

AGM Speech

Alex Schneider - President and CEO

4 May 2017



Årsstämma 2017



Slide 1

A very good afternoon to everybody and welcome to Lundin Petroleum's 2017 general meeting of shareholders. It is great that you are able to join us here in Stockholm.

Whilst the last few years have been challenging for the oil & gas industry as a whole, some companies have been able to embrace this difficult period and see it as a time of great opportunity. This is exactly what Lundin Petroleum has achieved. Having maintained a strong balance sheet through the downturn we have been able to take advantage of the cyclical nature of our industry. We have seized opportunities on multiple fronts including increasing production and reserves both organically and through M&A activity, reducing our operating and exploration costs as unsustainable service sector cost levels were reset, achieving significant cost reductions. This was most noticeable with Lundin Petroleum's major project, the development of the Johan Sverdrup field.

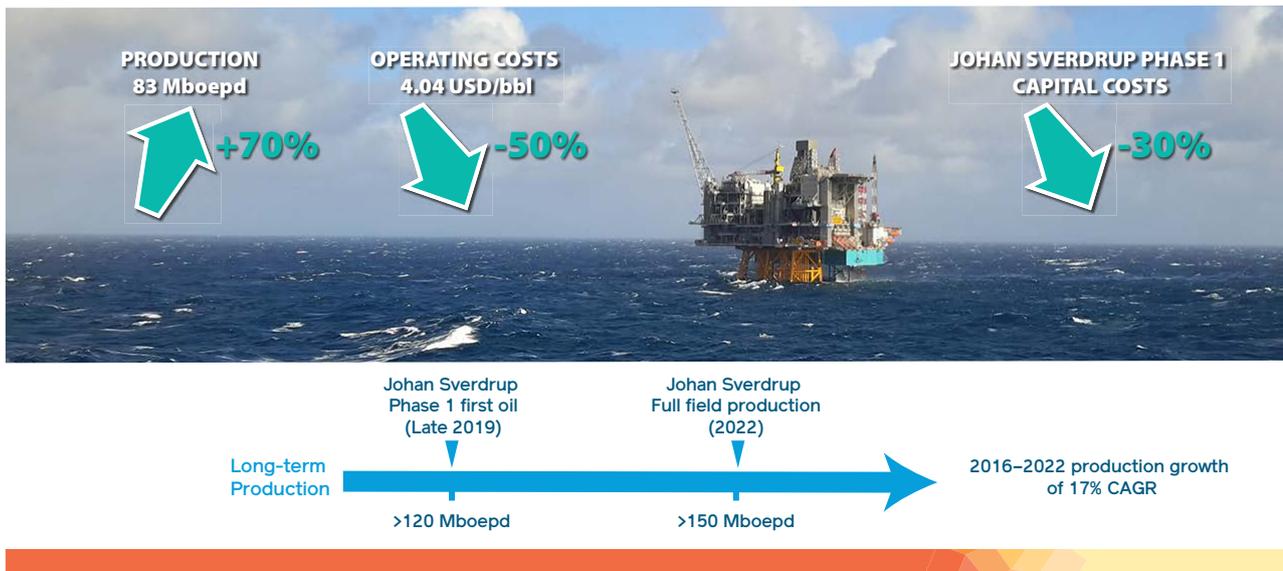
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Lundin Petroleum

Record High Production - Record Low Cost



Slide 2

Since last year's AGM our production has increased by 70 percent to 83 Mboepd, our operating costs are down by 50 percent to a record low of just over USD 4 per barrel and our Johan Sverdrup Phase 1 capital expenditure is down by 30 percent including currency adjustments since the Plan of Development was approved. In parallel, we have remained very active on the appraisal and exploration front resulting in an exciting organic growth story for the years to come. Quarter after quarter we have delivered at or above expectation and never before has the Company been so well positioned to capitalise on its next growth phase and meeting our objective of producing in excess of 120 Mboepd in late 2019 when Johan Sverdrup will achieve first oil.

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Lundin Petroleum Share Price



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The market and our shareholders seem to agree with us when reflecting on Lundin Petroleum's share price performance over the last 12 months. As Adolf Lundin used to say "when the going gets tough, the tough get going" and this is exactly what we have been doing to position Lundin Petroleum as the leading independent European exploration and production company!

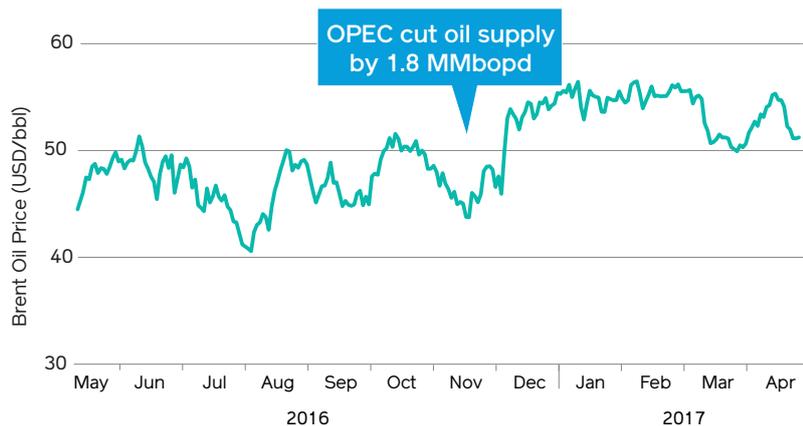
Before I move on and talk about our Norwegian operations I will briefly touch upon the oil market and also talk about Norway and Lundin Norway's pioneering approach to carbon as a role model for other nations and companies to follow to reduce emissions.

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Challenging Market Environment Oil Price



GLOBAL OIL PRODUCTION



NEGATIVE IMPACT
US production,
inventory levels

POSITIVE IMPACT
• Oil demand growth
at annual rate of
1.3 MMbopd,
• OPEC cuts

Slide 4

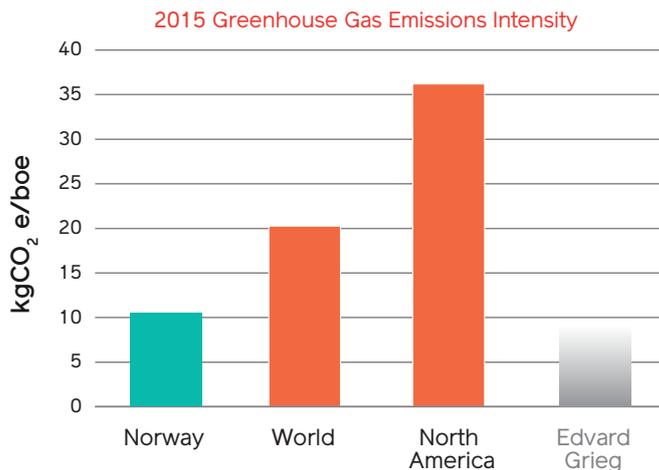
This time last year the Brent price was in the mid-USD 40 per barrel range with no signs that the near-term price would recover materially from this level. However, in November last year OPEC finally decided, together with certain non-OPEC countries, to cut crude oil supplies by around 1.8 million bopd. This decision immediately led to the Brent price increasing to around USD 55 per barrel. As I mentioned last year, the crude oil production from non OPEC offshore fields and more generally from non OPEC upstream industry is crucial to the world's energy needs. Offshore production alone accounts for roughly 30 percent of global oil supplies. Investment levels in these offshore fields remains unsustainably low due to low oil prices. Actually, 2016 marked the 2nd consecutive year with sharply falling global Exploration and Production spending, a situation which has not occurred since the 1950's! As such I believe that in the medium to long-term the price of oil will have to increase to stimulate more investments and growth in the non OPEC upstream sector with the exception of the US. The near-term impact from OPEC/non-OPEC cuts is more difficult to predict. The strong growth in US onshore production and the higher than normal crude oil inventory levels are impacting prices negatively. This is countered by positive price impact from continued strong demand for oil, currently growing at an annual rate of 1.3 million bopd, and by the expectation that OPEC will decide to extend its current supply cuts at its meeting later this month. At Lundin Petroleum we continue to plan our activities on the assumption that oil prices will remain low for some time and with our USD 1 billion of liquidity headroom we can withstand considerably lower prices without having to cut back on our investment levels.

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Lundin Petroleum Towards Low Carbon Operations



Norway has one of the lowest carbon emission rates per barrel in the world

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I also want to highlight that with our main producing assets and future developments in Norway, we are well positioned from an energy efficiency point of view. Oil and gas is fundamental to modern society in every aspect of our lives and will continue to play an important role as global energy demand increases. The International Energy Agency projects a 30 percent increase in overall demand by 2040. But we must also recognise that as the world needs access to reliable energy to sustain continued economic development for a rapidly rising population, the main challenge is to provide it in the most efficient way possible to ensure the world meets its commitment to tackle climate change and other environmental challenges.

I believe that the oil and gas industry must, and can, be part of the solution through carbon mitigation technology and improved emissions management. Norway is a world leader when it comes to developing oil and gas in the most efficient way possible. This is due to a number of measures such as world class environmental legislation, the highest carbon tax of any producing country and the use of power from shore for fields such as Johan Sverdrup. These measures contribute to Norway having one of the lowest carbon intensity levels around the globe, at half the industry average. In this context I am particularly pleased to share with you that today's carbon intensity for Edvard Grieg is lower than the Norwegian average. In addition, the Norwegian industry has developed a road map for reductions in greenhouse gas emissions for 2030 and 2050, an initiative in which we actively participate.

We will continue to work with the Norwegian government and our industry partners to demonstrate how innovative technical solutions can lead to both increased energy efficiency and low carbon intensity.

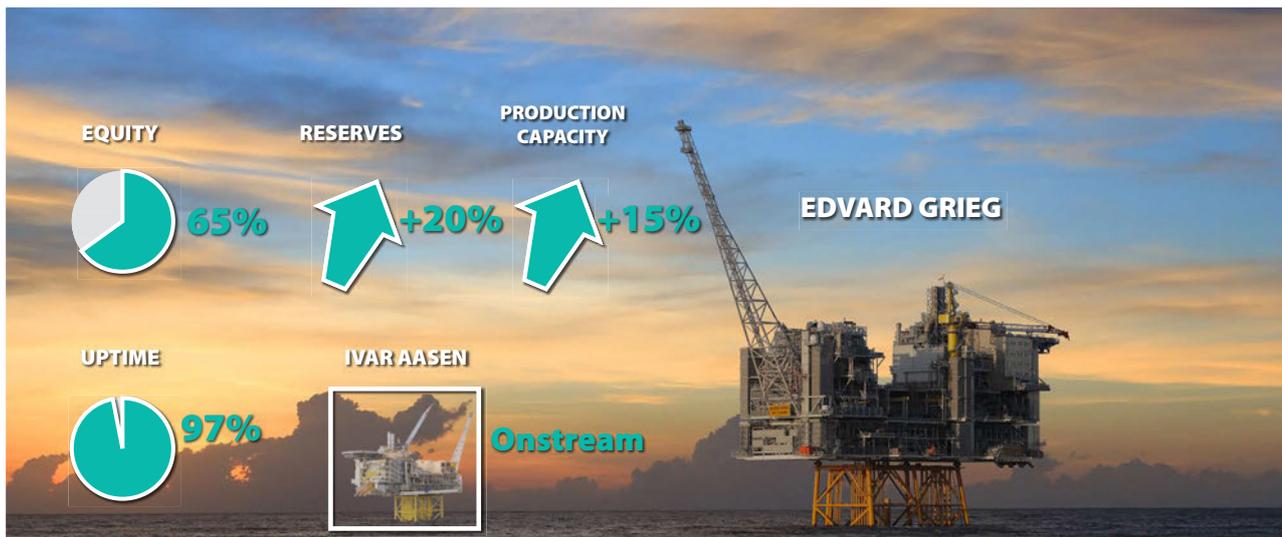
But let me now move on and talk about what I believe are the four key events since our last AGM which have brought us to the leading position we are in today:

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Key Events Edvard Grieg



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Firstly we completed the Edvard Grieg acquisition by acquiring Statoil's 15 percent equity in the field, thus increasing our equity to 65 percent. I believe it was a good transaction for the Company, which has resulted in our production increasing materially. The field's reserves and production capacity have also grown leading to the Company's cash flow further improving from an already solid base. Since the Edvard Grieg field was brought into production, its performance has been outstanding and above expectations as shown in the slide:

- Field reserves have increased from 186 MMboe to 223 MMboe, representing an increase of 20 percent, and the preliminary results from the recent Edvard Grieg Southwest appraisal well indicate resource upside with reserves implications to be quantified in the year-end reserves update.
- Facilities production capacity has increased from 126 to 145 Mbopd, representing an increase of 15 percent.
- We continue to witness strong reservoir performance.
- Field uptime in 2016 was above expectations at 97 percent with an excellent safety performance.
- Finally, Ivar Aasen was brought onstream and its hydrocarbons are being processed successfully via the Edvard Grieg platform providing the Company with additional tariff income.

This performance is the result of the right design and construction, simplicity, a robust HSE culture and an excellent team of people. Edvard Grieg is fundamental to our production growth ambition providing the main cash flow stream to fund our world class Johan Sverdrup project.

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Key Events Johan Sverdrup

**PRODUCTION
CAPACITY INCREASE**



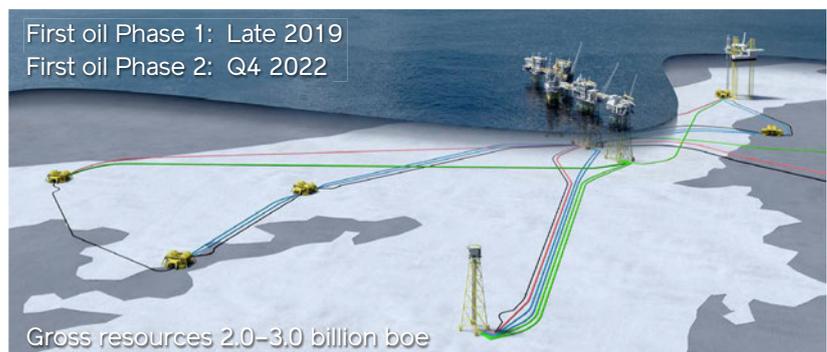
**RESOURCE
INCREASE**



**CAPEX
DECREASE**



PRODUCTION CAPACITY	
Phase I 440 Mbopd	Full Field 660 Mbopd
FULL FIELD - GROSS CAPEX	
PDO ⁽¹⁾ 207 Bn NOK	Current ⁽²⁾ 137-152 Bn NOK
TOTAL SAVING	
25-35% Saving since PDO submission	



(1) Nominal, NOK6:USD (2) Nominal 2017, fixed currency, excluding IOR

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Secondly, this nicely leads me to talk about our major Johan Sverdrup project. The project has achieved great results over the past 12 months with production capacity for Phase 1 and full field increasing, project capex for both Phase 1 and Phase 2 decreasing and field reserves increasing. The project execution is on schedule to achieve first oil by late 2019. To give you an idea of where we stand: ten pre-drilled development wells have been completed and the first jacket will be installed this summer. By the end of this year about 70 percent of Johan Sverdrup Phase 1 will have been executed! To put it another way, by the time Johan Sverdrup Phase 1 is completed over 80 million man-hours will have been worked!

As I mentioned to you already last year, Johan Sverdrup sits nicely in a perfect market environment, right at the bottom of the oil price cycle and thus ensuring that many of the major contracts have been awarded these past two years at very competitive prices. I see this cost trend continuing as we move towards Johan Sverdrup Phase 2 execution.

Ultimately, this will lead to phenomenal value creation. Johan Sverdrup is truly a unique and exceptional field. Today our full field break-even Brent price stands below USD25 per barrel.

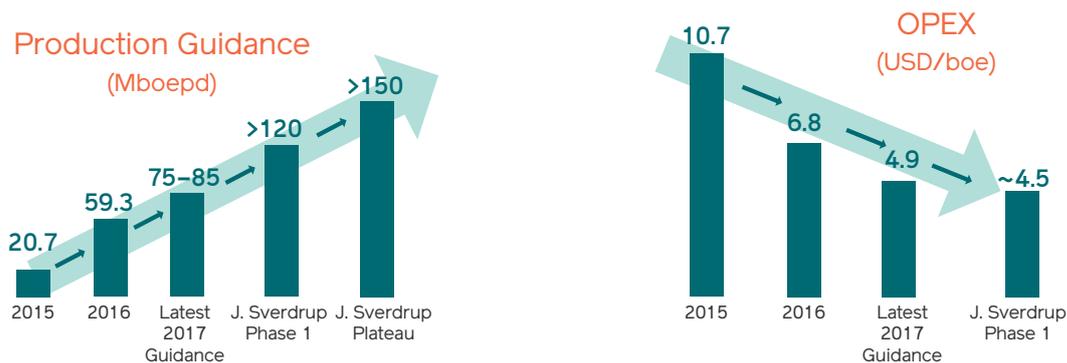
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Key Events

Outstanding Growth Performance



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Thirdly, during the last 12 months the performance of both the Edvard Grieg and our non-operated Alvheim fields and the first class project execution of Johan Sverdrup mean we are firmly on track to meet our production guidance for the years to come. We achieved an average production of 59 Mboepd in 2016 and we were pleased to announce yesterday a revised 2017 production guidance of 75 to 85 Mboepd, on the back of a strong first quarter performance. By the time Johan Sverdrup Phase 1 comes onstream in late 2019, our production will exceed 120 Mboepd and reach over 150 Mboepd by the time Phase 2 is completed. This scenario will see Lundin Petroleum doubling production over the coming years at record low operating costs, well below USD 5 per barrel! This is simply a remarkable achievement and does not even take into account any additional growth from our existing discoveries and future success from our organic growth strategy. Even more remarkably, the majority of this production comes from new resources discovered at finding costs well below USD 1 per barrel.

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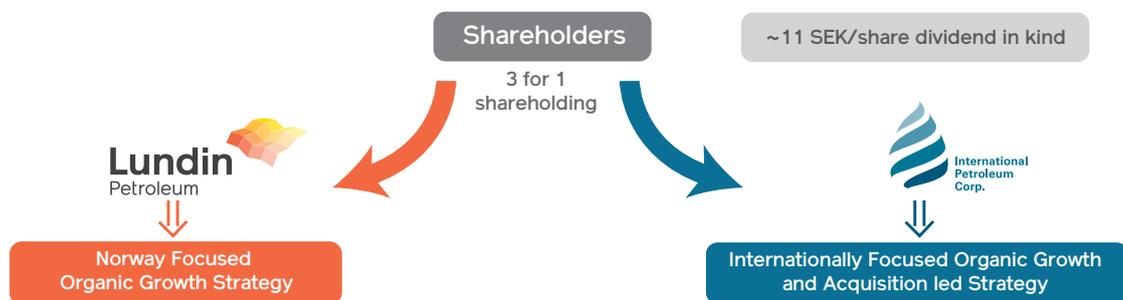
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Key Events

Spin-off of Non-Norwegian Assets

- Lundin Petroleum spins-off international assets into IPC
 - Assets spun-off: France, Netherlands and Malaysia
- Shareholders received 1 share in IPC for every 3 shares held in LUPE



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Fourthly and finally, during the last five months we have been busy preparing the spin-off of our non-Norwegian assets. The spin-off, as you know, was completed successfully last month and it now means that Lundin Petroleum will solely focus on its organic growth strategy in Norway while IPC will focus initially on its international assets with an acquisition driven strategy followed later on by both an acquisition and organic growth-led strategy. IPC today reminds me of Lundin Petroleum back in 2003 when we had almost no production, reserves or cash flow. The difference, though, is that IPC is today already a significant production company producing over 10 Mboepd and generating significant cash flow. This new company is well positioned to establish itself as a significant international exploration and production player and benefitting from a proven management team and new CEO, Mike Nicholson. Mike and I have worked together for a long time and it's time for me to thank you Mike for the excellent job you have done as Lundin Petroleum's CFO. You have simply been great and I wish you and your team success in leading IPC. I will certainly hold on to my IPC shares!

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...But let me go back to Lundin Petroleum and our organic growth strategy. In the past ten years, Lundin Norway's net commercial resources have grown from 0 to close to a billion barrel of oil equivalent. This growth in resources is a result of our successful organic growth strategy focused around two core areas in Norway, namely the Utsira High in the Central North Sea and the Loppa High in the southern Barents Sea. We built a significant acreage position in both areas ahead of any discoveries on the back of our in-house technical knowledge and expertise. In the Utsira High, our first significant discovery was the Edvard Grieg field. Not only was Edvard Grieg a significant discovery for the Company but it also led the way towards unlocking the secret of the eastern flank of the Utsira High, where the giant Johan Sverdrup field was discovered three years later. Today Johan Sverdrup is one of the largest fields ever discovered in Norway. The story of the Utsira High will continue and in the coming years there will be more oil found in this area.

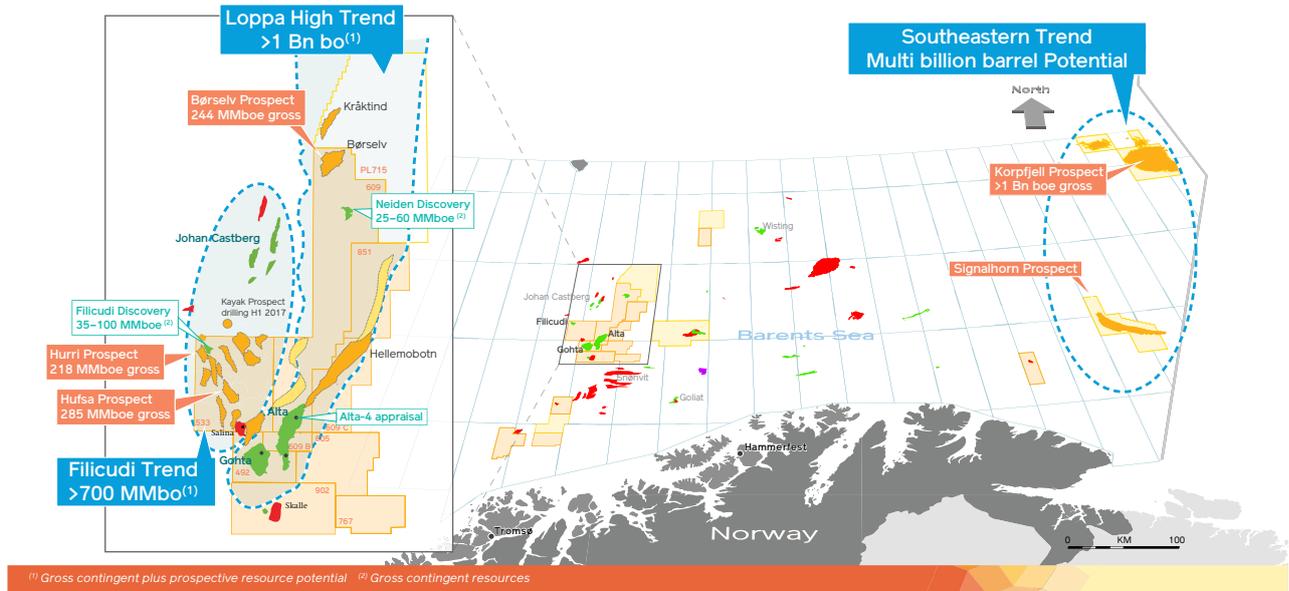
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Lundin Petroleum

3 High Impact Exploration Trends in the Southern Barents Sea



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The same strategic formula employed on the Utsira High was then applied by Lundin Norway as a platform for building a new core area in the southern Barents Sea. This allowed the Company to build a very enviable acreage position in that part of the world leading to the discoveries of Alta, Gohta and most recently Filicudi. We have now established three exciting trends as you can see on the slide behind me, namely the Filicudi, the Loppa High and the southeastern Barents Sea trends, which combined have billions barrels potential. Our experience from the Southern Barents Sea, compared with the North Sea and the Norwegian Sea, is that there is generally less wind and better weather conditions compared to the Norwegian Sea, which, in some parts of the year, can face more extreme conditions.

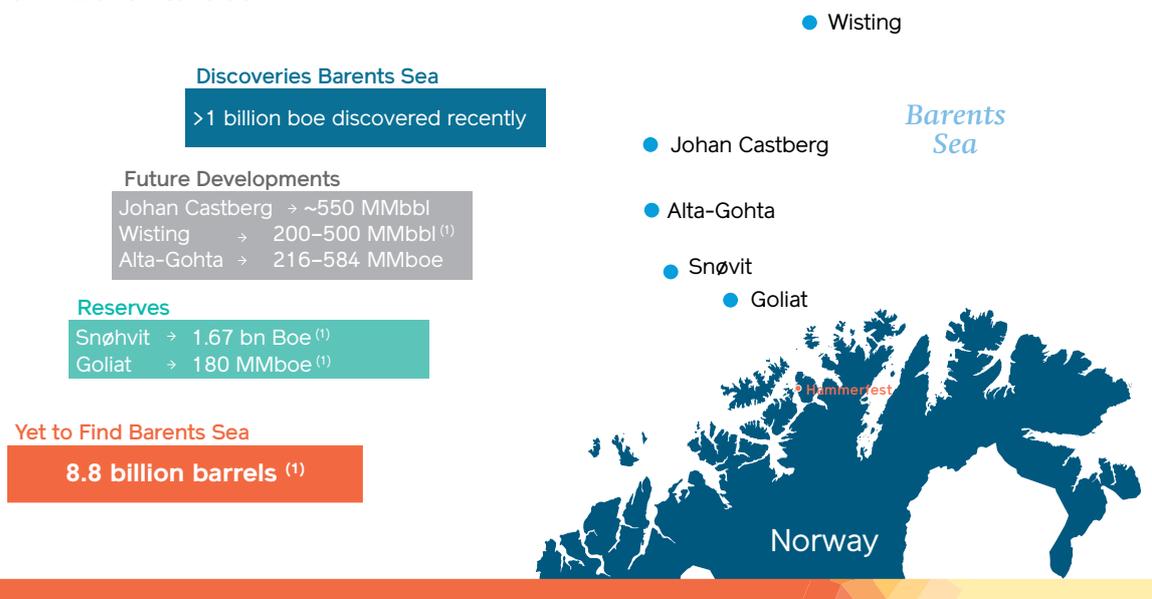
Due to the influence of the Gulf Stream, operating areas in the southern Barents Sea are ice free, allowing year-round activities. It's the Company's intention to have a continuous drilling activity in this core area over the coming years.

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Norway Southern Barents Sea



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During the last four years, over a billion barrels of oil have been discovered in the southern Barents Sea.....and we are just scratching the surface. Lundin Norway is today the second largest acreage holder in an area holding billions boe of gross unrisked prospective resources. The southern Barents Sea not only represents the next growth area for Lundin Norway but also for the country as a whole. In my view significant additional resources will be found there with the NPD's latest estimate showing close to 9 billion barrels of resources yet to be found. Over the years, the Company has moved from a pure exploration company to a well-established and successful exploration and production company. The recent successful execution of the Edvard Grieg project is a testimony of our team's ability to deliver large and complex projects safely, on budget and on schedule. It's a rather successful combination of the regulatory environment, nature, quick corporate decision-making, technology application and above all people with the right frame of mind and a solid HSE culture. Talking about people, I would like to now introduce you to Trond. He is a senior explorer and part of the successful Lundin Norway exploration team. He will give you 300 million years of hydrocarbon history in just 10 minutes!

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300 Million Years of Hydrocarbons in 10 Minutes



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People are key; their ability to challenge conventional thinking and apply innovative solutions to leverage the knowledge and learning capabilities of your organisation. An organisation that is also open to change, one that gives people the opportunity to drive their ideas forward and is one that can create long-term value for shareholders. In the end, it's all about maintaining that entrepreneurial spirit in your organisation that drives success and takes challenges head on. We need people who think anything is possible and have the tenacity to accomplish it, while maintaining a strong HSE culture.

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Lundin Petroleum
Exciting Times Ahead!



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Our Norwegian journey so far has been nothing but an extraordinary one. We are proud of what we have achieved and proud of our people who have made this possible. We are firmly on track to meet our production growth targets and our organic growth story is as exciting as ever with great future potential. Hydrocarbons will continue to be the primary source of energy for generations to come and our industry will need to continue to make the necessary investments to explore, develop and produce the world's hydrocarbon resources responsibly and in the most energy efficient way. In this context, the future of Lundin Petroleum looks exciting. The Company will definitely remain a long-term player on the Norwegian Continental Shelf.

A big thank you to the Board and the Lundin family for your confidence and continued support. To you fellow shareholders, I'm grateful for your on-going trust and support. And, at the risk of repeating myself, thanks to everyone in the Company who helped us achieve these remarkable results: it's great to be able to work with you!

Our journey has just begun and the future of the Company has never been as clear and exciting as it is today!

Full steam ahead!

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Alex Schneiter - President and CEO

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Thank You.

Alex Schneiter
CEO Lundin Petroleum