



PROFILE  
YEAR END 2011

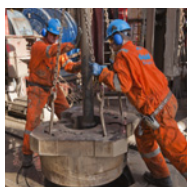
# CORPORATE PROFILE

Lundin Petroleum

2011

# Organic value creation

a successful business strategy



## exploration

- organic growth through the drill bit



## reserves and production

- converting discoveries into cash flow

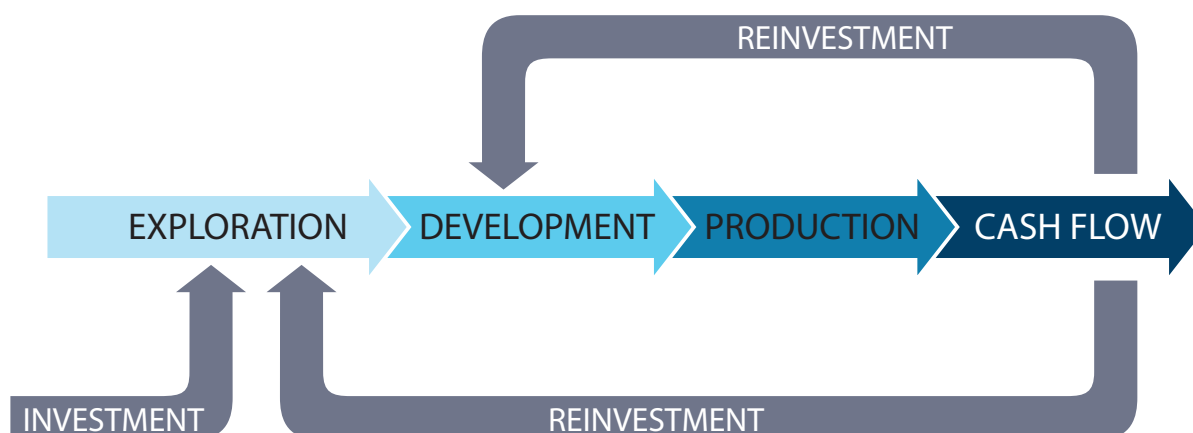


## opportunistic value realisation

- unlocking value in our asset portfolio

## Our business model

Lundin Petroleum's strategy of organic growth involves identifying core areas of focus and then establishing a team of professional technical staff with experience in that area to use the latest technologies to explore for oil and gas. Commercial discoveries will be appraised and then, where they are deemed to be economic, progressed through to the production stage. The cashflow generated from production will be reinvested in the exploration and development stages. Lundin Petroleum believes that it is the development of this business model that has achieved success in the past and will continue to deliver results in the future.



Lundin Petroleum explores for, develops and produces oil and gas in nine countries across the globe



## 2011 ACHIEVEMENTS

**MUSD 676**

Operating Cash Flow

**MUSD 1,012**

EBITDA

**33,300 boepd**

Production

**211 MMboe**

Reserves

## 2012 OUTLOOK

**MUSD 960**

Capital Expenditure

**522 MMboe**

Prospective Unrisked Resources  
(Targeted by 18 exploration Wells)

**32,000-38,000 boepd**

Forecast Production

# Words from the CEO



It is a great pleasure to update you on developments at Lundin Petroleum following our exceptional performance in 2011. 2011 was transformational for the Company when it became clear that Avaldsnes/Aldous (now renamed Johan Sverdrup) is one of the largest discoveries ever made in the North Sea. Our strategy, which is predicated on organic exploration growth, has delivered excellent success which resulted in a 100 percent increase in the share price of Lundin Petroleum during 2011, equating to increased shareholder value of SEK 27 billion.

The major news in 2011 was clearly the announcement of increased contingent resources in the Avaldsnes discovery, offshore Norway. As we had previously indicated, the Avaldsnes structure extends to the west into the Statoil operated PL265 and this was confirmed with the Aldous Major South discovery. Avaldsnes and Aldous Major South are essentially one connected giant oil field. Our Avaldsnes appraisal drilling programme in PL501, where we are operator, coupled with Statoil's discovery well and subsequent appraisal well in PL265 has confirmed that the thickness and quality of the Jurassic reservoir is better than previously assumed. Consequently, Lundin Petroleum has increased the contingent resource range for the Avaldsnes discovery in PL501 to between 800 million and 1.8 billion barrels of gross recoverable oil. Statoil has announced a contingent resource range of 900 million to 1.5 billion barrels of gross recoverable oil for the Aldous Major South discovery in PL265. As a result, the Johan Sverdrup discovery is estimated to contain gross contingent resources of between 1.7 and 3.3 billion barrels of recoverable oil. This makes the discovery one of the five largest discoveries ever made on the Norwegian Continental Shelf and the largest discovery since the mid 1980s. Furthermore, the discovery is located in 115 metres of water depth, in a reservoir of less than 2,000 metres, close to existing infrastructure with spare capacity and with oil that is of excellent quality. It is truly remarkable that a discovery of this size and quality could be made by Lundin Petroleum, in the heart of the Norwegian North Sea, 45 years after the first exploration activity began in the area.

The priority in 2012 is to fully appraise the discovery to better define the resource range and to provide information for development planning. The results of the first 2012 appraisal well targeting the southern extension of the discovery were disappointing with the top reservoir coming in low to prognosis and below the oil water contact. Appraisal drilling will, however, continue with a further five to seven new wells likely

to be drilled in PL501 and PL265 in 2012. In tandem with the appraisal programme we are working closely with Statoil and our partners to move the conceptual project development planning forward. The discovery will be a major contributor to North Sea production for years to come and due to its size, location and quality of reservoir, will be one of the most valuable discoveries ever made in the North Sea.

## Financial Performance

Lundin Petroleum produced excellent financial results in 2011 with a net result for the year of MUS\$ 155.2. The strong production performance has continued and resulted in operating cash flow of MUS\$ 676.2 and EBITDA of MUS\$ 1,012.1 for the year. Our balance sheet remains very much under leveraged, with net debt of only MUS\$ 133, and an asset base which will support much higher leverage if required. We expect to continue to generate strong operating cash flow from our producing assets which will be the primary source of funding for our future development and exploration expenditures. As a result of the Luno field development project moving forward, we are likely to refinance our existing reserve based lending facility in 2012 to provide additional financial flexibility.

Lundin Petroleum has raised no cash equity since the initial USD 50 million equity raise when the Company was formed 10 years ago. Our growth has been funded from internally generated cash flow and the conservative utilisation of bank credit. This financial strategy will continue with the requirement for additional equity unlikely for the foreseeable future.

## Resources

We have been very successful in increasing our resource base from exploration drilling and this continued in 2011. Our proven and probable reserves which are independently audited by Gaffney Cline & Associates increased by over 20 percent to 211 MMboe and again we have achieved an exceptional reserve replacement ratio of 264 percent. The producing Alvheim and Volund fields continued to yield increased reserves as well as the Tellus discovery which is now incorporated into the Luno development.

In addition to our reserves, our contingent resources increased by over 200 percent to 851 MMboe primarily as a result of the Johan Sverdrup field. Lundin Petroleum, as a result, has increased its net reserves and contingent resources to over 1 billion barrels.

## Production

During 2011, production averaged 33,300 barrels of oil equivalent per day (boepd) which was at the high end of our guidance range. The fourth quarter production of 34,700 boepd was particularly strong as a result of the continued out-performance of the Volund field, offshore Norway. Our forecast for 2012 is for production of between 32,000 and 38,000 boepd which represents an increase of 5 percent from 2011 if we assume the mid point of our guidance range. The increase of production in 2012 will be driven by production start up from the Gaupe field, offshore Norway at the end of the first quarter as well as new development wells on both the Alvheim and Volund fields.

## Development

We have made excellent progress with respect to our development projects and are on schedule to achieve our forecast of doubling production by the end of 2015. The 70,000 boepd production target will be driven principally by our various Norwegian development projects. Whilst it is premature to discuss production forecasts from the

Johan Sverdrup field it is, I believe, conservative to assume that our net production will more than double again after production start up from this field.

If we briefly look at the progress on our various development projects:

- We have submitted the plan of development for the Luno and Tellus discoveries. The Luno development is a major standalone development project operated by Lundin Petroleum and involves the construction of a new production platform and associated pipelines along with the drilling of 15 new wells. The gross development cost will cost approximately USD 4 billion with a forecast gross peak production of 90,000 boepd. The design basis of the Luno facilities accommodates the coordinated development of the nearby Draupne discovery operated by Det norske oljeselskap ASA. I expect a commercial agreement in relation to a joint coordinated development of Luno and Draupne to be finalised shortly. The Luno platform design capacity will accommodate in excess of 120,000 boepd when Draupne production is combined with that from the Luno field.
- The Gaupe field development wells are drilled and the facilities are substantially complete. We are now awaiting arrival of the pipe-laying vessel to allow us to complete the development and commence production. The weather in the North Sea has been extremely bad this winter and has delayed operations so we are now expecting first production at the end of the first quarter 2012.
- We have received the plan of development approval for the Brynhild field from the Norwegian Ministry of Petroleum and Energy and are now moving forward with the execution of the project. First oil at a forecast gross production rate of 12,000 boepd is expected at the end of 2013.
- We expect to submit a plan of development for the Bøyla field subsea tieback to the Alvhøim FPSO in the first half of 2012.

### Exploration

Our view has always been that, despite being seen as a mature area, the Norwegian Continental Shelf represents an area with excellent exploration potential. The higher historical tax environment compared to the UK coupled with the fact that the independent sector was not active in Norway until 10 years ago meant that exploration drilling activity was much lower in Norway than in the UK. The geological setting is essentially the same and therefore the lower drilling activity in Norway creates an opportunity for aggressive exploration driven companies such as Lundin Petroleum. Our exploration success with the discovery of Volund, Luno, Apollo and now Johan Sverdrup clearly shows that this strategy has worked.

Nevertheless we believe there is more to be found. Despite the priority in respect of rig capacity to the appraisal of Johan Sverdrup, we will have an aggressive exploration programme in Norway in 2012 with eight new exploration wells. We will be drilling three new exploration wells in the Southern Utsira High where we feel we have a very good understanding of the subsurface. The exploration drilling will continue in 2013. We will be drilling the Albert well in the Møre Basin in the Northern North Sea close to where there have been interesting recent discoveries in the UK and Norway. In the Barents Sea, where we are one of the largest acreage owners, we have acreage close to Statoil's Skrugard and Havis discoveries where there will be an exploration well in 2012.



Malaysia: Drilling operations

We continue to successfully acquire new acreage in the Norwegian licensing rounds with the award of 10 new licences in the APA 2011 round announced in January 2012.

Our exploration drilling campaign in Malaysia is proceeding well. The Tarap gas discovery announced in the second quarter of 2011 has been followed up with a further gas discovery at Cempulut. The two discoveries coupled with a third existing discovery in our licence means we have contingent resources of over 250 billion cubic feet (bcf) of gas in block SB303 offshore Sabah, east Malaysia. This is most likely a sufficient resource to consider a cluster development in an area which is facing an increasing gas deficit. We have had two oil discoveries offshore peninsular Malaysia and are now looking at development options for the Bertam field. Our Malaysian drilling campaign will continue in 2012 with a further five wells.

### The Future

We have created significant shareholder value over the last 10 years since Lundin Petroleum was formed. We are today one of the largest independent exploration and production companies in Europe. Our exploration team has proven that our organic growth strategy in Norway has been successful and I think we are on the right track to replicate this in Malaysia. We are confident that there is more success to come. We have the people, the licences, access to technology and the financial capacity to further increase our resources which will deliver more increases to shareholder value.

At the same time we have expanded our organization to develop our discoveries and have the financial capacity to bring these projects to production. In a world where it is becoming increasingly difficult to find conventional oil resources in proven petroleum basins located in stable political environments, I am convinced that the value of these resources will increase over time. The 2011 story has been an amazing experience but more importantly the future is very exciting, and I and the Lundin Petroleum team are focused upon the continued success of our Company.

Best Regards,

C. Ashley Heppenstall  
President and CEO

# Operational Review 2011

## EUROPE

### Norway

The net production in Norway to Lundin Petroleum for the twelve month period ended 31 December 2011 (reporting period) was 23,200 barrels of oil equivalent per day (boepd).

The net production for the reporting period from the Alvheim field (Lundin Petroleum working interest (WI) 15%), offshore Norway, was 11,200 boepd. The Alvheim field has been on production since June 2008 and continues to perform above expectations. The excellent reservoir performance has resulted in increased gross ultimate recovery during 2011 to 282 million barrels of oil equivalent (MMboe) representing a 69 percent increase in ultimate recovery from when the Alvheim plan of development was completed in 2005. Phase 2 of Alvheim development drilling commenced in 2010 and has been completed. Two development wells began production in October 2011. A third well started production in January 2012. A phase 3 development well will be drilled in 2012. The cost of operations for the Alvheim field in 2011 was approximately USD 5.00 per barrel.

The net production from the Volund field (WI 35%) amounted to 12,000 boepd for the reporting period and significantly exceeded forecast. First production from the Volund field commenced in April 2010 and production increased during the year to the plateau production as development drilling was successfully completed. Volund field production during the reporting period was above the 8,700 boepd net Volund field firm capacity on the Alvheim FPSO as it took advantage of additional spare capacity. An additional Volund development well will be drilled in 2012.

In October 2009, a new oil discovery on the Bøyla prospect in PL340 (WI 15%) was announced. The Bøyla field contains gross recoverable contingent resources of 21 MMboe and will be developed as a subsea tieback to the Alvheim FPSO. A plan of development will be submitted for the Bøyla field in the first half of 2012 with first oil expected in 2014. During the first quarter of 2011, the Caterpillar exploration well in PL340BS was completed as an additional new oil discovery. Caterpillar, located close to the Bøyla field, will now most likely be developed through the Bøyla subsea development facilities.

The Luno field located in PL338 (WI 50%) was discovered in 2007 and has subsequently been appraised by two further wells.

In April 2011, the Tellus exploration well in PL338 was completed as an oil discovery. The Tellus discovery is a northern extension of the Luno field. Two reservoir tests were completed in the Tellus well, the first of which, in the fractured basement, was the first successful full scale basement test on the Norwegian Continental shelf. The potential commercial production from the fractured basement has positive implications to add resources from this interval in the Luno South discovery and in the surrounding area.

The Luno and Tellus discoveries will be developed as one field. In January 2012, a plan of development was submitted for the Luno field to the Norwegian Ministry of Petroleum and Energy. The development plan incorporates the provision for a coordinated development solution of the Luno field with the nearby Draupne field located in licence PL001B and operated by Det norske oljeselskap ASA. Discussions with Det norske oljeselskap ASA with respect to a coordinated development solution are ongoing and it is expected that an agreement will be concluded shortly. First production from the Luno field is expected in late 2015 with forecast gross peak production of approximately 90,000 boepd. The Luno platform design capacity will accommodate in excess of 120,000 boepd when Draupne production is combined with that from the Luno field. The gross capital cost of the Luno field development is estimated at USD 4 billion to include platform, pipelines and 15 wells. The Luno field is estimated to contain 186 (MMboe) of gross proved and probable reserves. A contract has been awarded to Kvaerner covering engineering, procurement and construction of the jacket for the Luno platform. A contract has been awarded to Rowan Companies Inc. for a jack up rig to drill the Luno development wells.

An exploration well in PL501 (WI 40%) targeting the Avaldsnes prospect was successfully completed in the third quarter of 2010 as an oil discovery. After the discovery well, it was estimated that the Avaldsnes discovery contained gross

recoverable contingent resources of 100 to 400 MMboe within PL501 and that the fault controlled structure extended to the west into PL265 (WI 10%).

During 2011, two Avaldsnes appraisal wells 16/3-4 and 16/2-7, both of which were sidetracked, have been successfully completed. The appraisal wells confirmed the extension of the Avaldsnes discovery to the south-east and south. Both wells confirmed excellent quality Jurassic reservoir characteristics following comprehensive coring and logging programmes. The wells encountered oil bearing reservoir of thickness and quality better than the discovery well and the first appraisal well tested at an average production rate in excess of 5,500 boepd through a restricted choke. In August 2011, Statoil, the operator of PL265, announced the discovery of Aldous Major South with the well 16/2-8 encountering a gross oil column of 65 metres of excellent quality Jurassic sandstone reservoir. An appraisal of Aldous Major South was successfully completed in October 2011 with well 16/2-10. As a result of the appraisal drilling on Avaldsnes and Aldous Major South it is now confirmed that the two discoveries are one connected giant oil field which in January 2012 has been named the Johan Sverdrup field. Following the 2011 appraisal drilling programme, Lundin Petroleum announced a range of gross recoverable contingent resources for the Avaldsnes discovery in PL501 of between 800 million and 1.8 billion barrels which have been audited by Gaffney Cline & Associates. Similarly, Statoil has announced a range of gross recoverable contingent resources in PL265 of between 900 million and 1.5 billion barrels of oil. The Johan Sverdrup discovery is therefore estimated to contain contingent resources of between 1.7 and 3.3 billion barrels of recoverable oil which is one of the largest ever discoveries on the Norwegian continental shelf and the largest since the mid 1980s. The discovery is located in 115 metres water depth, the reservoir is at a depth of less than 2,000 metres and the field is located 35 kms from the Grane field pipeline infrastructure with significant spare capacity. The discovered oil is approximately 28 degree API and is of excellent quality.

In January 2012, the third appraisal well 16/5-2S located in PL 501 was completed. The objective of the well was to delineate the southern flank of the Avaldsnes discovery. The well despite encountering good Jurassic sandstone reservoir was deep to prognosis and as a result the reservoir was below the oil water contact. The impact of the well will most likely reduce current resource estimates in the southern area of the Avaldsnes discovery.

During the third quarter of 2011, Statoil, as operator, also completed the drilling of the Aldous Major North prospect in PL265. The well encountered an oil column in the Upper Jurassic reservoir which was thinner and of lesser quality than anticipated. Further appraisal drilling will be required to determine the commerciality of Aldous Major North.

At least a further three appraisal wells will be drilled in PL501 in 2012 and Statoil will likely drill two further appraisal wells in PL265 in 2012. The appraisal programme will define the recoverable resource and assist with the development planning strategy. The Avaldsnes and Aldous Major South discoveries will be unitised and Lundin Petroleum as operator of PL501 and Statoil as operator of PL265 are jointly committed to moving forward the development as a top priority.

There will be further exploration drilling in 2012 in the Southern Utsira High area with the drilling of the Luno II prospect in PL359 (WI 40%), Jorvik prospect in PL338 (WI 50%) and Biotitt prospect in PL544 (WI 70%). Additional prospectivity has been identified in the area where further exploration drilling will continue in 2013.

The plan of development for the Gaupe field in PL292 (WI 40%) was approved in June 2010, and first production is expected at the end of the first quarter of 2012. The Gaupe field operated by BG Group has estimated gross proven plus probable reserves of approximately 31 MMboe and is estimated to produce at a plateau production rate net to Lundin Petroleum of 5,000 boepd.

A plan of development of the Brynhild field (formerly called Nemo) in PL148 (WI 70%) was approved by the Norwegian Ministry of Petroleum and Energy in November 2011. The Brynhild field contains gross proven plus probable reserves of 20 MMboe and is expected to produce at an estimated plateau production rate net to Lundin Petroleum of 8,400 boepd with first oil forecast in late 2013. The development involves the drilling of four wells tied back to the existing Shell operated Pierce field infrastructure in the UK sector of the North Sea. In November 2011, Lundin Petroleum increased its working interest in PL 148 containing the Brynhild field from 50 percent to 70 percent.

In January 2011, Lundin Petroleum was awarded ten exploration licenses in the 2010 APA Licensing Round of which six licenses are operated by Lundin Petroleum. In April 2011, Lundin Petroleum was awarded license PL609 as operator in the 21st Norwegian Licensing Round. PL609 (WI 40%) is located in the Barents Sea to the east of Statoil's large new Skrugard oil discovery which is estimated by Statoil to contain between 150 and 250 MMboe. In January 2012, Lundin Petroleum was awarded a further ten exploration licenses in the 2011 APA Licensing Round of which four will be operated by Lundin Petroleum.

In July 2011, the Skalle exploration well in PL438 (WI 25%) was completed as a gas discovery with estimated gross contingent resources of between 88 and 283 billion cubic feet (bcf). The Skalle discovery is located approximately 25 kms from the producing Snøhvit gas field. Additional prospectivity for further hydrocarbons exists in the Skalle substructure and in additional prospects in PL438.

In July 2011, Lundin Petroleum completed the drilling of well 25/10-11 on the Earb South prospect in PL505 (WI 30%). The well encountered three separate hydrocarbon bearing Jurassic sandstones sequences with poor reservoir quality. The well was tested and flowed oil and gas to surface but the reservoir was tight. It is unlikely that the discovery can currently be commercialised despite the large in place hydrocarbon volumes.

In May 2011, Lundin Petroleum acquired a 30 percent interest in PL330 located in the northern Norwegian Sea.

#### **France**

The net production in the Paris Basin (WI 100%) averaged 2,400 boepd and in the Aquitaine Basin (WI 50%) averaged 700 boepd for the reporting period. The redevelopment of the Grandville field in the Paris Basin involving the drilling of eight new development wells and the installation of new production facilities has commenced. Grandville development drilling is continuing in 2012. The year end 2011 independent reserves audit resulted in confirmed, estimated net proven plus probable reserves of 25 MMboe, an increase of 16 percent, mainly related to the redevelopment of the Vert La Gravelle field.

#### **The Netherlands**

The net gas production to Lundin Petroleum from the Netherlands averaged 2,000 boepd for the reporting period.

#### **Ireland**

Interpretation of the 3D seismic acquired in 2010 on the Slyne Basin licence 04/06 (WI 50%) has been completed.

### **SOUTH EAST ASIA**

#### **Indonesia**

##### *Lematang (South Sumatra)*

The net production to Lundin Petroleum from the Singa gas field (WI 25.9%) during the reporting period amounted to 1,200 boepd. Production from the Singa field commenced in 2010. Current gross production from the two Singa production wells is in excess of 30 million standard cubic feet per day (MMscfd) of sales gas.

##### *Rangkas (Java)*

A 474 km<sup>2</sup> 2D seismic acquisition programme has been completed on the Rangkas block (WI 51%).

##### *Baronang/Cakalang (Natuna Sea)*

A 975 km<sup>2</sup> 3D seismic acquisition programme on the Baronang and Cakalang blocks (WI 100%) was completed in 2010. Exploration drilling will now commence in 2013. In addition a 1,500 km<sup>2</sup> 2D seismic acquisition programme was completed on Cakalang in 2011.

##### *South Sokang (Natuna Sea)*

A new Production Sharing Contract for the South Sokang block was signed in December 2010 (WI 60%). A 2,400 km<sup>2</sup> 2D seismic acquisition programme was completed in 2011.

##### *Gurita (Natuna Sea)*

A new Production Sharing Contract for the Gurita block was signed in March 2011 (WI 100%). A 3D seismic acquisition programme in excess of 400 km<sup>2</sup> will be completed in 2012.

#### **Malaysia**

The 2009 3D seismic data programme identified numerous drilling targets for the 2011/2012 drilling campaign. Five exploration and appraisal wells were drilled in 2011.

The Tarap exploration well drilled in SB303 (WI 75%), offshore Sabah, east Malaysia was completed in July 2011 as a gas discovery. The well encountered gas in each of the five independently sealed Miocene sands targeted finding gross vertical pay of approximately 150 metres. The gross contingent resources of the Tarap discovery are 171 bcf. The Cempulut exploration well also in SB303 was also completed as a gas discovery. The well encountered a Miocene reef with 50 metres of gross vertical pay. There is a third discovery named Titik Terang in the SB303 contract area. The three discoveries are in close proximity to one another and have an estimated gross contingent resource (best estimate) of more than 250 bcf. We are now evaluating the potential for a cluster development. There are various options for the commercialisation of gas in the Sabah area.

The first exploration well Batu Hitam-1 drilled in PM308A (WI 35%), offshore peninsular Malaysia was plugged and abandoned as a dry hole after encountering good reservoir but with high concentrations of carbon dioxide. The second exploration well in PM 308A Janglau-1 completed in November 2011 was an oil discovery proving up a new play concept in Oligocene intra-raft sands. The discovery will require further appraisal drilling to determine commerciality.

In June 2011, Lundin Petroleum acquired a 75 percent working interest in block PM307 offshore Peninsula Malaysia. A 2,100 km<sup>2</sup> 3D seismic acquisition programme was completed in 2011. In January 2012, the Bertam-2 appraisal well was successfully completed proving the continuity and quality of the K10 oil reservoir sandstone. Bertam is likely a commercial oil field and studies are now progressing to review potential development concepts.

A further five exploration and/or appraisal wells will be drilled in Malaysia in 2012 offshore Sabah and offshore peninsular Malaysia. Drilling is expected to commence mid-year.

### **RUSSIA**

The net production to Lundin Petroleum from Russia for the period was 3,100 boepd.

In the Lagansky block (WI 70%) in the northern Caspian a major oil discovery was made on the Morskaya field in 2008. The discovery is deemed to be strategic, due to its offshore location, by the Russian Government under the Foreign Strategic Investment Law. As a result a 50 percent ownership by a state owned Company is required prior to appraisal and development. During 2010, 103 km<sup>2</sup> of new 3D seismic was acquired on the Lagansky block which has identified further exploration prospects in the Lagansky block.

### **AFRICA**

#### **Tunisia**

The net production to Lundin Petroleum from the Oudna field (WI 40%) was 700 boepd for the reporting period.

#### **Congo (Brazzaville)**

The drilling of the exploration wells Mindou Marine-1 on block Marine XI (WI 18.75%) and the Makoula Marine-1 on block Marine XIV (WI 21.55%) was completed in the fourth quarter of 2011. Both wells were plugged and abandoned as dry holes. All exploration drilling commitments have been fulfilled on the two blocks and no further exploration drilling is forecast in 2012.

# Reserves and Resources

## Reserves

At the end of 2011, Lundin Petroleum has 210.7 million barrels oil equivalent (MMboe) of proven and probable (2P) oil and gas reserves. This is an increase of 21 percent when compared to last year, taking into account production of 12.1 MMboe in 2011 and the acquisition of an extra 20 percent of the Brynhild field in Norway. The reserves replacement ratio, which is calculated by dividing the increase in reserves at the end of 2011 by the production in 2011, is 264 percent. Of the 210.7 MMboe of 2P reserves, 84 percent is related to oil reserves and 98 percent of the total 2P reserves are situated in tax-royalty regimes. Lundin Petroleum is quoting all of its reserves in working interest barrels of oil equivalent. All reserves are externally audited by Gaffney, Cline and Associates.

For the fourth consecutive year, Lundin Petroleum reported strong reserves replacement. Every barrel produced in 2011 has been replaced by more than 2.6 barrels of 2P reserves, which continues to provide a strong reserves base for future production growth.

## Contingent resources

In addition to its certified reserves, Lundin Petroleum has a number of discovered oil and gas resources which classify as contingent resources (CR). Contingent resource estimates have been audited by Gaffney, Cline and Associates (GCA).

During 2011 Lundin Petroleum has significantly increased its contingent resources from 259.2 MMboe to 851 MMboe. This is mostly related to a resource revision in the Johan Sverdrup field (formerly Avalsnes/Aldous) as a result of the ongoing appraisal campaign. Contingent resources in the PL501 part of Johan Sverdrup (WI 40%) have been estimated at 800 to 1,800 MMboe gross (as audited by GCA). PL265 operator Statoil has estimated 900 to 1,500 MMboe gross in the PL265 part of Johan Sverdrup (WI 10%). The latter has not been audited by GCA. This results in a combined mid range net contingent resources of 640 MMboe, up from a last year estimate of 80 MMboe.

## Prospective resources

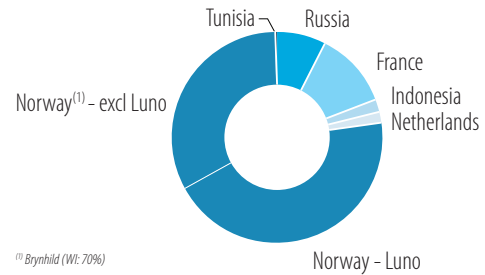
Lundin Petroleum has a substantial portfolio of exploration licences. In 2012 Lundin Petroleum is planning to drill (operated and non-operated) 18 exploration wells targeting in total 522 MMboe of net unrisks prospective resources and a further six appraisal wells. Fourteen of these exploration and appraisal wells are expected to be drilled in Norway and five are planned to be drilled as part of the drilling campaign in Malaysia. Two further wells are planned in France. Three exploration wells are planned to be drilled in the Netherlands (2 onshore, 1 offshore).

## Production

Lundin Petroleum produced a total of 12.1 MMboe in 2011 from fields in Norway, France, Netherlands, Russia, Tunisia and Indonesia. Production throughout 2011 was at the upper end of the production guidance.

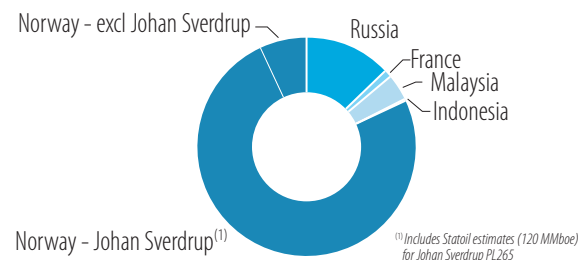
Lundin Petroleum's production forecast for 2012 is in the range of 32,000 to 38,000 boepd. This compares to 33,300 boepd in 2011.

## PROVEN AND PROBABLE RESERVES



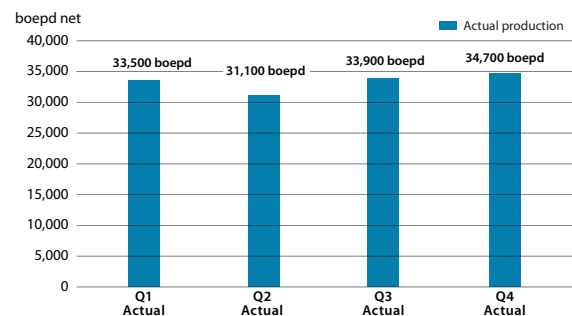
Proven and Probable Reserves (2P) End 2011  
210.7 MMboe net Lundin Petroleum

## CONTINGENT RESOURCES

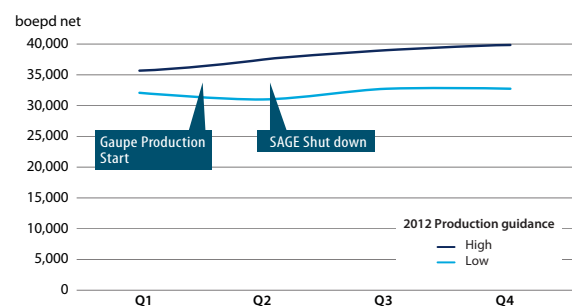


Contingent Resources End 2011  
851 MMboe net Lundin Petroleum

## 2011 PRODUCTION



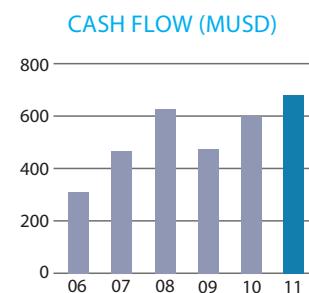
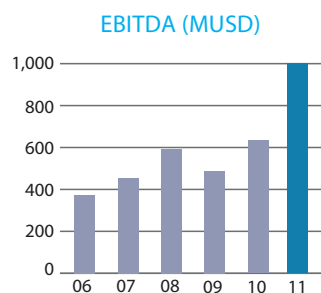
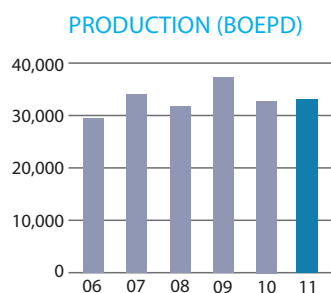
## 2012 PRODUCTION FORECAST



# Financial Summary

INCOME STATEMENT SUMMARY (TUSD)	2011	2010	2009	2008	2007	2006
Operating income	1,269,515	798,599	571,835	628,939	435,898	242,957
Production costs	-193,104	-157,065	-155,311	-198,269	-151,228	-89,378
Depletion of oil and gas properties	-165,138	-145,316	-118,128	-95,046	-83,228	-47,392
Exploration and impairment costs	-140,027	-127,534	-134,792	-110,023	-29,218	-16,755
Impairment costs	-	-	-644,766	-78,572	-	-
<b>Gross profit</b>	<b>771,246</b>	<b>368,684</b>	<b>-481,162</b>	<b>147,029</b>	<b>172,224</b>	<b>89,432</b>
Sale of asset	-	66,126	4,589	20,481	-	-
General, administration & depreciation (net)	-67,022	-40,960	-27,619	-19,684	24,595	-14,434
<b>Operating profit/(loss)</b>	<b>704,224</b>	<b>393,850</b>	<b>-504,192</b>	<b>147,826</b>	<b>147,629</b>	<b>74,998</b>
Financial items	25,433	-12,507	29,559	-110,121	-24,644	-308
Result from share in associated company	-	-	-25,504	4,480	-	-
<b>Profit/(loss) before tax</b>	<b>729,657</b>	<b>381,343</b>	<b>-500,137</b>	<b>42,185</b>	<b>172,273</b>	<b>74,690</b>
Tax	-574,413	-251,865	-45,669	-40,824	-83,015	-31,640
<b>Net result from continuing operations</b>	<b>155,244</b>	<b>129,478</b>	<b>-545,806</b>	<b>1,361</b>	<b>89,258</b>	<b>43,050</b>
Net result from discontinued operations	-	368,992	8,737	59,042	51,828	55,459
<b>Net result</b>	<b>155,244</b>	<b>498,470</b>	<b>-537,069</b>	<b>60,403</b>	<b>141,086</b>	<b>98,509</b>
Net result attributable to Shareholders of the parent company	160,137	511,875	-411,268	93,958	141,750	108,891
Net result attributable to non-controlling interest	-4,893	-13,405	-125,801	-33,555	-664	-1,164
<b>NET RESULT</b>	<b>155,244</b>	<b>498,470</b>	<b>-537,069</b>	<b>60,403</b>	<b>141,086</b>	<b>107,727</b>

BALANCE SHEET SUMMARY (TUSD)	2011	2010	2009	2008	2007	2006
Tangible fixed assets	2,345,354	2,014,242	2,556,275	2,704,555	2,631,890	2,116,029
Other non-current assets	46,586	129,944	119,093	259,516	334,685	242,214
Current assets	298,004	284,950	275,290	272,619	316,021	218,153
<b>TOTAL ASSETS</b>	<b>2,689,944</b>	<b>2,429,136</b>	<b>2,950,658</b>	<b>3,236,690</b>	<b>3,282,596</b>	<b>2,576,396</b>
Shareholders' equity	1,000,882	920,416	1,141,658	1,462,442	1,513,340	1,304,219
Non-controlling interest	69,424	77,365	95,555	179,793	209,893	235,291
<b>Total equity</b>	<b>1,070,306</b>	<b>997,781</b>	<b>1,237,213</b>	<b>1,642,235</b>	<b>1,723,233</b>	<b>1,539,510</b>
Provisions	987,993	769,687	897,622	779,370	856,547	652,861
Interest bearing debt	228,830	476,671	558,327	555,626	427,243	202,649
Current liabilities	402,815	184,997	257,496	259,459	275,573	181,376
<b>TOTAL SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>	<b>2,689,944</b>	<b>2,429,136</b>	<b>2,950,658</b>	<b>3,236,690</b>	<b>3,282,596</b>	<b>2,576,396</b>



# Corporate Responsibility

## Corporate Responsibility focuses on the way Lundin Petroleum conducts its operations

Lundin Petroleum pursues its activities in a variety of physical, legal, social and economic environments; it is committed to maintain the same high technical and ethical standards wherever it is active. In order to fulfil this goal, it relies on the collective experience of its highly qualified staff as well as its corporate responsibility framework: its Code of Conduct, Health, Safety, Environment (HSE) and Community Relations Policies, HSE Management System (the Green Book) and Corporate Donations Programme.

Lundin Petroleum's Code of Conduct sets out its responsibilities towards its shareholders, employees, host countries, local communities and society and the means to ensure that they benefit from its activities. The Code also sets out the values by which Lundin Petroleum is guided: fairness and honesty, as well as respect for local, national and international laws, and for generally accepted principles on the protection of human rights and the environment.

Lundin Petroleum's Health, Safety and Environment (HSE) policies aim to ensure that its activities preserve the health and safety of the staff and nearby communities as well as the environment; they require integration of HSE elements in operational strategies and planning. The Green Book, modelled on ISO-14001, details how this integration is to take place in practice, namely through leadership commitment, attribution of HSE roles and responsibilities, setting of HSE plans, objectives and targets as well as continuous monitoring and review of HSE performance.

In order to ensure that activities contribute to enhancing the living standards and well being of people in its areas of operations, Lundin Petroleum's Community Relations Policy promotes the hiring of local staff and participation in community projects; if the needs and circumstances are of relevant nature and extent, Lundin Petroleum may in addition contribute to community development projects aimed at improving health, education and welfare services available in the area.

Lundin Petroleum has also established a Corporate Donations programme which involves making, from time to time, monetary or in-kind contributions to individuals, groups or projects anywhere in the world which enhance the welfare of particularly disadvantaged people, contribute to the better understanding of the oil & gas sector or promote positive values.





## France: Drilling operations

This information has been made public in accordance with the Securities Market Act and/or the Financial Instruments Trading Act.

### Forward-Looking Statements

Certain statements made and information contained herein constitute “forward-looking information” (within the meaning of applicable securities legislation). Such statements and information (together, “forward-looking statements”) relate to future events, including the Company’s future performance, business prospects or opportunities. Forward-looking statements include, but are not limited to, statements with respect to estimates of reserves and / or resources, future production levels, future capital expenditures and their allocation to exploration and development activities, future drilling and other exploration and development activities. Ultimate recovery of reserves or resources are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

All statements other than statements of historical fact may be forward-looking statements. Statements concerning proven and probable reserves and resource estimates may also be deemed to constitute forward-looking statements and reflect conclusions that are based on certain assumptions that the reserves and resources can be economically exploited. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions) are not statements of historical fact and may be “forward-looking statements”. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. No assurance can be given that these expectations and assumptions will prove to be correct and such forward-looking statements should not be relied upon. These statements speak only as on the date of this release and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable laws. These forward-looking statements involve risks and uncertainties relating to, among other things, operational risks (including exploration and development risks), production costs, availability of drilling equipment, reliance on key personnel, reserve estimates, health, safety and environmental issues, legal risks and regulatory changes, competition, geopolitical risk, and financial risks. These risks and uncertainties are described in more detail under the heading “Risk Factors” and elsewhere in the Company’s annual report. Readers are cautioned that the foregoing list of risk factors should not be construed as exhaustive. Actual results may differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements included in this new release are expressly qualified by this cautionary statement.

### Reserves and Resources

Unless otherwise stated, Lundin Petroleum’s reserve and resource estimates are as at 31 December 2011, and have been prepared and audited in accordance with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities (“NI 51-101”) and the Canadian Oil and Gas Evaluation Handbook (“COGE Handbook”).

### Contingent Resources

Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political and regulatory matters or a lack of markets. There is no certainty that it will be commercially viable for the Company to produce any portion of the Contingent Resources.

### Prospective Resources

Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both a chance of discovery and a chance of development. There is no certainty that any portion of the Prospective Resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the Prospective Resources.

### BOEs

BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf : 1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

### **Corporate Head Office**

Lundin Petroleum AB (publ)  
Hovslagargatan 5  
SE-111 48 Stockholm  
Sweden  
Telephone: 46-8-440 54 50  
Telefax: 46-8-440 54 59  
E-mail: [info@lundin.ch](mailto:info@lundin.ch)



[www.lundin-petroleum.com](http://www.lundin-petroleum.com)