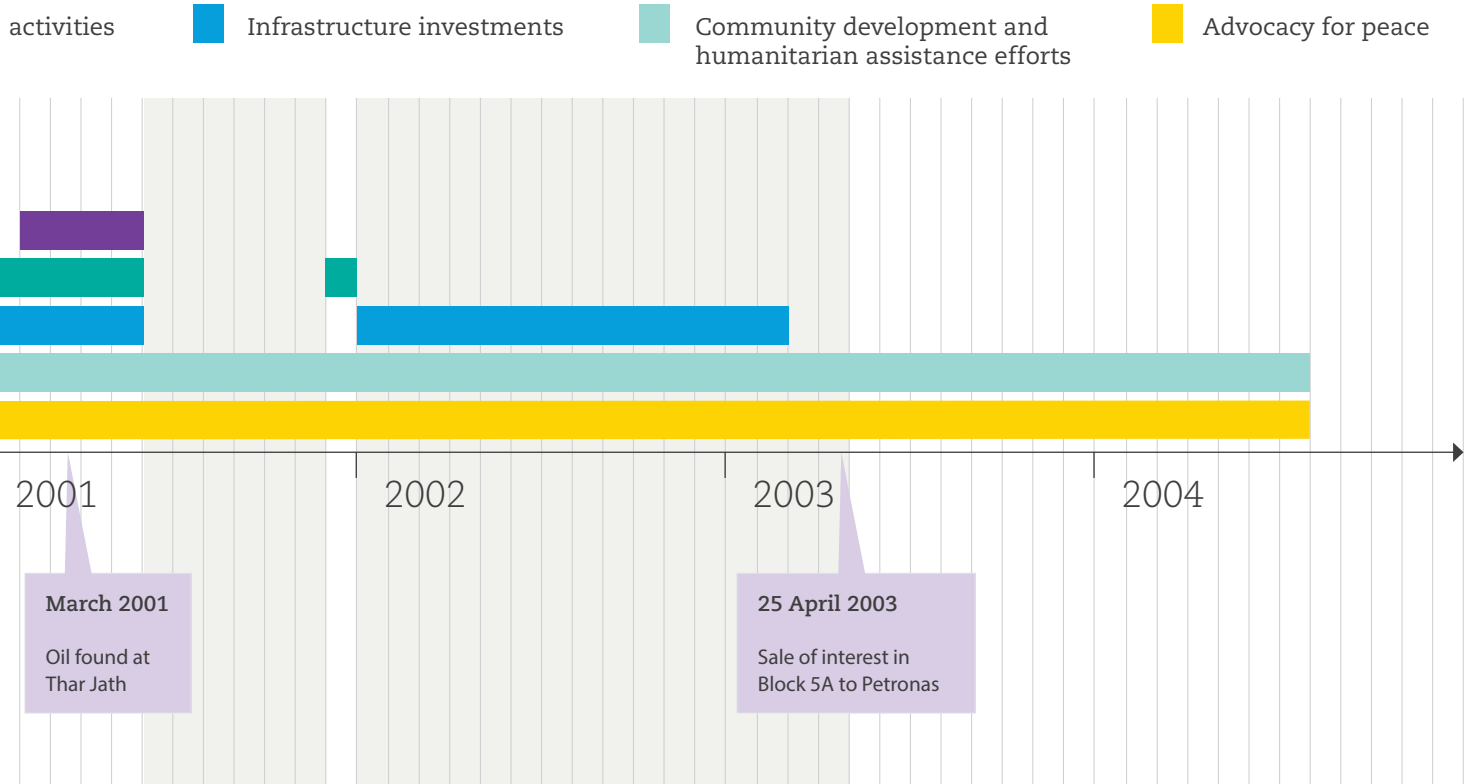
Community development and peace talks

During its time in Block 5A, Lundin made a number of infrastructure investments. The most substantial of these was a 75 kilometre all-weather road from Rubkona to Thar Jath.

Lundin also worked actively on community development and humanitarian assistance projects between 1997 and 2003, and even well after the company departed from the block in 2003.

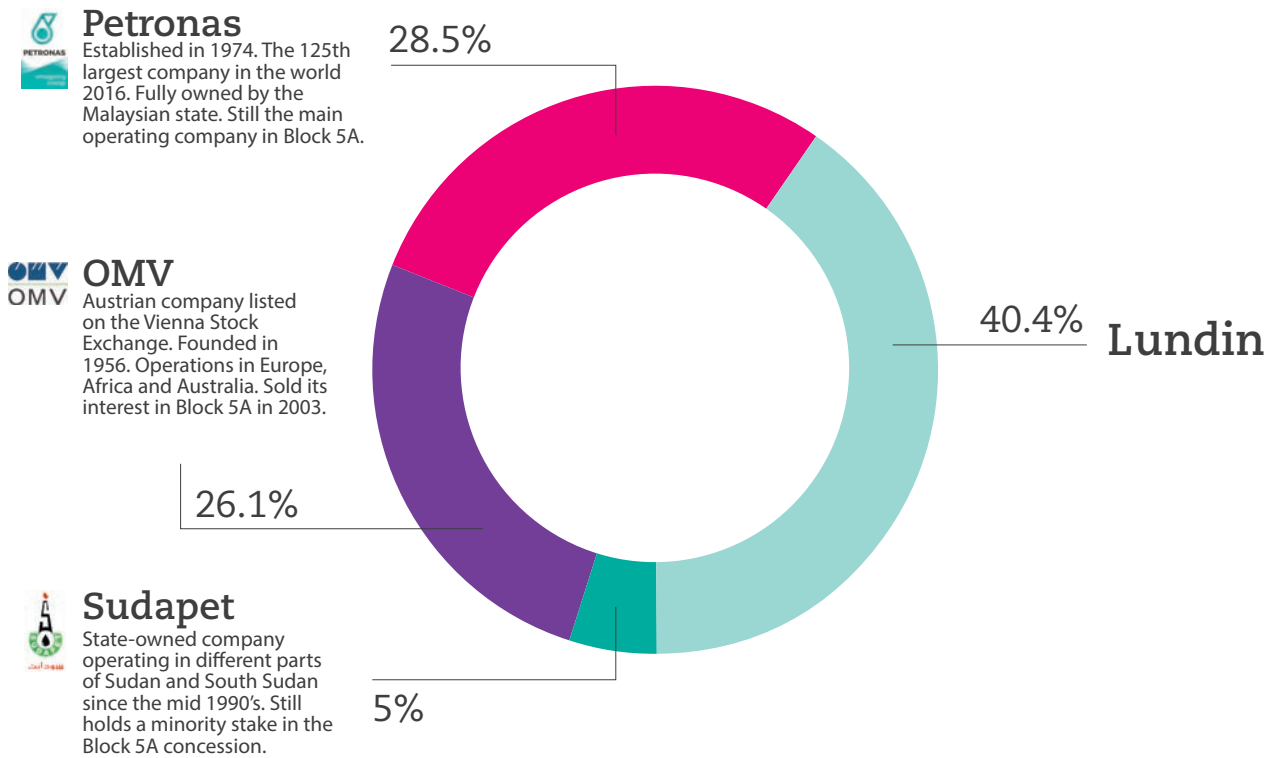
Lundin's philosophy has always been to ensure that the operations should be beneficial for the country and its people. Lundin was throughout its presence actively engaged at all levels within the local communities. From the beginning of 2001, Lundin actively advocated for peace. These advocacy efforts continued long after Lundin had left Block 5A.

In May 2001, Lundin also obtained a minority interest in the neighbouring Block 5B where drilling operations were proven to be unsuccessful. The asset was eventually relinquished in 2009.



Organisation

After the signing of the agreement to search for oil in Block 5A, a consortium was formed, including Lundin, the Malaysian company Petronas, the Austrian company OMV and the Sudanese company Sudapet. The consortium worked together until Lundin sold its interest in 2003.



Governance

During the six years of joint operations, the consortium hired a number of contractors or consultants e.g. for geological assessments, environmental and social studies, and construction work. Security for the staff and property of the consortium was to be provided by the local authorities.

The common decision-making body for the consortium was the Joint Operating Committee (JOC), which consisted of one representative from each of the four consortium members and met twice a year. The JOC discussed and decided upon all operational matters such as work programs, budgets, drillings, timelines, staffing, contractors, security, and community development and humanitarian assistance projects. Based on the decisions made in the JOC, Lundin managed the day-to-day operations.

In addition, a technical committee was set up with several representatives from each of the consortium members. This committee also met twice a year in conjunction with the JOC meetings and discussed in detail the progress of and developments in the seismic and geophysical work, drilling, and construction projects.

Also, a Joint Management Committee was formed with representatives of the consortium members and the Government of Sudan to make recommendations to the Minister of Energy and Mining regarding e.g. budgets, contracts, safety plans and personnel training.

Security

Health and safety of Lundin's staff, contractors as well as of the local population was of utmost importance from the very beginning. Lundin suspended operations and evacuated personnel from the block if the security situation was not stable.

Local security arrangement

The government of a country is ultimately responsible for the safety of the people living in or visiting the country. Security arrangements follow the laws and regulations of the specific country.

Initially, the Khartoum Peace Agreement set forth that security in the Block 5A area should be provided by local authorities and guards on behalf of the Government. Having security provided by local authorities was consistent with industry practice.

The first guard force that was put together to guard the highland and swamp crew camps for the seismic teams was composed of local policemen and local citizens. The role of these local guards was mainly to be a deterrent against petty thievery. The guards were unarmed and there was no expectation that they would be called to defend against any possible hostilities.

Lundin also engaged unarmed security consultants with experience of working in zones of conflict. These security consultants worked with health and safety issues and interacted with the local population in order to build trust and provide assistance to Lundin's community development and humanitarian assistance programs.

Changing of guards

After factional fighting erupted in early 1998 between different local groups, Lundin concluded that the security arrangement was no longer adequate. Lundin expressed its concerns to the Government and advocated for a solution that was acceptable to all parties.

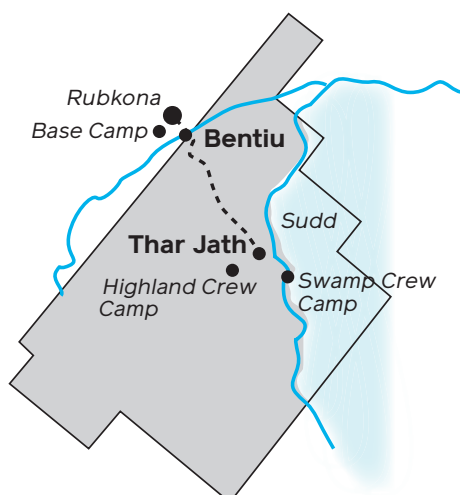
In June 1998, Lundin's highland camp, located 75 kilometres south of Bentiu, was overrun by a local group that made the guard force leave the camp. They occupied the camp for a few weeks and caused substantial material damage.

Operations resumed in the beginning of 1999 and Lundin carried on with the preparations for the first exploratory well to be drilled at the Thar Jath site, which was eventually initiated in April 1999.

On 2 May 1999, the rig site was attacked by a local group leaving three local guards dead. From this day on, it was clear that Lundin's operations were under threat and that the local guard force was not able to provide the necessary security.

After the attack on Thar Jath, the Sudanese Government took over the task of protecting the operations, and a number of soldiers were posted near the rig site as a defensive measure against possible future attacks.

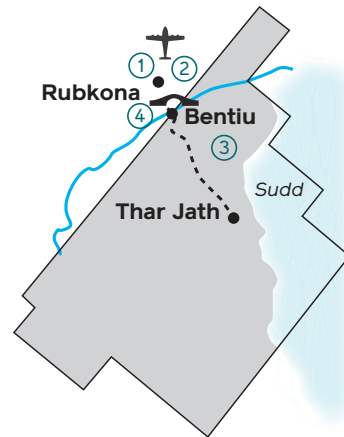
For further information about Lundin's operation in Thar Jath, please see page 9.



The Thar Jath site in April 1999. Security personnel lodged next to the camp indicated by a yellow circle.

Infrastructure investments 2000-2003

During Lundin's time in Block 5A, a number of investments in infrastructure were made to facilitate the operations. Many of them were also very beneficial to the local population. The main contractor for the different infrastructure projects was a Sudanese construction company.



The Rubkona base camp and airstrip.



The all-weather road to Thar Jath.



Bridge across Bahr el Ghazal.



Inhabitants and Lundin using the all-weather road between Rubkona and Thar Jath.

1

Rubkona base camp

Lundin constructed a base camp adjacent to an airstrip in Rubkona during the first months of 2000. Pre-fabricated buildings were delivered from Dubai and an old warehouse was used for the storage of equipment. When Lundin sold its interest in Block 5A in 2003, the base camp was taken over by Petronas.

2

Refurbishment of the Rubkona airstrip

In the autumn of 2000, a Government owned airstrip in Rubkona was upgraded to make it possible to transport personnel and equipment into Block 5A, particularly during the wet season.

3

All-weather road from Rubkona to Thar Jath

In order to be able to transport heavy equipment to the rig site located 75 kilometres from the airstrip in Rubkona, there was a need for a new road that could be used throughout the year.

Lundin's contractor began construction of the all-weather road in the beginning of 2000. After a break during the wet season, the road was eventually completed in December 2000.

The route for the road was planned to avoid passing through any villages. Because of the benefits of transportation, many people actually moved closer to the road. After the road was ready, it was frequently used by the local population as it provided a direct access to the market in Rubkona and to Bentiu where many of the humanitarian organisations were based.

Given the benefits brought by the all-weather road, there was a strong desire from the local population to construct further roads. As part of its community development programme, Lundin therefore also constructed a road to the town of Thoan, where Lundin had built a medical clinic and school and extended the all-weather road further south.

4

Bridge over the Bahr el Ghazal River at Rubkona

To facilitate transport of people and equipment from the state base camp to the new all-weather road a permanent river crossing was built in early 2000 just south of Rubkona. A pontoon solution was chosen because it would not disrupt the water flows or have an impact on the fish stock. This bridge provided a safe and easy passage between Rubkona, Bentiu and the Block 5A area and was regularly used by the local population and NGOs.

Contribution to local communities 1997-2003

With the aim of establishing good relations with the local communities in Block 5A, Lundin maintained a dialogue with their representatives and contributed with infrastructure, community development projects and humanitarian assistance to the area.

Infrastructure

Some of Lundin's infrastructure investments were made with the primary purpose of serving Lundin's operations but also benefitted local communities, while other investments were made solely to improve the living conditions for local communities. Rubkona for instance became a big market for the people in the area as a result of the infrastructure that Lundin put in.

Bridge across Bahr el Ghazal

Lundin built a bridge on the border to Block 5A across the river Bahr el Ghazal between the base camp in Rubkona and the town of Bentiu, the capital of Unity State. The bridge was used regularly not only by the company but by the local population and by NGOs operating in Unity State, since Bentiu was also home to a major humanitarian relief centre.



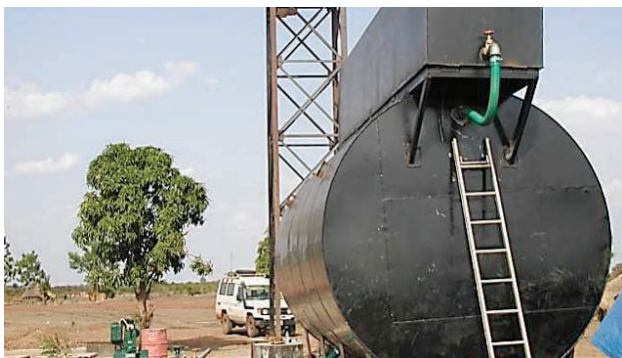
The bridge between Rubkona and Bentiu.

All-weather road from Rubkona to Thar Jath

The all-weather road starting at Lundin's base camp in Rubkona just across the northern limit of Block 5A and stretching down to Thar Jath, was built for Lundin's operations but also came to serve the local communities. The population in this area was very sparse, but those who had moved to settlements close to the road frequently used it to get to the market in Rubkona.

Water along the road

- Lundin installed water tanks along the all-weather road. It also provided them to the villages of Kwosh, Aweilwa, Dorang, Thoan, Kilo 10, Kilo 20, Kwerger, Thar Jath and Dorang Schwall, and provided daily deliveries of water to these tanks.
- As the road was finished, Lundin drilled six deep-water wells for the benefit of villages in the area, repaired ten wells in the town of Lehr, as well as constructed water filtration units in Rubkona and Thoan. Lundin continued to deliver fresh water to a number of water distribution points along the road even after the wells were in function.
- One thousand 20-litre-containers for carrying water were also distributed to villagers.



Water filtration unit.



The all-weather road was frequently used by the local population.

Community development and humanitarian assistance

When the conflict intensified, there was an increasing number of people who moved from the conflict areas. People gathered in camps mainly in the Government of Sudan controlled towns: Bentiu and Rubkona. Lundin's activities focused on assisting these people and aimed to promote better health and hygiene, but more long term efforts were also made to improve education and the general quality of life for the current and future inhabitants of Block 5A. Between 2001 and 2003, Lundin spent over USD1.7 million on community development and humanitarian assistance.



Lundin drilled six deep-water wells in the area and repaired ten wells in Lehr.

Education

- Lundin started by distributing equipment such as pens, paper and black boards for schools in the area, before providing more substantial support to both buildings and teachers.
- Lundin built and/or supported six schools by the end of 2001, in Kwergen/Dorang, Kwosh, Thar Jath, Koo, Thoan and Adok, with the number of pupils totalling 585. A permanent school was constructed in Thoan.
- 24 women from all over the area were recruited to train as qualified midwives, and the company made all the arrangements to enrol them in midwifery school.
- Lundin hired local staff for its operations but there was a lack of required skills and the number of local staff was therefore limited. A programme to train vector control specialists and computer analysts was also initiated.

Health

- During the rainy season, communicable diseases spread more easily. To prevent this, Lundin distributed



A temporary clinic was opened in Lehr hospital and another one near Rubkona. Between 15 February and 9 April 2002, over 8,000 patients were treated at the latter.

water, blankets, mosquito nets, tarps and soap to the local population, sprayed huts and swamps to control mosquitoes, constructed latrines, as well as facilitated vaccination programmes carried out by health organisations.

- Between five and eight Sudanese doctors, as well as more than a dozen paramedical staff, all locals, were employed by Lundin. They worked in mobile tent clinics, temporary straw clinics as well as in hospitals in the area. Thousands of patients were treated by Lundin's medical staff.
- In addition, a permanent clinic was built in Thoan. Unfortunately the clinic was destroyed before it was put to use.

Capacity building

- Distribution of farm tools and fishing tackle.
- Two veterinarians were engaged to run a vet station in Thoan in order to tend to local cattle, and a number of mobile vet clinics were set up with eight local para-veterinarians trained by Lundin.
- A programme training inhabitants as para-medics, veterinarians, nurses, brick layers, etc. was set up.
- A brick making factory employing 48 villagers was established in Thoan providing bricks for local construction. Over 100,000 bricks were produced in a period of one month. A women's development centre was also set up in Thoan.
- A nursery garden, maintained by two locals, planted over 150 shade trees.

The staff members involved in these projects were often the first to go into Lundin's areas of activities and the last to be pulled out when the security situation deteriorated. Lundin continued to provide humanitarian assistance to local communities throughout the suspension of operations in 2001 and 2002, and even well after the company departed from the block in 2003.

NGO reports 2001, 2003 and 2010

A number of NGOs produced reports on the areas in and around Block 5A based on information they received from various sources. The more widely publicised ones – the Christian Aid Report from 2001, the Human Rights Watch (HRW) Report from 2003 and The European Coalition on Oil in Sudan (ECOS) Report from 2010 – claim, generally based on information obtained second hand, that oil development in Sudan brought more conflict and systematic displacement of people, rather than peace and prosperity, in the oil concession areas.

When Christian Aid published its report in March 2001, Lundin initiated an investigation and consulted with people outside the company who were present on the ground in Block 5A. A Christian Aid representative also made a presentation to the Lundin Board of Directors.

Shortly after the Christian Aid report was published, Lundin had to shut down the drilling activity in Block 5A. With the exception of a few days in December the same year, Lundin never resumed oil operations before the divestment of its interest in the spring of 2003.

In addition, Lundin invited journalists to the company's operations in Block 5A. Three Swedish journalists, including two from the largest daily Dagens Nyheter, and a Swiss TV crew, participated in different field trips in the area. Lundin also invited representatives of the Swedish government to visit the area at the time.

The two other reports mentioned above, from HRW and ECOS, were both published after Lundin had left the area.

The most common allegations with Lundin's comments

<i>Allegations</i>	Lundin's comments
1: "Oil companies are partners of the government of Sudan"	Oil companies are required by international law to sign an agreement with the federal government in the country of operation. For Lundin this was as true in Sudan 1997-2003 as it is for ongoing operations in any country.
2: "Military protection is part of the partnership"	As in any country where Lundin is operating, the Government is ultimately responsible for the safety of the people living in or visiting the country. Initially Lundin's operations were protected by local policemen and civilians. The army took over security for the operations when the factional fighting increased and the previous protection measures were no longer sufficient.
3: "Oil industry infrastructure is constructed for military purposes"	Lundin made infrastructure investments in Block 5A for legitimate operational purposes. Once built, the infrastructure was available to anyone and was most frequently used by local people and NGOs. The roads that Lundin commissioned did not interfere with existing population settlements.
4: "Oil revenues were used to finance the war"	Lundin discovered oil in block 5A, but there was no production and therefore no revenues to be distributed from oil before Lundin sold its interest in the Block in 2003.
5: "Attacks on civilians living in and around the oil rich areas"	Lundin was present in a small part of a 30,000 km ² region. Lundin's representatives did not witness attacks on civilians and did not commit, aid, facilitate, instigate, encourage or remain indifferent to attacks on civilians or any violations of international humanitarian law.
6: "International companies were not protesting against violations of international humanitarian law"	Lundin raised concerns about alleged assaults on civilians in meetings and written correspondence to the Government of Sudan and other parties to the conflict. At all times, Lundin made it clear that the only solution to be able to operate in the region was a political solution and peace achieved by peaceful means.

Christian Aid: The scorched earth, Oil and war in Sudan (March 2001)

The report claims that the Government of Sudan was pursuing a "scorched earth" approach to clear the land of civilians and make way for the exploration and production of oil by foreign oil companies

Lundin's representatives did not witness any "scorched earth" organised by military forces. Burning of land in South Sudan, as in many other African countries, serves for agricultural purposes where high grass is burned in dry seasons in order to turn into fertilizer in rainy seasons. People in the area are nomadic and move according to seasons and agricultural requirements which can differ from year to year.

In the report Christian Aid called on oil companies to suspend operations until a lasting peace agreement had been agreed, in order to send a clear message to the Government of Sudan that it would be unacceptable to violate human rights in order to assist the production of oil.

Shortly after the publication of the Christian Aid report in March 2001, Lundin suspended its exploration efforts. Exploration activities were not fully resumed during Lundin's remaining time in the block. Lundin was however highly engaged in promoting peace and the protection of civilians in its areas of operation.

During this time, a number of other NGOs and international diplomats asked that Lundin remain in Block 5A so that it could continue to advocate with the government and local leaders to reach a peace agreement.

Human Rights Watch: Sudan, Oil, and Human Rights (September 2003)

According to Human Rights Watch the activities of oil companies in the area were intertwined with the Government's human rights abuses. The corporate presence is said to have fuelled, facilitated or benefited from violations.

Lundin is said to have taken advantage of the heavy army presence to develop its concession while failing to investigate or acknowledge forcible displacement of civilians from its concession area. They also blamed the company for not making any public statement condemning abuses brought about by oil development.

When entering Block 5A in 1997, the Khartoum Peace Agreement was just signed, and local authorities were to provide security. Security arrangements for the operations were taken over by the army when interfactional fighting increased.

As described in this report, Lundin actively advocated for peace, and made it very clear that the only way for Lundin to operate in Block 5A was peace achieved by peaceful means. Most of the peace efforts were not made public at the time, because it was considered more effective to conduct them privately. But at the time, Lundin did communicate the necessity of peace and respect for human rights in a number of reports, press releases and TV interviews.

European Coalition on Oil in Sudan (ECOS): Unpaid Debt (June 2010)

The report stated that the international companies in the consortium in Block 5A (Lundin, Petronas and OMV) and their Governments, i.e. Sweden, Malaysia and Austria, should have known and acted to prevent the alleged human rights violations.

ECOS argued that by 1997, the Government of Sudan had a well documented track record of disregard for human rights when securing oil operations and claimed that Lundin should have predicted that its operations were of paramount strategic interest to the parties of the civil war.

There has been intermittent civil war in Sudan since 1956, and Lundin was aware that the area could prove unstable. However, at the time of entry, a peace agreement had been signed. For the duration of Lundin's presence in Block 5A, there were no sanctions by Sweden, the European Union or the United Nations against doing business in Sudan. The policy of these bodies was that companies can operate in potentially turbulent parts of the world, as trade and exploration of natural resources can benefit both economic growth and peace.

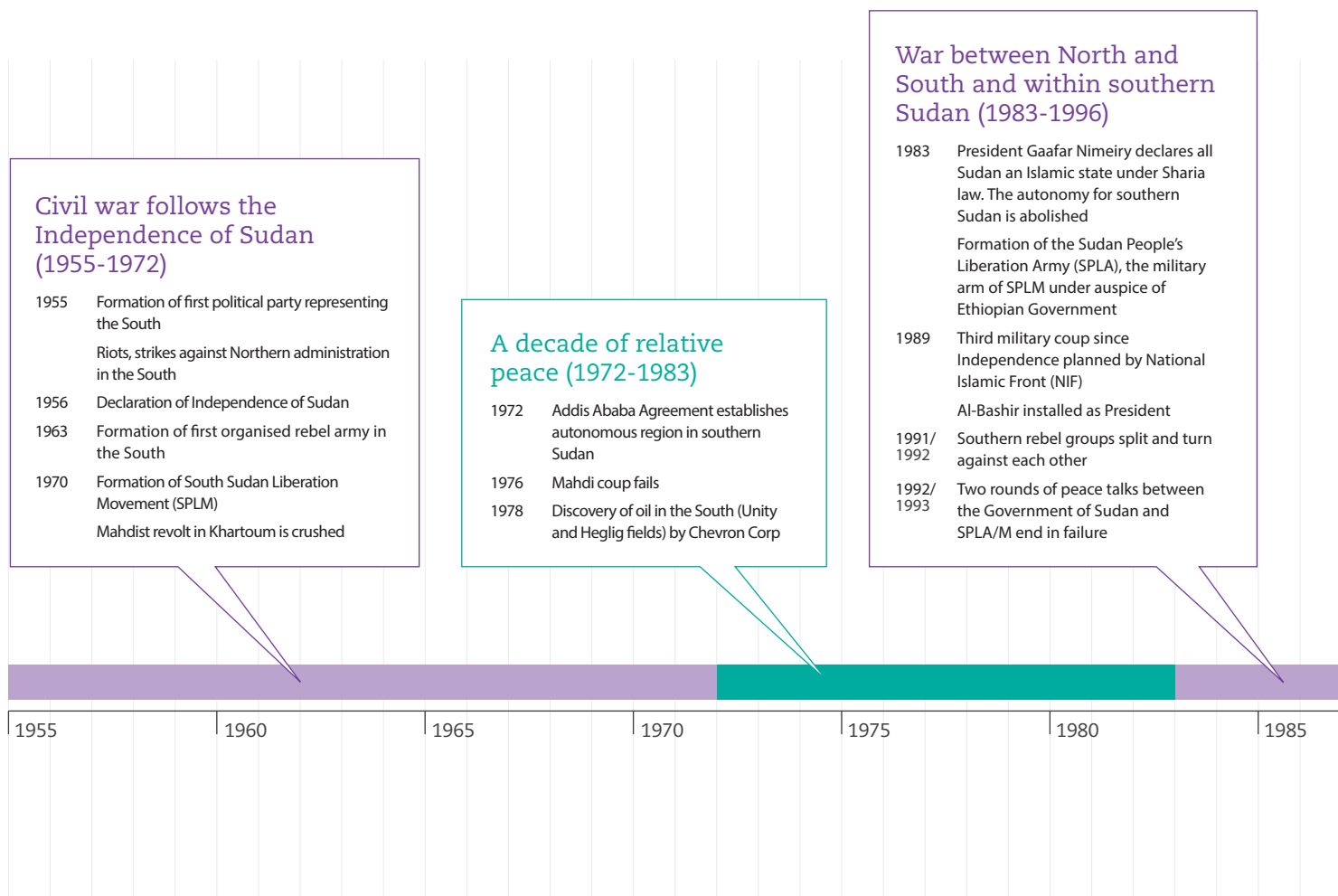
The conflict in Sudan 1955-

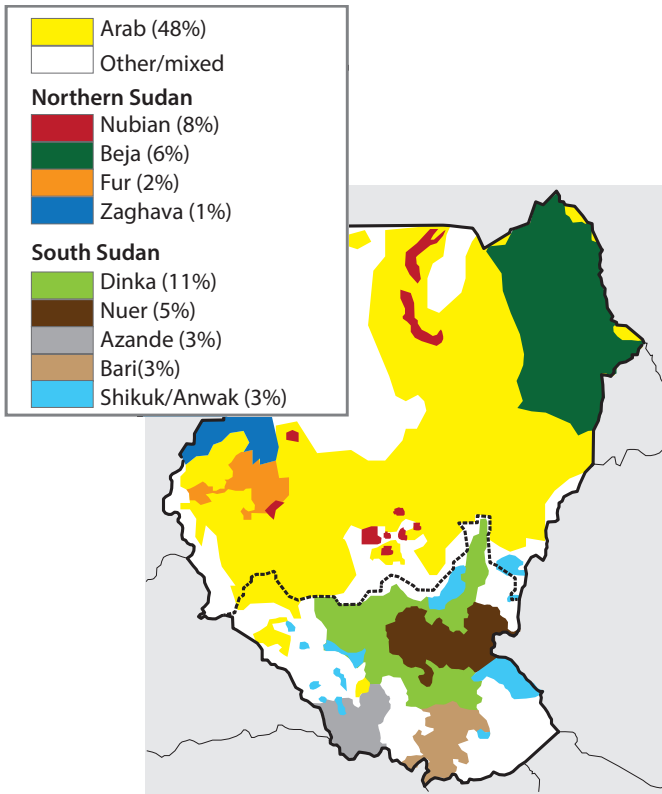
Shortly after Sudan gained its independence from the United Kingdom in 1956, the civil war began and, apart from a few periods of fragile peace, it has continued ever since.

One element of the civil war was the conflict between the North and the South. The North is predominantly Muslim and traditionally served as the administrative centre while the South is predominantly animist and Christian and holds much of the natural resources. The South obtained independence in 2011.

For example, the Dinka tribe is the largest ethnic group in South Sudan and the Nuer tribe dominates the area of Block 5A. There was (and continues to be) frequent conflict between the Dinka and the Nuer in the area around Block 5A as well as within these tribes.

The Khartoum government has for a long time been dominated by the Mahdi Dynasty and its Umma Party. Another element of the civil war is inter-tribal violence.





Complex ethnic geography.

Peace agreement and first step towards Independence of South Sudan (1996-1998)

- 1996 Political Charter signed by the Government of Sudan and local groups in the South, stating that the conflict should be politically resolved
- 1997 Khartoum Peace Agreement is signed between the Government of Sudan and South Sudan Independence Movement (SSIM) and other fighting groups for and on behalf of the Southern States. The security in the region is to be provided by the South Sudan Defence Force (SSDF)
Southern States Coordinating Council is formed with Riek Machar as President
- 1998 Southern factional fighting, SPLA and SSDF clashes

Conflict re-intensifies despite peace agreement (1999-2004)

- 1999 President Al-Bashir dissolves the national assembly and declares state of emergency
- 2000 Machar resigns from the Southern States Coordinating Council
SPLA declares oil installations as military targets and the fighting between SPLA, other factions and the Government of Sudan intensifies
- 2001 SPLA keeps up attacks on the Government of Sudan's army and oil operations in different parts of southern Sudan. Fighting intensifies as each side prepares for peace negotiations
- 2002 The Government of Sudan and SPLA sign an agreement prohibiting attacks on civilians or civilian objects (including oil installations). By 2003 the fighting has calmed down

Peace agreement, and independence for South Sudan (2005-2013)

- 2005 The Comprehensive Peace Agreement is signed and Dr. John Garang (Head of SPLA) becomes First Vice President of Sudan
- 2011 South Sudan becomes an independent state with Salva Kiir Mayardit (a Dinka) as its first President and Riek Machar (a Nuer) as Vice President

Factional fighting within South Sudan (2013-)

After 10 years of relative calm, military conflict erupts again in South Sudan along with a humanitarian crisis

Lundin presence in Block 5A (1997-2003)

Lundin's advocacy for peace in Sudan

Following discussions with central and local authorities, and the signing of the Khartoum Peace Agreement in April 1997, Lundin expected to be operating in a peaceful environment. After the fighting between the parties that had signed the agreement erupted again, Lundin was highly engaged in promoting peace and the protection of civilians in its area of operation.

Some of these advocacy efforts were made public but most were kept "low profile" as this was believed to be more effective. At all times, the message from Lundin was clear. The only solution for Lundin to be able to operate in the region was a political solution and peace achieved by peaceful means. In all of its contacts and advocacy efforts, Lundin made this very clear and never made any requests or demands to the contrary.

In the following years, and also long after Lundin had sold its interest in Block 5A, company representatives engaged with representatives of the Government of Sudan, faction leaders, the international community, diplomats from other countries and different NGOs in order to support peace.

Long-term commitment for peace

Lundin continuously liaised with different United Nations bodies concerning the situation in southern Sudan, including the UN Office for the Coordination of Humanitarian Affairs, UNICEF, the World Food Programme, the World Health Organisation and the UN Special Rapporteur on the Situation of Human Rights in the Sudan, Gerhart Baum, with whom Lundin met in September 2001 and March 2002.

In addition, Lundin representatives organised and attended meetings concerning the peace process with, among others, high-profile representatives of the Netherlands, the United States, Germany, the United Kingdom, Norway and Canada, as well as the European Union and the African organisation IGAD (Intergovernmental Authority on Development).

Further, Lundin supported and monitored negotiations between the Government of Sudan and faction leaders. For example, in March 2002, Lundin funded and monitored a peace conference organised in Bentiu, where Lundin representatives stressed, once more, that there would be no development in Block 5A without peace.

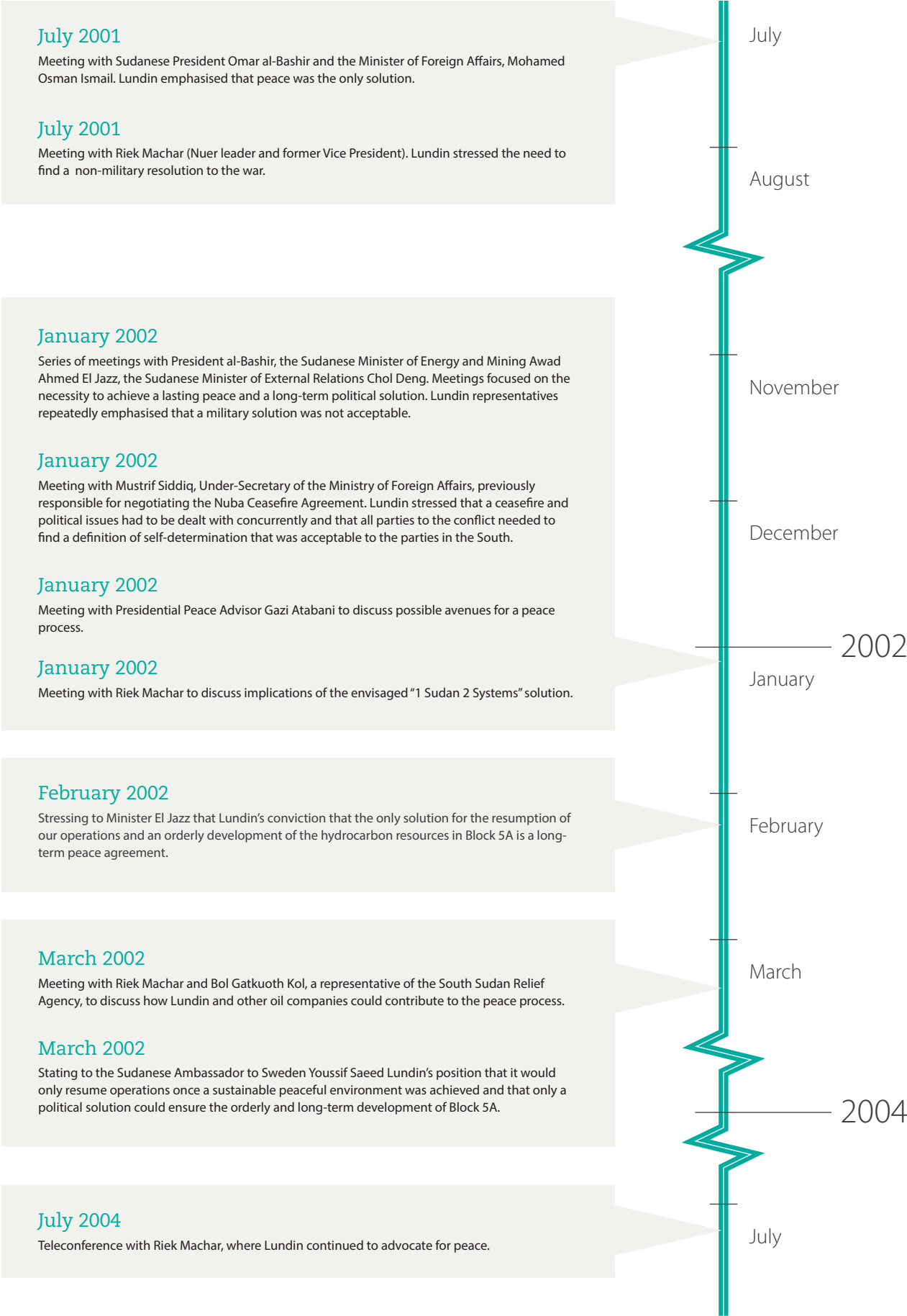
Following this meeting, Lundin, together with the Canadian company Talisman, opened a Peace Centre in Bentiu, with a view to facilitate the peace process by providing a forum for the parties to conduct meetings and negotiations.

Throughout its presence in Sudan, Lundin actively engaged with the local population to ensure that its operations were having a positive impact on contributing to improve living conditions. Even after Lundin sold its interest in Block 5A, it remained committed to peace-building efforts in southern Sudan and its representatives remained in contact with relevant stakeholders.

“ Oil was a driver for peace. It was also because of the oil that a number of governments later got deeply involved in what became the peace process, eventually resulting in the North-South peace agreement.”

Carl Bildt, former Prime Minister and Minister for Foreign Affairs of Sweden, former Member of the Board of Directors, Lundin, at a Parliamentary Hearing in Stockholm, 2007

Key activities with Lundin representatives



The preliminary investigation 2010-

On 21 June 2010 the International Prosecution Office in Sweden initiated a preliminary investigation on potential crimes against international humanitarian law in Sudan from 1997 to 2003.

Purpose of the investigation

The source for the investigation, as communicated in a press statement the same day, was the then newly released report "Unpaid Debt" by the European Coalition on Oil in Sudan (ECOS). The purpose of the investigation was defined as to investigate if individuals with connections to Sweden can be suspected of involvement in crimes.

In March 2012 an additional press statement was released by the Prosecution Office in which three key issues for the investigation were defined:

1. Is it possible to prove that the alleged crimes against civilians in Block 5A have taken place during the relevant time period?
2. Were individuals with Swedish connections aware of these crimes?
3. Have these individuals in any way furthered such crimes?

Continuous cooperation with the Prosecution Office

Lundin has proactively cooperated with the Prosecution Office and has provided information and materials requested.

Lundin has further offered interviews with Lundin representatives that may be able to provide relevant information to the Prosecution Office, including our management team and members of the Board.

Lundin representatives have met with the Prosecution Office on a number of occasions to give information and answer questions.

We are convinced, based on our direct knowledge of how we operated, that no Lundin representative was in any way involved in any alleged crimes. We believe that it will ultimately be confirmed that there are no grounds for any allegations of wrongdoing in Sudan by any Lundin representative.

“ I believe that we contributed positively and with protection in the areas where we operated. These areas were of course just a small stamp on the big map in a very complicated situation. But in those areas, we also contributed to developing healthcare and education in cooperation with NGOs and the UN, and they continued these efforts after we left the area.”

Carl Bildt, former Prime Minister and Minister for Foreign Affairs of Sweden, former Member of the Board of Directors, Lundin, at a Parliamentary Hearing in Stockholm, 2007

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