

Lundin Petroleum **Capital Market Day**

12 February 2018



Lundin Petroleum 2018 Capital Market Day

Agenda

1. What we said, what we achieved and an outlook for the future
2. Production growth
3. An efficient and an innovative operator
4. Big fields get bigger!
5. We can't stop talking about it - Johan Sverdrup

-----Break-----

6. Organic growth - Lundin Petroleum's main strategy
7. Financial - transformational years ahead
8. Dividends - yes we will!
9. Concluding remarks

Q&A

Who will be presenting today....



Alex Schneider
President & CEO



Nick Walker
COO



Teitur Poulsen
CFO



Kristin Færøvik
Managing Director



Per Øyvind Seljebotn
Reservoir Development Manager



Erik Sverre Jenssen
Field Development Director



Halvor Jahre
Exploration Director

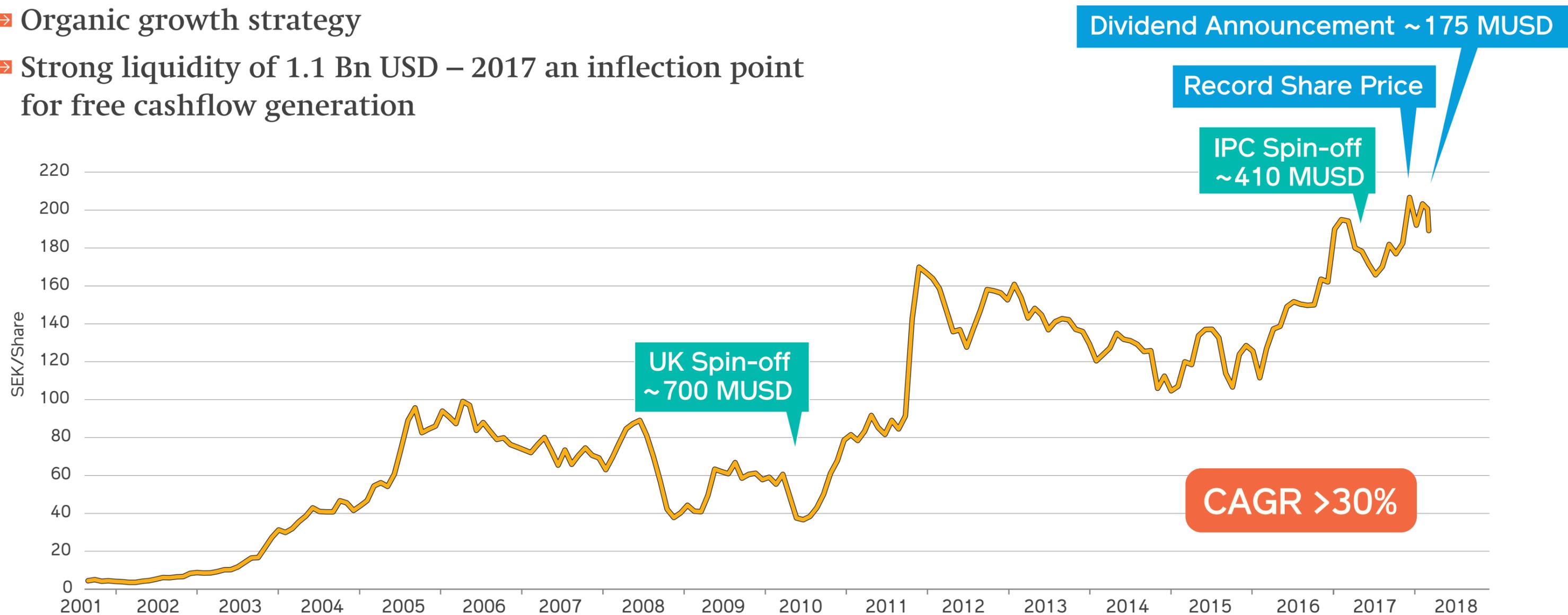
What we said, what we achieved and an outlook for the future



Lundin Petroleum

A Leading European Independent E&P Company

- Market Cap 8.2 Bn USD
- Strong production growth – double current level by 2022
- ~1 billion boe resource base
- Geographical focus on Norway – post IPC spin-off
- Organic growth strategy
- Strong liquidity of 1.1 Bn USD – 2017 an inflection point for free cashflow generation



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2017 Highlights

Record production

- **86** Mboepd – **15** % above original guidance
- Edvard Grieg reservoir and facilities outperformance

Industry leading low operating costs

- **4.25** USD/boe – **20** % below original guidance

Strong reserves additions

- Proved plus Probable reserves replacement ratio **144** %
- Edvard Grieg significant reserves upgrade – **+47** % since PDO

Johan Sverdrup on track

- Phase 1 **~70** % complete, key milestones being met
- Phase 1 costs reduced to **88** Bn NOK – **~30** % below PDO ⁽¹⁾

Progressing growth opportunities

- **4** appraisal projects – Alta, Rolvsnes, Luno II, Gekko
- **50** % increase in acreage footprint – **2** new exploration core areas

IPC spin-off completed

- **~11** SEK/share dividend (~410 MUSD)

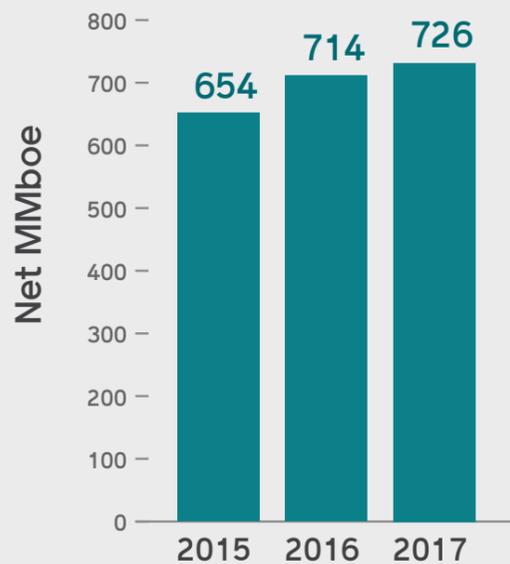
⁽¹⁾ excluding FX gains

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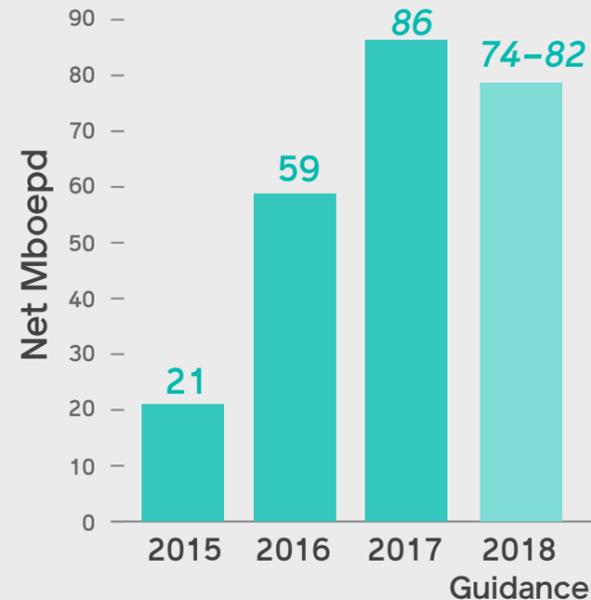
Key Metrics

- ➔ Grow resource base and production organically
- ➔ Increased long-term production outlook

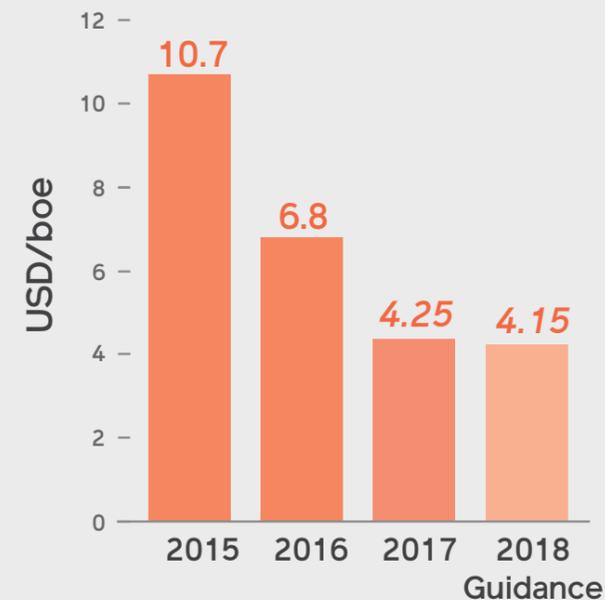
2P Reserves



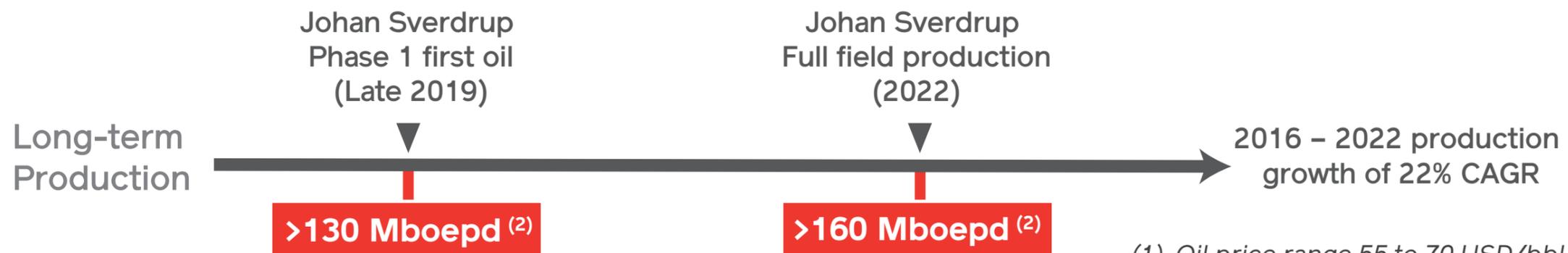
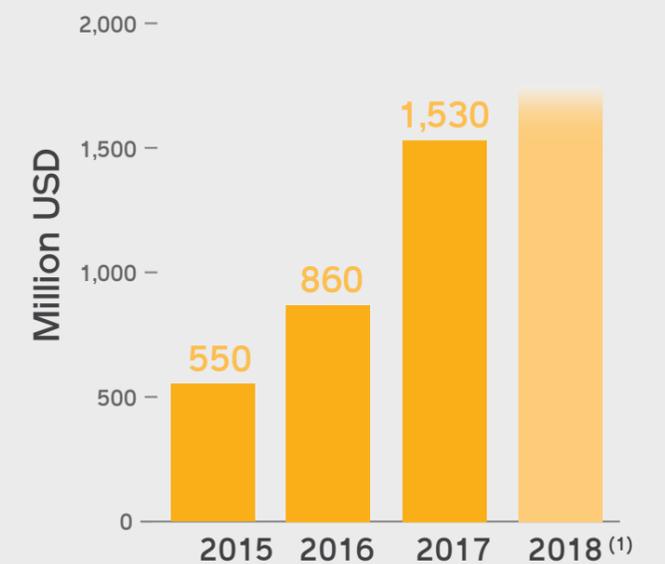
Production



Cash Operating Costs



Operating Cash Flow

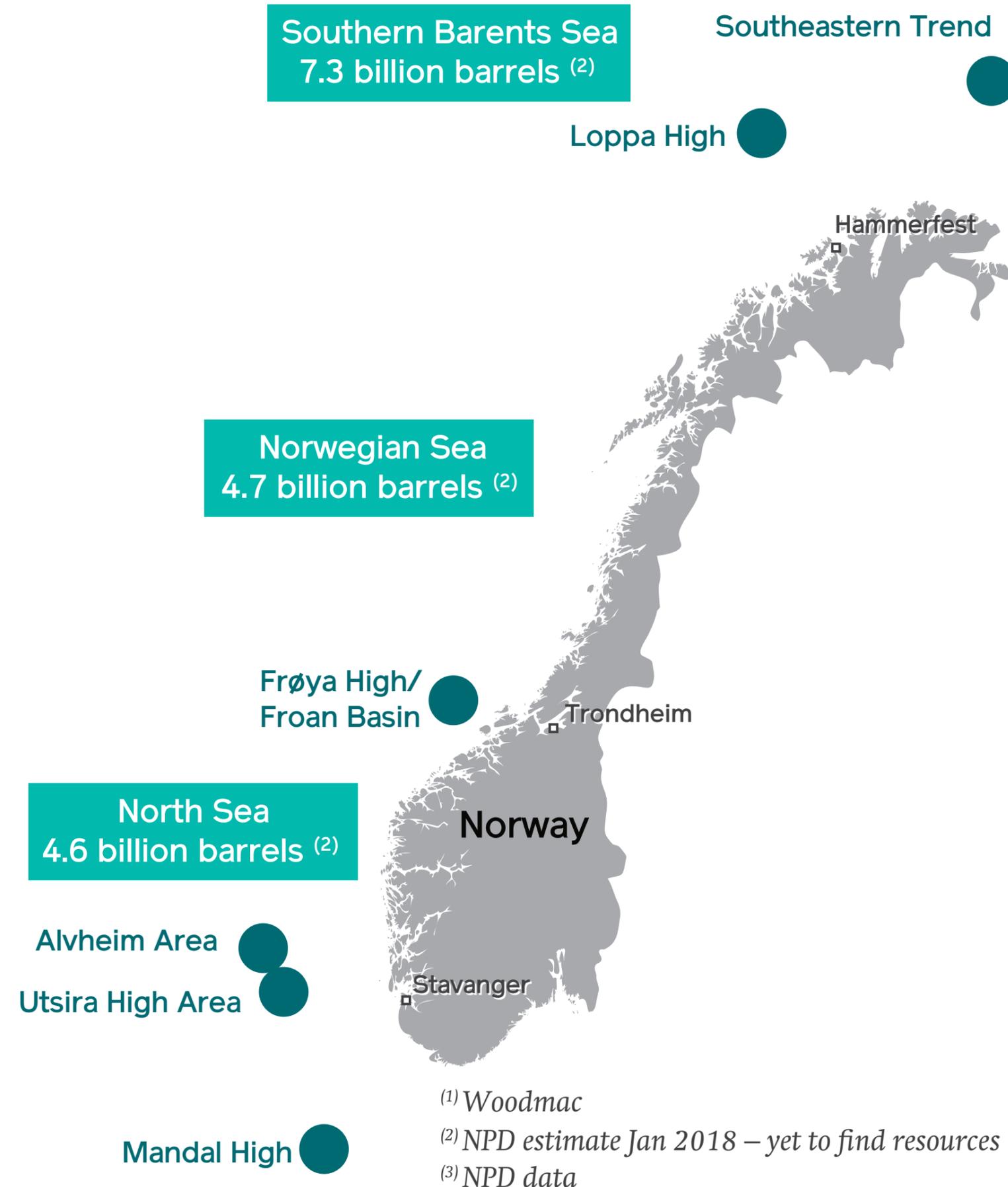


(1) Oil price range 55 to 70 USD/bbl

(2) Long-term production guidance increased - Feb 2018

Lundin Petroleum Organic Growth Strategy

- Norway pure play
- NCS ranks in top **10** worldwide exploration areas ⁽¹⁾
- Significant yet to find resources **>16** billion barrels ⁽²⁾
 - ➔ NCS exploration commercial success rate 29% ⁽³⁾
- Material acreage position – **6** core exploration areas
- **50** % increase in acreage footprint from last year
- Significant appraisal activities
- Business development – opportunistic strategy



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A&D Activity – Acceleration of the Organic Growth Strategy

- 8 deals in 2017
- Main focus on early life opportunities
- Financial capacity for material transactions

Accelerated Organic Growth

- 5 acquisition/swaps – exploration blocks
- 1 new core exploration area
- +3 material 2018 exploration wells

Portfolio Rationalisation

- Brynhild – 39% sale to CapeOmega, 97 MUSD post-tax proceeds

Opportunistic High Impact

- Edvard Grieg +15% from Statoil (2016)
- Continuous review of opportunities

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What to Expect in 2018

Production

→ Continuing strong performance, mid-point guidance **78** Mboepd

Operating costs

→ Record low cash operating costs **4.15** USD/boe

Development

→ Johan Sverdrup - Phase 1 key offshore installation year, Phase 2 PDO
→ 2018 development capital down by **15** % from 2017

Organic growth

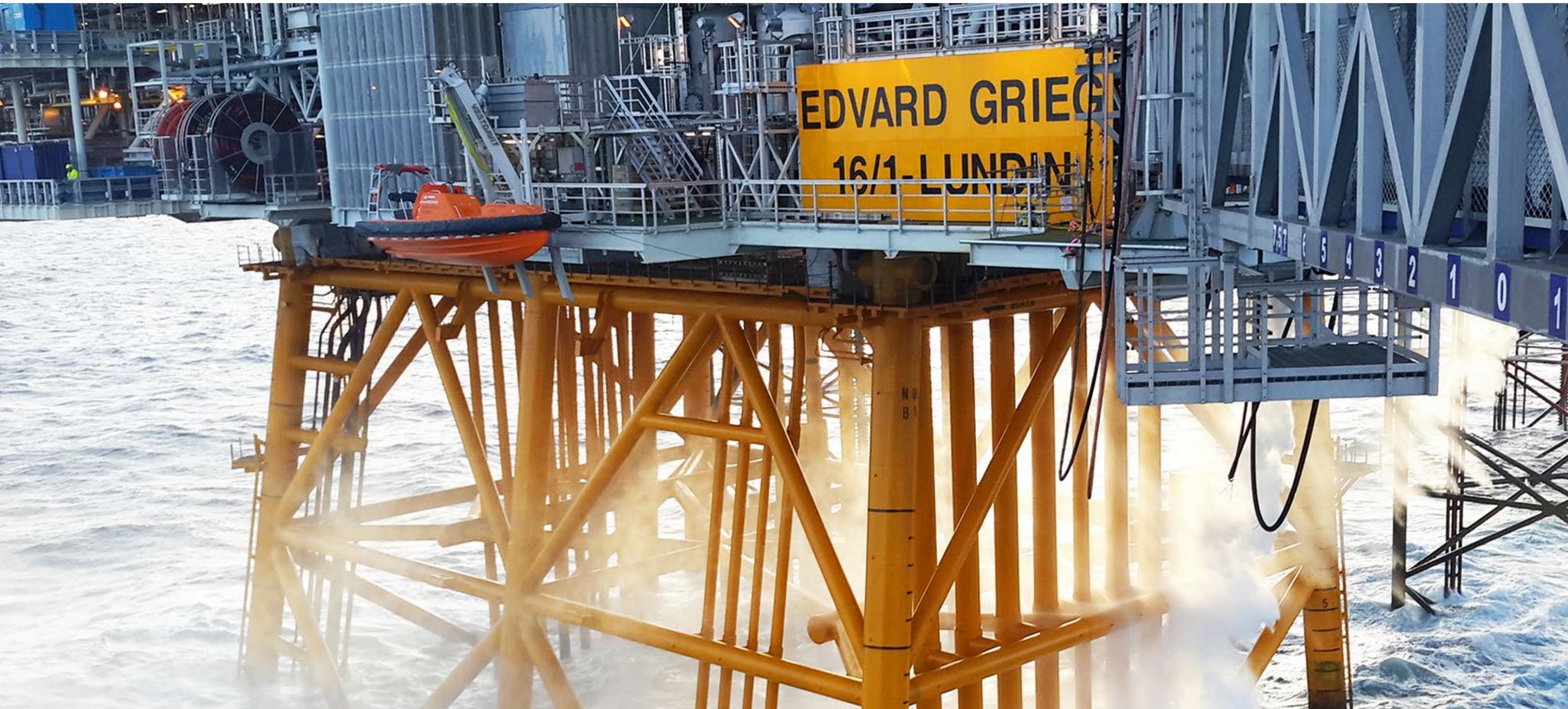
→ **4** appraisal projects targeting **>200** MMboe net resources
→ Increased exploration activity, **9** wells targeting **>500** MMboe ⁽¹⁾

Dividends

→ Proposed dividend of **4** SEK/share (~175 MUSD) at 2018 AGM
→ Intent to double to at least ~ 350 MUSD per annum from next year (~**4.3** % yield)

⁽¹⁾ Net unrisksed resources

Production **growth**



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Diversified Position on the NCS

Key Producing Fields:

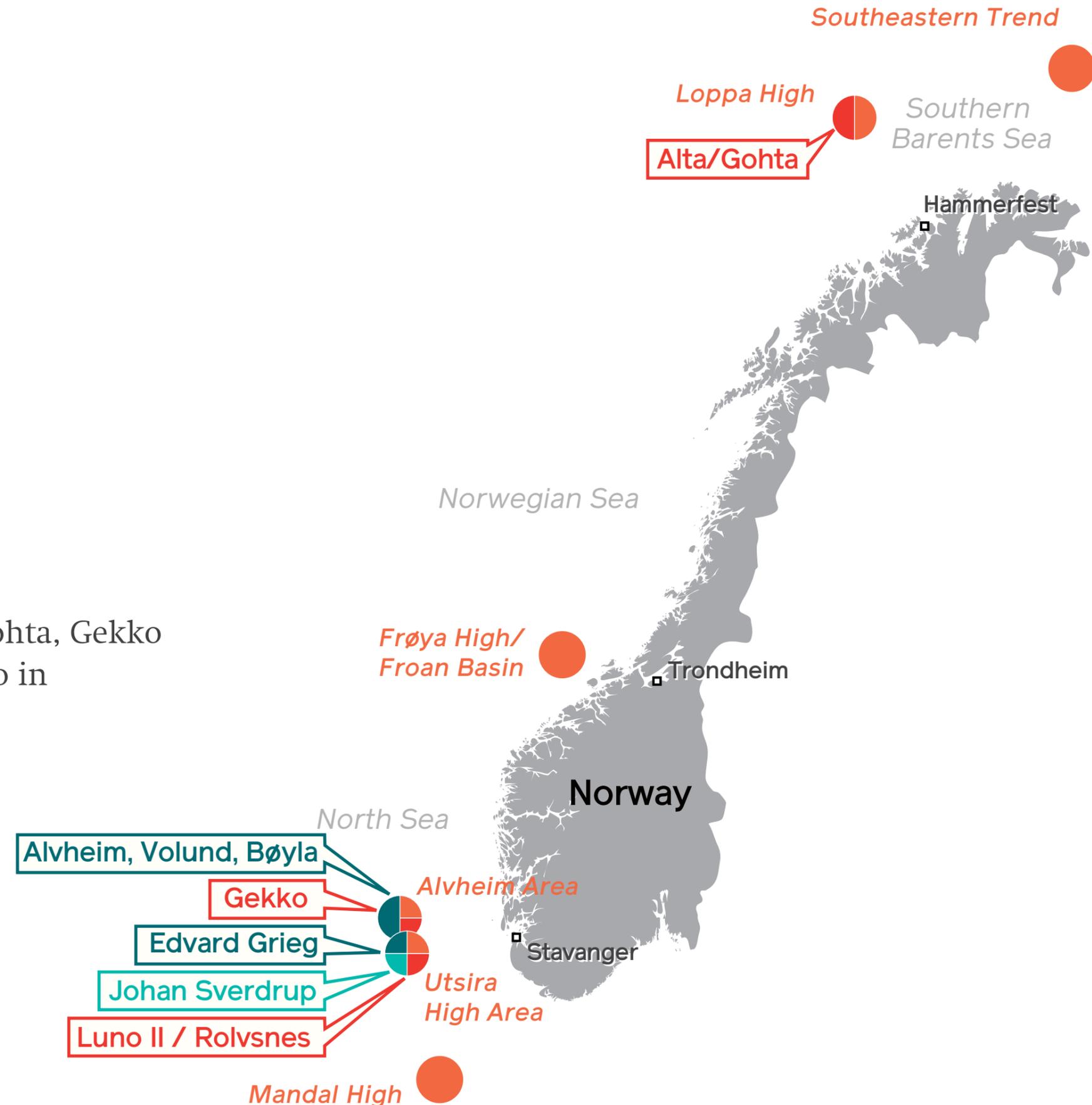
→ Edvard Grieg, Alvheim Area

Production Growth:

→ Johan Sverdrup development

Organic Growth:

- Appraisal projects: Luno II, Rolvsnes, Alta/Gohta, Gekko
- Exploration — renewed and diverse portfolio in 6 core exploration areas

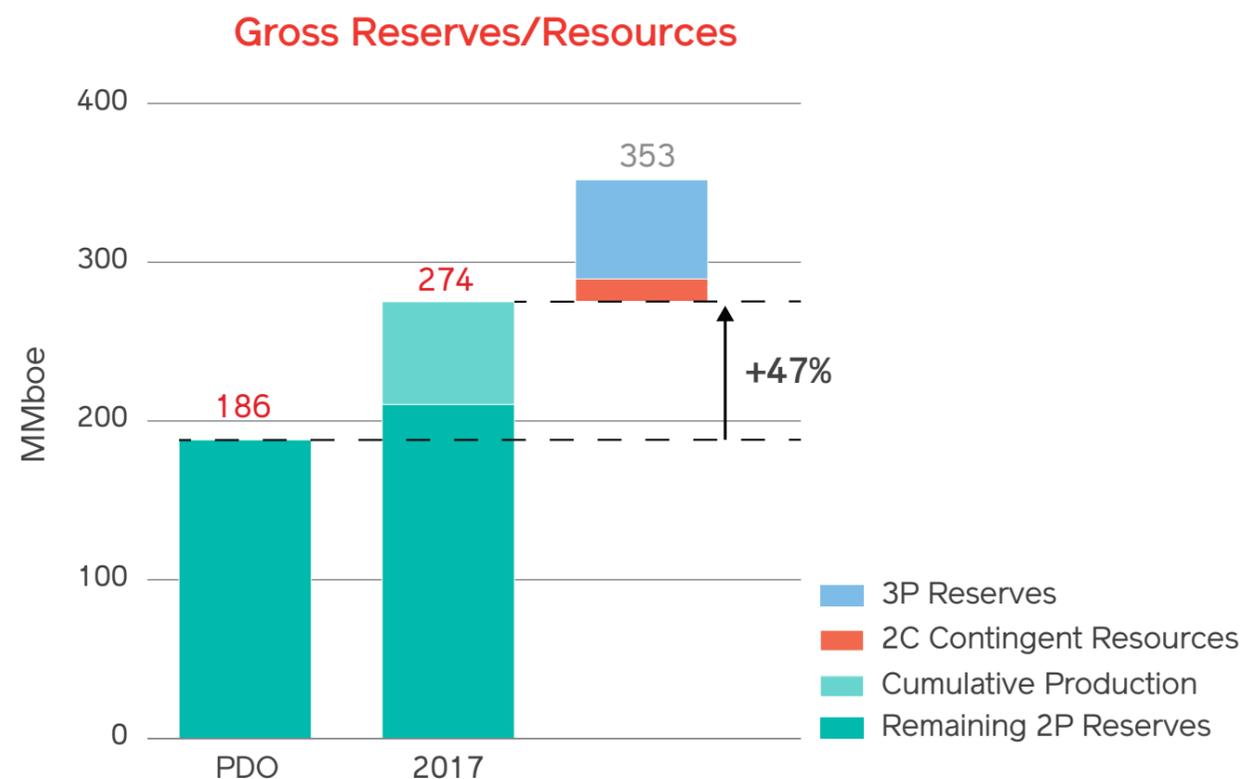
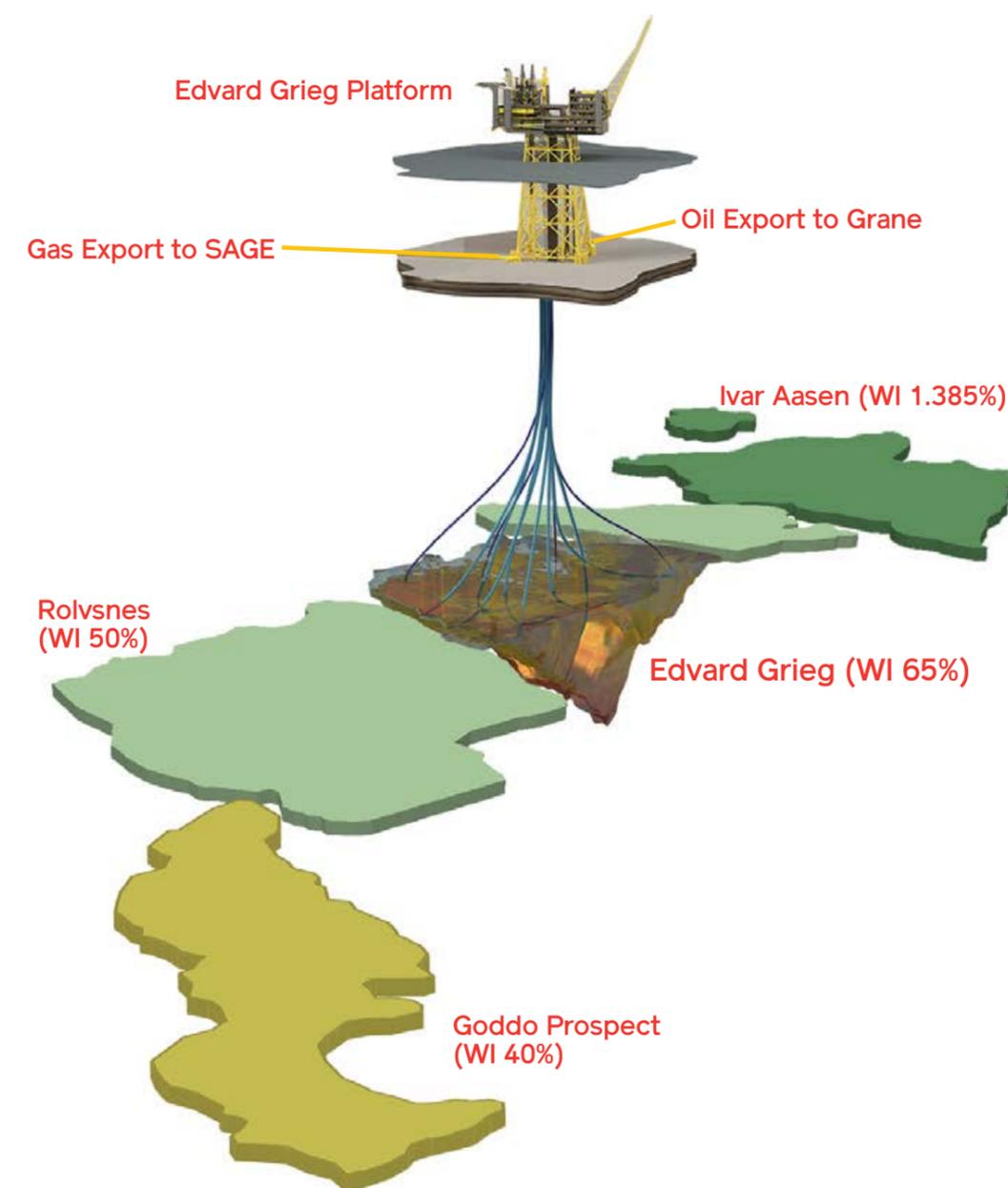


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Edvard Grieg – Key Production Asset

- Lundin operated – 65% working interest
- Strong facilities performance – Increased facilities capacity
- Strong reservoir performance – 2017 year end reserves increase
- Development drilling ongoing – 12 of 14 wells completed
- Ivar Aasen processing at Edvard Grieg

potential future tie-back to Edvard Grieg



OPEX 4.61 USD/boe⁽¹⁾
3.71 USD/boe including tariff netting⁽¹⁾

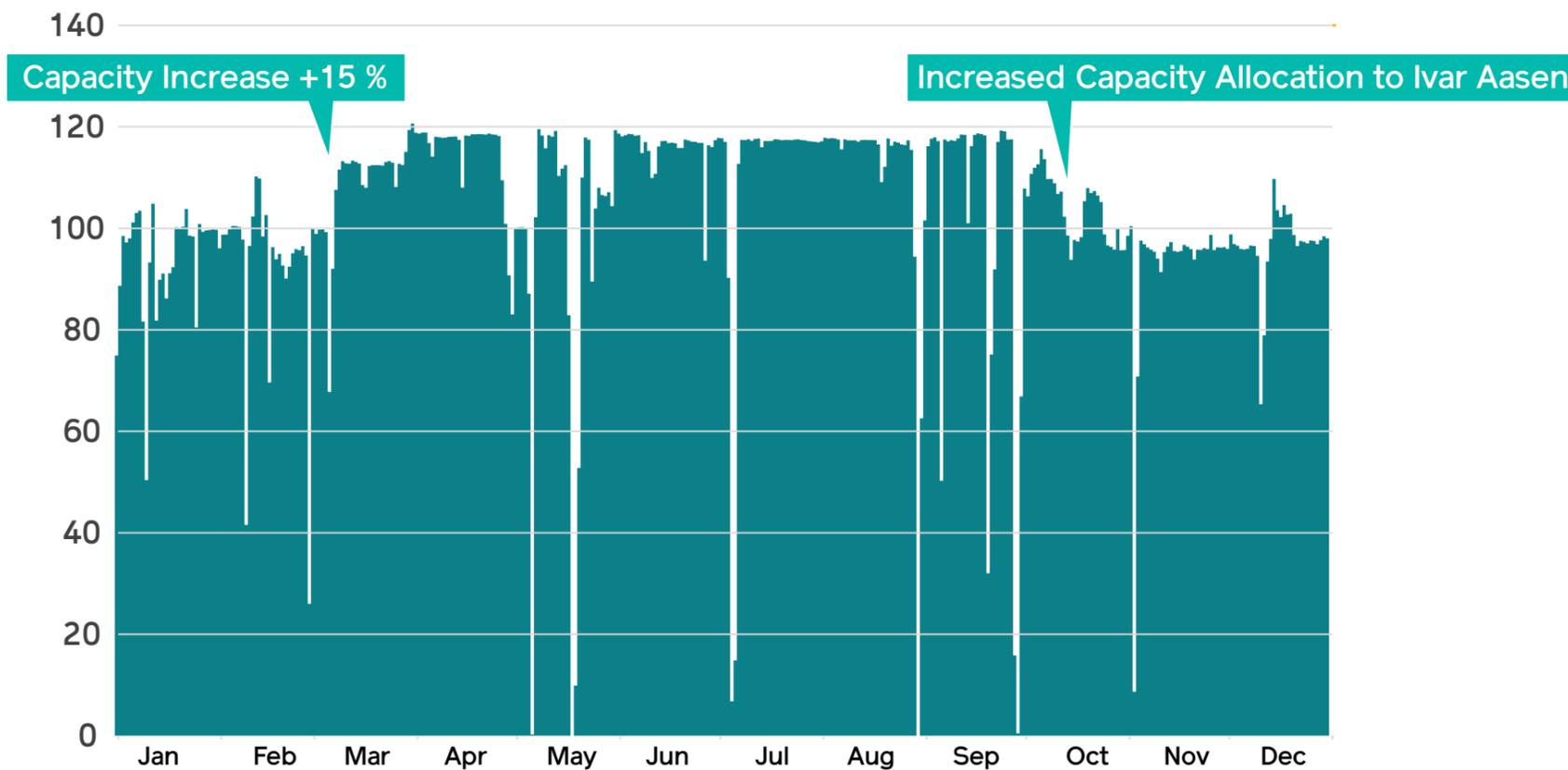
(1) 2017 Actual

Edvard Grieg

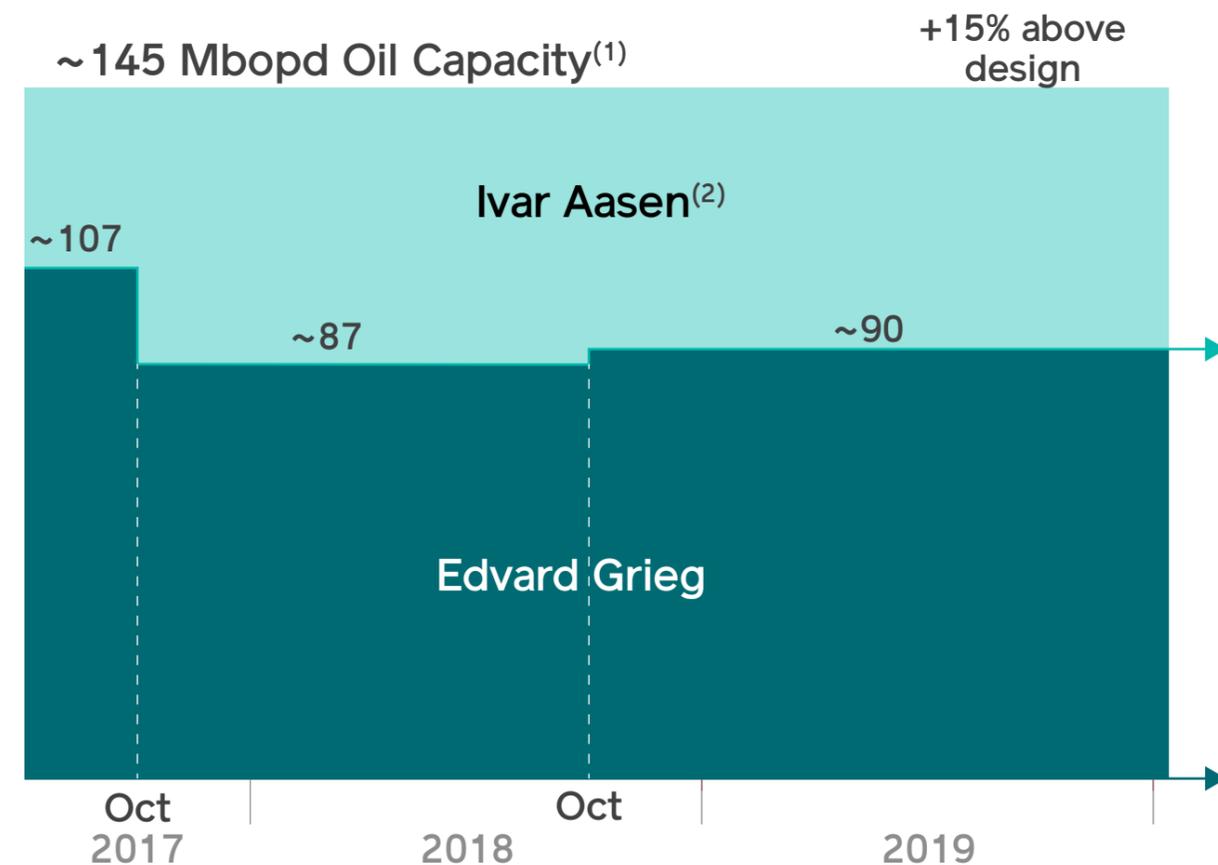
Strong Operating Performance

- Production efficiency: 94% 2017 (95% 2018 assumption)
- Increased facilities capacity: +15%
- Well capacity significantly exceeds available facilities capacity by 70%
- Production outlook reflects facility capacity allocation with Ivar Aasen

2017 Edvard Grieg Gross Production (Mboepd)



Edvard Grieg/Ivar Aasen Contractual Facilities Capacity Allocation (Mbopd)

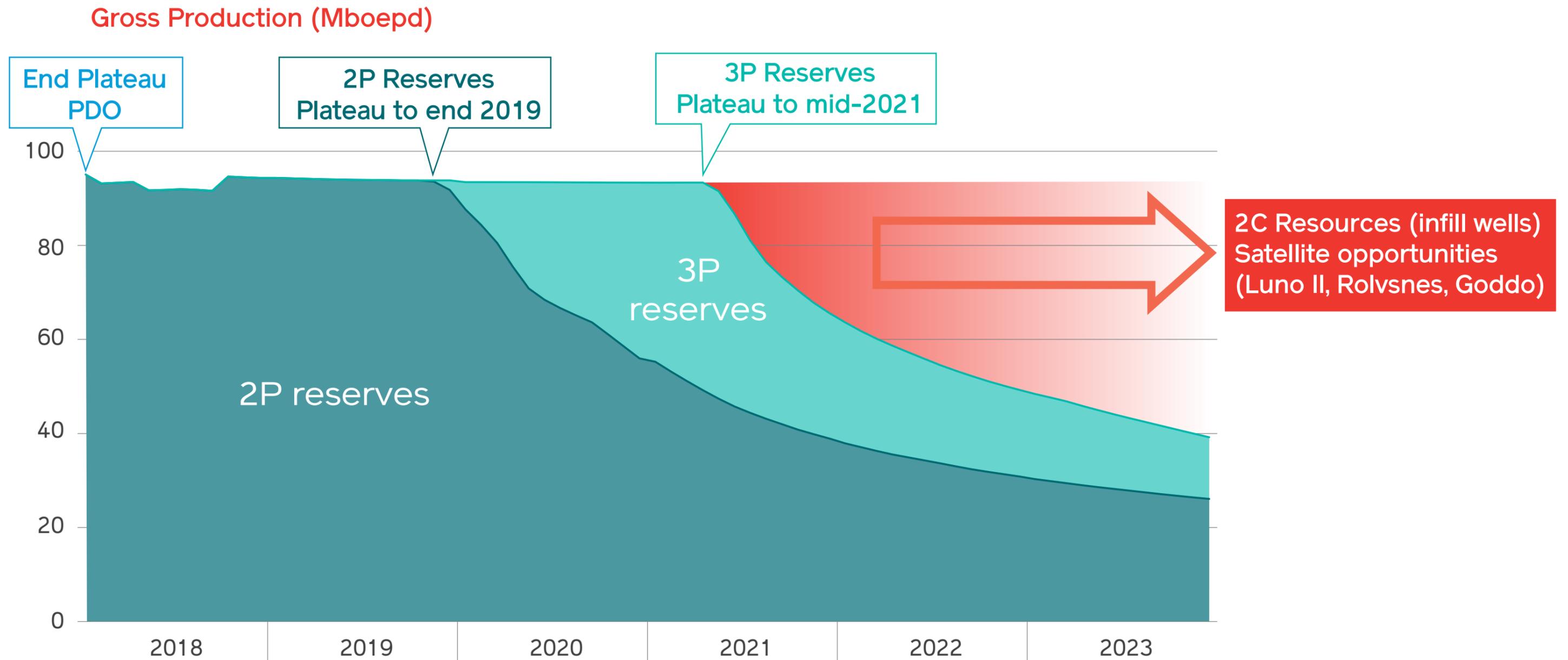


(1)Excludes gas and the impact of any facilities downtime

(2)Any capacity not utilised by Ivar Aasen is available for Edvard Grieg

Edvard Grieg

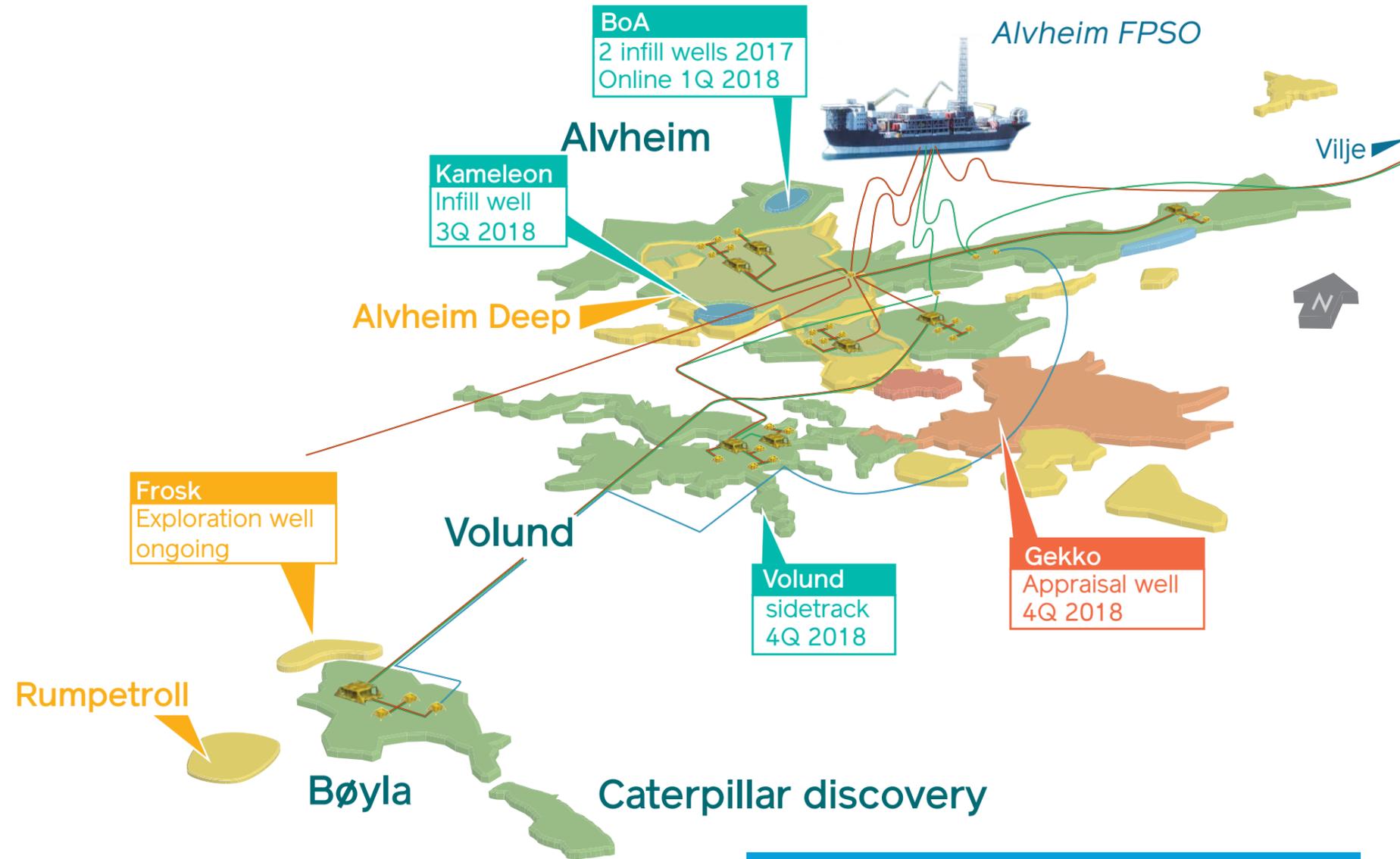
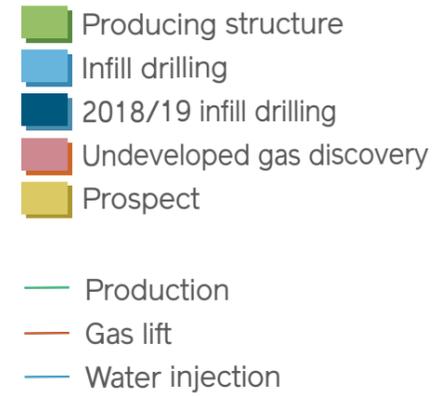
Increased Reserves Extends Plateau Production



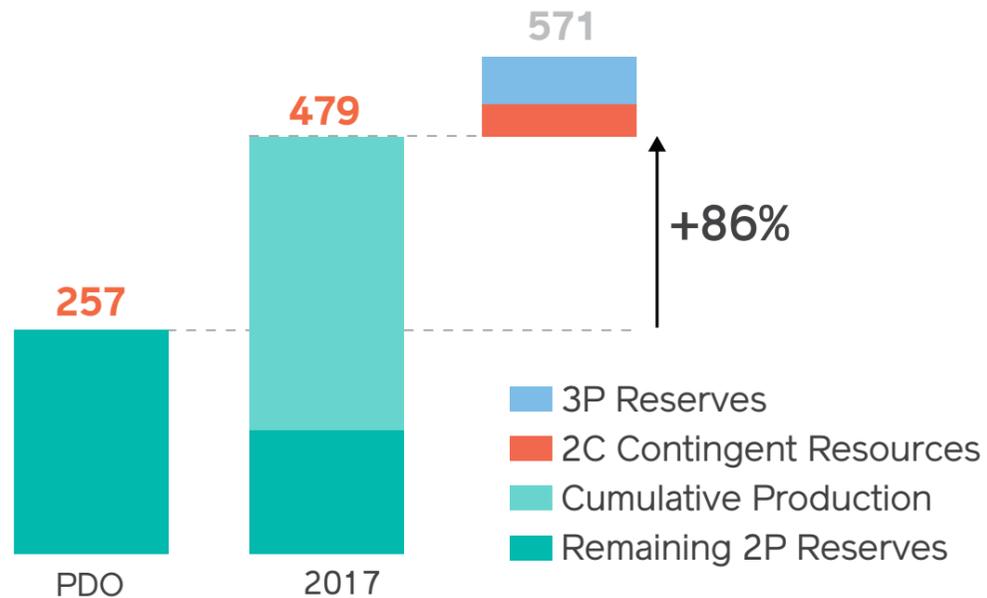
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Continuous Reserves Growth – Alvheim Area

- Production decline arrested by infill drilling – keeps operating costs low
- Portfolio of good infill drilling opportunities
- Exploration opportunities
 - Frosk, Alvheim Deep, Rumpetroll
- 4 wells in 2018 (2 infills, 2 E&A)



Alvheim Area Gross Estimated Ultimate Recovery (MMboe)



OPEX 3.70 USD/boe ⁽¹⁾

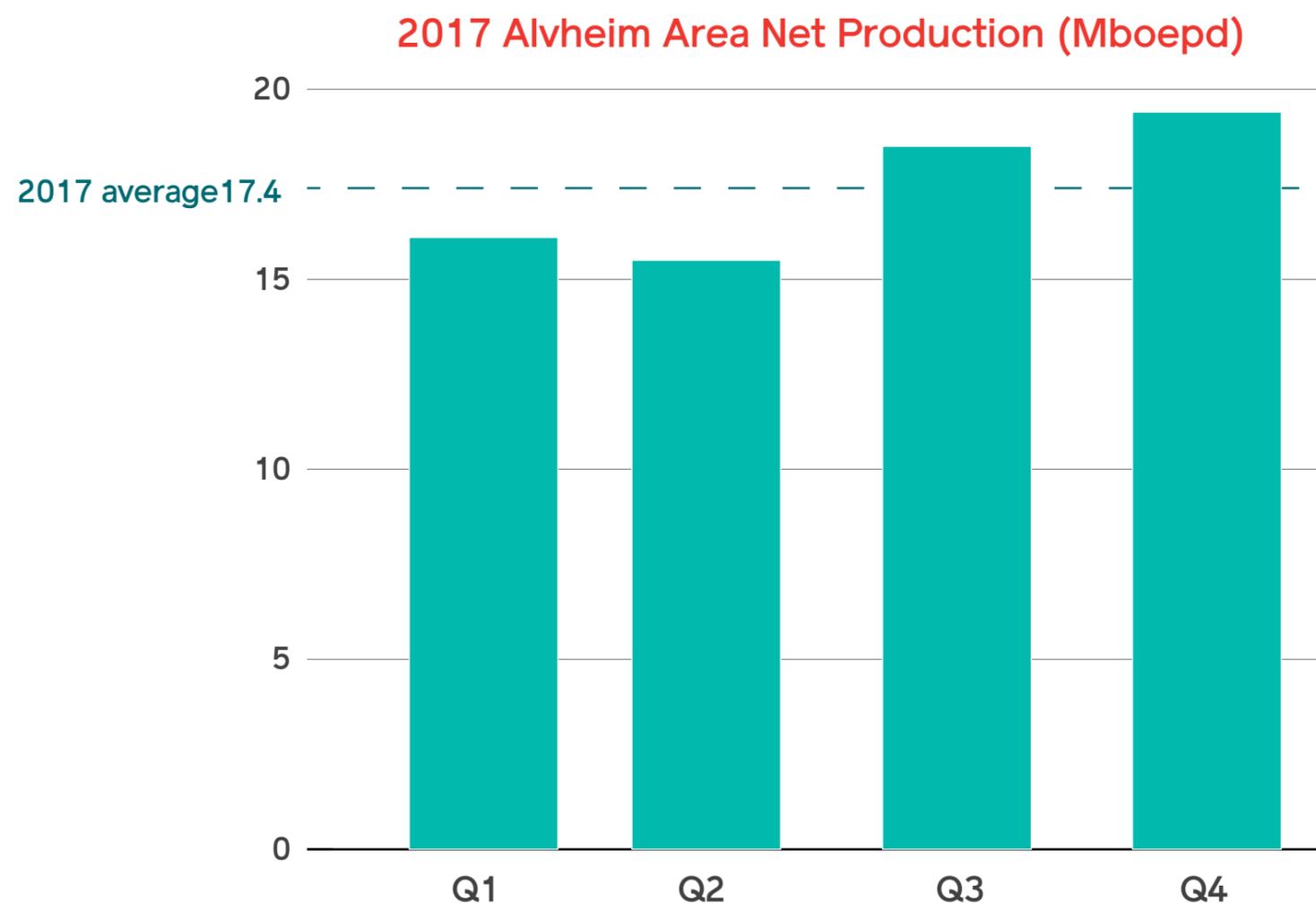
Infill opportunities breakeven ~30 USD/boe

(1) 2017 Actual

Alvheim Area

2017 Net Production 17.4 Mboepd

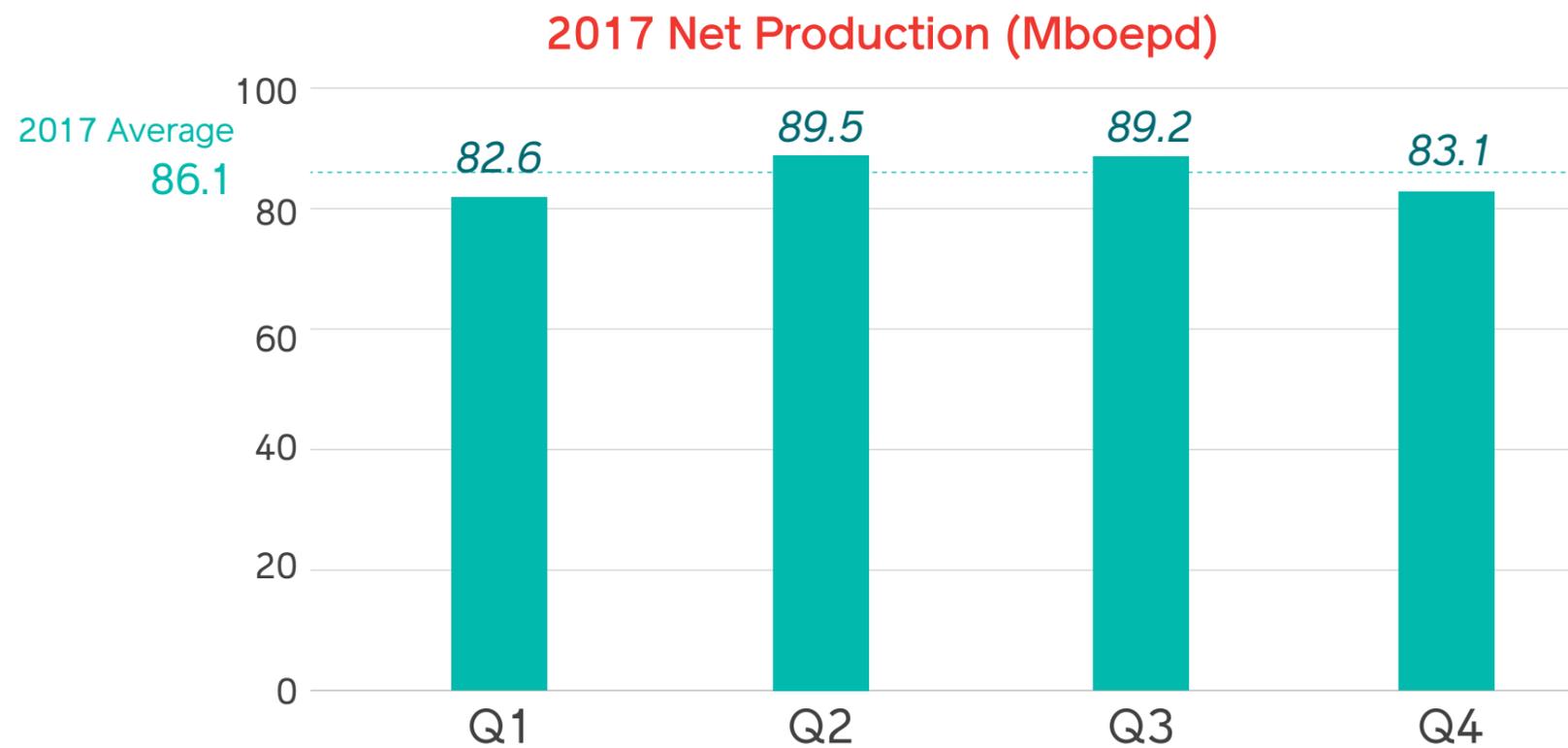
- Continued strong facilities performance
 - ➔ 2017 Production Efficiency 97%
- Good results from 2017 infill programme
 - ➔ 2 Volund wells – online
 - ➔ 2 Boa wells – online Q1 2018
- 2 infill wells in 2018 (online 2019)



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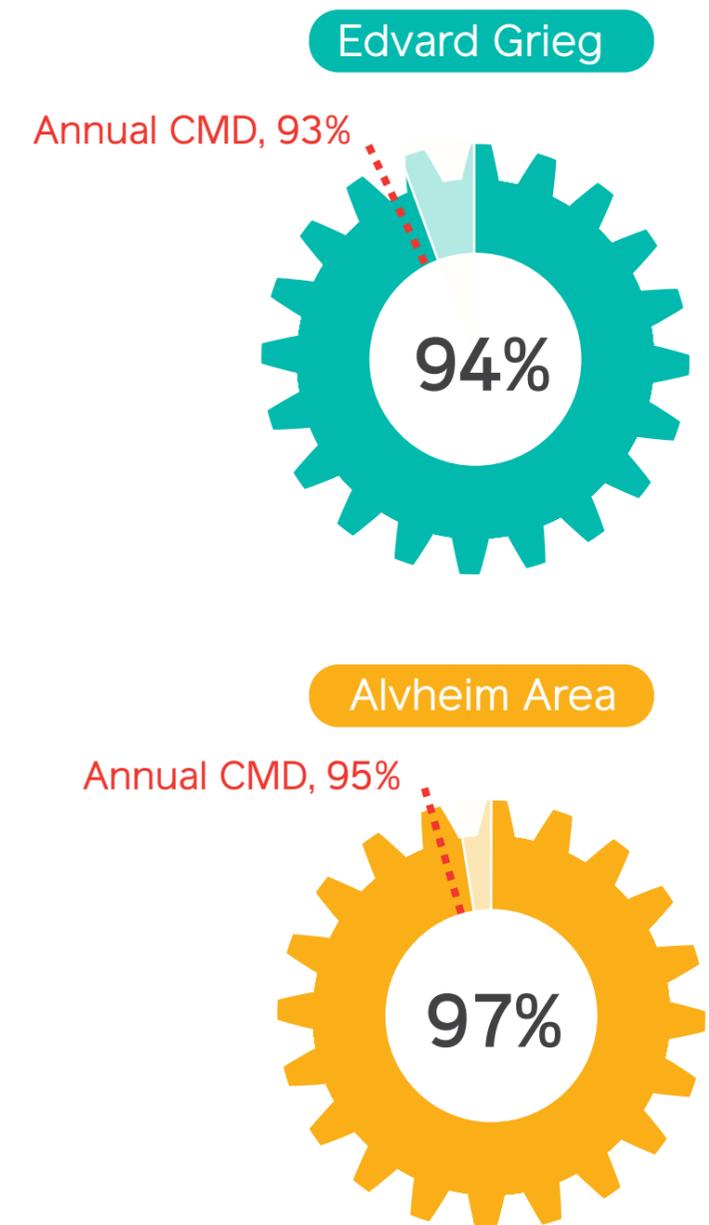
2017 Production

- 2017 production of 86.1 Mboepd
 - ➔ 15% above mid-point of original guidance⁽¹⁾
 - ➔ Reservoir and facilities outperformance
 - ➔ Increased Edvard Grieg facilities capacity



¹ Original guidance January: 70–80 Mboepd
Revised guidance November: ≥85 Mboepd

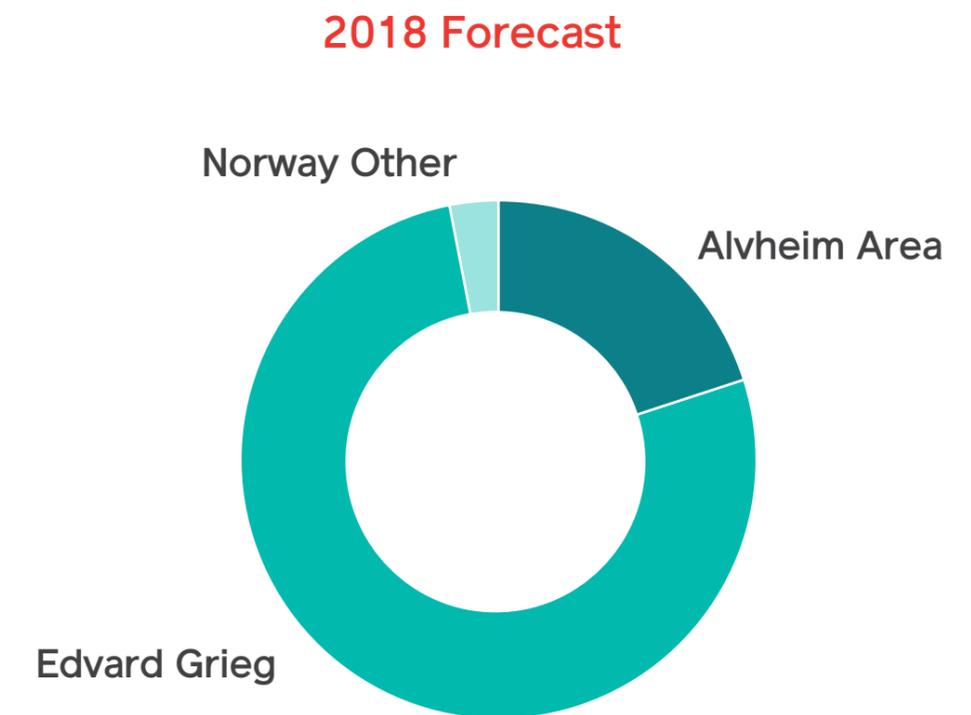
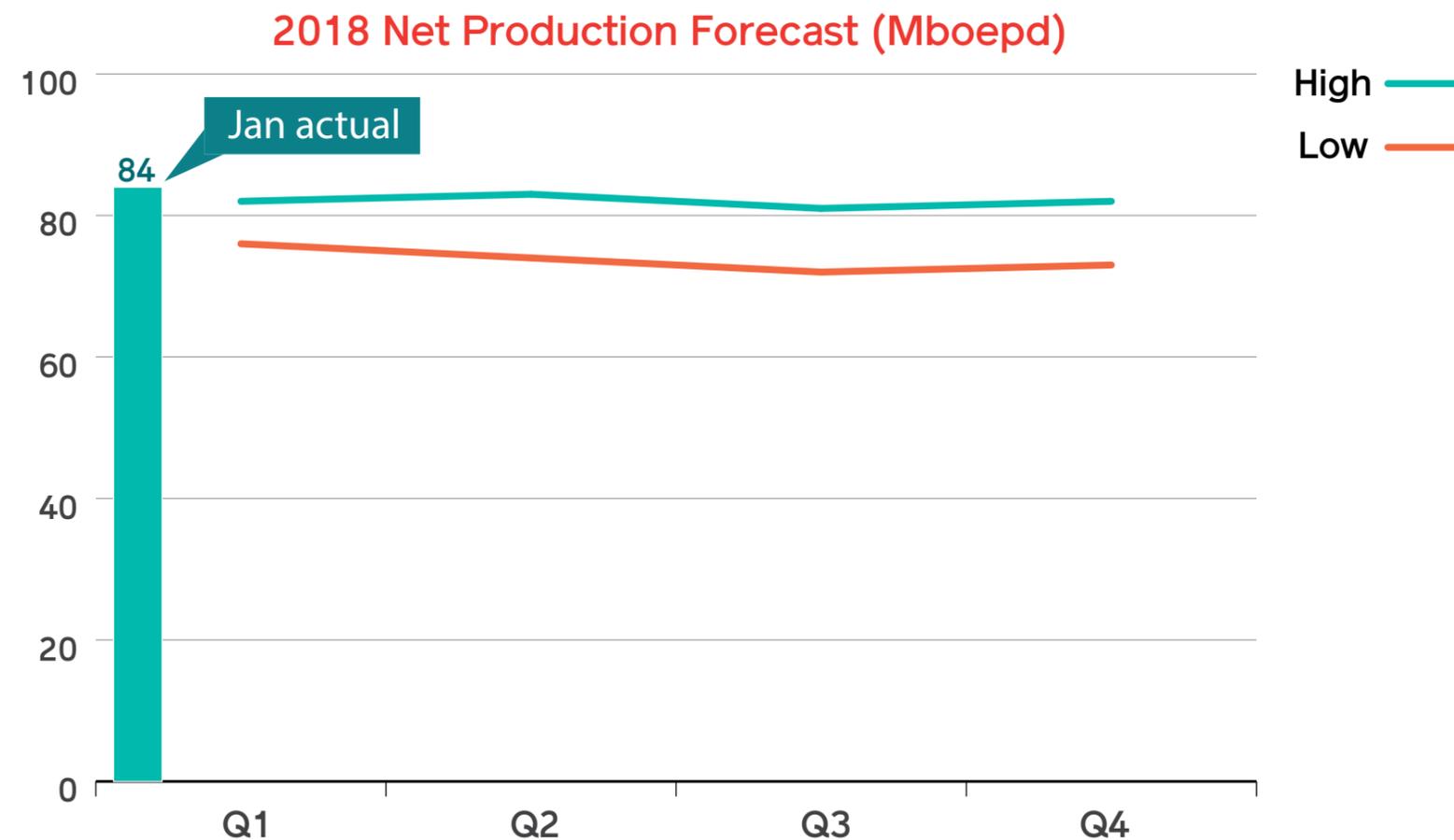
2017 Production Efficiency (%)



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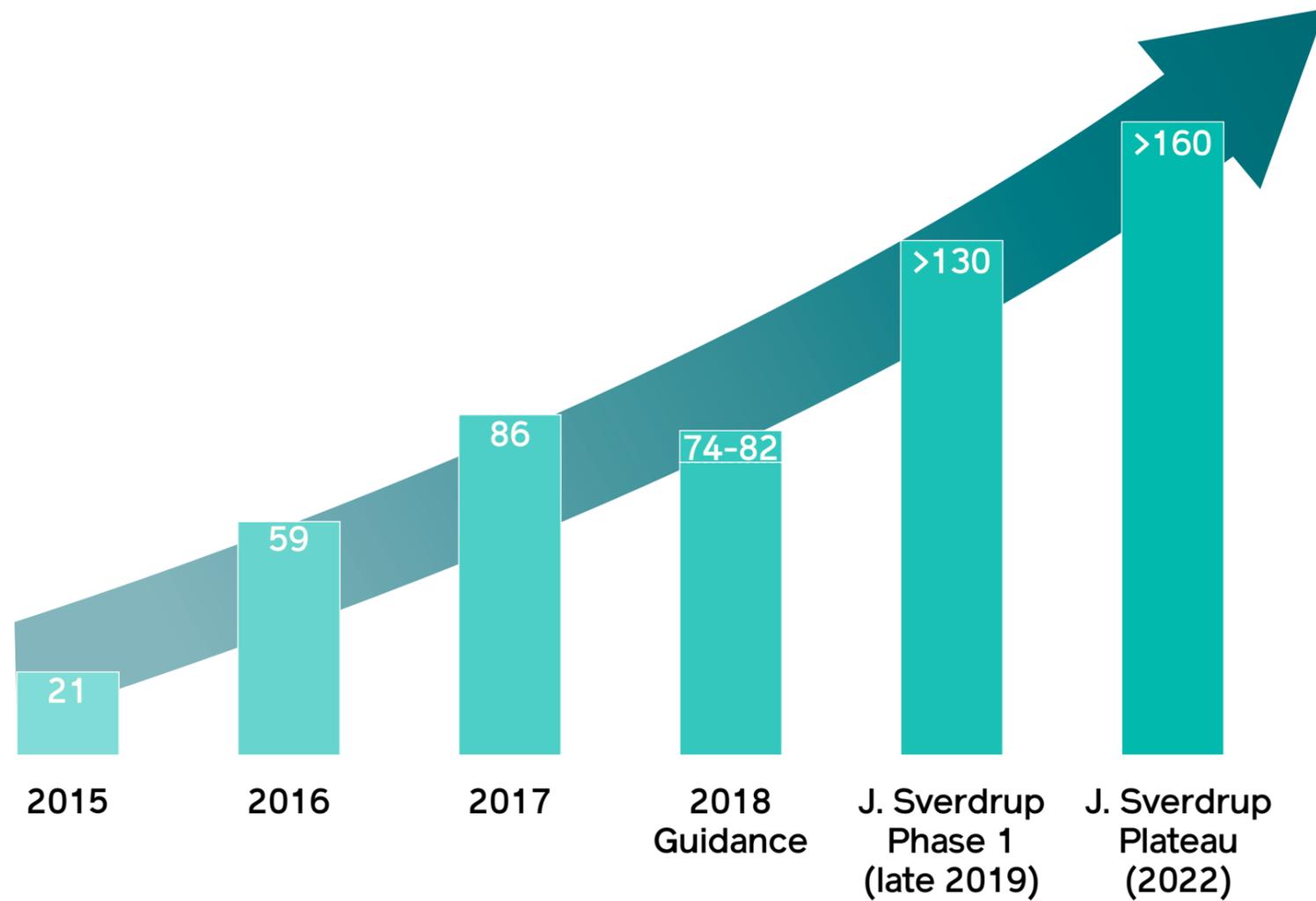
2018 Production Guidance

- 2018 production guidance: 74–82 Mboepd
- Steady operations from key assets – no material planned shutdowns
- Reflects contractual allocation of Edvard Grieg facilities capacity with Ivar Aasen



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Increased Long-term Production Guidance (Mboepd)



Increased Production Guidance

Mboepd	New	Was
J. Sverdrup Phase 1	>130	>120
J. Sverdrup Plateau	>160	>150

Committed Projects Only

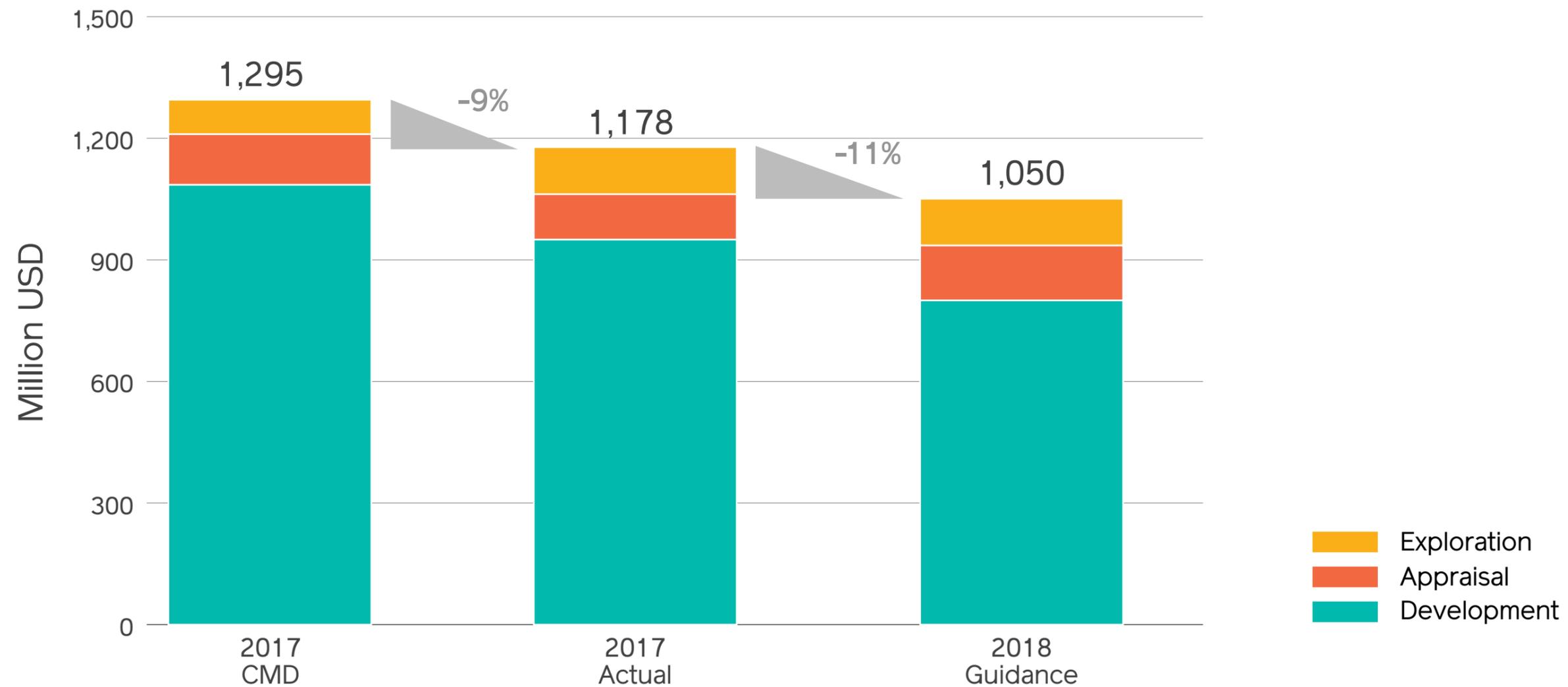
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2017/2018 Capital Expenditure

➔ 2017 Guidance vs Actual

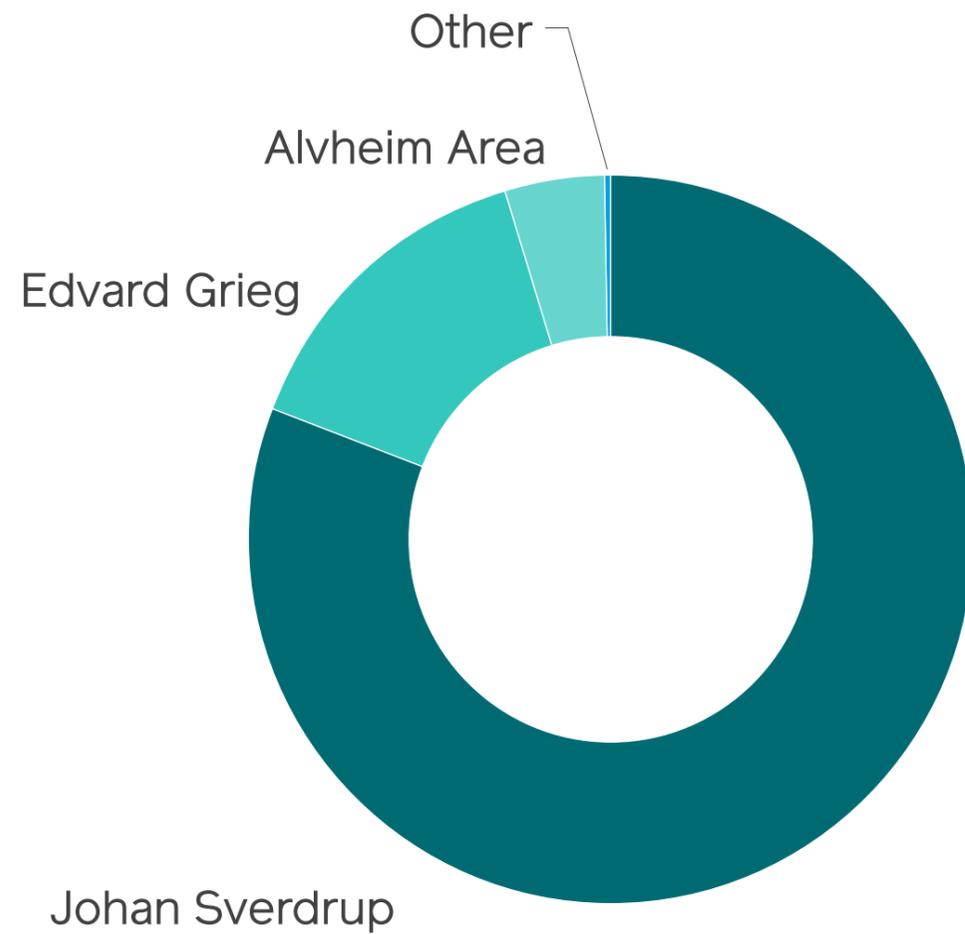
- ➔ Peak year for Johan Sverdrup
- ➔ Johan Sverdrup cost reductions

➔ 2018 Guidance



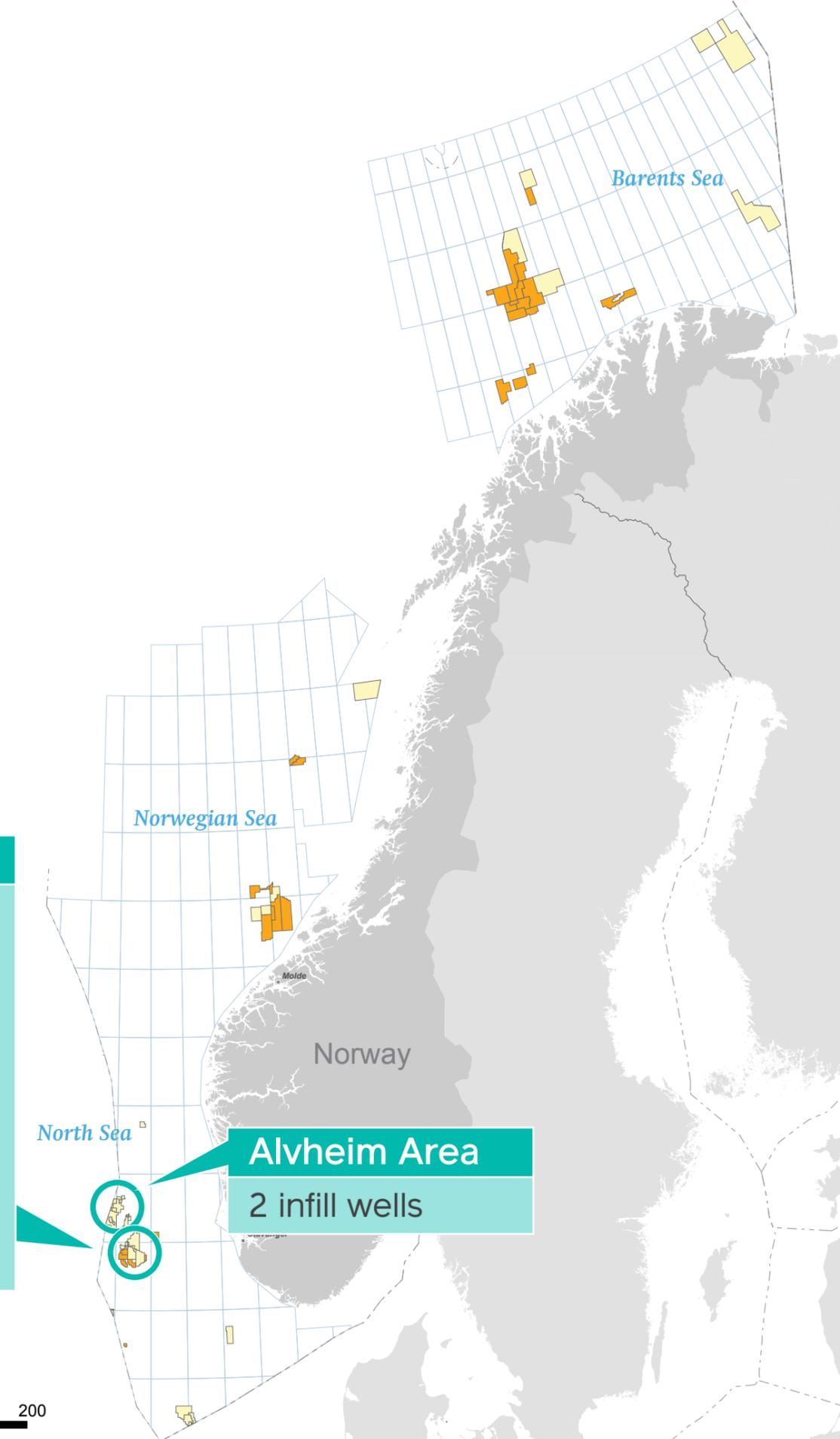
Lundin Petroleum 2018 Development Activity

2018 Budget 800 MUSD



Utsira High

- Johan Sverdrup Phase 1
 - ➔ Facilities construction/installation
 - ➔ Development drilling
- Johan Sverdrup Phase 2
 - ➔ PDO submittal
 - ➔ Detailed design
- Edvard Grieg
 - ➔ Development drilling

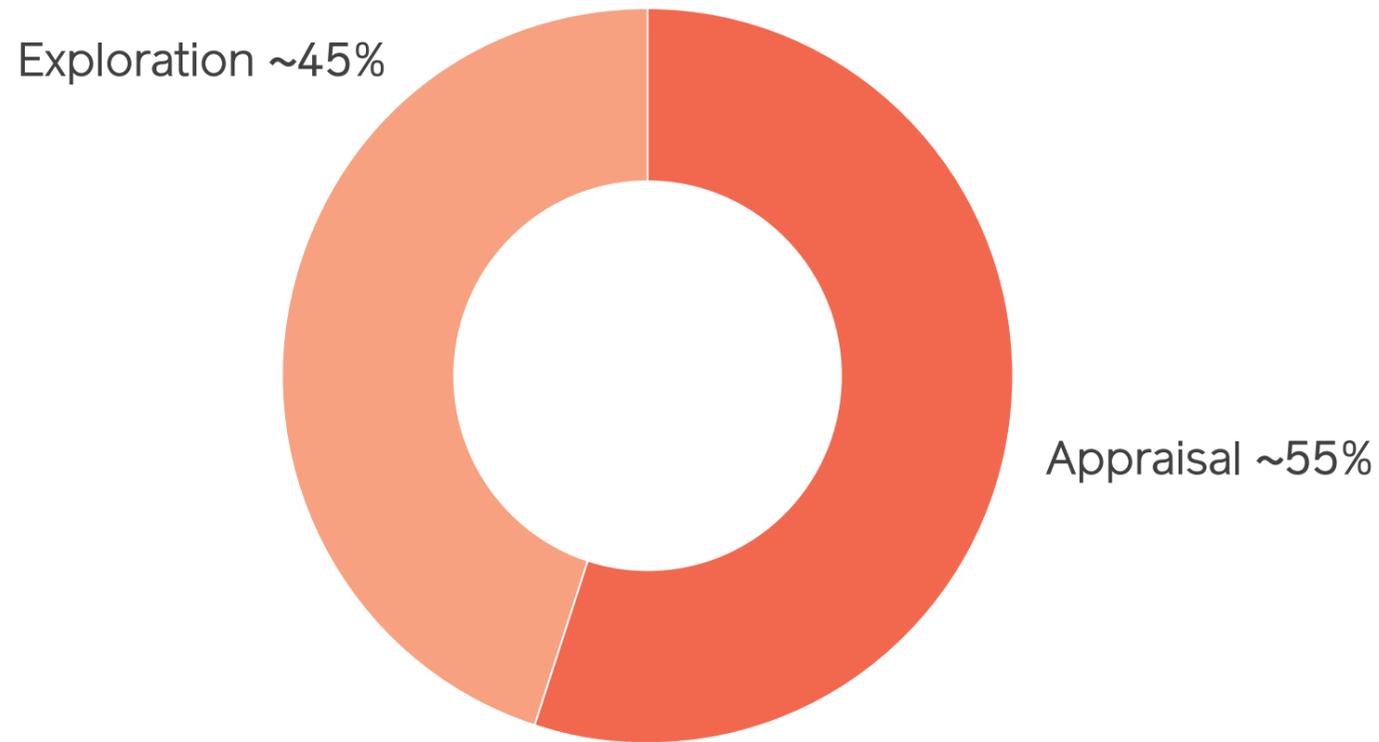


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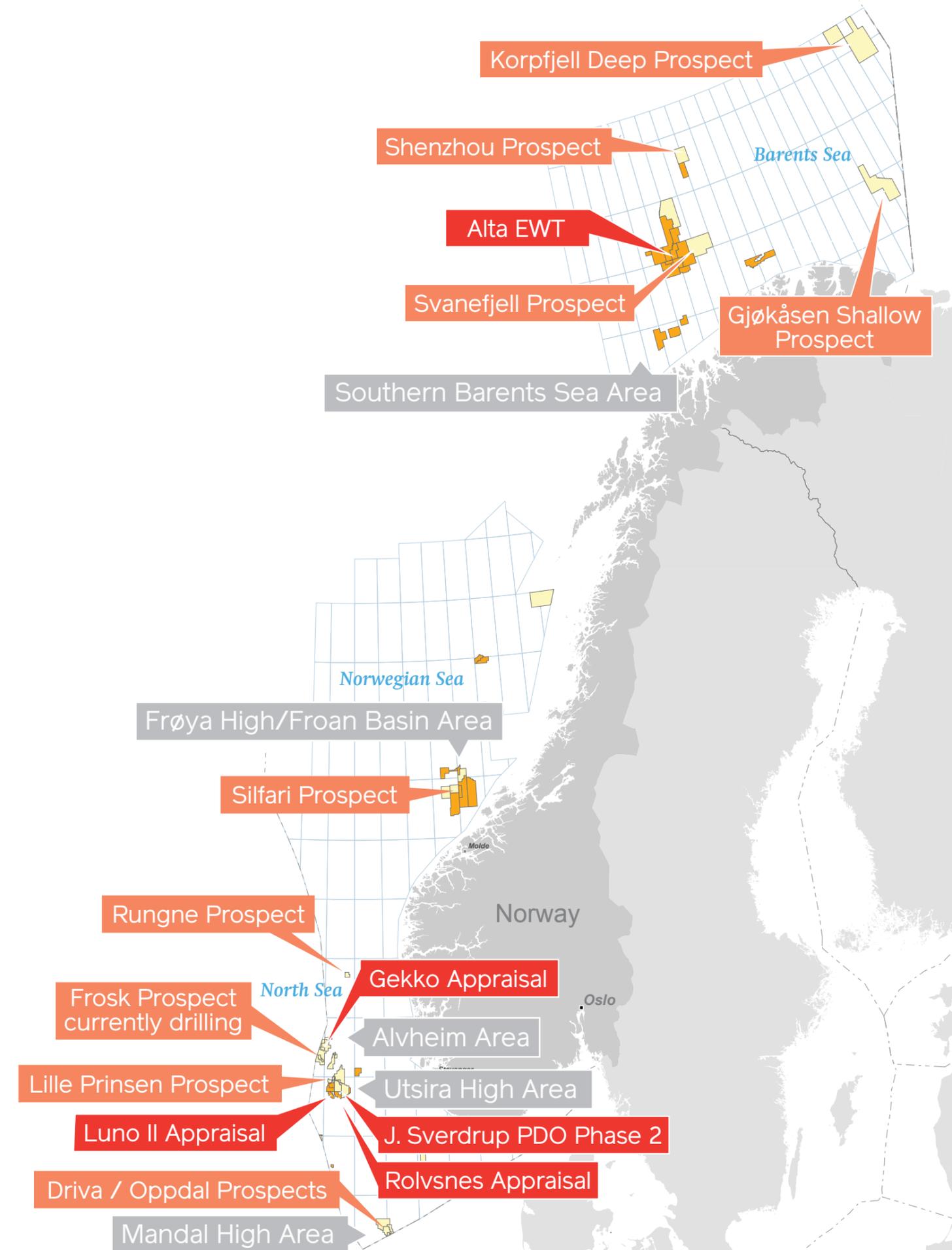
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2018 Exploration & Appraisal Activity

2018 Budget 250 MUSD



- 9 Exploration Wells
- 4 Appraisal Wells



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2018 Drilling Schedule

	Licence - Prospect	Well type	Operator	LUPE WI %	2018			
					Q1	Q2	Q3	Q4
1	PL340 - Frosk	exp	Aker BP	15.00	■			
2	PL659 - Svanefjell	exp	Aker BP	20.00		■		
3	PL167 - Lille Prinsen	exp	Statoil	20.00		■		
4	PL857 - Gjøkåsen Shallow	exp	Statoil	20.00			■	
5	PL825 - Rungne	exp	Faroe	30.00			■	
6	PL859 - Korpfjell Deep	exp	Statoil	15.00			■	
7	PL860 - Driva/Oppdal	exp	MOL	40.00			■	
8	PL830 - Silfari	exp	Lundin	40.00			■	■
9	PL722 - Shenzou	exp	Statoil	20.00				■
10	PL359 - Luno II appraisal	app	Lundin	50.00	■			
11	PL338C - Rolvsnes appraisal	app	Lundin	50.00		■		
12	PL609 - Alta EWT	app	Lundin	40.00		■		
13	PL203 - Gekko appraisal	app	Aker BP	15.00				■
1	PL338 - Edvard Grieg	dev	Lundin	65.00	■	■		
2	Alvheim Area	dev	Aker BP	15 – 35			■	■
3	Ivar Aasen Unit	dev	Aker BP	1.385		■		

An efficient and innovative operator



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Safety and Reliability – Hand in Hand

2017 Performance

0 Process Safety Incidents

1 High Potential Near Miss

1 Lost Time Incident (low potential)

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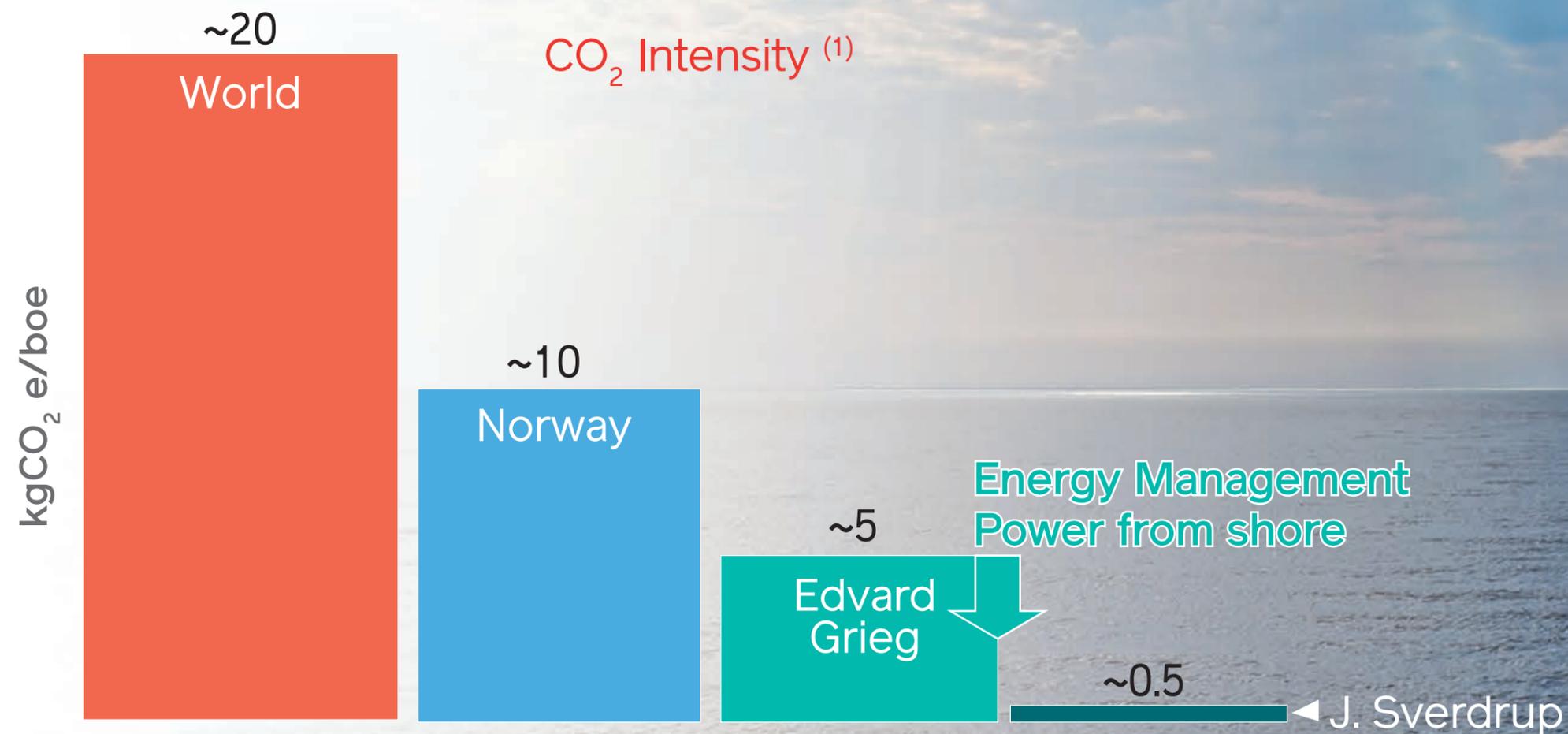
Environmental Stewardship - NCS Leading the Way

- Strictly regulated – proactive industry
- Impact assessments underpinning all activity
- Guided by zero discharge philosophy
- Company targets for continuous improvement

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Commitment to Carbon Emission Reductions

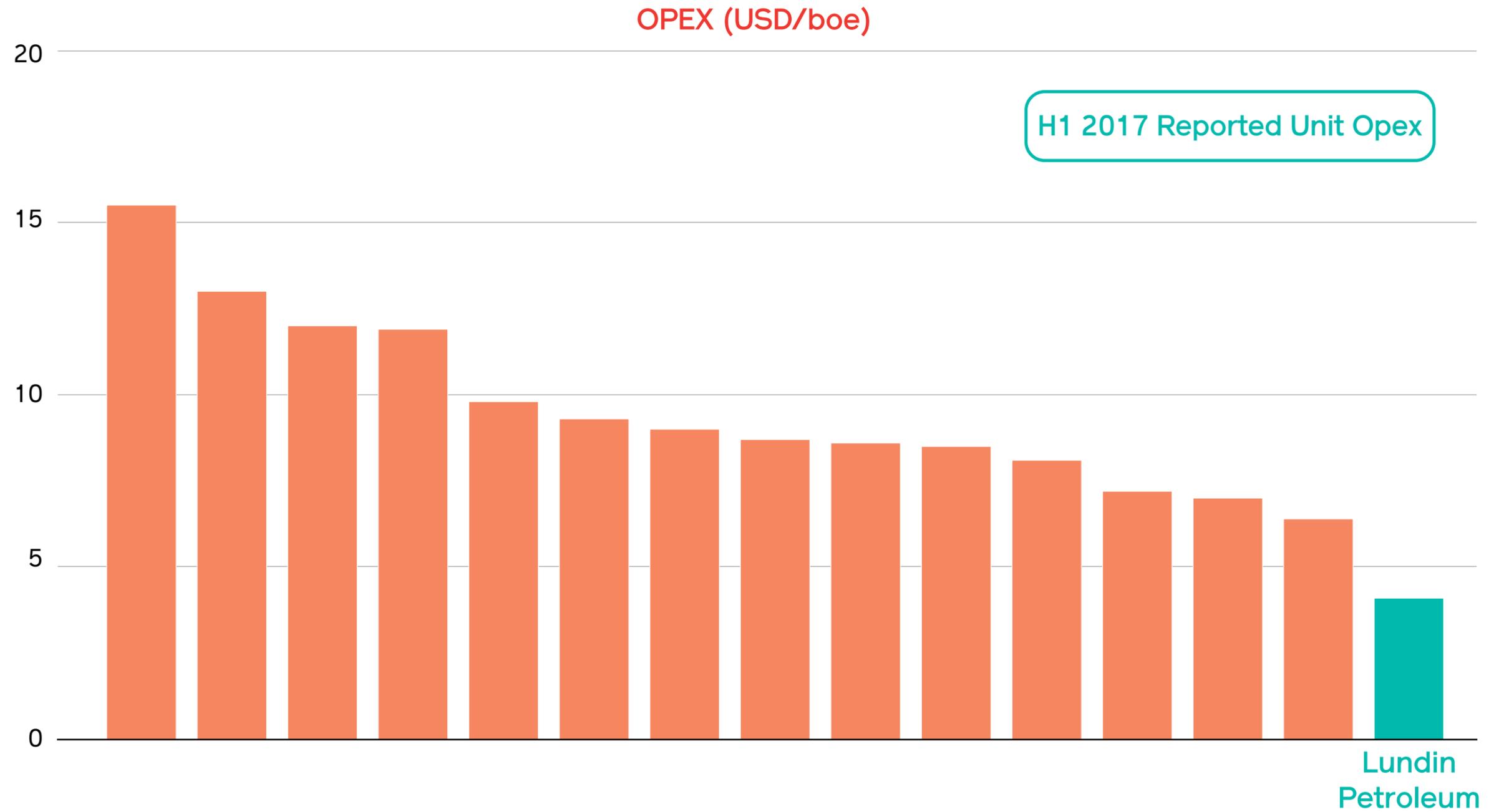
- Norway highest carbon taxes
- Proactive pursuit of emission reductions in support of NCS industry roadmap targets
- Significant reduction at Edvard Grieg from 2022 through power from shore
- ~25% of R&D funding towards emission reduction



⁽¹⁾ Sources NOROG and IOGP for world and Norway data (2016 averages).
Edvard Grieg is 2017 data, Johan Sverdrup full field estimate

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Industry Leading Unit Opex

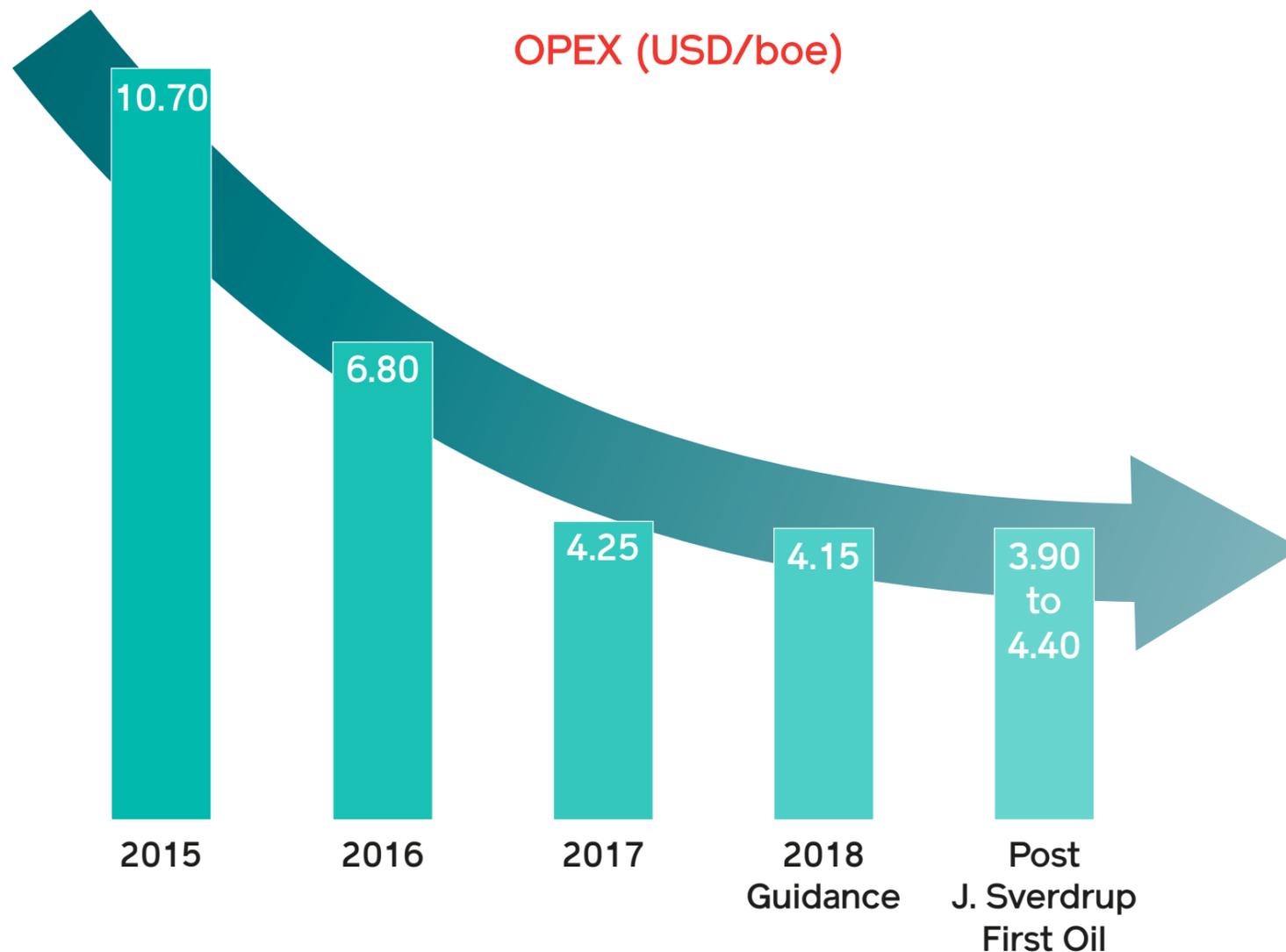


Peer group: AKER BP, BP, Conoco, Dea, GALP, Oil Search, OMV, Ophir, Santos, Soco, Statoil, Total, Tullow, Vermilion

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Improved Long-term Operating Cost Guidance

- 2017 unit operating cost 20% below original guidance



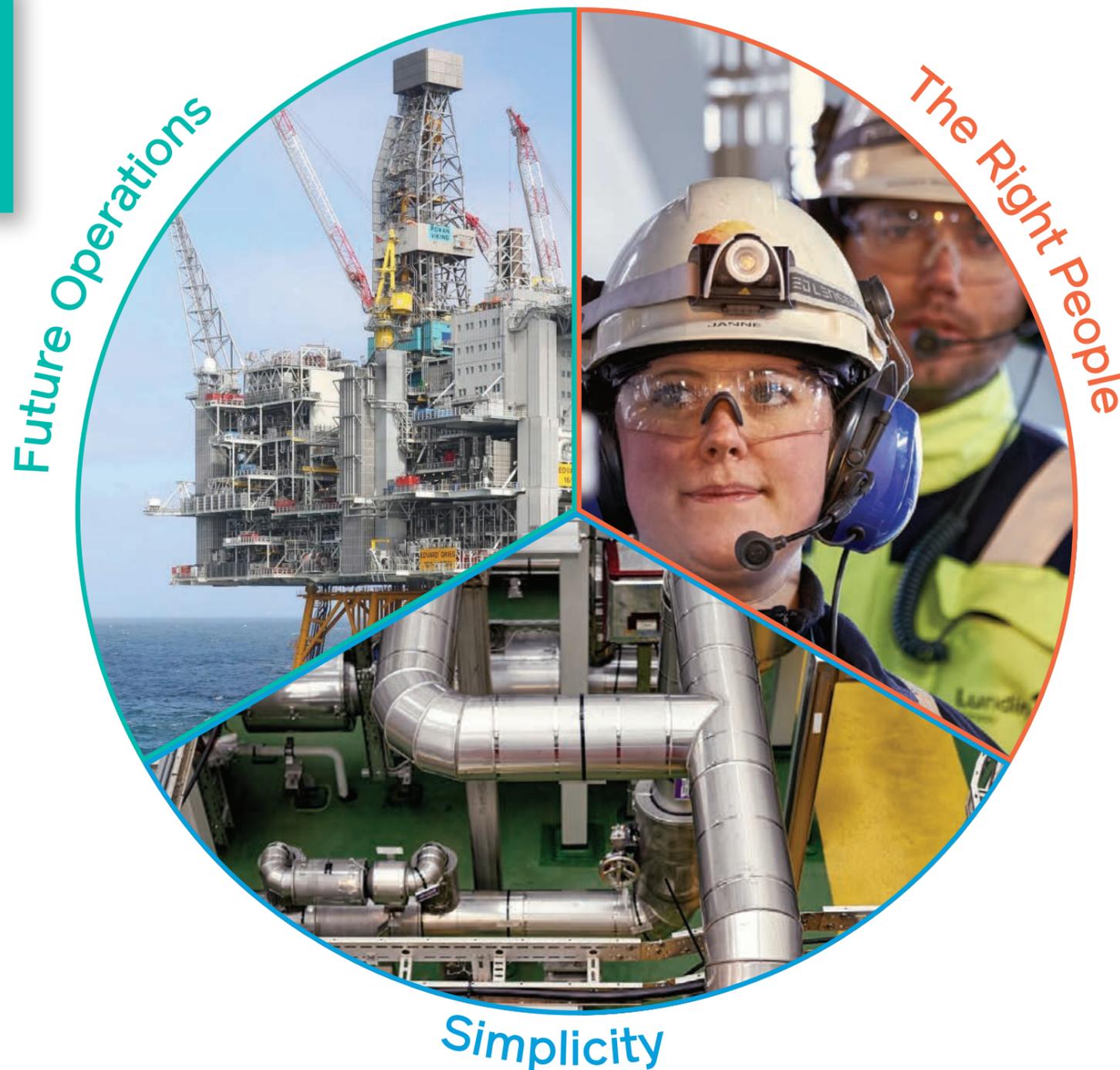
Improved Long-term OPEX Guidance (USD/boe)

	New	Was
Post J. Sverdrup First Oil	3.90 to 4.40	~4.50

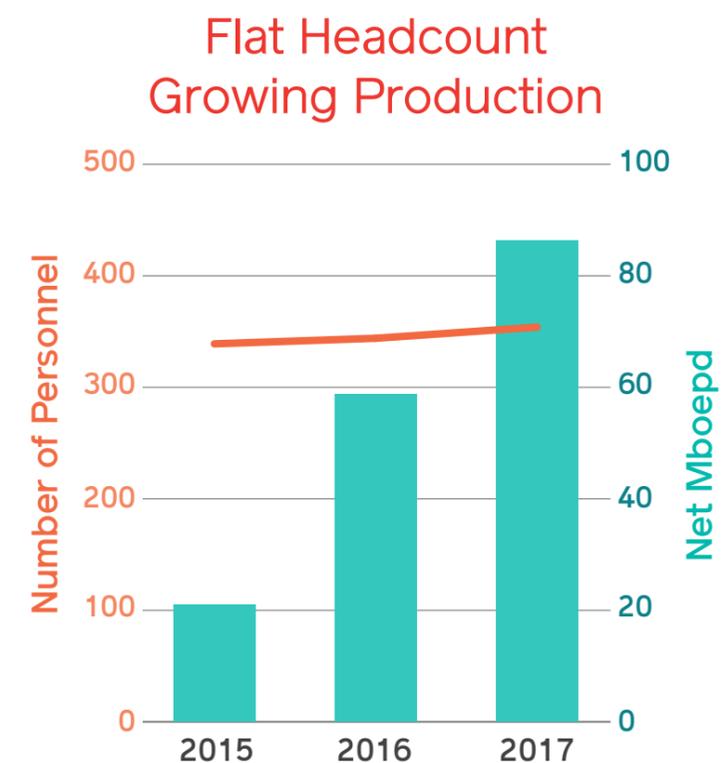
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Efficient Operations – Key Drivers

- Remote operations
- Smart maintenance
- Analytics / predictions



- Discipline
- Culture
- Collaboration
- People



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Development Projects – Where to Next

- **Subsea developments: Unlocking value from innovative supplier collaboration**
 - ➔ TechnipFMC cooperation agreement
- **Next stand-alone facility: new operating model incorporated in design**
 - ➔ Smarter use of technology and data
 - ➔ No or minimum manning offshore
 - ➔ Control from shore



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Creating Value Through Subsurface Innovation



Subsurface technical expertise

- Finding oil and maximising reserves and recovery
- Opening new plays — Utsira High, Loppa High, Frøya High/Froan Basin



Application of latest subsurface technology

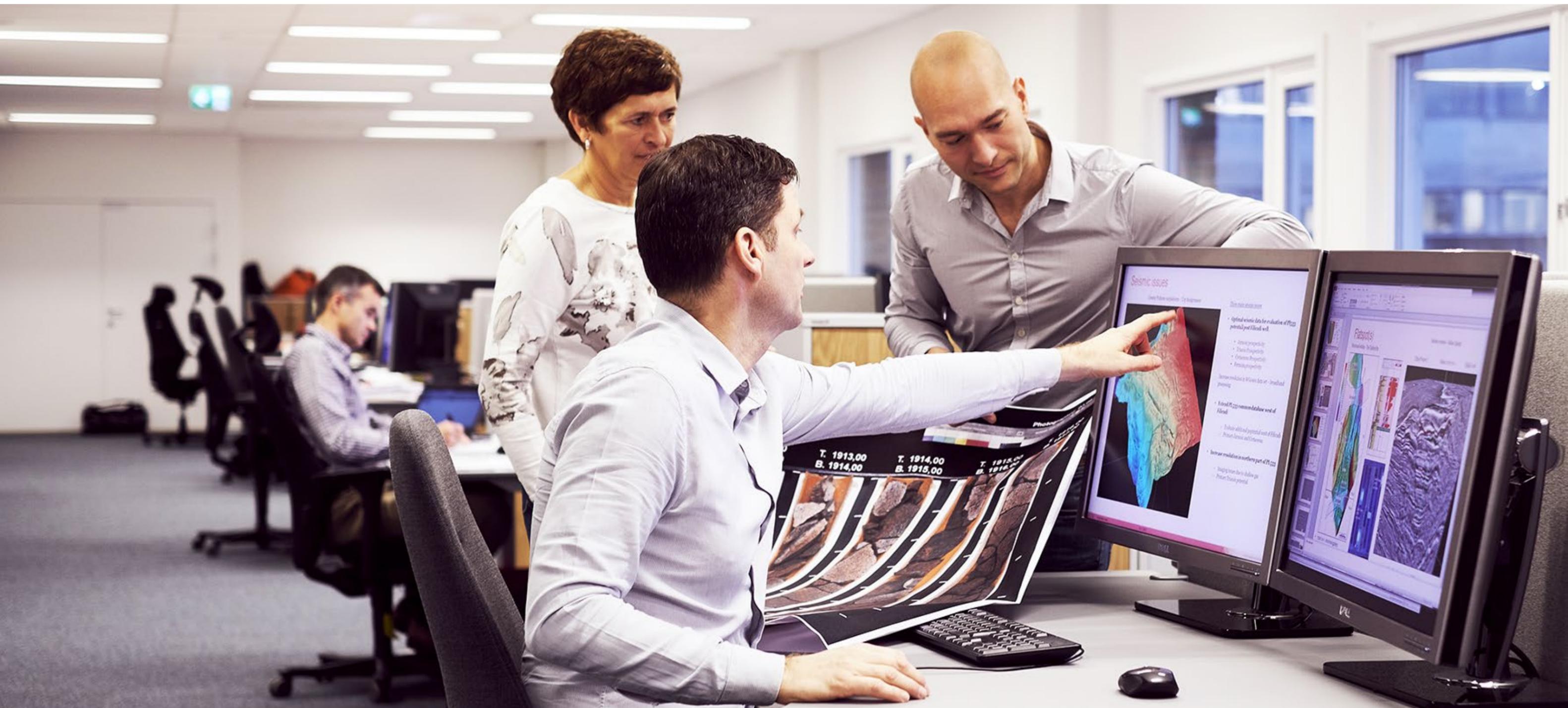
- Pioneering use of Broadseis
- Developed Topseis — Loppa High
- 4D Seismic — Edvard Grieg
- Wired pipe for improved geosteering



Pioneering new reservoirs on the NCS

- Conglomerates — Edvard Grieg
- Fractured basement — Edvard Grieg, Rolvsnes
- Karstified carbonates — Alta/Gohta

Big fields get Bigger!

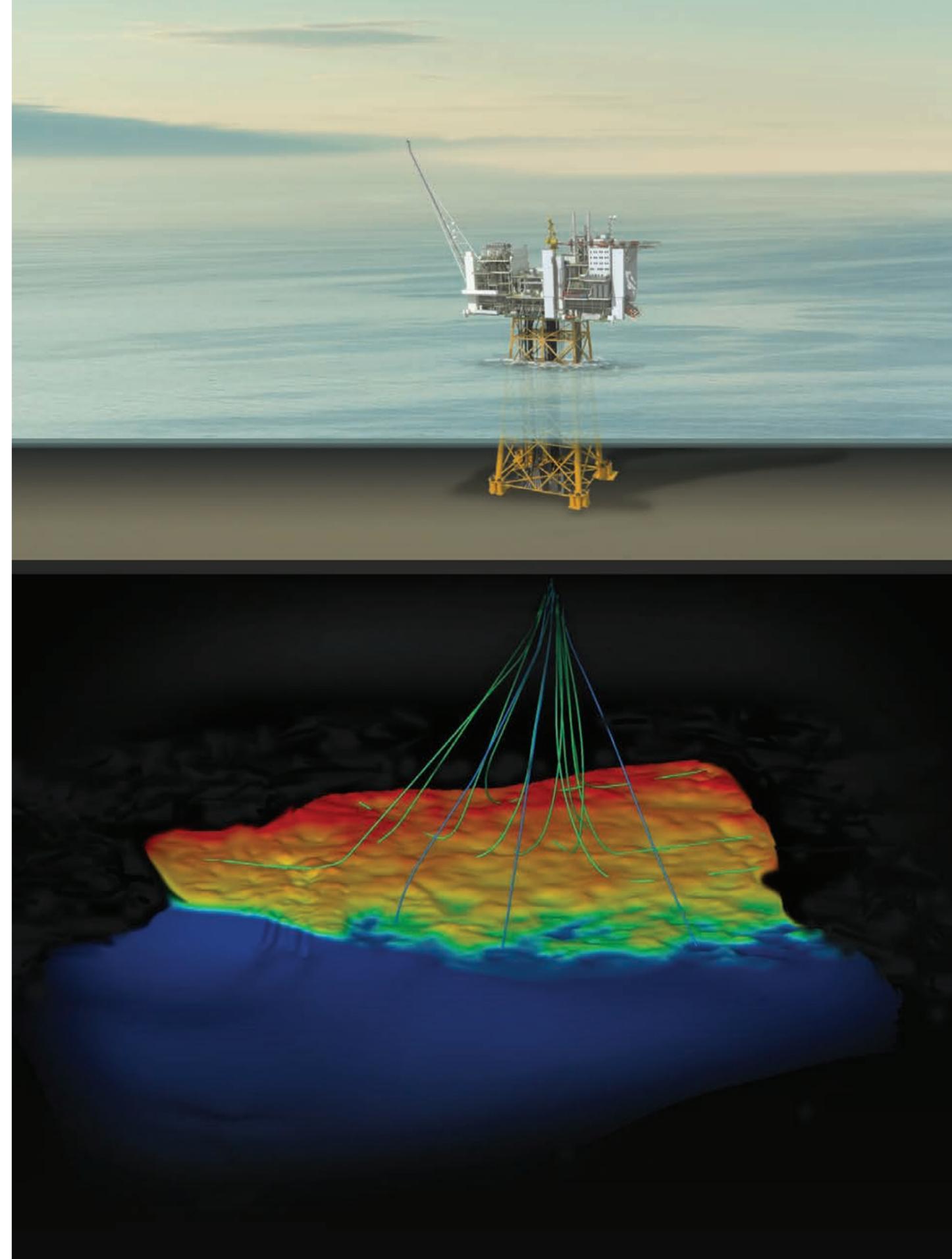


Edvard Grieg

Reservoir Performance

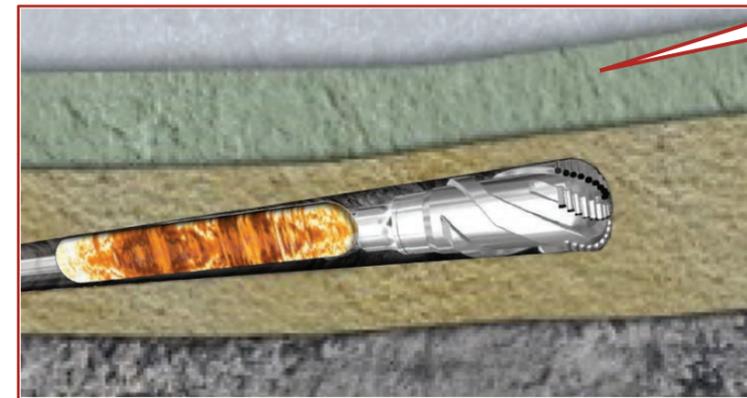
- ➔ Year-end 2017 2P reserves⁽¹⁾ increase of 51 MMboe gross
 - ➔ Gross best estimate ultimate recovery 274 MMboe
 - ➔ 16 MMboe gross 2C contingent resource addition
 - infill drilling
- ➔ Successful appraisal well in southwest area of the field
- ➔ 12 out of 14 development wells completed
 - ➔ Results inline or better than expectations
 - ➔ 3 wells targeting southwest area
 - ➔ Tellus area well
- ➔ Field water production <1% - significantly below prediction
- ➔ Excess well production and injection potential

⁽¹⁾ Proved plus Probable reserves

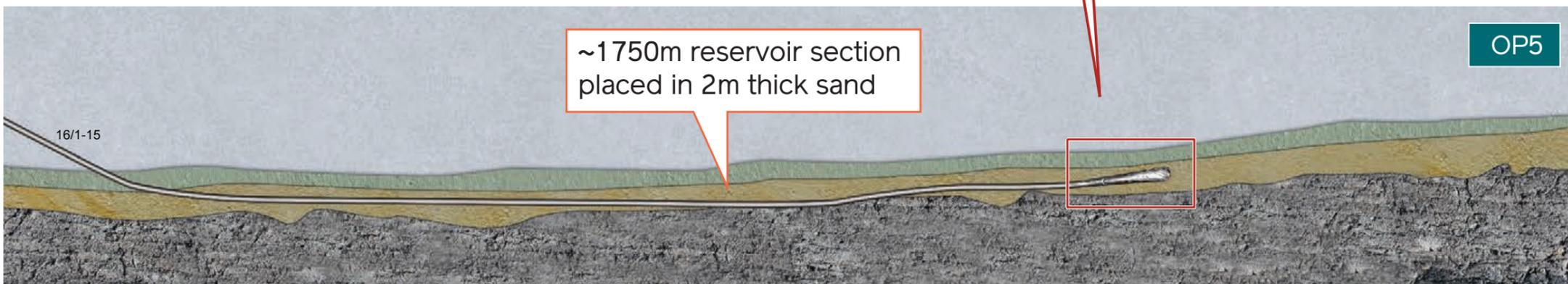


Edvard Grieg 2017/2018 Development Wells

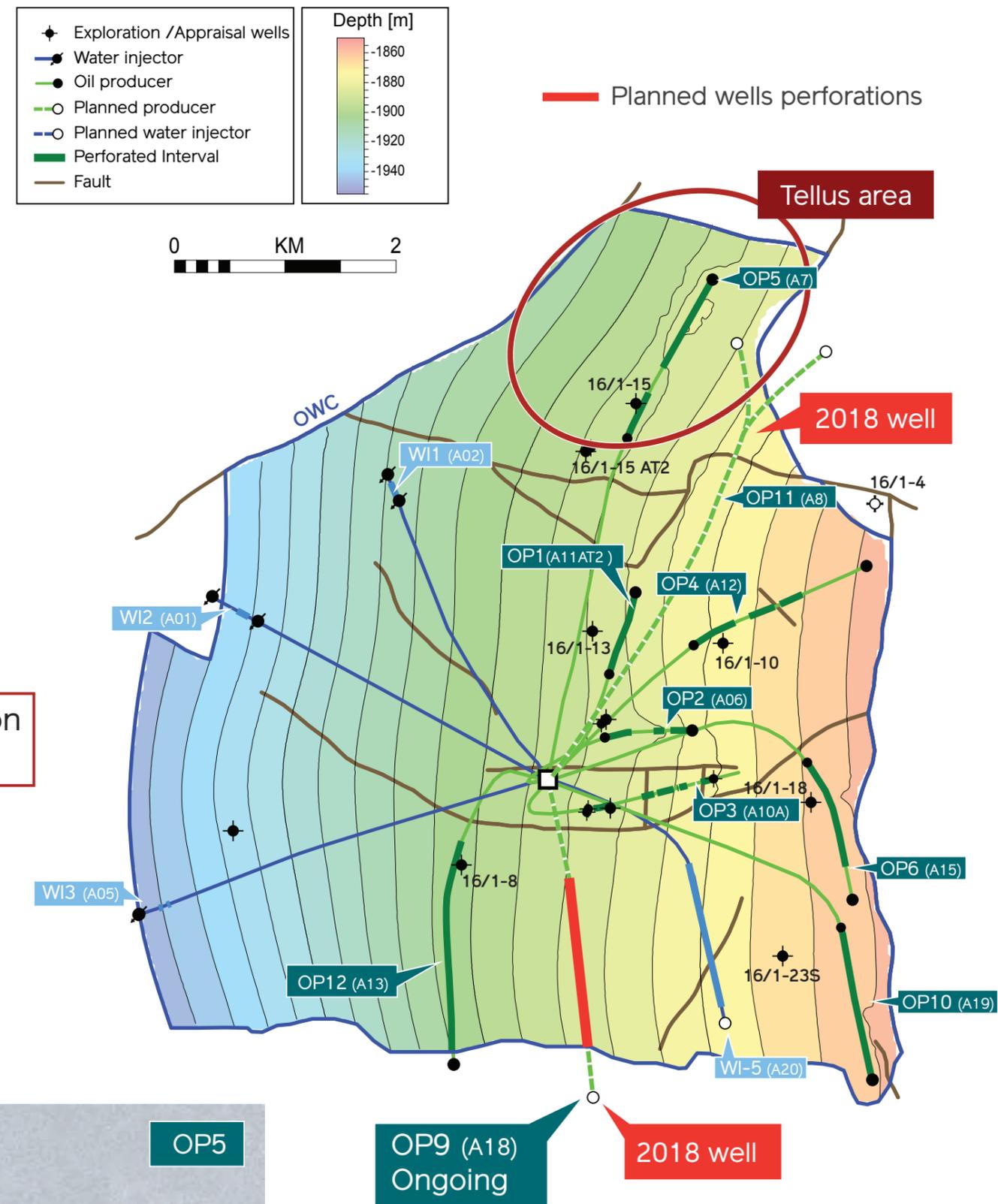
- ➔ All development wells optimally placed in the reservoir
- ➔ First horizontal well in fractured basement on Edvard Grieg – contributes to production (Tellus area)



Wired pipe – real time high resolution images for geosteering



~1750m reservoir section placed in 2m thick sand



Edvard Grieg

2017/2018 Development Wells

- All development wells delivering at or above expectations
- Well production potential exceeds facilities capacity by 70%
 - Allows optimal reservoir management

Conglomerates
Reservoir analogue – Death Valley

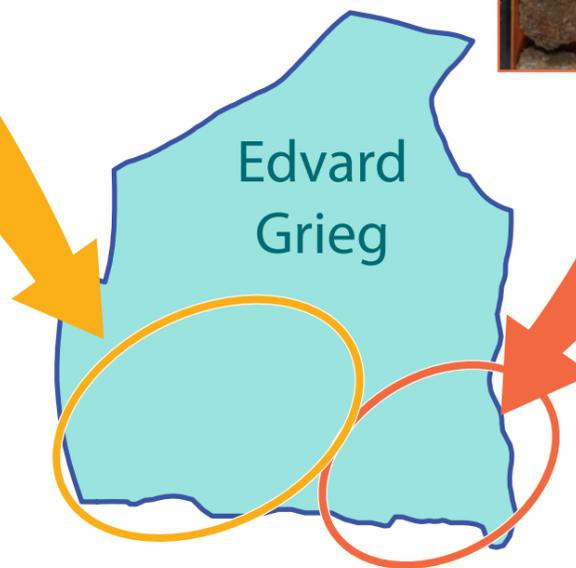


→ 2 producers and 1 injector
→ 1 more producer planned for 2018

Aeolian Sandstones
Reservoir analogue – Death Valley

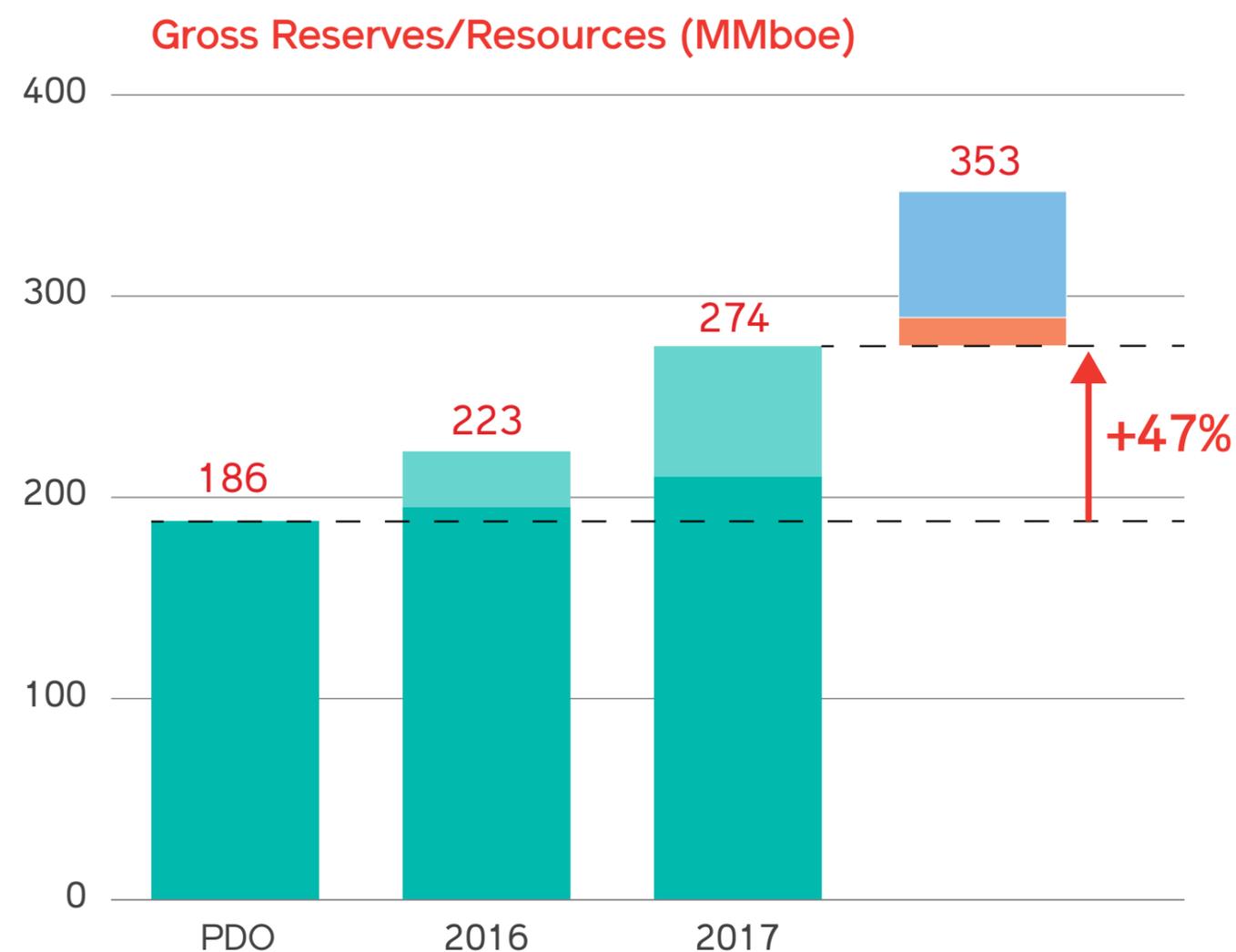
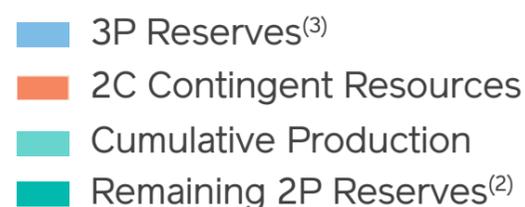


→ Southwest area
→ 1 producer and 1 injector



Edvard Grieg Reserves

- Best estimate gross ultimate recovery increased by 51 MMboe to 274 MMboe ⁽¹⁾
 - Southwest appraisal well positive results
 - Delayed water production development
- No additional investment to capture increased reserves
- Contingent resource additions due to infill drilling opportunities
- PDO recovery factor 38% - now 50%
 - Increased oil-in-place in highest quality reservoir



⁽¹⁾ Cumulative production to end 2017 plus 2P reserves

⁽²⁾ 2P reserves is Proved plus Probable reserves

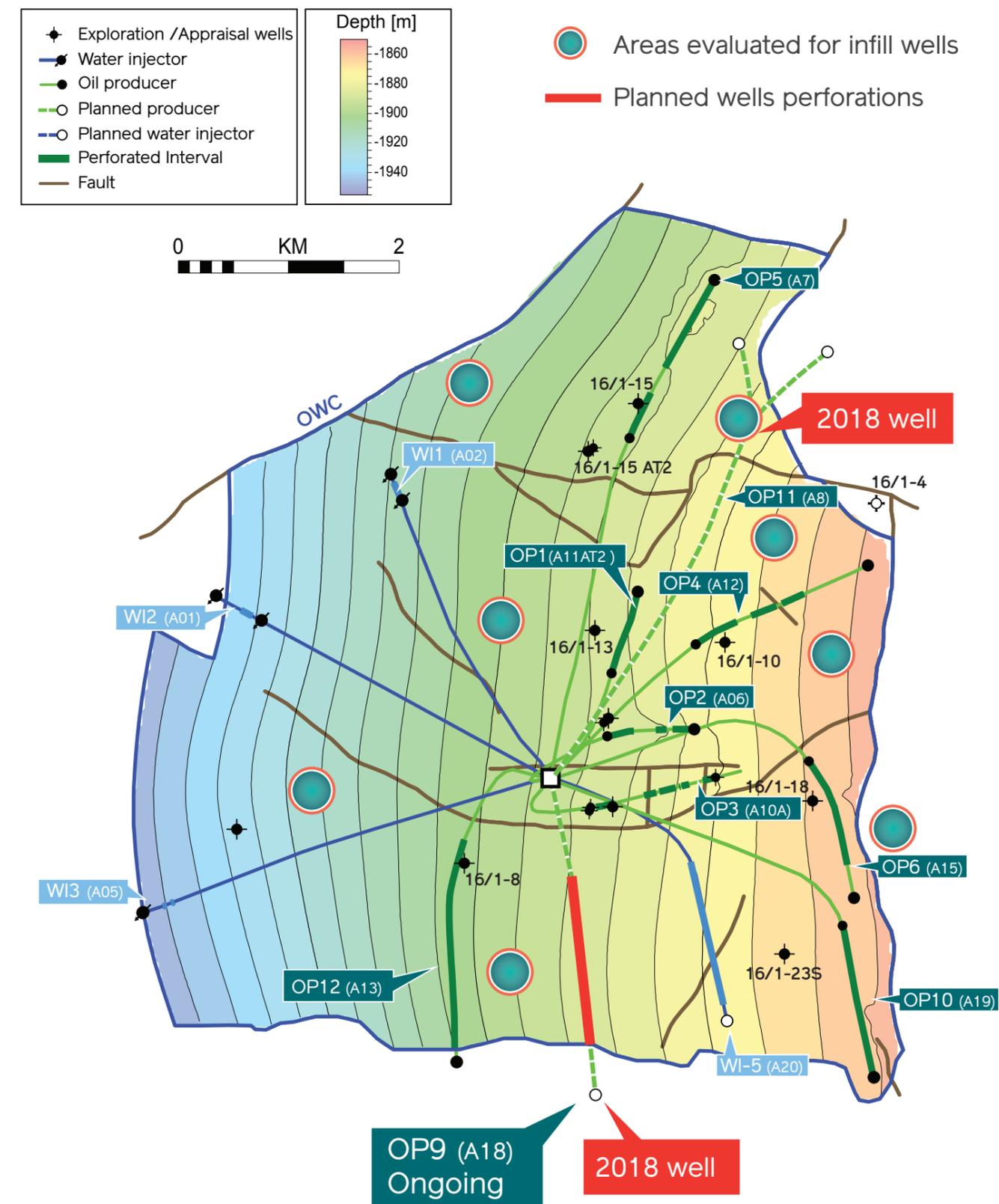
⁽³⁾ 3P reserves is Proved plus Probable plus Possible reserves

Edvard Grieg

The Way Forward

- Remaining development wells
 - OP9 and OP11
- Working on infill drilling campaign for 2019/2020
 - To extend plateau
 - Several targets identified
- 4D Seismic survey acquisition mid-2018
 - To de-risk infill well targets
- Further improved oil recovery potential being evaluated

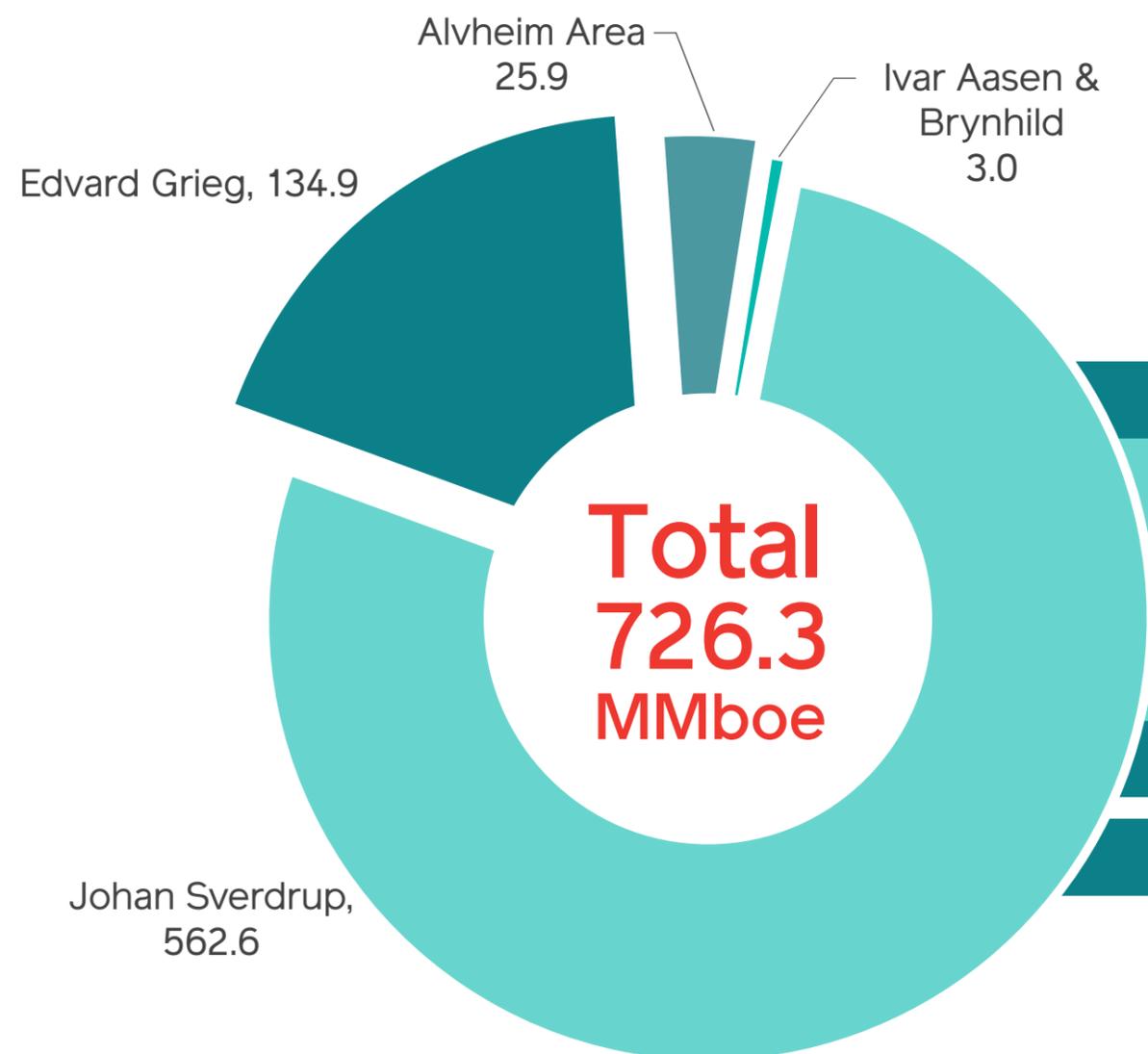
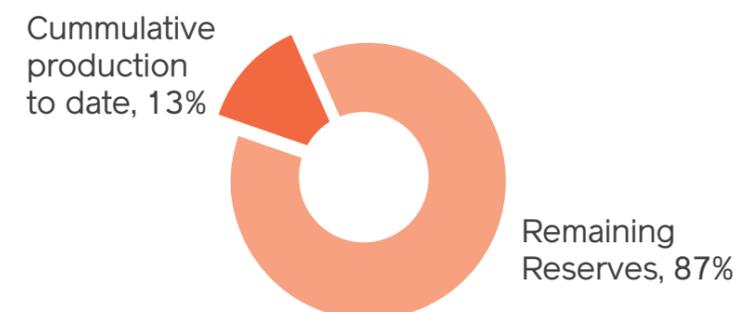
Wells	2018					
	Jan	Feb	Mar	Apr	May	Jun
OP12	Completed					
OP9	Ongoing					
OP11	Ongoing					



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Year-end 2017 2P Reserves^(1, 4) (net)

2P Reserves Life Index 23 years⁽²⁾



	MMboe
End 2016	714.1
- 2017 Production	-31.9
- Sales/Acquisitions	-1.7
+ Revisions	+45.8
End 2017⁽⁴⁾	726.3
Reserves replacement ratio⁽³⁾	144%

Numbers in chart may not add up due to rounding

⁽¹⁾ 2P Reserves is Proved plus Probable remaining reserves.

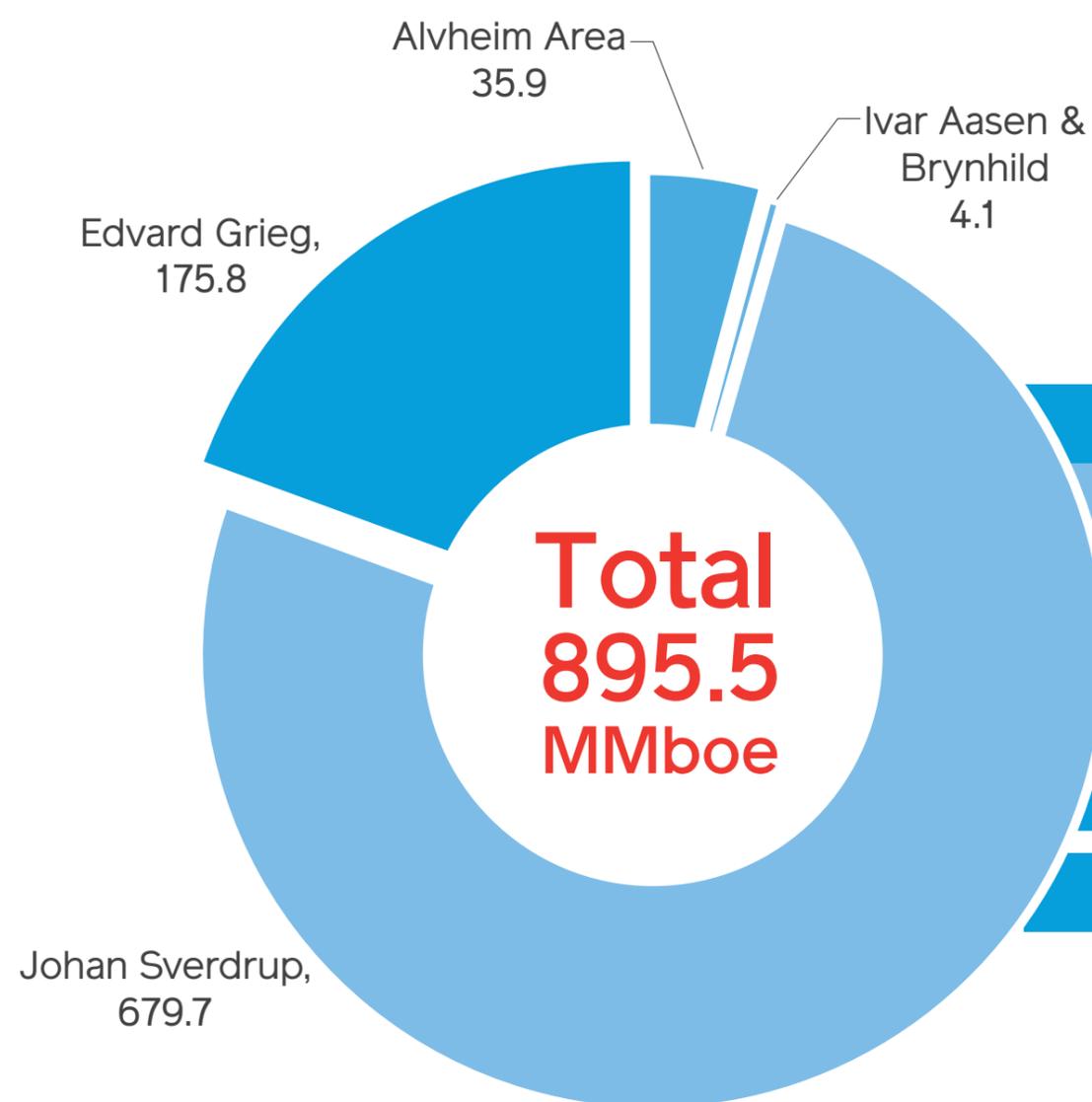
⁽²⁾ Reserves life index is the ratio of remaining reserves and the current annual production forecast.

⁽³⁾ As per industry standards the reserve replacement ratio is defined as the ratio of reserve additions to production during the year, excluding acquisitions and sales.

⁽⁴⁾ Independently audited by ERC Equipoise Ltd (ERCE)

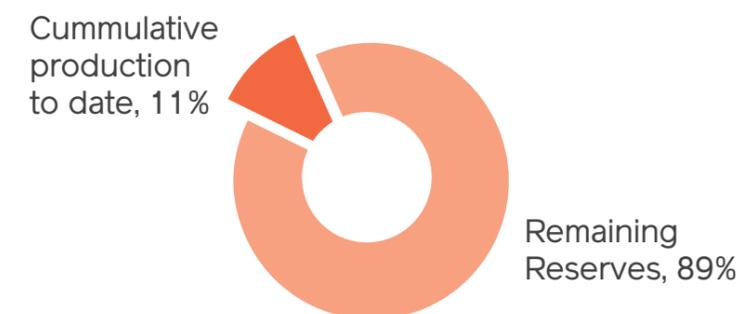
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Year-end 2017 3P Reserves^(1, 4) (net)



Numbers in chart may not add up due to rounding

3P Reserves Life Index 28 years⁽²⁾



	MMboe
End 2016	898.1
- 2017 Production	-31.9
- Sales/Acquisitions	-2.2
+ Revisions	+31.5
End 2017⁽⁴⁾	895.5
Reserves replacement ratio⁽³⁾	99%

⁽¹⁾ 3P Reserves is Proved plus Probable plus Possible remaining reserves

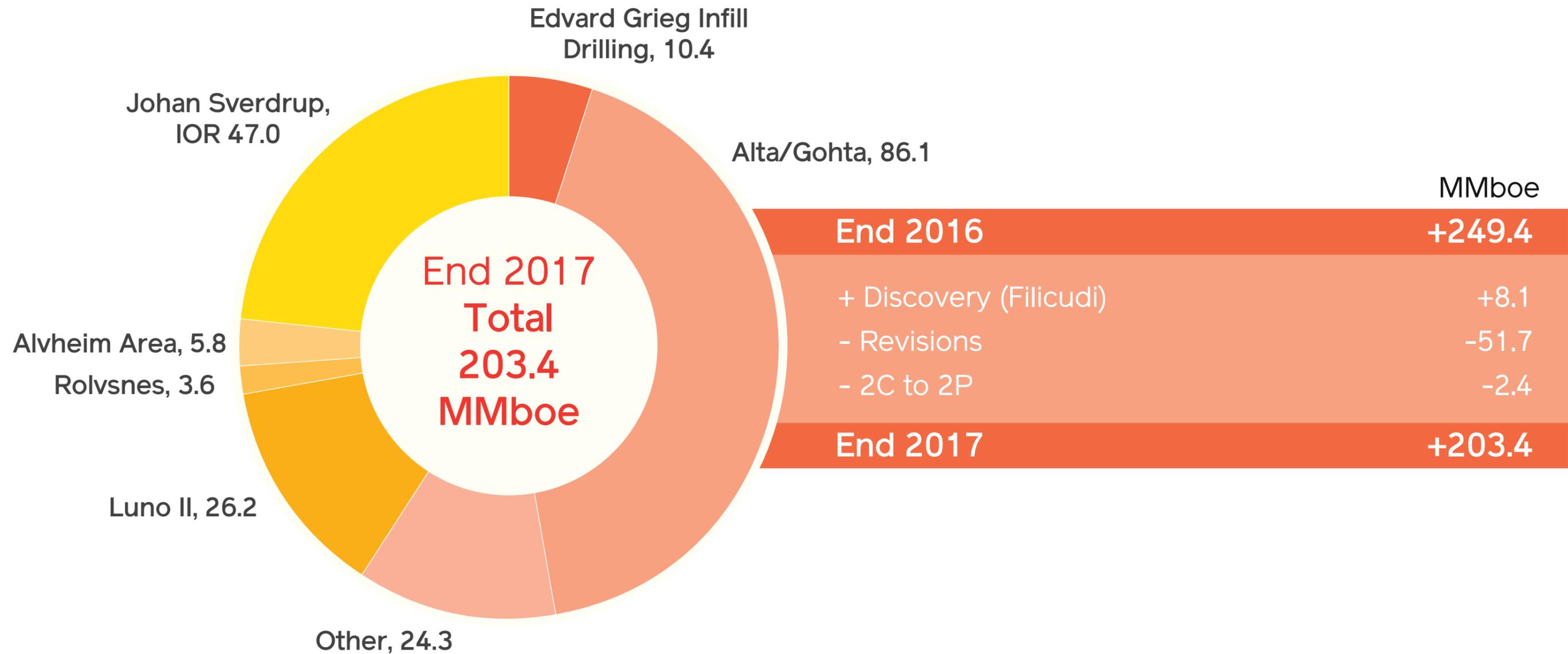
⁽²⁾ Reserves life index is the ratio of remaining reserves and the current annual production forecast.

⁽³⁾ As per industry standards the reserve replacement ratio is defined as the ratio of reserve additions to production during the year, excluding acquisitions and sales.

⁽⁴⁾ Independently audited by ERC Equipoise Ltd (ERCE)

Lundin Petroleum

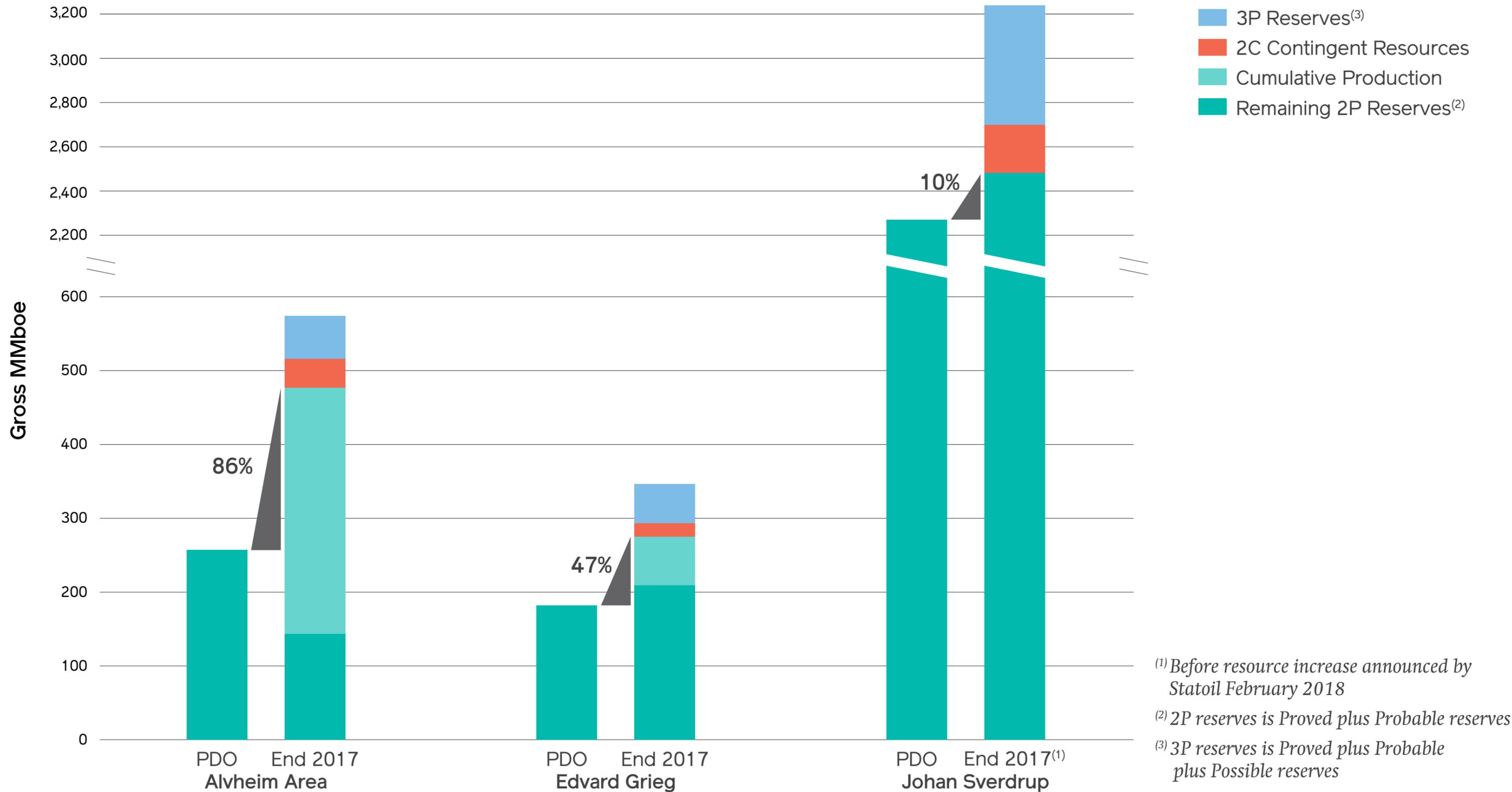
Year-end 2017 2C Contingent Resources (net)



Numbers in pie chart may not add due to rounding

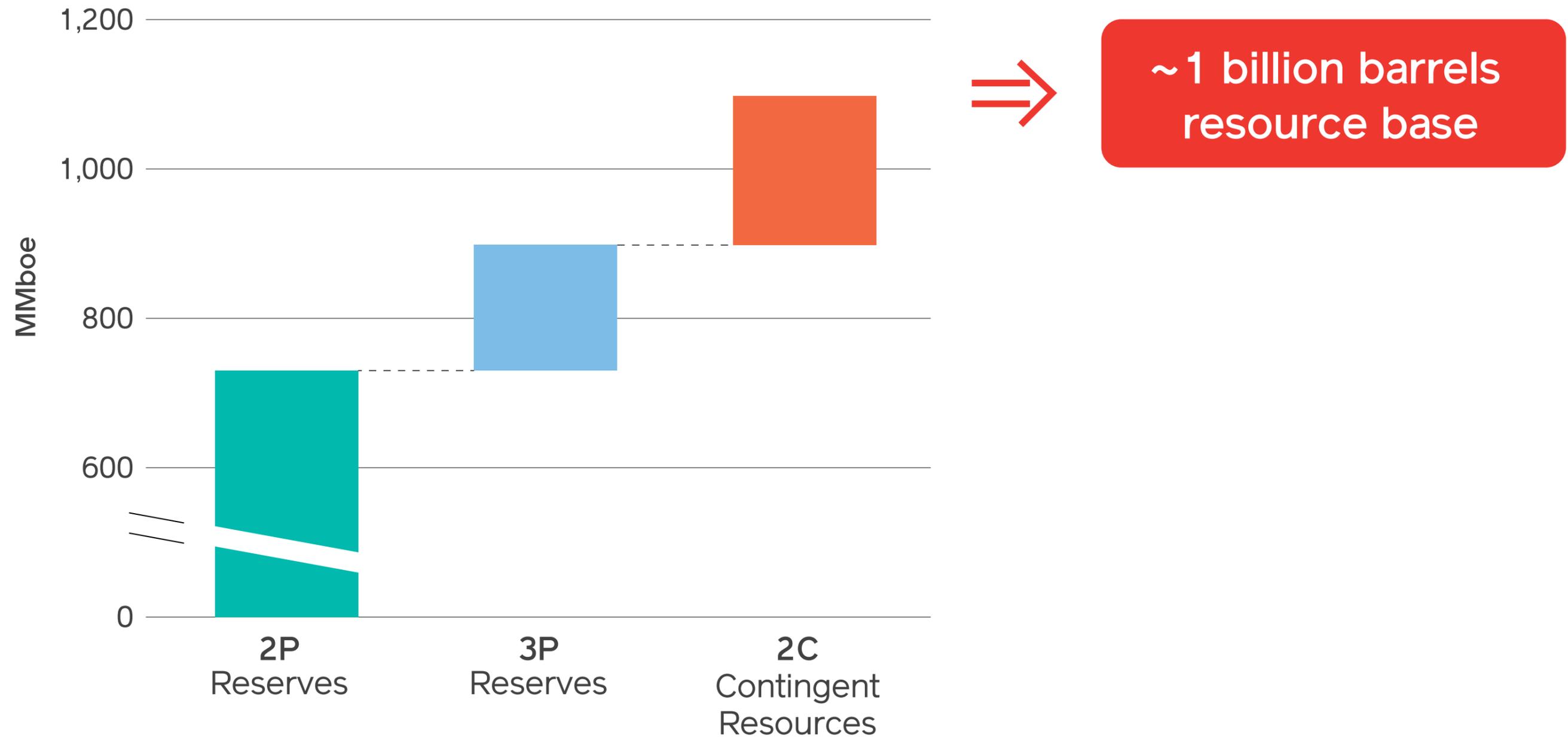
Lundin Petroleum

Big Fields Get Bigger



Lundin Petroleum

Year-end 2017 Reserves and Resources Summary (net)



We can't stop talking about it

Johan Sverdrup



Lundin Petroleum

Johan Sverdrup

Full Field
Break Even Price



➔ Project metrics continue to get better⁽¹⁾

- ➔ Gross Resources increased to **2.1–3.1** billion boe (previously 2.0–3.0 billion boe)
- ➔ Phase 1 costs further reduced to **88** Bn NOK (previously 92 Bn NOK)
- ➔ Phase 2 costs **< 45** Bn NOK (previously 40–55 Bn NOK)
- ➔ Full field breakeven price reduced to **< 20** USD/boe (previously < 25 USD/boe)

Working Interest – Johan Sverdrup Unit

Statoil	40.0267%
Lundin	22.6000%
Petoro	17.3600%
Aker BP	11.5733%
Maersk	8.4400%

(1) As per Statoil latest guidance February 2018



Johan Sverdrup

Phase 1 – Key Milestones Being Delivered on Schedule

Process Platform Jacket



Drilling Platform Topside



Process Platform Topside



Riser Platform Topside



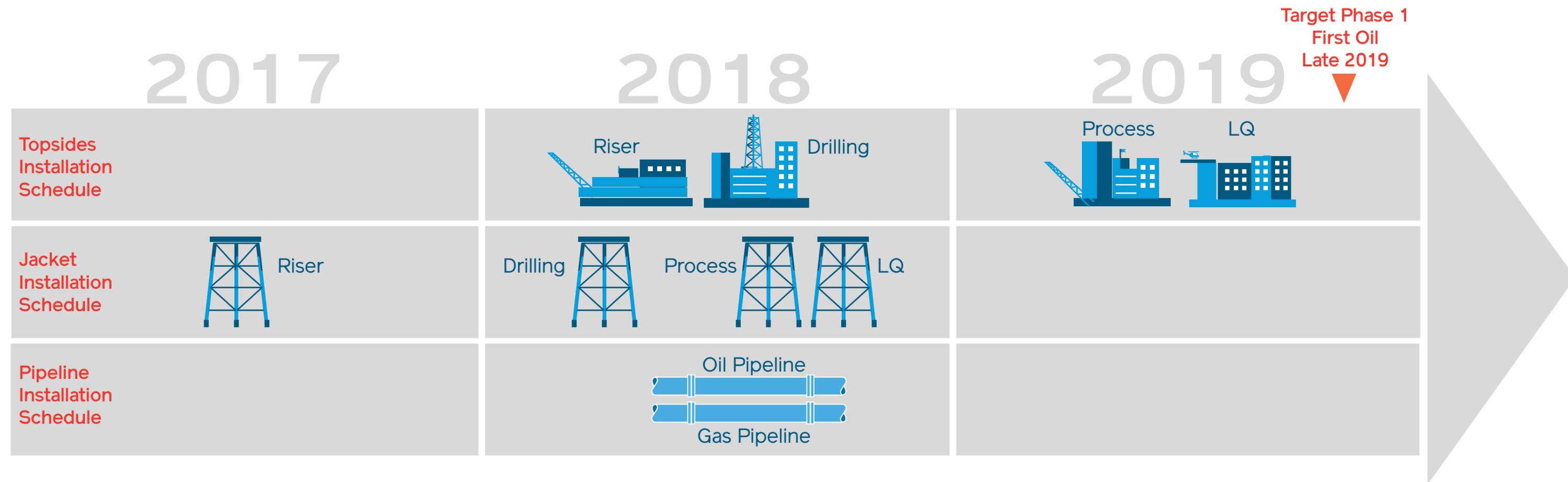
Living Quarters Jacket



Project on schedule ~70% complete
>50 million manhours worked

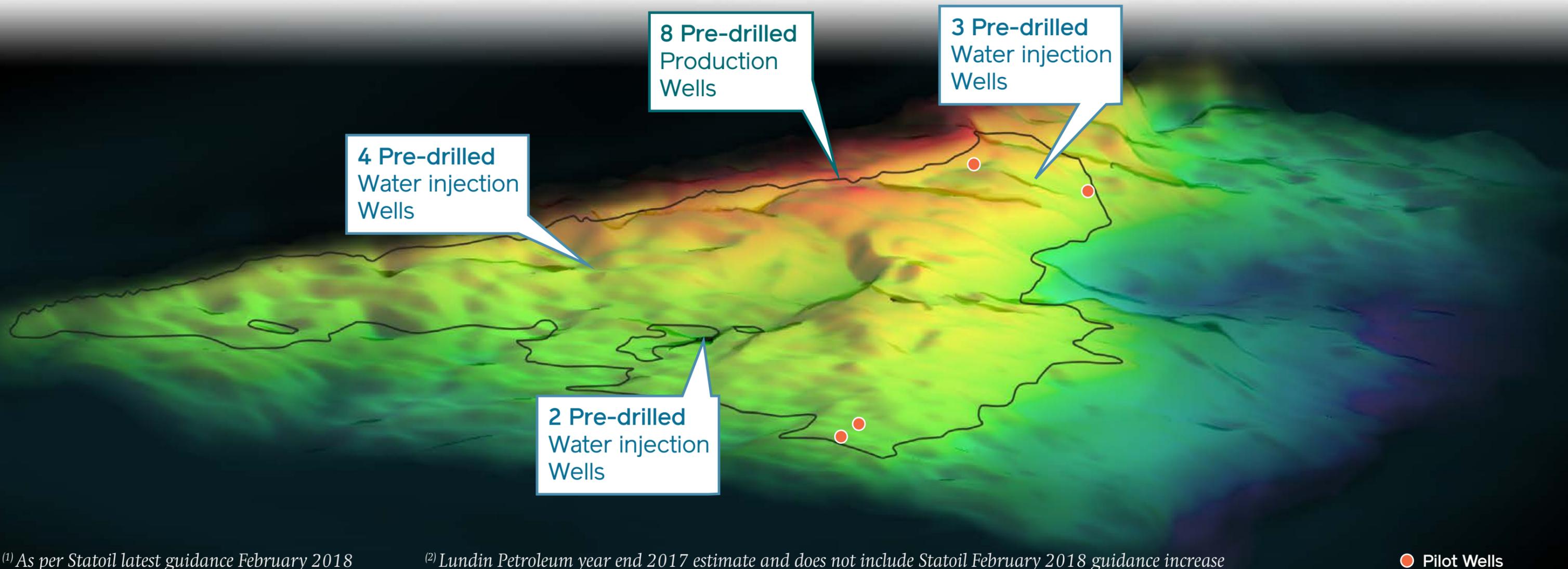
Johan Sverdrup

Phase 1 – 2018 Key Installation Year



Johan Sverdrup Reservoir Update

- 17 pre-drilled wells completed a year ahead of schedule
 - Well capacity for rapid production ramp-up
- Gross resources range of 2.1–3.1 billion boe⁽¹⁾
 - Lundin 2P reserves (net): 562 MMboe⁽²⁾
- Recovery ambition of 70%
 - Considering water alternating gas injection (WAG)
 - Infill wells
 - Permanent reservoir monitoring



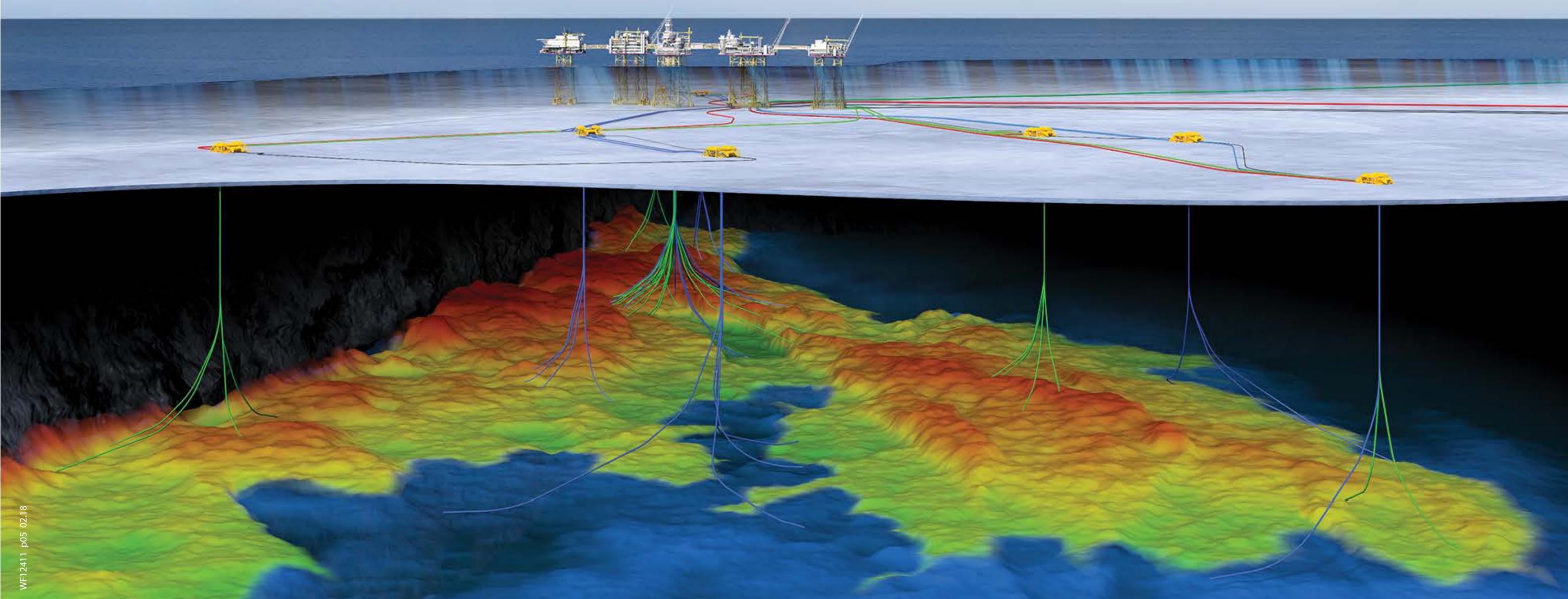
⁽¹⁾ As per Statoil latest guidance February 2018

⁽²⁾ Lundin Petroleum year end 2017 estimate and does not include Statoil February 2018 guidance increase

Johan Sverdrup

Project Status - Phase 2

- Concept Selected – FEED ongoing
- Phase 2 PDO 2H 2018 and First Oil 2022
- Costs ~50% reduced from original PDO



Johan Sverdrup

Key Numbers

PRODUCTION CAPACITY

Phase 1
First oil late 2019
440 Mbopd

Full Field
First oil 2022
660 Mbopd

GROSS CAPEX⁽¹⁾

Phase 1
PDO 123 Bn NOK
Current **88** Bn NOK

Phase 2
PDO 85 Bn NOK
Current **<45** Bn NOK

TOTAL SAVING

>35 % Saving⁽²⁾
since PDO submission

(1) Nominal, NOK 6:USD, fixed currency, excluding IOR

(2) Excludes FX gains

Organic growth

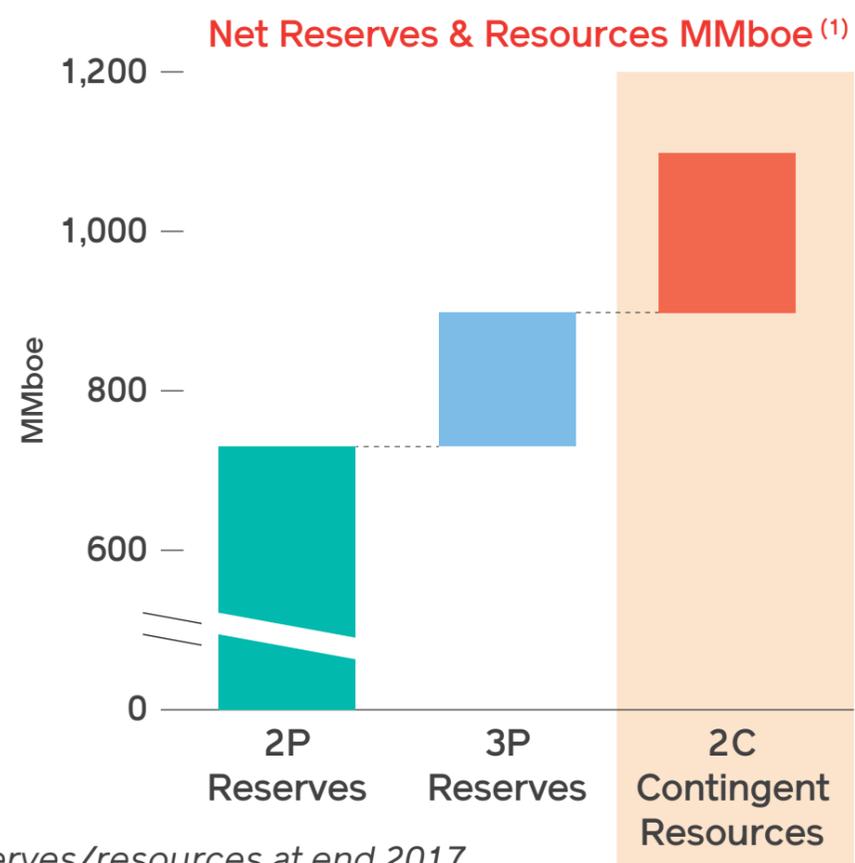
Lundin Petroleum's main strategy



Lundin Petroleum

Progressing Resources to Reserves

- ➔ Luno II appraisal drilling in 2018
- ➔ Rolvsnes appraisal drilling/testing in 2018
 - ➔ De-risks larger area potential
- ➔ Alta/Gohta
 - ➔ Alta EWT in 2018



⁽¹⁾ Reserves/resources at end 2017

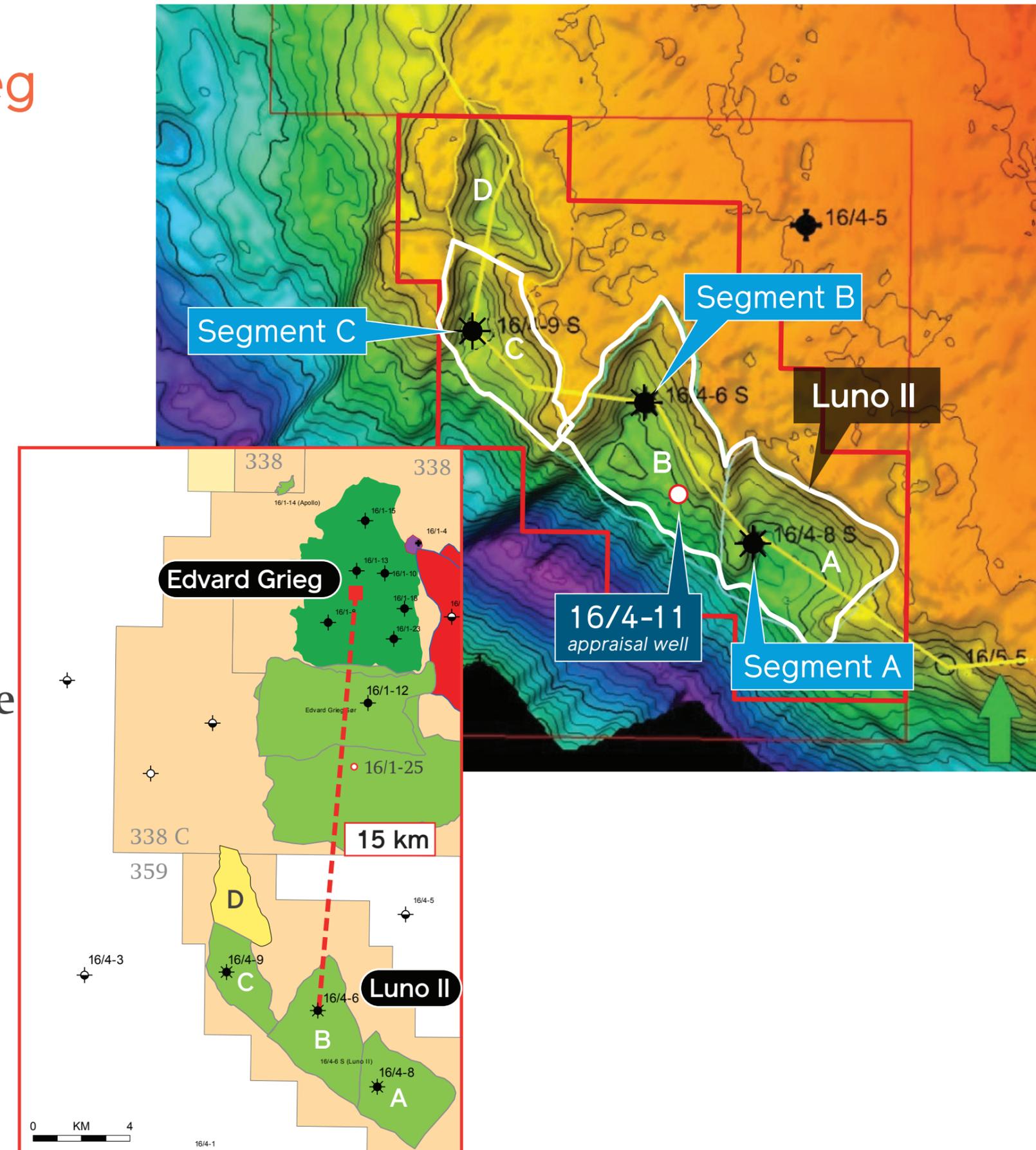


Utsira High – Luno II

Developing Satellites to Edvard Grieg

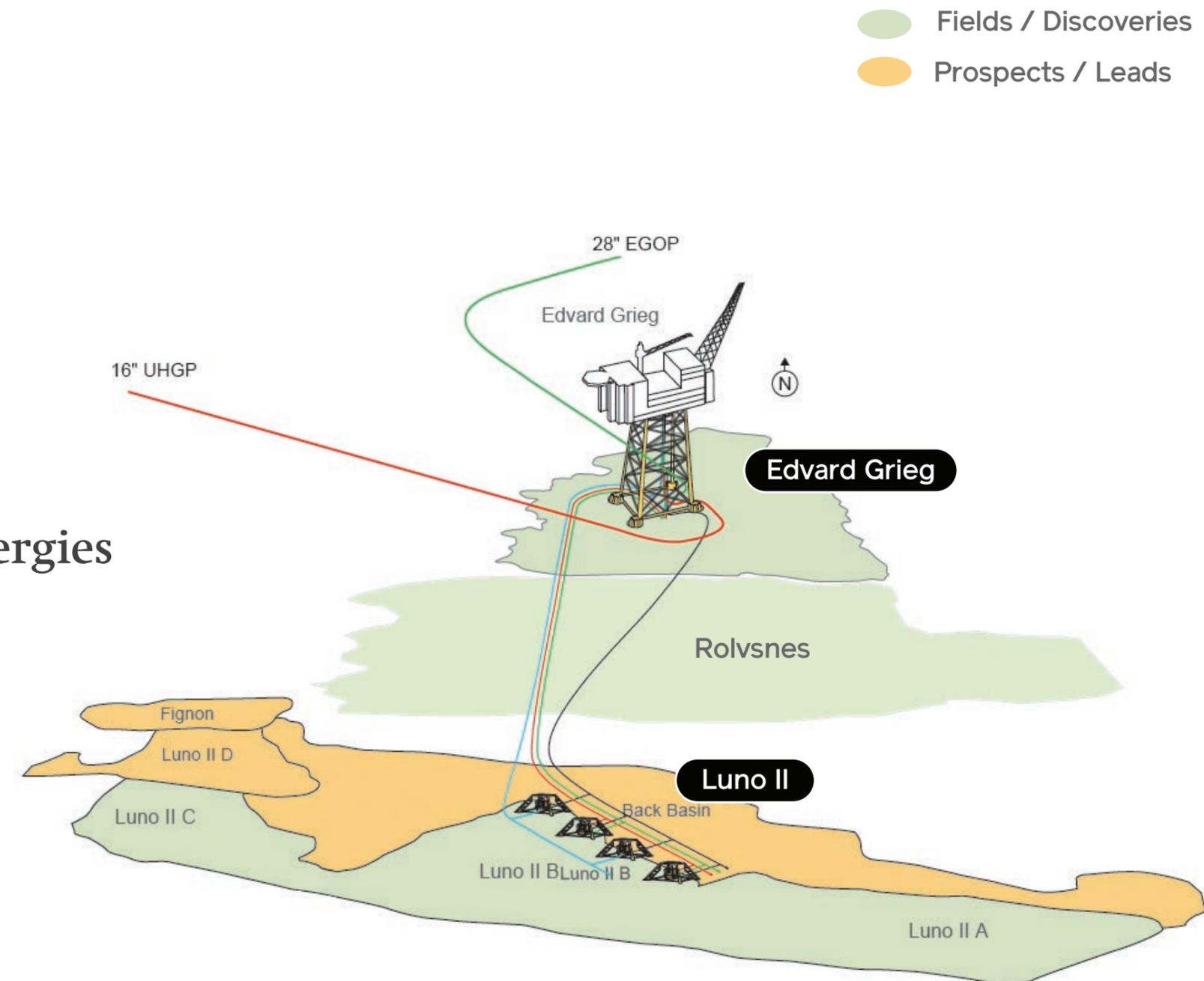
- ➔ PL359 (Lundin 50% operated)
- ➔ Main project drivers
 - ➔ Utilise Edvard Grieg facilities
 - ➔ Robust and flexible development solutions
 - ➔ Minimise capital expenditure
 - ➔ Take advantage of new contractual model
- ➔ Gross contingent resources 30–80 MMboe
- ➔ Appraisal well currently drilling

Top Basement (base reservoir) map



Utsira High – Luno II Development

- ➔ Drill Segment B appraisal well to confirm resources
 - ➔ Successful well - PDO end 2018
- ➔ Phased subsea tie-back to Edvard Grieg
 - ➔ Initial phase – Segment B with 4 satellite wells
 - ➔ Future phases – Segments A & C, prospectivity
- ➔ Integrated team with contractor gives optimised solutions
- ➔ Parallel process with Rolvsnes gives cost synergies

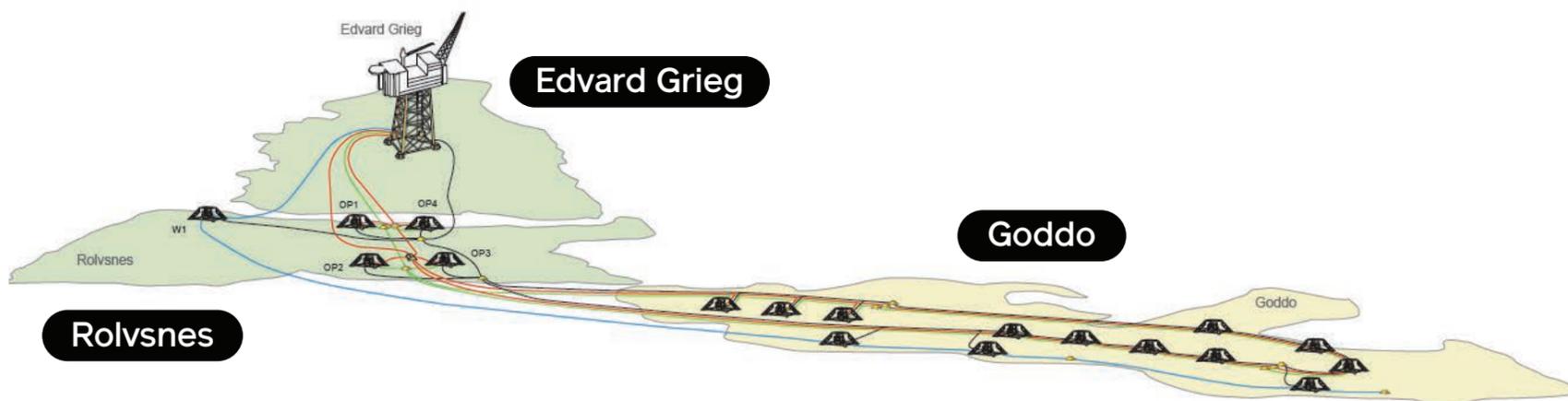
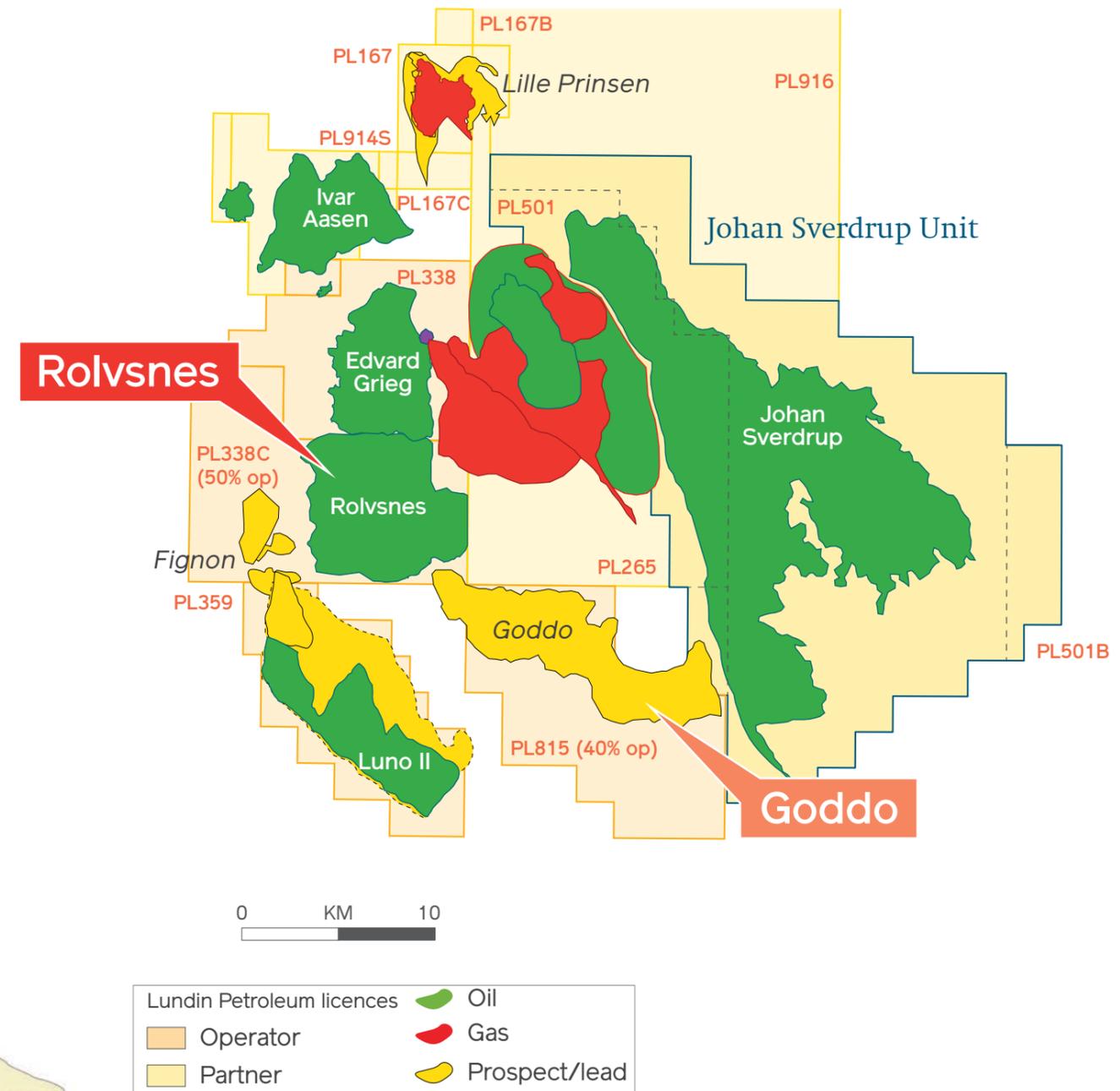


Utsira High – Rolvsnes

Developing Porous/Fractured Basement Reservoirs



- ➔ PL338C (Lundin 50% operated)
- ➔ Rolvsnes Discovery
 - ➔ 30m oil column in porous granitic basement
 - ➔ Pressure communication with Edvard Grieg
- ➔ Gross contingent resources 3–16 MMboe
- ➔ Success de-risks larger area potential of Rolvsnes and Goddo prospect >200 MMboe
- ➔ Phased approach
 - ➔ Q2 2018 Rolvsnes 16/1-28S horizontal well/DST
 - ➔ With success – Rolvsnes EWT, drilling Goddo prospect



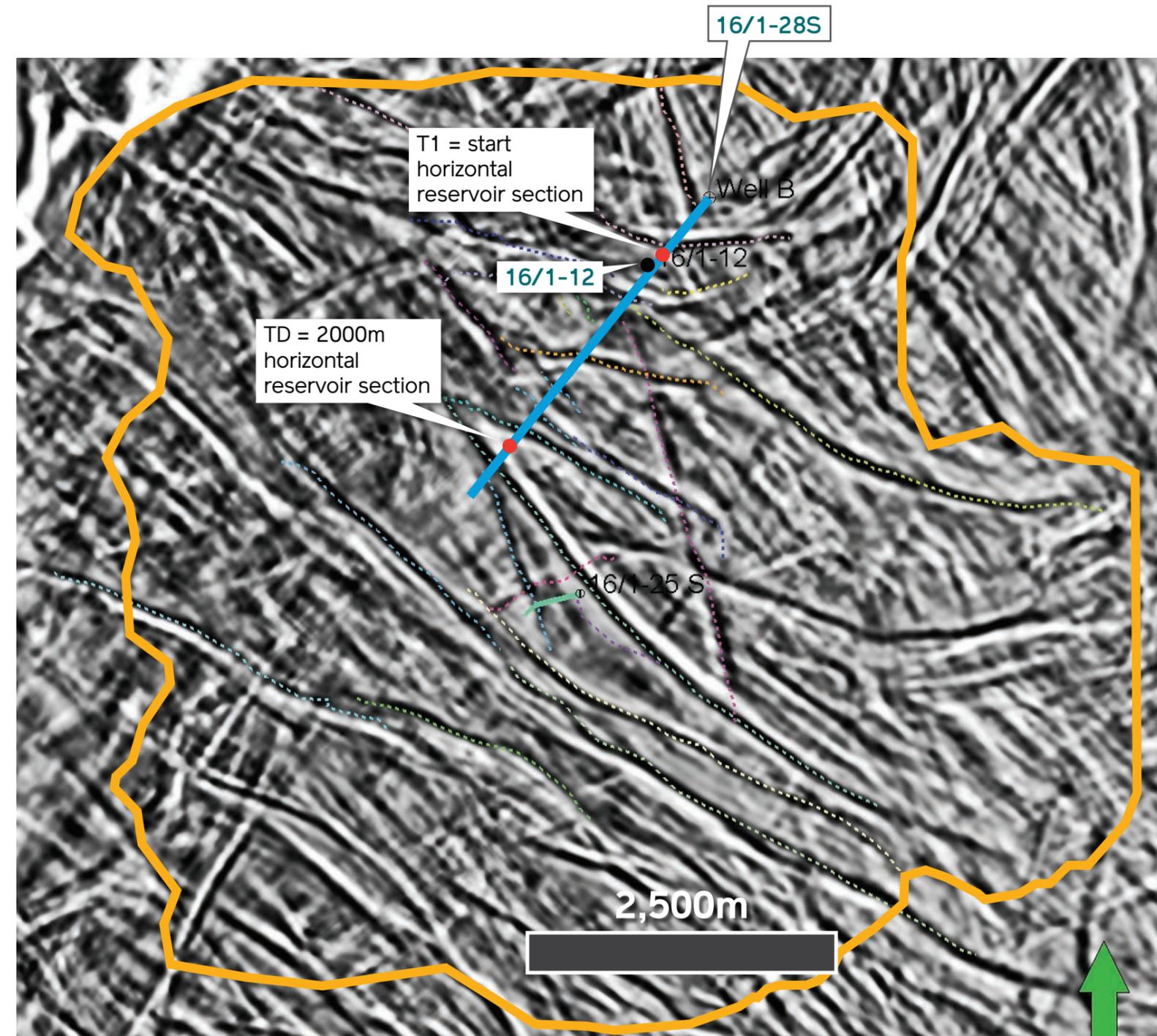
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Utsira High Basement Rolvsnnes Test Well

➔ Objective

- ➔ Drill through as many fractured/weathered sands as possible
- ➔ Confirm commercial, sustainable rates from the reservoir

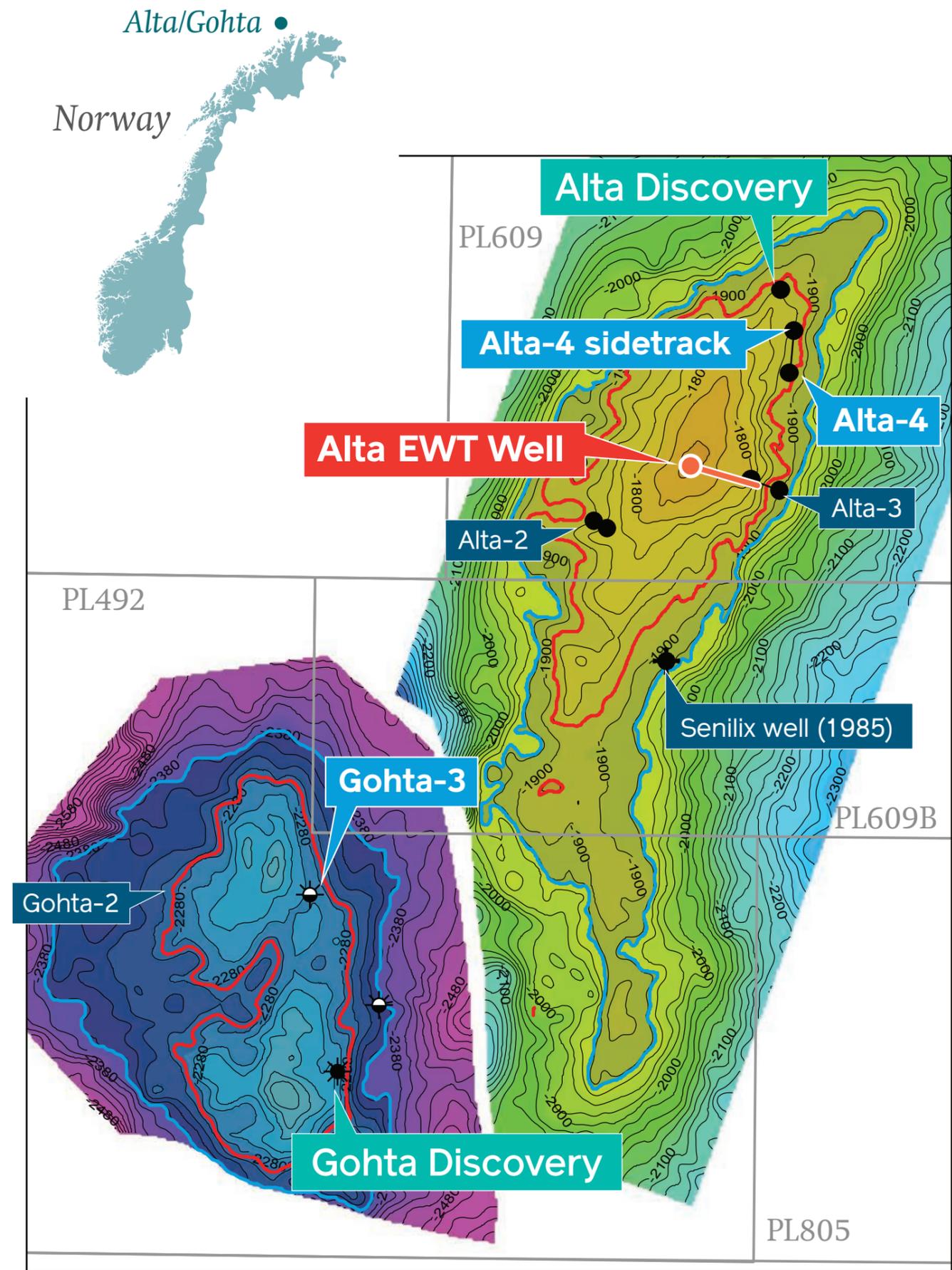
Analogue Outcrop



Southern Barents Sea – Alta/Gohta

Developing Carbonate Reservoirs

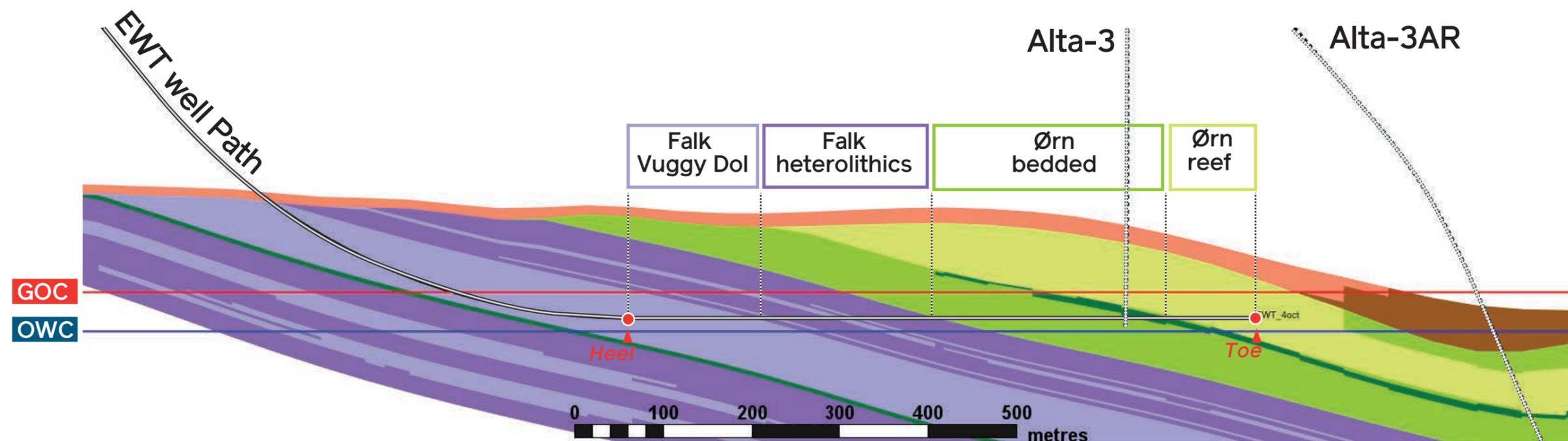
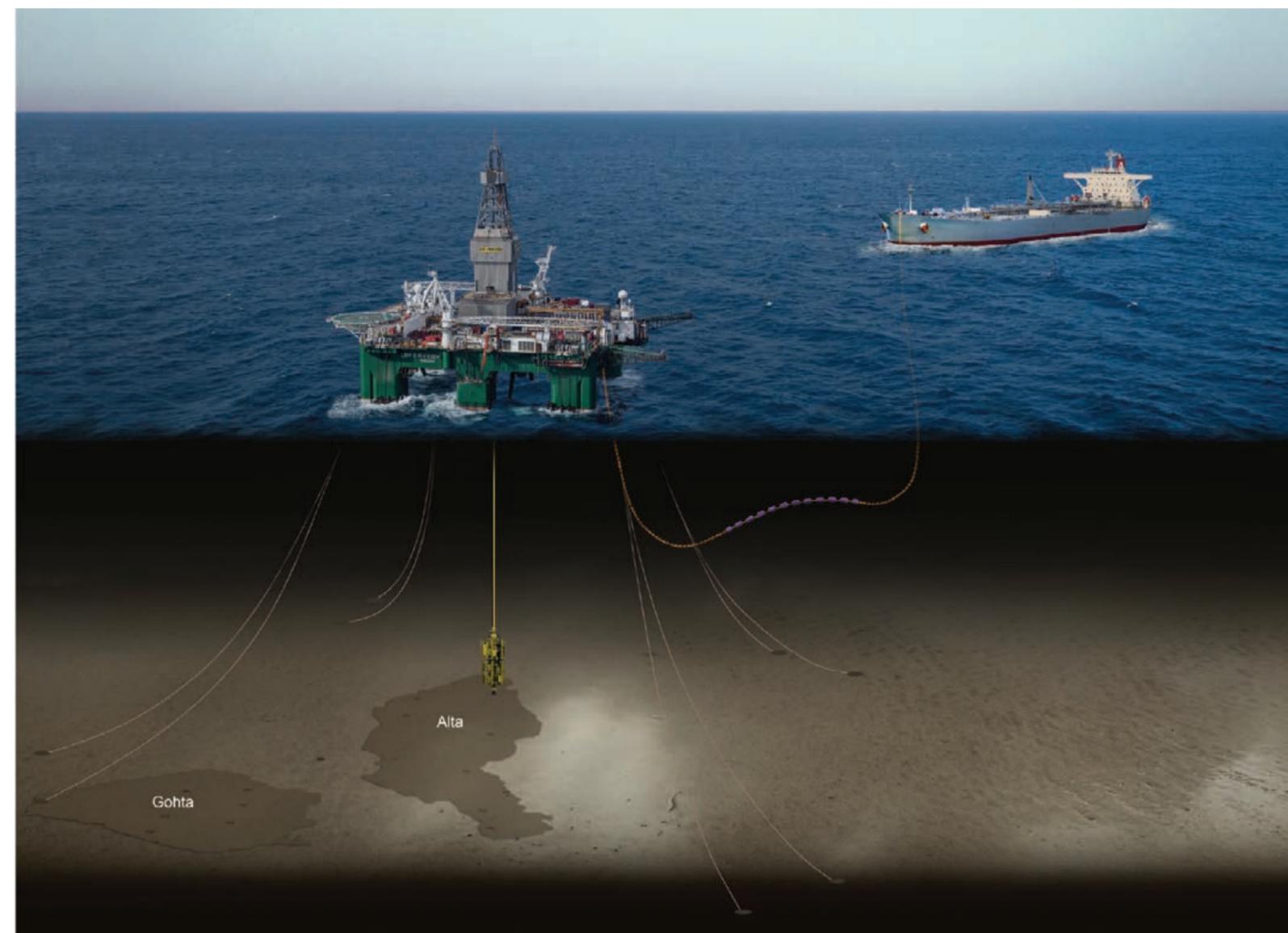
- ➔ PL609 & PL492 (Lundin 40% operated)
- ➔ Karstified / fractured Permian carbonate reservoir
- ➔ 2017 drilling results
 - ➔ Gohta-3 – poor reservoir quality, downgraded resource estimate
 - ➔ Alta-4 – high productivity reservoir, but lower oil-in-place
- ➔ Revised Alta/Gohta contingent resource range 115–390 MMboe gross
- ➔ New “high spec” 3D seismic completed (Topseis)
- ➔ 2018 programme – Alta extended well test (EWT)



Southern Barents Sea – Alta

EWT Objectives

- ➔ Prove sustainable production rates
- ➔ Lateral geological understanding through horizontal drilling
- ➔ Reduce resource uncertainty range
- ➔ Drilling experience with karstified carbonate reservoirs



Southern Barents Sea – Alta / Gohta Development Options

➔ Operating environment similar to Norwegian Sea

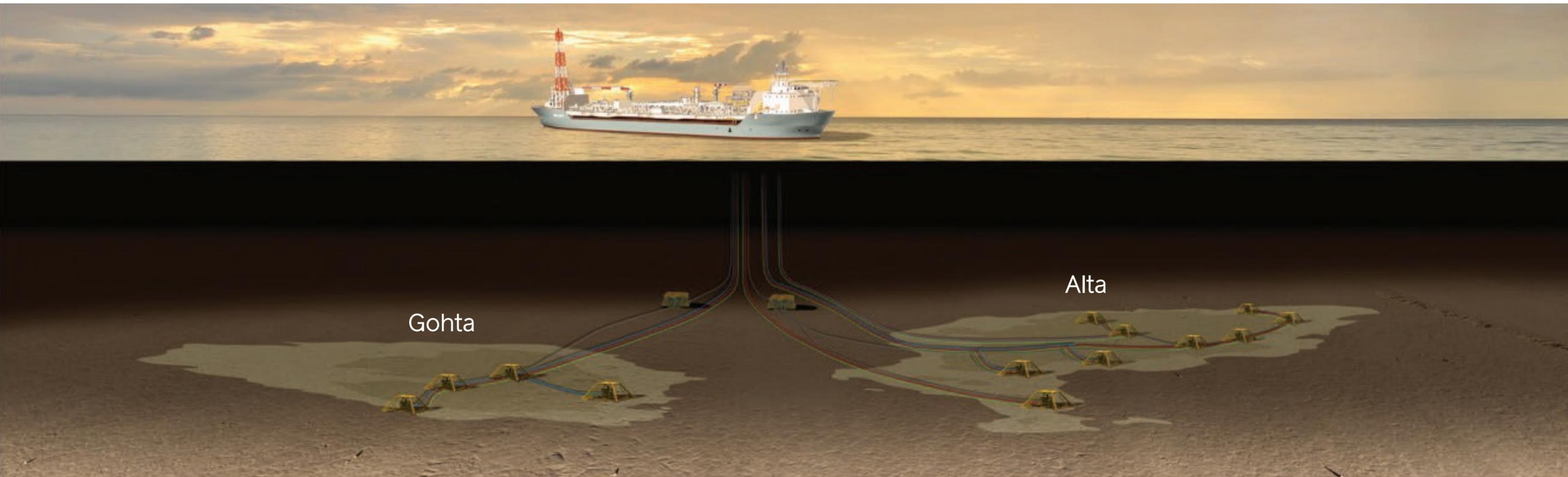
- ➔ Requires winterisation
- ➔ Increased logistics costs

➔ Economic development is achievable at 150 MMbo

- ➔ Several concepts – ship shape / Sevan

➔ Enablers

- ➔ Low CAPEX solutions – next generation
- ➔ Latest subsea technology – all electric control system
- ➔ Remote operation and monitoring
- ➔ Low manning operations



Appraisal Projects

Outlook on Successful 2018 Programme

Stepwise, flexible approach

2018

2025

Luno II

Appraisal Well

PDO

First Oil Segment B

Future Phases (Segment A&C)

Rolvsnes

Appraisal Well/Test

Goddo Exploration

PDO Phase 1 (EWT)

First Oil Phase 1 (EWT)

Future Phases

Alta/Gohta

Alta EWT

Further Appraisal Wells

PDO

Targeting

>200 MMboe net resources

Lundin Petroleum Exploration Strategy

➔ 9⁽³⁾ exploration wells planned in 2018

Southern Barents Sea - Drill Out & Build

4 wells in 2018

- Progressing Alta/Gohta towards development
- Large under-explored basin >7 Bn boe⁽¹⁾
- Drill out material prospects – 2018 wells targeting >1.5 Bn boe⁽²⁾
- Building prospectivity – licensing rounds

Frøya High/Froan Basin - New Core Area

1 well in 2018

- Building new core area – licensing rounds
- Maturing prospectivity >2 Bn boe⁽²⁾ for 2018/19 drilling

Alvheim Area – Sustain Production

1 well in 2018

- Drilling and maturing prospectivity
- Adding new opportunities – licensing rounds

Utsira High – Sustain Production

1 well in 2018

- Drilling and maturing prospectivity

Mandal High – New Core Area

1 well in 2018

- Testing material prospectivity >800 MMboe⁽²⁾



⁽¹⁾ NPD estimate yet to find

⁽²⁾ Gross unrisks prospective resources

⁽³⁾ Includes additional well in North Sea Area

Lundin Petroleum

Renewing and Diversifying the Exploration Portfolio

- ➔ Actively managing and expanding the portfolio
- ➔ APA 2017 Licensing Round record high awards - 14 licences
- ➔ 8 deals in 2017 – 5 acquisitions/swaps and 3 disposals
- ➔ Acreage footprint increased by 50%⁽¹⁾ in the last year
- ➔ Two new exploration core areas – Mandal High & Frøya High/Froan Basin



A&D Activity	
➔	Acquisition/Swap
➔	Divestment
➔	2017 APA operated
➔	2017 APA non-operated

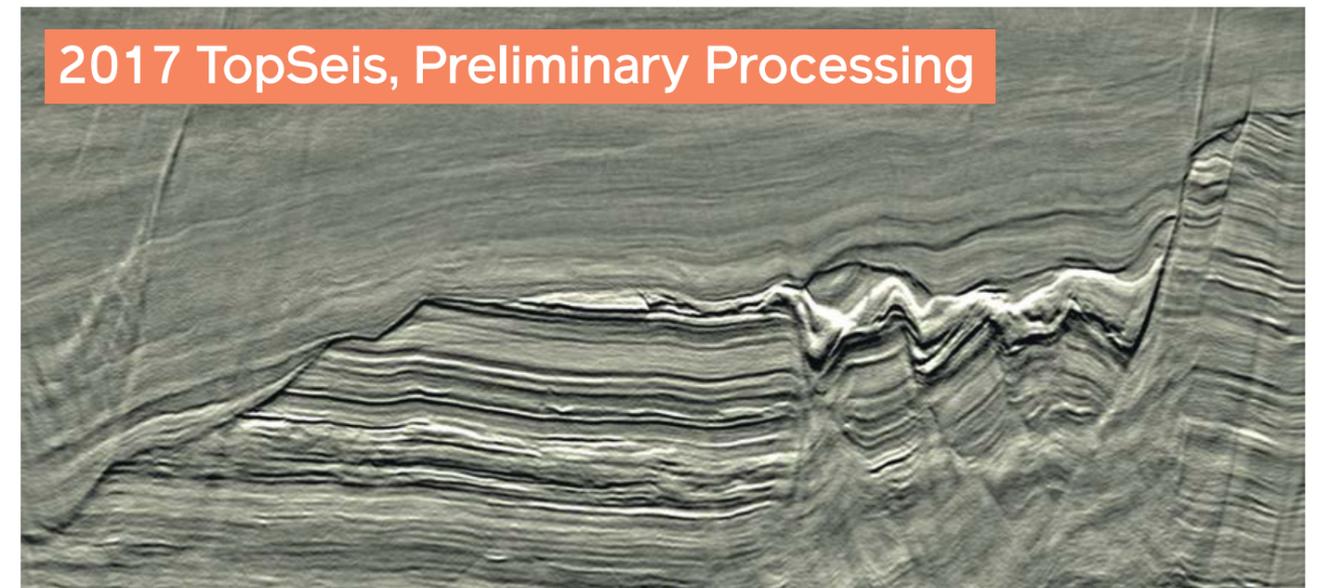
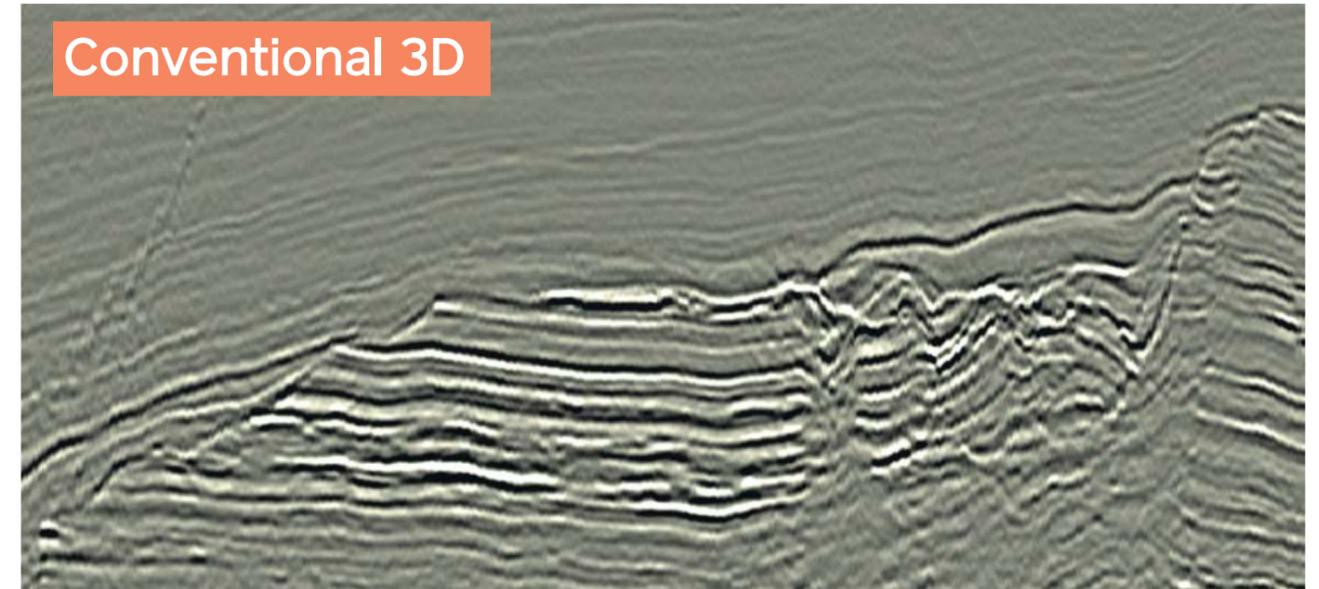
Lundin Petroleum Licences	
■	Operated
■	Non-operated

(1) Includes APA 2016, APA 2017, deals and relinquishments

At the Forefront of Exploration Technology

TopSeis

- Developed by Lundin - CGG
- Dramatically improves seismic imaging
- Reinterpretation of the Loppa High in 2018



Southern Barents Sea Early Days

Large underexplored area

- 121 wildcat wells drilled
- 7.3 Bn boe yet to find ⁽¹⁾

5 significant discoveries to date

- >2.5 Bn boe of commercial resources
- Area producing 500 Mboepd by 2027

Disappointing well results in 2017

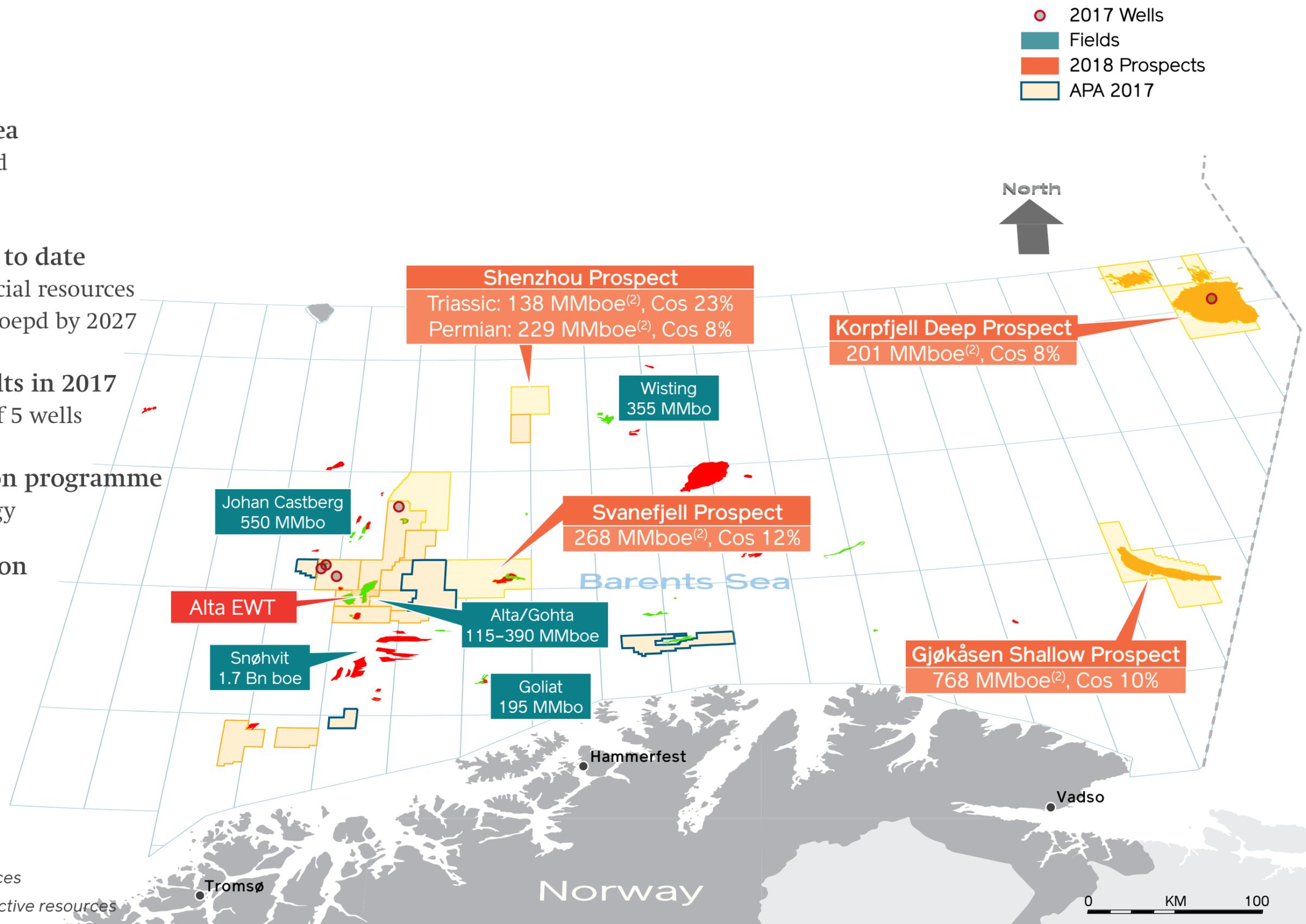
- Filicudi discovery out of 5 wells

Exciting 2018 exploration programme

- 4 wells, different geology

Continue to build position

- 2017 APA, 24th Round



⁽¹⁾ NPD estimate Jan 2018 - yet to find resources

⁽²⁾ Lundin estimates of gross unrisked prospective resources

Southern Barents Sea Western Area

PL722 ●
PL659 ● Southern Barents Sea



➤ Svanefjell Prospect (Lundin 20%)

- ➔ Large four-way closure
- ➔ Target Triassic Sandstones

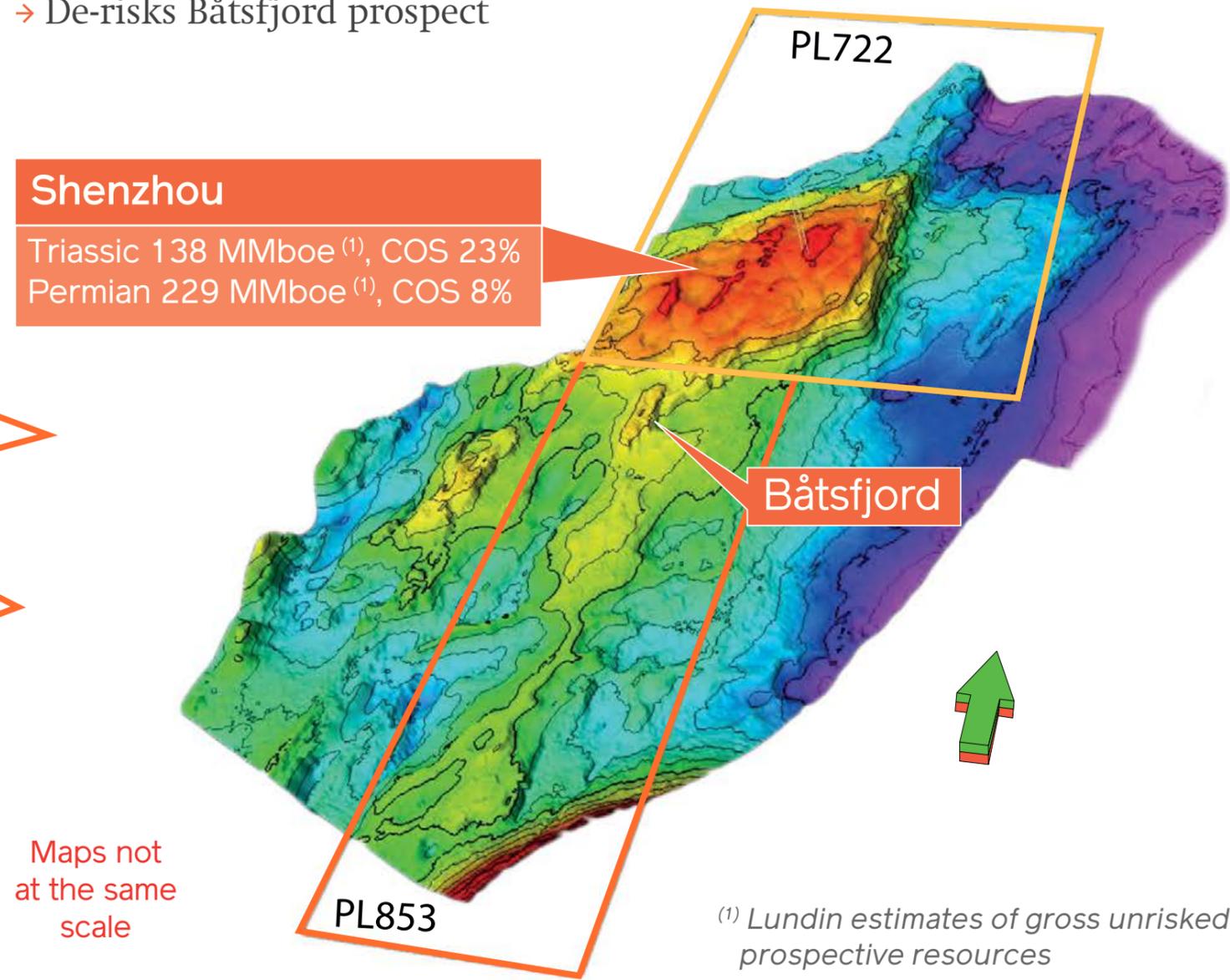
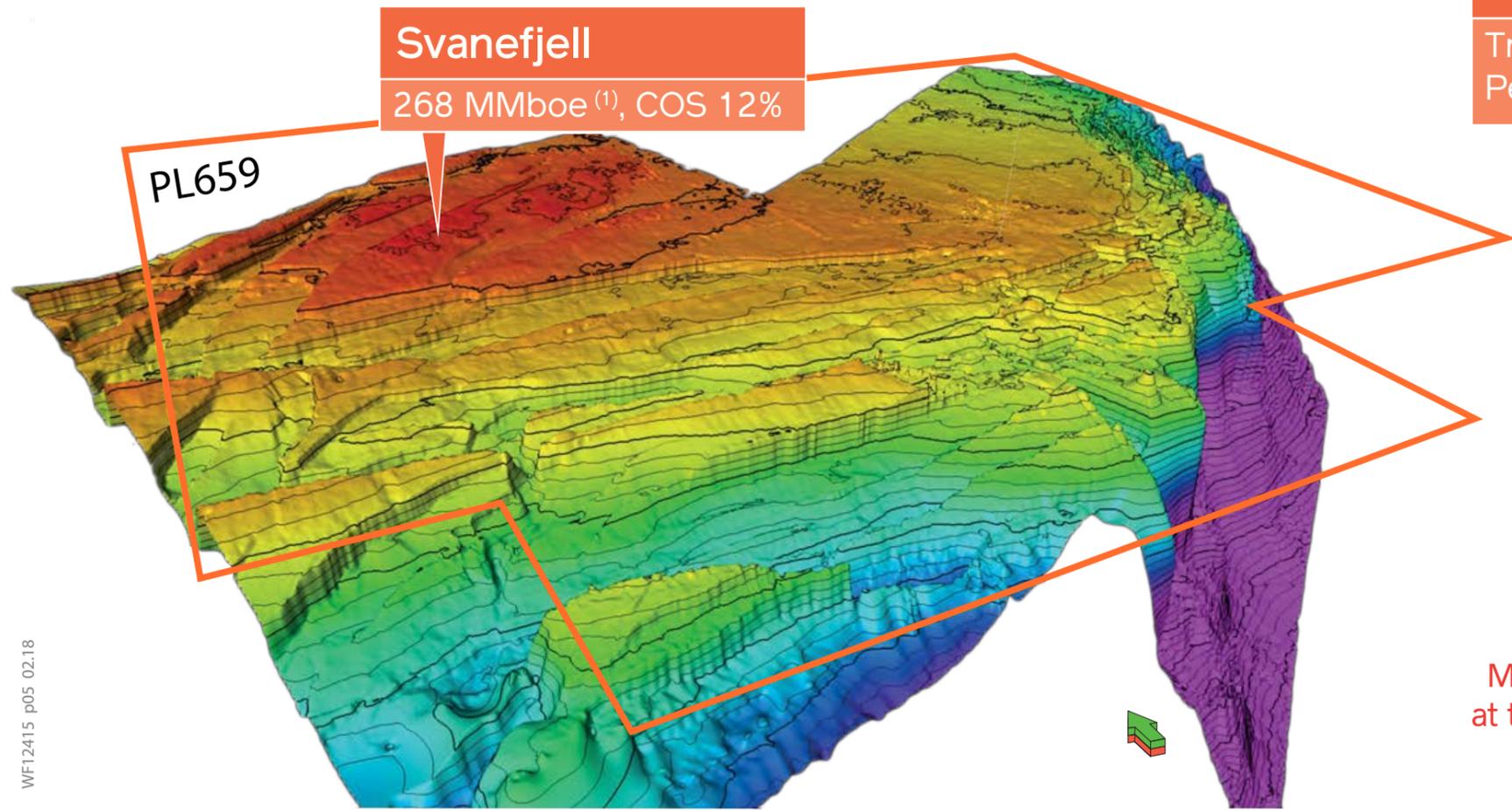
➤ Shenzhou Prospect (Lundin 20%)

- ➔ Multi-target four-way dip closure
- ➔ Triassic Sandstones & Permian Carbonates
- ➔ De-risks Båtsfjord prospect

Svanefjell
268 MMboe ⁽¹⁾, COS 12%

Shenzhou
Triassic 138 MMboe ⁽¹⁾, COS 23%
Permian 229 MMboe ⁽¹⁾, COS 8%

Båtsfjord

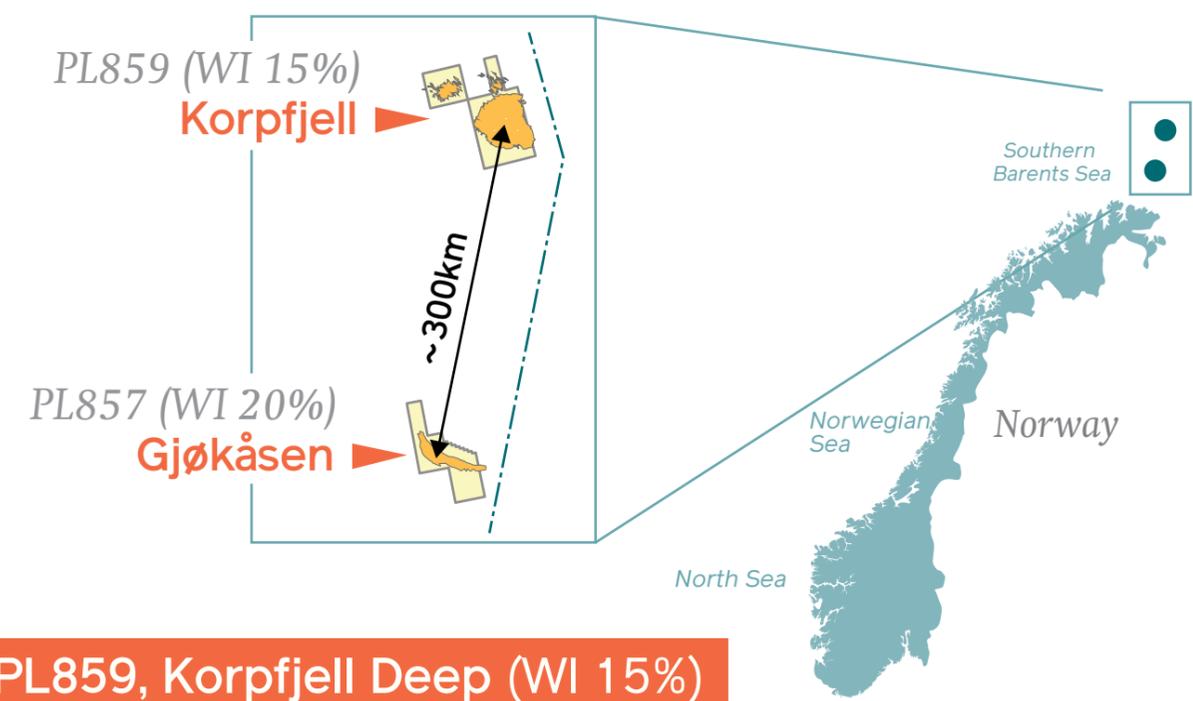


Maps not at the same scale

⁽¹⁾ Lundin estimates of gross unrisks prospective resources

Southeastern Barents Sea

Underexplored Area - Two Large Closures



PL857, Gjøkåsen Shallow (WI 20%)

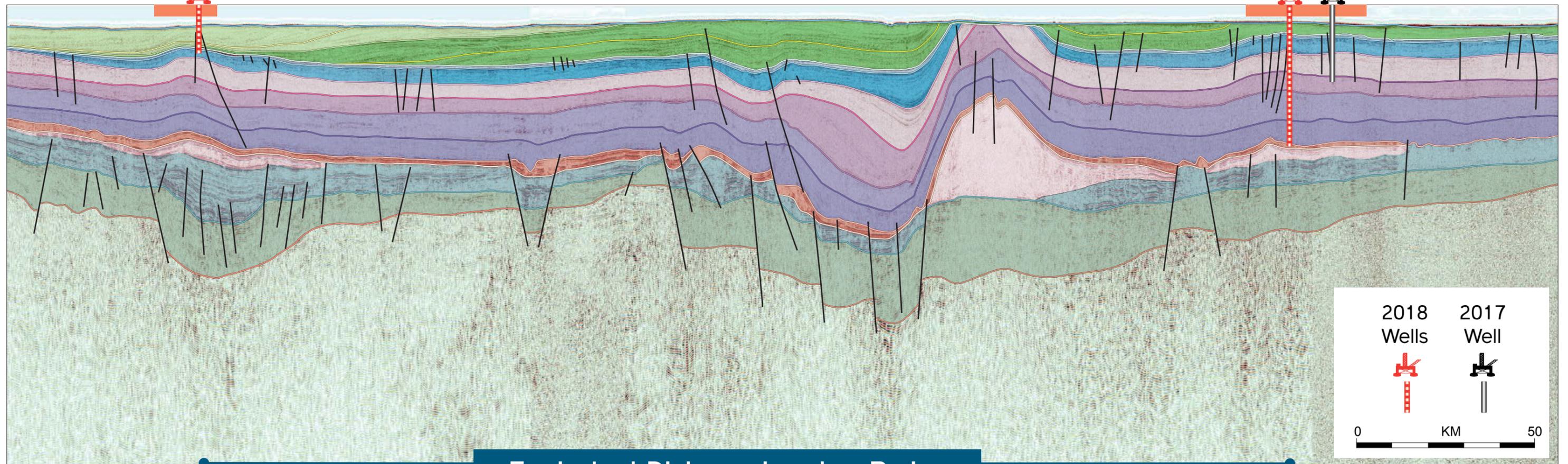
768 MMbo⁽¹⁾, COS 10%

PL859, Korpfjell Deep (WI 15%)

201 MMbo⁽¹⁾, COS 8%

SSW

NNE



**Equivalent Distance London-Paris
~300 km**

⁽¹⁾ Lundin estimates of gross unrisks prospective resources

Frøya High/Froan Basin

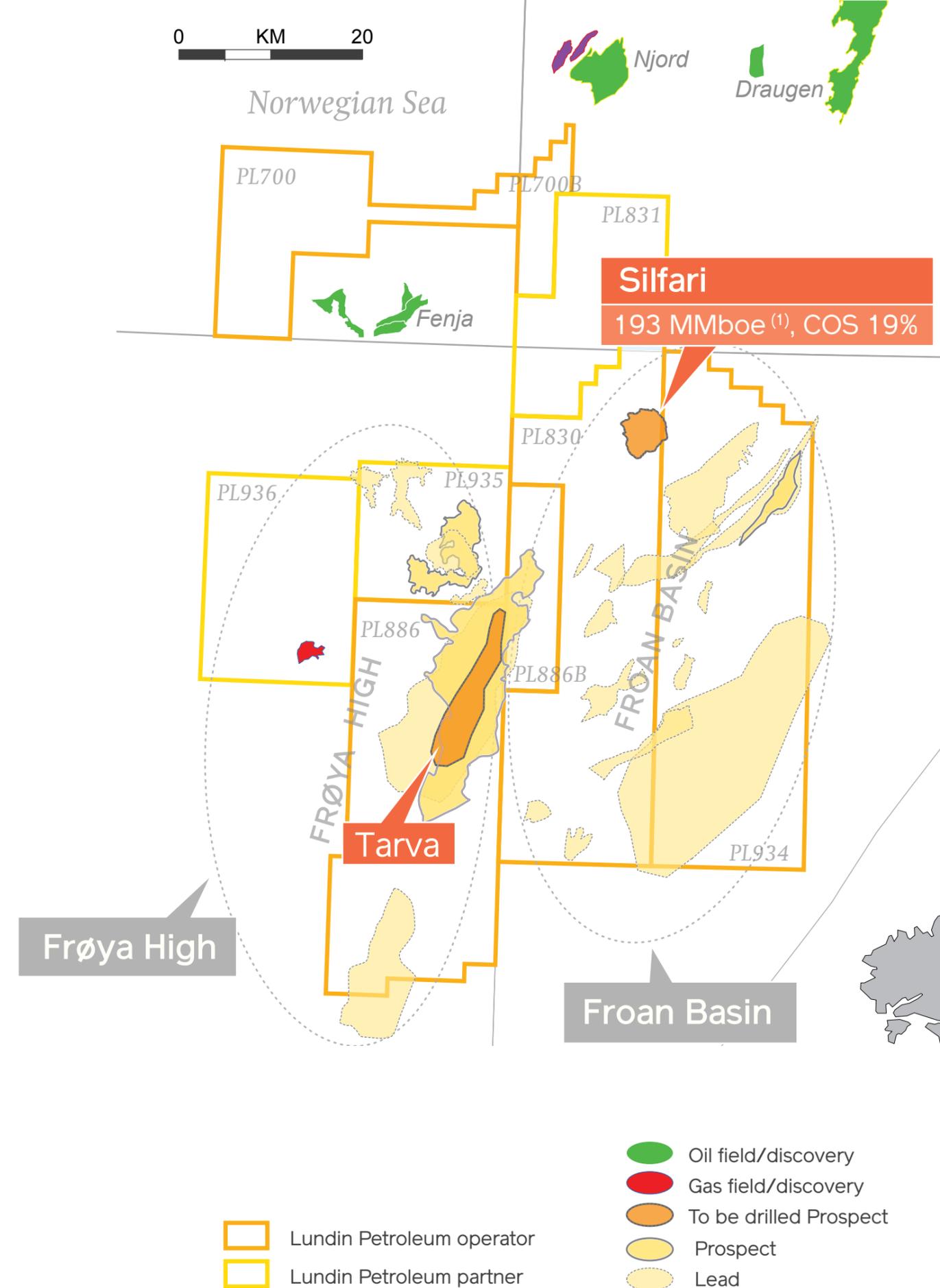
New Exploration Core Area

➤ Froan Basin

- ➔ PL830, PL934 (Lundin operated 40%)
- ➔ Silfari well in 2018 – Permian target
- ➔ Play opening well – de-risks Jurassic/Tertiary potential

➤ Frøya High

- ➔ PL886, PL886B (Lundin operated 40%)
- ➔ Partner in adjacent PL831, PL935 and PL936
- ➔ Untested Permian carbonate and Jurassic sandstones play
- ➔ Updip of a prolific basin
- ➔ 2019 well



(1) Lundin estimates of gross unrisks prospective resources

Norwegian North Sea Significant Potential

➤ Significant remaining prospectivity

➔ 4.6 Bn boe yet to find⁽²⁾

➤ Continue to build position

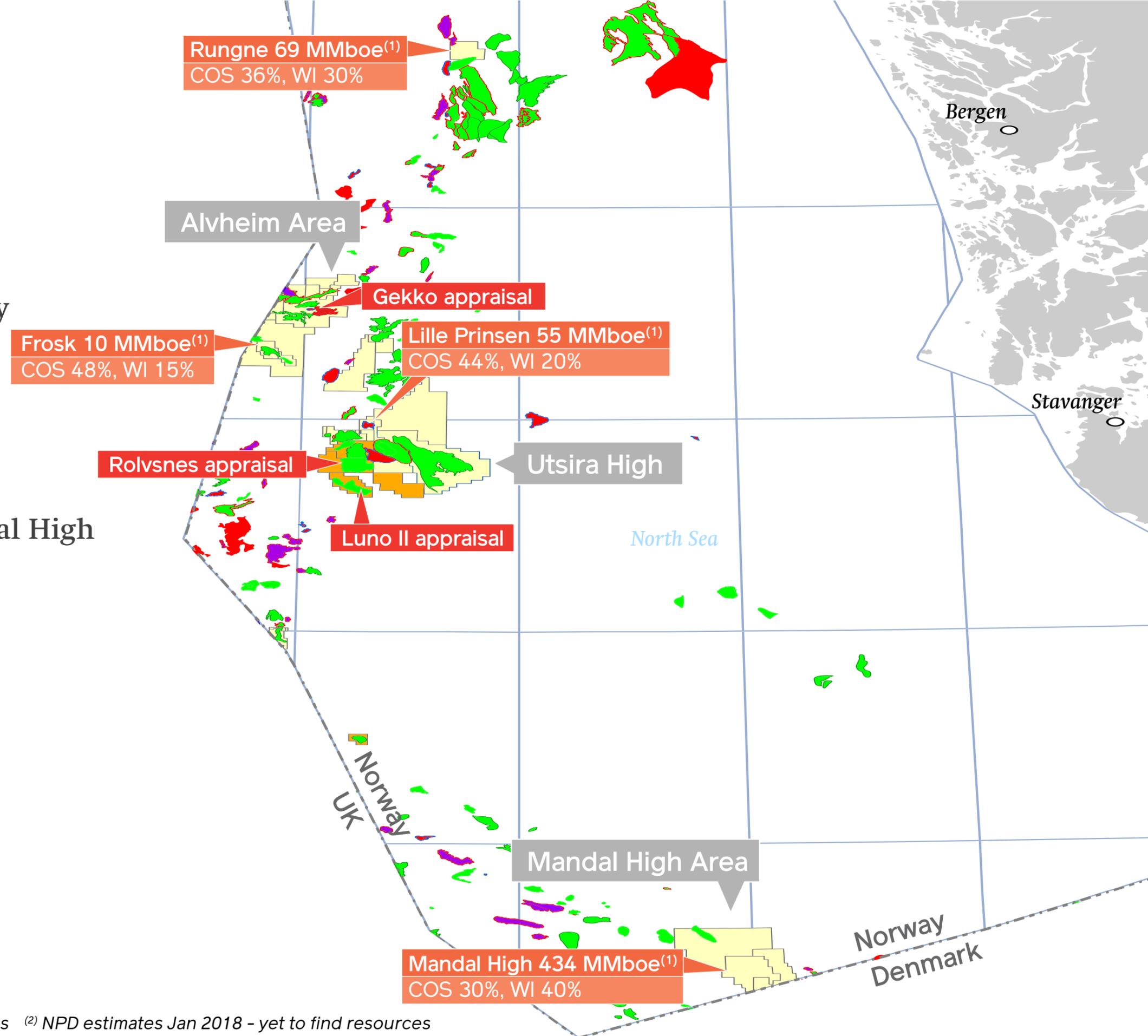
➔ Deals / APA 2017

➤ New exploration core area – Mandal High

➤ 7 E&A wells in 2018

➔ 3 appraisal

➔ 4 exploration



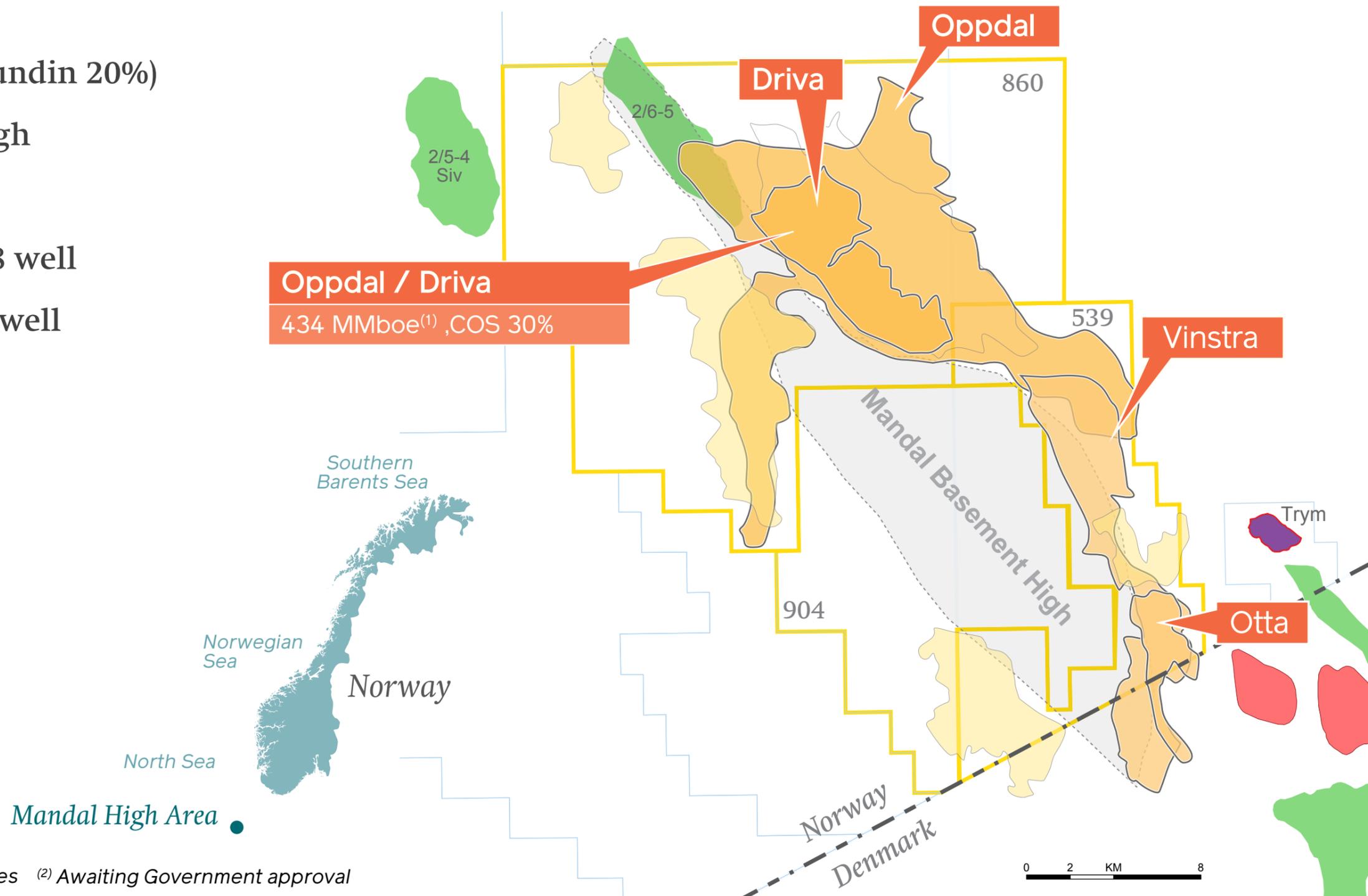
⁽¹⁾ Lundin estimates of gross unrisks prospective resources ⁽²⁾ NPD estimates Jan 2018 - yet to find resources

Mandal High

New Exploration Core Area

- Oil field/discovery
- Gas field/discovery
- To be drilled Prospect
- Prospect
- Lundin Petroleum partner

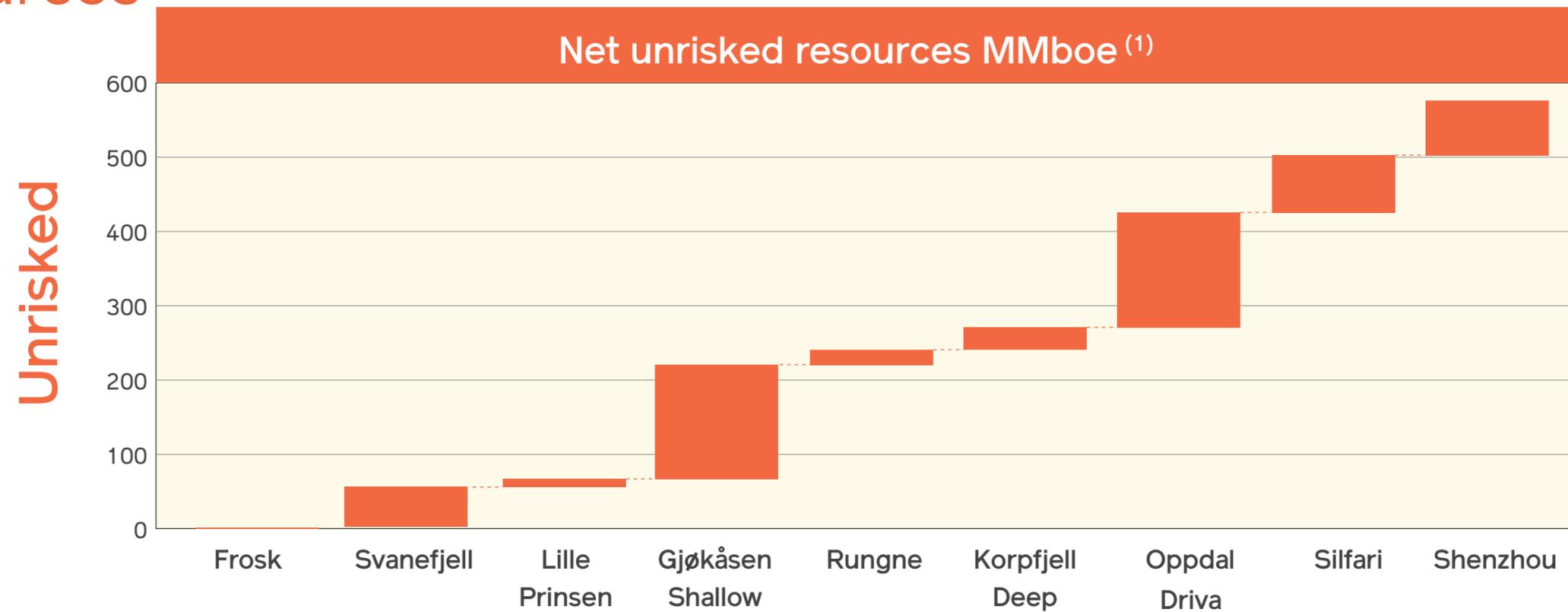
- PL860 (Lundin 40%⁽²⁾), PL539 (Lundin 20%)
- Strong similarities to Utsira High
- Material prospect sizes
- Oppdal / Driva prospects – 2018 well
- Vinstra / Otta prospects – 2019 well



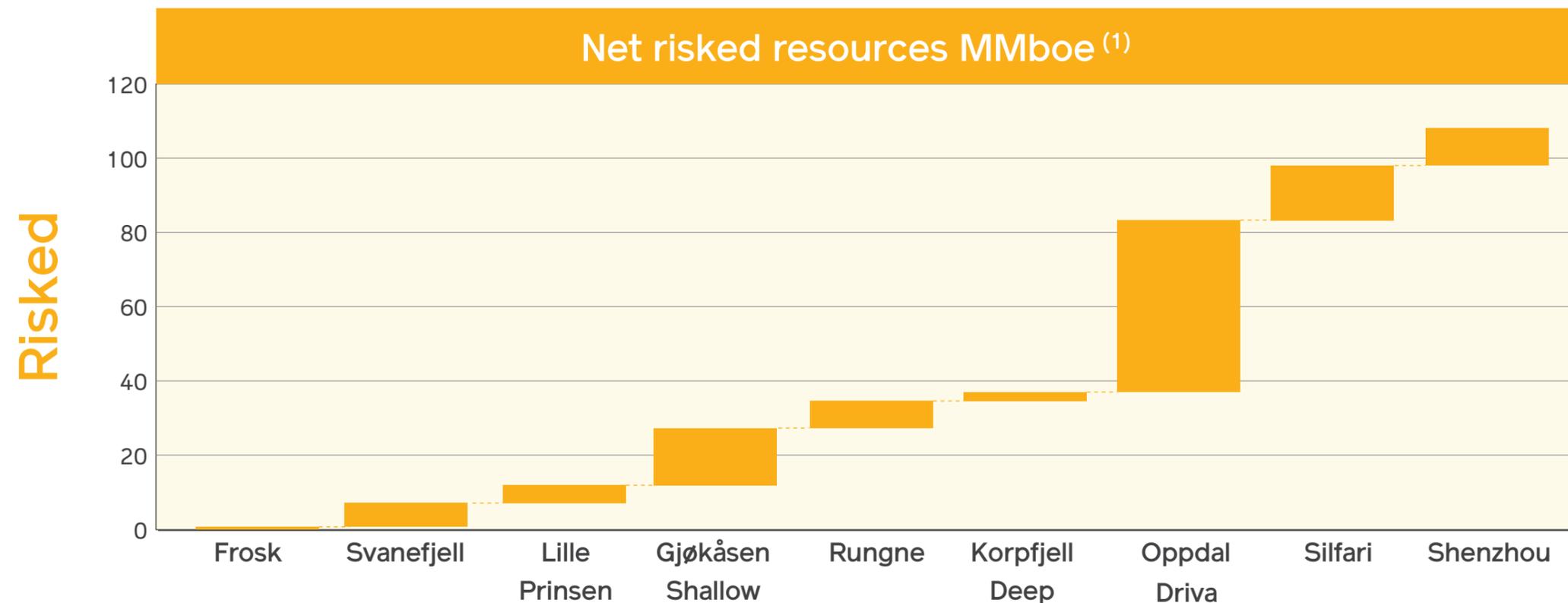
⁽¹⁾ Lundin estimates of gross unrisks prospective resources ⁽²⁾ Awaiting Government approval

Lundin Petroleum 2018 Prospective Resources

Targetting
Net Unrisked Resources
>500 MMboe



Targetting
Net Risked Resources
>100 MMboe



⁽¹⁾ Lundin estimates

Lundin Petroleum

Organic Growth – Conclusion

- ➔ **Creating value through subsurface innovation**
 - ➔ Expertise, technology, new reservoirs
- ➔ **Progressing resources to reserves**
 - ➔ Alta/Gohta, Luno II, Rolvsnes and Gekko appraisal
 - ➔ 2018 appraisal programme targeting **>200** MMboe net resources
- ➔ **Expanded and diversified exploration programme**
 - ➔ Increased acreage footprint **+50%**
 - ➔ New core areas – Frøya High/Froan Basin, Mandal High
 - ➔ 2018 exploration programme targeting **>500** MMboe net unrisks prospective resources



Financial Transformational years ahead



Lundin Petroleum

Financial Highlights 2017

➤ 2017 an exceptional year of operational performance

- Operating cash flow of USD **1.5** billion
- Free cash flow of USD **0.2** billion
- De-leveraging with net debt at year-end of USD **3.9** billion
- Net debt/EBITDA reduced from 5.4x to **2.6x**

➤ Shareholder return 2017

- IPC spin-out: Dividend in-kind of USD **~410** million (11 SEK/share)
- Inaugural cash dividend of USD **~175** million (4 SEK/share) proposed to AGM – paid in May 2018
- Intention to at least double dividends to USD **~350** million (8 SEK/share) from next year

Lundin Petroleum

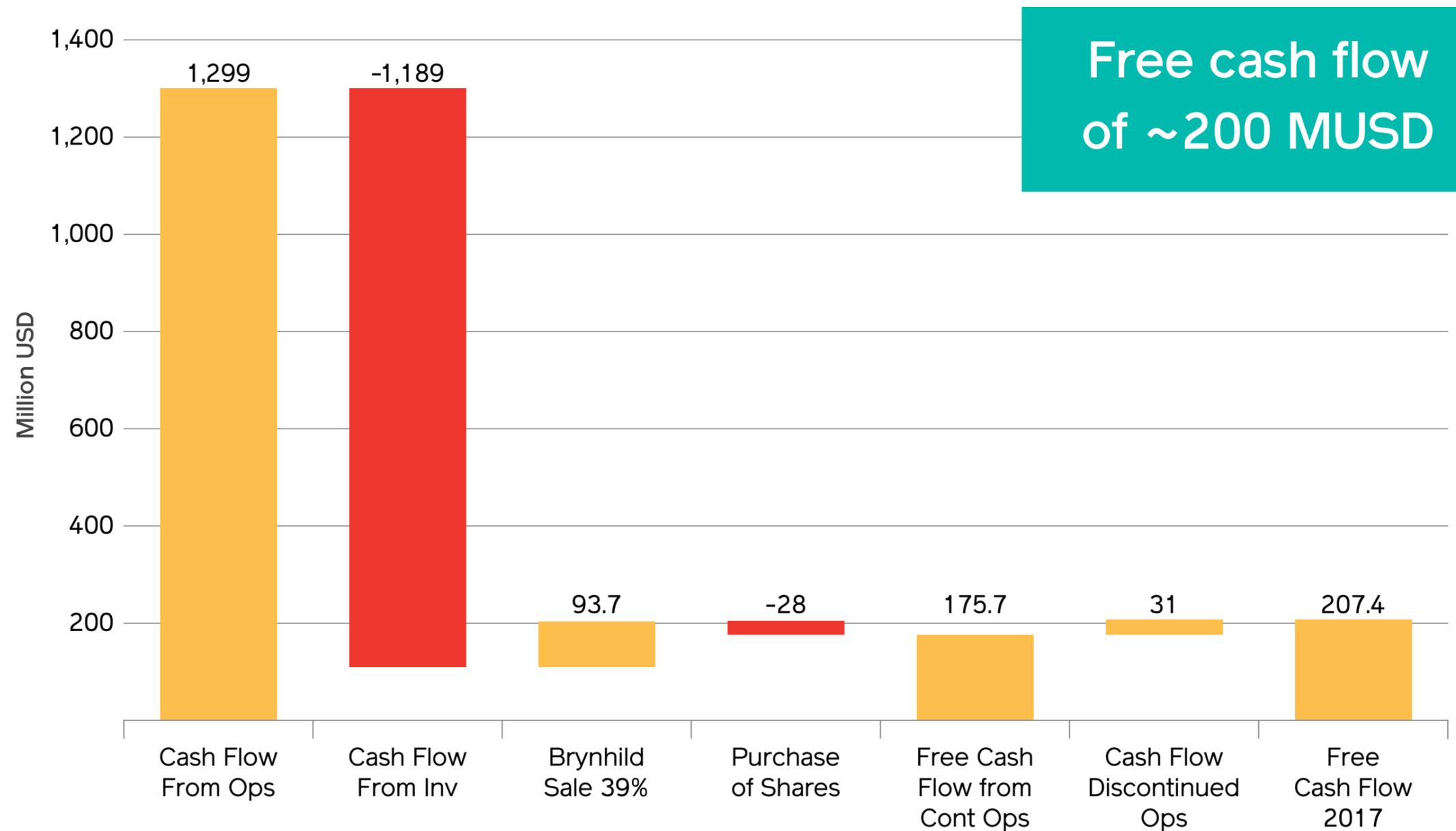
2017 Guidance vs Delivery

	CMD 17 50 USD/bbl	Actual 54 USD/bbl	
Production	75 Mboepd ⁽¹⁾	86.1 Mboepd	✓
EBITDA	1.15 Bn USD ⁽¹⁾	1.5 Bn USD	✓
Operating Cash flow	1.2 Bn USD ⁽¹⁾	1.53 Bn USD	✓
Cash OPEX	5.30 USD/boe ⁽¹⁾	4.25 USD/boe	✓
CAPEX and E&A Spend	1.3 Bn USD	1.18 Bn USD	✓

⁽¹⁾ Mid-point of 70–80 Mboepd

Lundin Petroleum

2017 Free Cash Flow - Continuing Operations



Lundin Petroleum

Financial Highlights – 2018 Guidance

- 2018 set to be another solid year of financial delivery
 - High cash-margin barrels – 90% oil and **4.15** USD/boe of cash operating costs
 - Liquidity headroom of USD **1.1** billion at YE 2017
 - Fully funded pre Johan Sverdrup startup at Brent **~35** USD/bbl⁽¹⁾
- Cashflow neutral at **~50** USD/bbl pre dividends and at **~55** USD/bbl post dividends
 - USD **2.5** billion of Norwegian tax pools offers cash-tax shelter
 - No cash Corporation Tax at Brent <52 USD/bbl pre Johan Sverdrup startup
 - No cash Special Petroleum Tax at Brent < 66/bbl pre Johan Sverdrup startup

⁽¹⁾ Pre dividend payment

2018 Forecast

Netback (USD/boe)

	Forecast 2018		
Average Brent oil price USD/boe	40.00	55.00	70.00
Revenue	40.29	53.87	67.45
Cost of Operations - Base	-3.74	-3.74	-3.74
- Projects	-0.34	-0.34	-0.34
Tariff & Transportation ⁽¹⁾	-0.08	-0.08	-0.08
Cash Operating Costs	-4.15	-4.15	-4.15
Other	-0.26	-0.26	-0.26
Cash Margin Netback	35.87	49.45	63.03

All netback forecast for 2018 based on mid-point of 2018 production guidance 74-82 Mboepd

Numbers may not add up due to rounding

⁽¹⁾ Tariff income from Ivar Aasen netted

NOK : USD 8.00

2018 Forecast

EBITDA Netback (USD/boe)

	Forecast 2018		
<i>Average Brent oil price USD/boe</i>	40.00	55.00	70.00
Cash Margin Netback	35.87	49.45	63.03
General & Administration ⁽¹⁾	-0.79	-0.79	-0.79
EBITDA Netback	35.08	48.66	62.24

Numbers may not add up due to rounding

⁽¹⁾ *Adjusted for depreciation*

2018 Forecast

Tax

	Forecast 2018		
<i>Average Brent oil price USD/boe</i>	40.00	55.00	70.00
Current Tax	5.72	-0.02	-1.96
Deferred Tax	-16.93	-21.79	-30.46
Total Tax	-11.21	-21.81	-32.42

Numbers may not add up due to rounding

➔ **Budget E&A spend MUSD 250**

Lundin Petroleum

Tax Value

Tax Value from Historic CAPEX Spend as at 01.01.2018



➤ No cash tax payable pre Johan Sverdrup startup

- Brent < 52 USD/bbl (CT)
- Brent < 66 USD/bbl (SPT)

2018 Forecast

Operating Cash Flow Netback (USD/boe)

	Forecast 2018		
<i>Average Brent oil price USD/boe</i>	40.00	55.00	70.00
Cash Margin Netback	35.87	49.45	63.03
Current Tax	5.72	-0.02	-1.96
Operating Cash Flow Netback	41.59	49.43	61.07

Numbers may not add up due to rounding

2018 Forecast

Profit Netback (USD/boe)

	Forecast 2018		
<i>Average Brent oil price USD/boe</i>	40.00	55.00	70.00
Cash Margin Netback	35.87	49.45	63.03
Depletion/Depreciation	-15.41	-15.41	-15.41
G&A	-0.90	-0.90	-0.90
Financial Items, net ⁽¹⁾	-5.17	-4.99	-4.81
Profit Before Tax	14.40	28.16	41.92
Tax Charge	-11.21	-21.81	-32.42
Profit/Loss After Tax	3.20	6.35	9.51
Tax Rate	78%	77%	77%

⁽¹⁾ Tax rate of 41% – 43% applied to finance costs

Numbers may not add up due to rounding

2018 Forecast

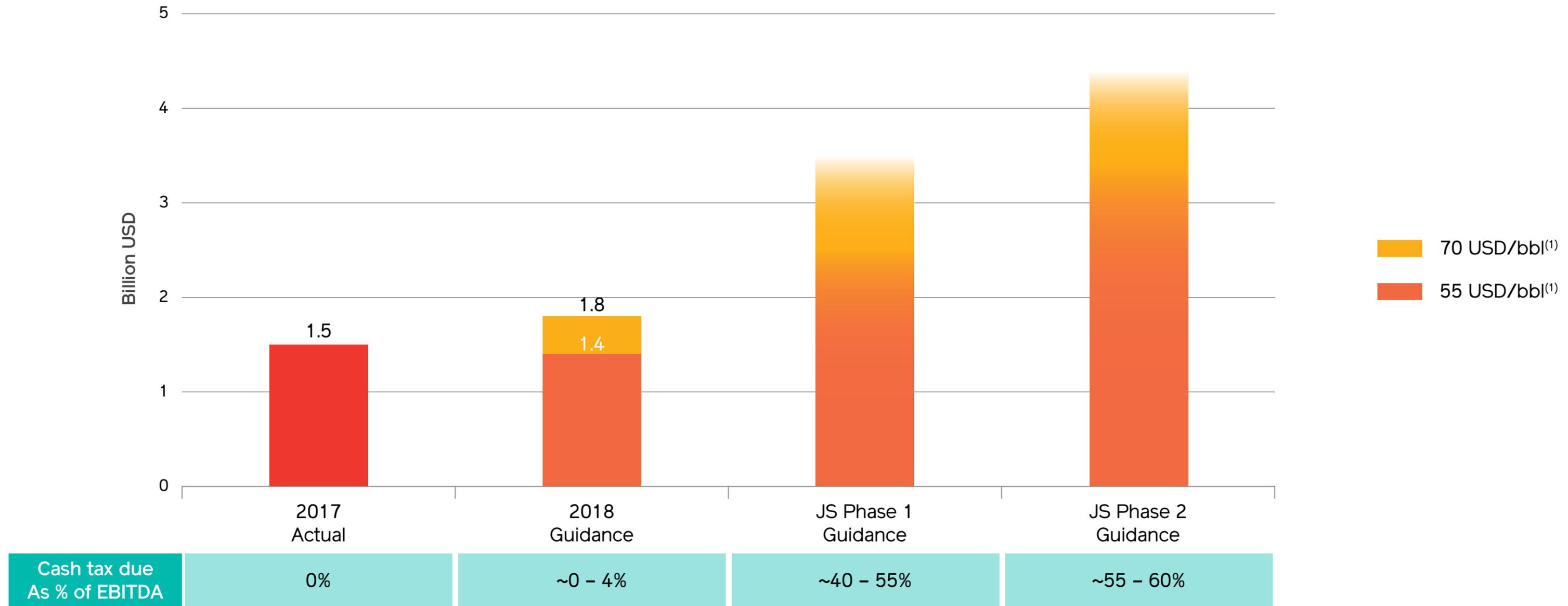
Funding & Liquidity (USD/boe)

	Forecast 2018		
<i>Brent oil price (USD)</i>	40.00	55.00	70.00
Operating Cash Flow Netback	41.59	49.43	61.07
Cash General & Administrative / Financial Items	-7.86	-7.68	-7.50
Cash Flow Available for Investment and Dividends (A)	33.73	41.74	53.57
Development Capex	-28.10	-28.10	-28.10
Exploration & Appraisal Capex	-8.78	-8.78	-8.78
Cash Flow from investing activities (B)	-36.88	-36.88	-36.88
Cash Flow available for Dividends (A) + (B)	-3.16	4.86	16.96
Dividend 2017 (C)	-6.15	-6.15	-6.15
Free Cash Flow after Dividends (A) + (B) + (C)	-9.30	-1.28	10.54
Available Liquidity at beginning of 2018	38.64	38.64	38.64
Available Liquidity at end of 2018	29.34	37.36	49.18

Development 800 MUSD and exploration 250 MUSD

Lundin Petroleum

Long-Term EBITDA Guidance



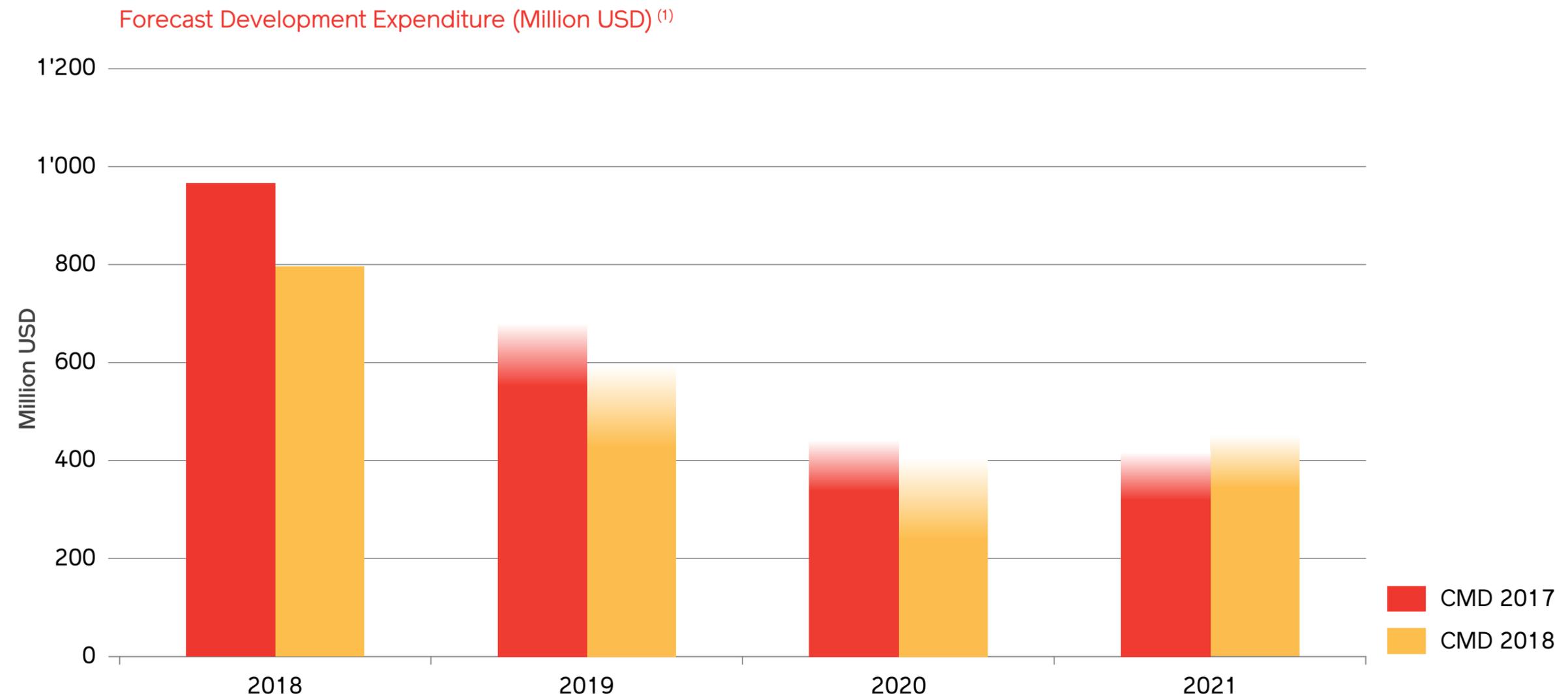
Assumes: 2P Reserves Case only and ~ 200 MUSD E&A per year⁽²⁾

⁽¹⁾ 2018 real + 2% pa escalation

⁽²⁾ Except for 2018 which is based on budgeted E&A of 250 MUSD

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CAPEX Comparison CMD 2017 vs CMD 2018



Assumes 2P Case only

⁽¹⁾ Nominal values - 2% inflation

Dividends

Yes we will!



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2018	2019	2020+
MUSD ~175	MUSD \geq 350	Ability to further increase Dividend with J. Sverdrup onstream
Yield ~2.1% ⁽¹⁾	Yield ~4.3% ⁽¹⁾	Yield >4.3% ⁽¹⁾

⁽¹⁾ Based on share price of 190 SEK/share and SEK:USD 7.9

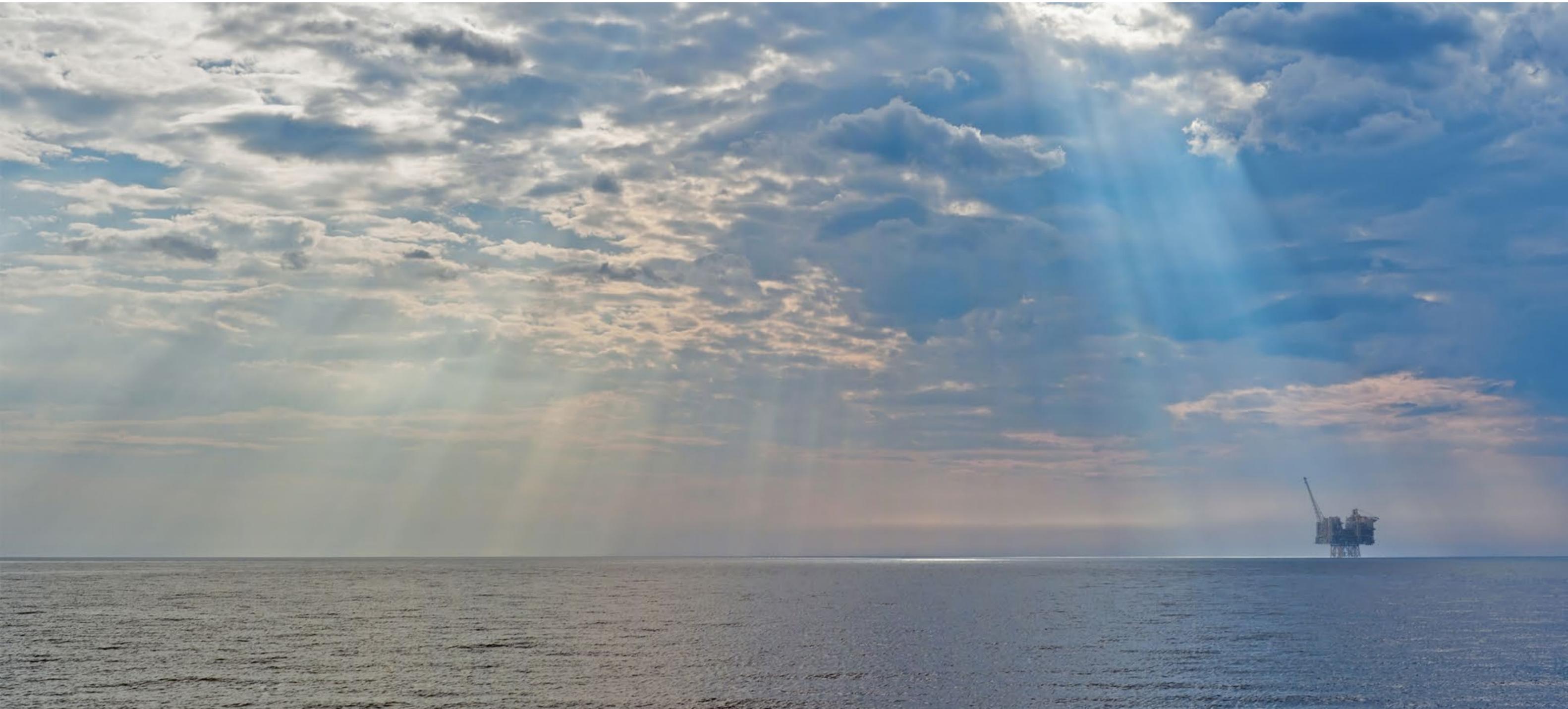
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Financial Summary

- **2017 first year of free cashflow since 2011**
 - Generated **~200** MUSD of free cashflow despite peak year of Johan Sverdrup capex
 - De-leveraged net debt/EBITDA ratio from 5.4x to **2.6x**
- **2018 continue to deliver high net-back barrels**
 - **90%** oil production
 - Free cashflow generation at Brent **>50** USD/bbl⁽¹⁾
 - Cash operating costs at industry leading **4.15** USD/boe
- **Inaugural cash dividends**
 - 2017: **~175** MUSD (4SEK/share) to be paid after AGM in May 2018
 - 2018: Intend to pay at least **350** MUSD during 2019
 - 2019+: Capacity to grow annual dividends further when Johan Sverdrup onstream

⁽¹⁾ Pre dividends

Conclusion and Q&A



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Concluding Remarks

- ⇒ **Strong production** growth from committed projects
 - Double current levels when Johan Sverdrup on plateau
- ⇒ Industry leading **low operating costs**
- ⇒ **Strong cash flow** generation
 - Strong liquidity - flexibility
 - Capacity to fund growth, repay debt and pay dividend
- ⇒ Initiation of **dividend**
 - 4 SEK/share (~175 MUSD) at 2018 AGM
 - At least 350 MUSD from next year ~4.3% yield
- ⇒ Continued **focus on Organic Growth** – significant programme in 2018
 - Appraisal programme targeting >200 MMboe net resources
 - Increased exploration activity, targeting >500 MMboe net prospective resources
- ⇒ Business development – **opportunistic strategy**



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