

# Financial Presentation

## Year End 2016

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Mike Nicholson, CFO  
1 February 2017



# Year End 2016

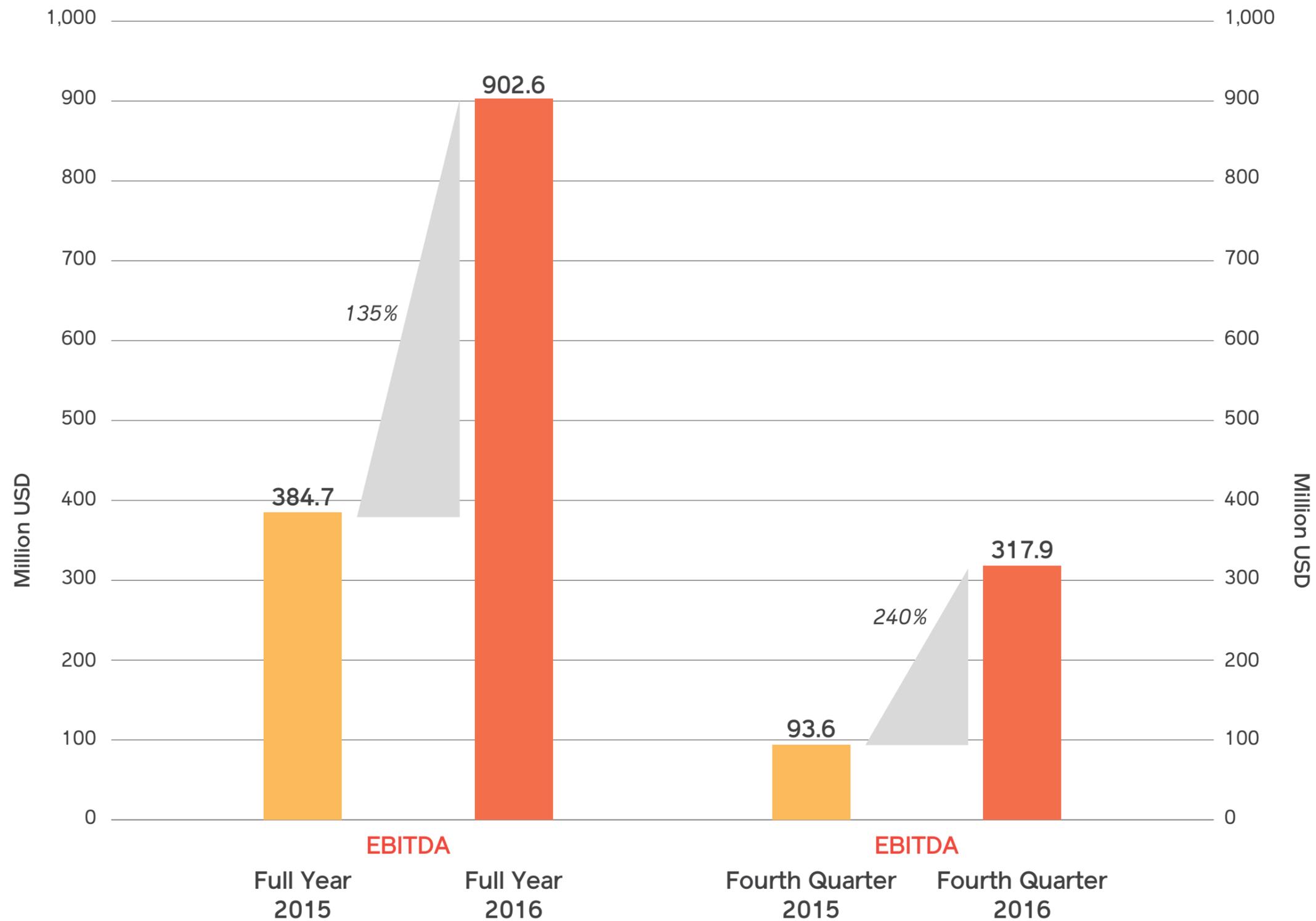
## Financial Highlights

	Fourth Quarter 2016	Full Year 2016
Production (boepd)	83,400	72,600
Average Brent oil price (USD/boe)	49.33	43.73
Cost of operations (USD/boe)	5.38	6.25
Operating cash flow (MUSD)	343.0	1,010.8
EBITDA (MUSD)	317.9	902.6
Net result (MUSD) <sup>(1)</sup>	-739.1	-499.3

<sup>(1)</sup> Includes a non-cash impairment charge of MUSD 548.6 after tax and a largely non-cash foreign exchange loss of MUSD 215.9 in Q4 2016

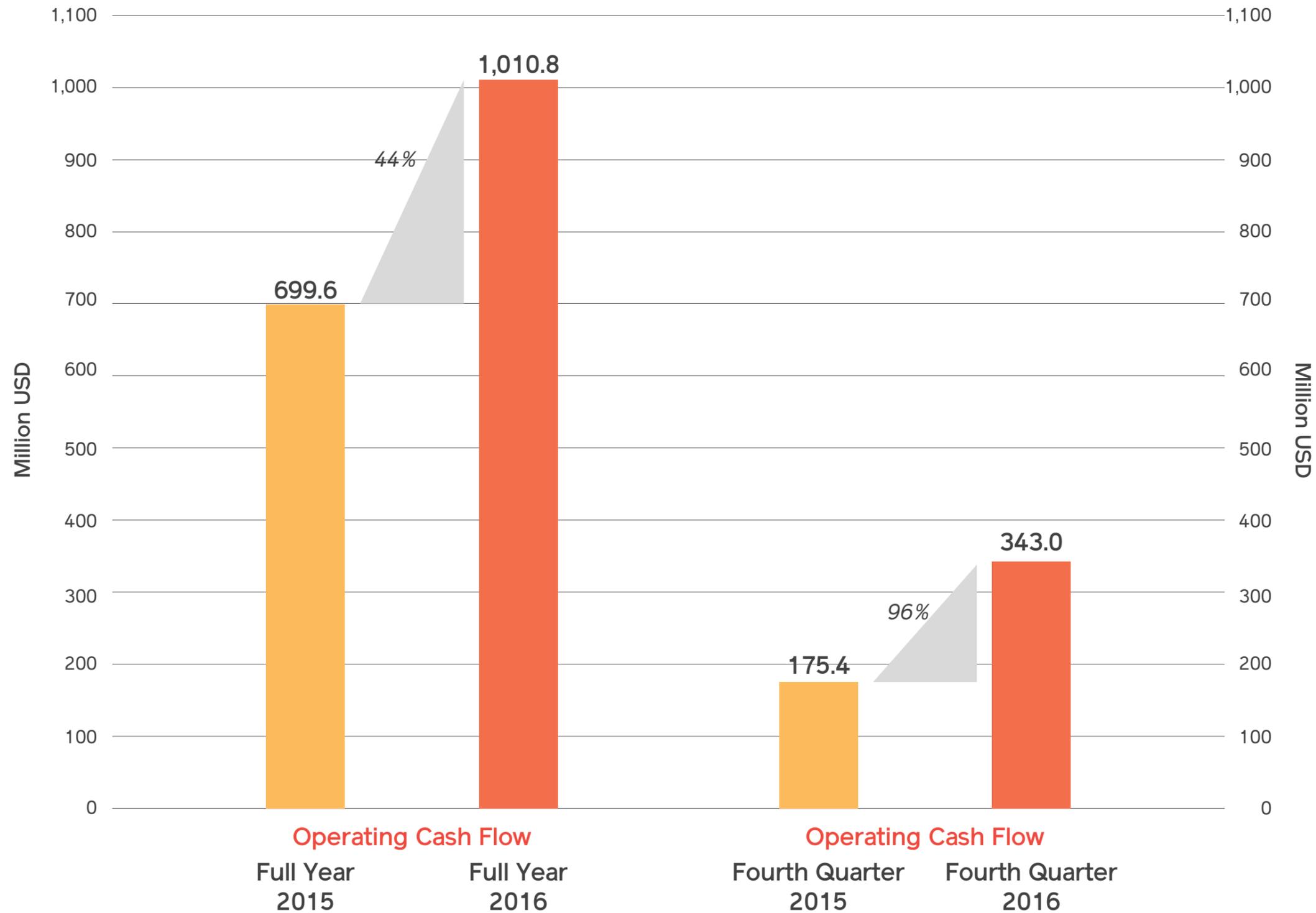
# Full Year 2016

## Financial Results - EBITDA



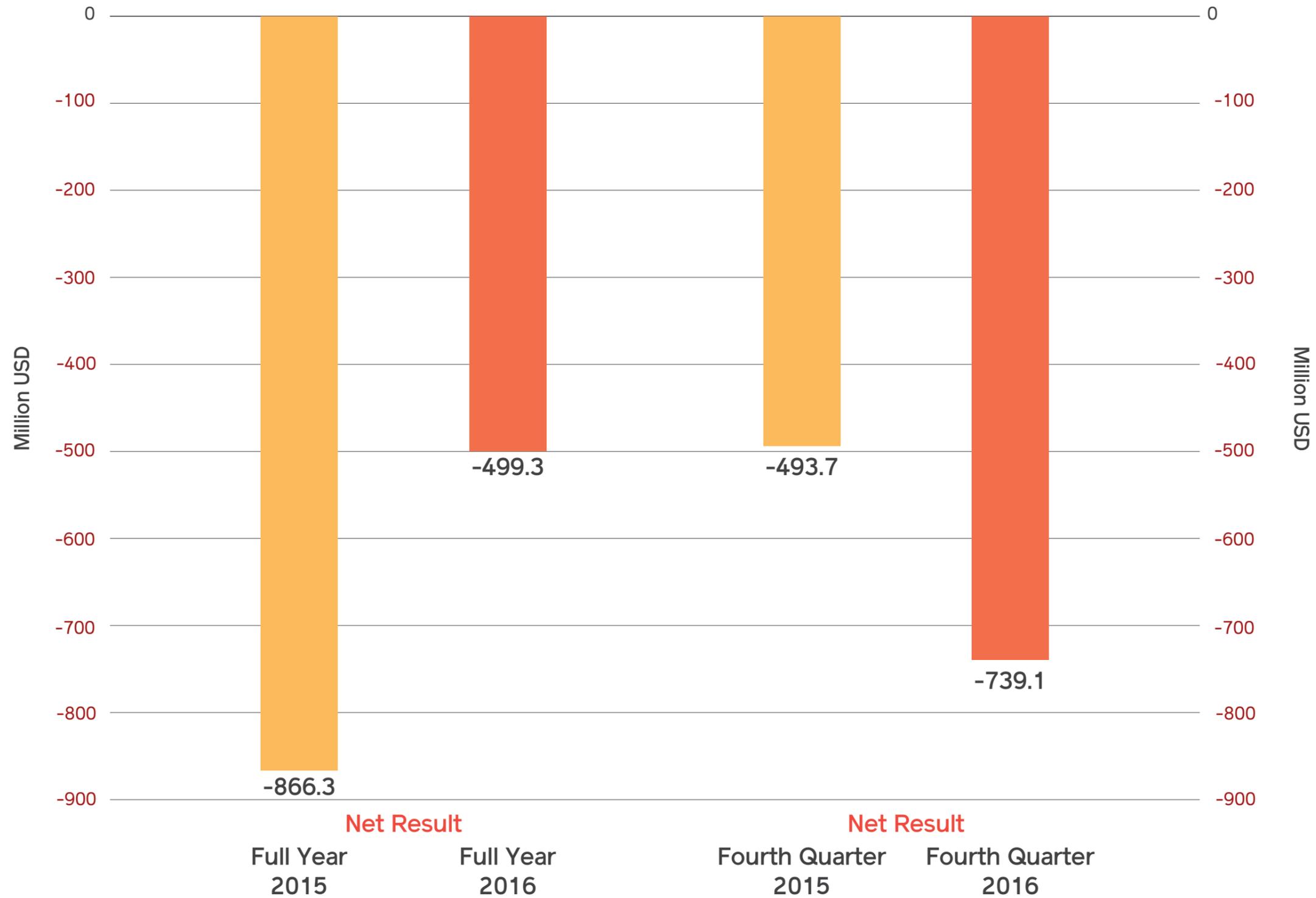
# Full Year 2016

## Financial Results - Operating Cash Flow

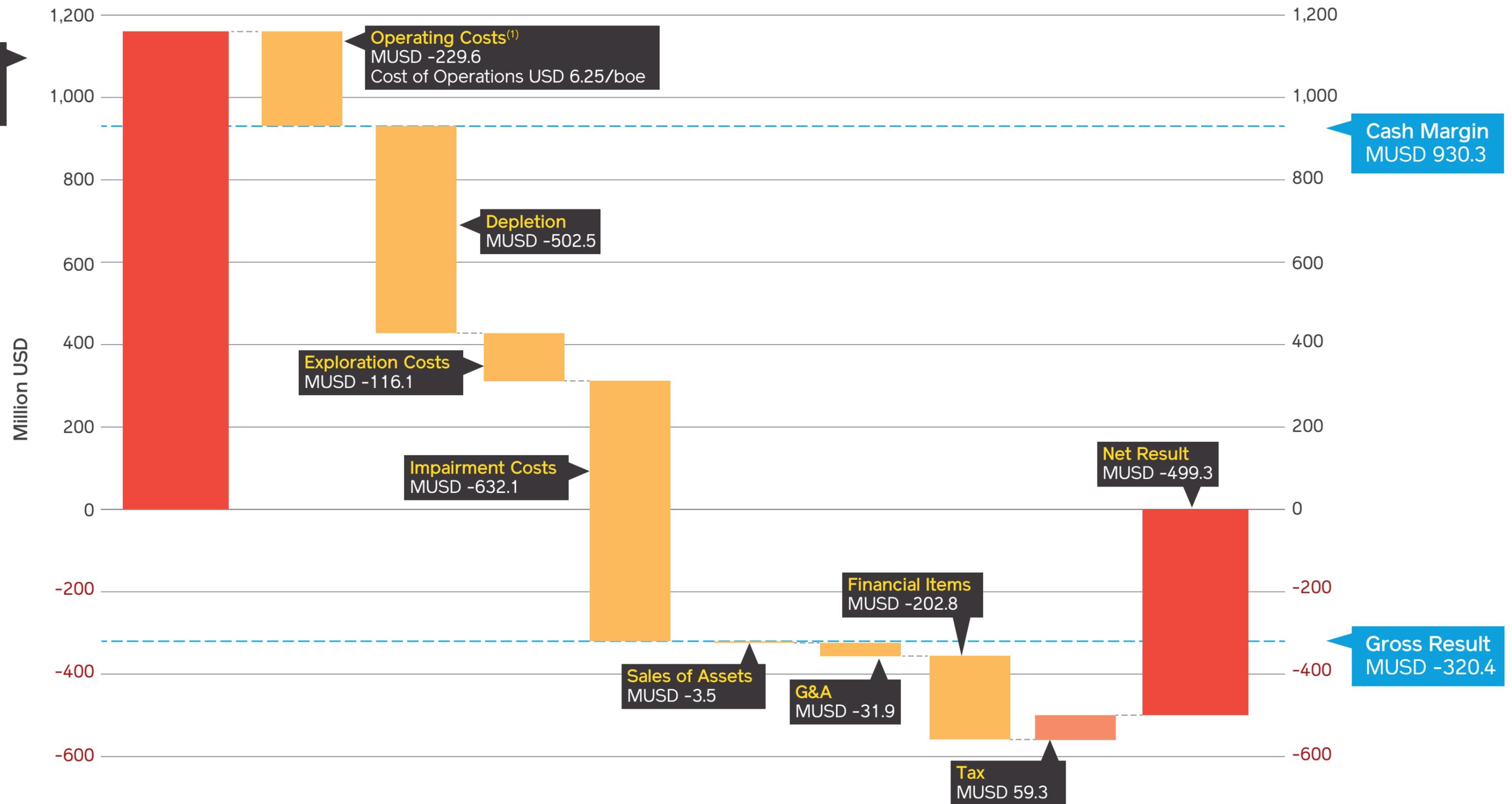


# Full Year 2016

## Financial Results - Net Result



# Full Year 2016 Financial Results



<sup>(1)</sup> Includes MUSD 2.1 of crude oil purchased from outside of the Group

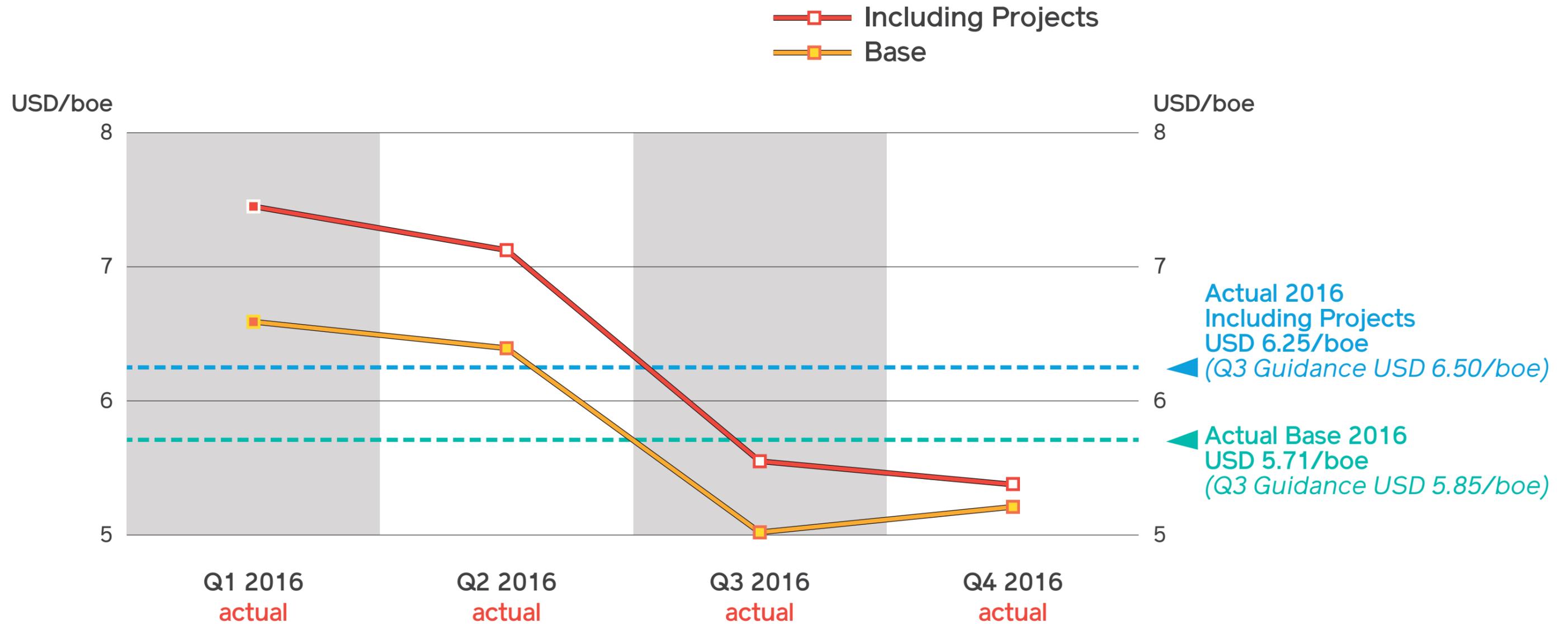
# Year End 2016

## Netback (USD/boe)

	Fourth Quarter 2016	Full Year 2016
<i>Average Brent oil price USD/boe</i>	<b>49.33</b>	<b>43.73</b>
<b>Revenue</b>	50.27	43.67
Cost of operations		
- Base	-5.21	-5.71
- Projects	-0.17	-0.54
Tariff & transportation	-1.03	-1.43
Production taxes	-0.10	-0.12
Cash operating costs	<b>-6.51</b>	<b>-7.80</b>
Inventory movements	-0.30	0.07
Other	-0.80	-0.91
<b>Cash Margin</b>	<b>42.66</b>	<b>35.03</b>
Cash taxes	2.01	3.03
<b>Operating Cash Flow</b>	<b>44.67</b>	<b>38.06</b>
General and administration costs <sup>(1)</sup>	-1.26	-1.04
<b>EBITDA</b>	<b>41.40</b>	<b>33.99</b>

<sup>(1)</sup> Adjusted for depreciation

# Full Year 2016 Cost of Operations



*Including E. Grieg additional 15% equity in 2H 2016*

# Year End 2016

## Exploration Costs

	Fourth Quarter 2016		Full Year 2016	
	MUSD	after Tax MUSD	MUSD	after Tax MUSD
<b>Norway</b> (PL700 Lorry, PL544 Fosen & PL 609 Neiden)	44.1	9.7	101.9	22.4
<b>Malaysia</b> (SB307/308 Bambazon and Maligan)	–	–	13.0	13.0
<b>Other</b>	1.7	1.3	1.2	0.8
<b>Exploration Costs</b>	<b>45.8</b>	<b>11.0</b>	<b>116.1</b>	<b>36.2</b>

# Full Year 2016

## Impairments Costs

	Fourth Quarter 2016 & Full Year 2016	
	MUSD	after Tax MUSD
<b>Malaysia</b> (SB303 and PM307 gas discoveries)	126.0	126.0
<b>Russia</b> (Morskaya Field)	506.1	422.6
<b>Impairment Costs</b>	<b>632.1</b>	<b>548.6</b>

# Year End 2016

## G & A / Financial Items

	Fourth Quarter 2016 MUSD	Full Year 2016 MUSD
<b>General &amp; Administration Expenses</b>		
General & administration	9.4	27.3
Long Term Incentive Plan	1.2	4.6
	<b>10.6</b>	<b>31.9</b>
<b>Net Financial Items</b>		
Foreign exchange loss/(gain) <sup>(1)</sup>	215.9	(15.0)
Interest expense <sup>(2)</sup>	30.5	137.3
Loan commitment fees	2.9	9.3
Amortisation of loan fees <sup>(3)</sup>	5.1	43.2
Other	2.7	28.0
	<b>257.1</b>	<b>202.8</b>

<sup>(1)</sup> Includes MUSD 29.1 loss on settled currency hedges

<sup>(2)</sup> An additional amount of interest expense of MUSD 23.4 has been capitalised in the year

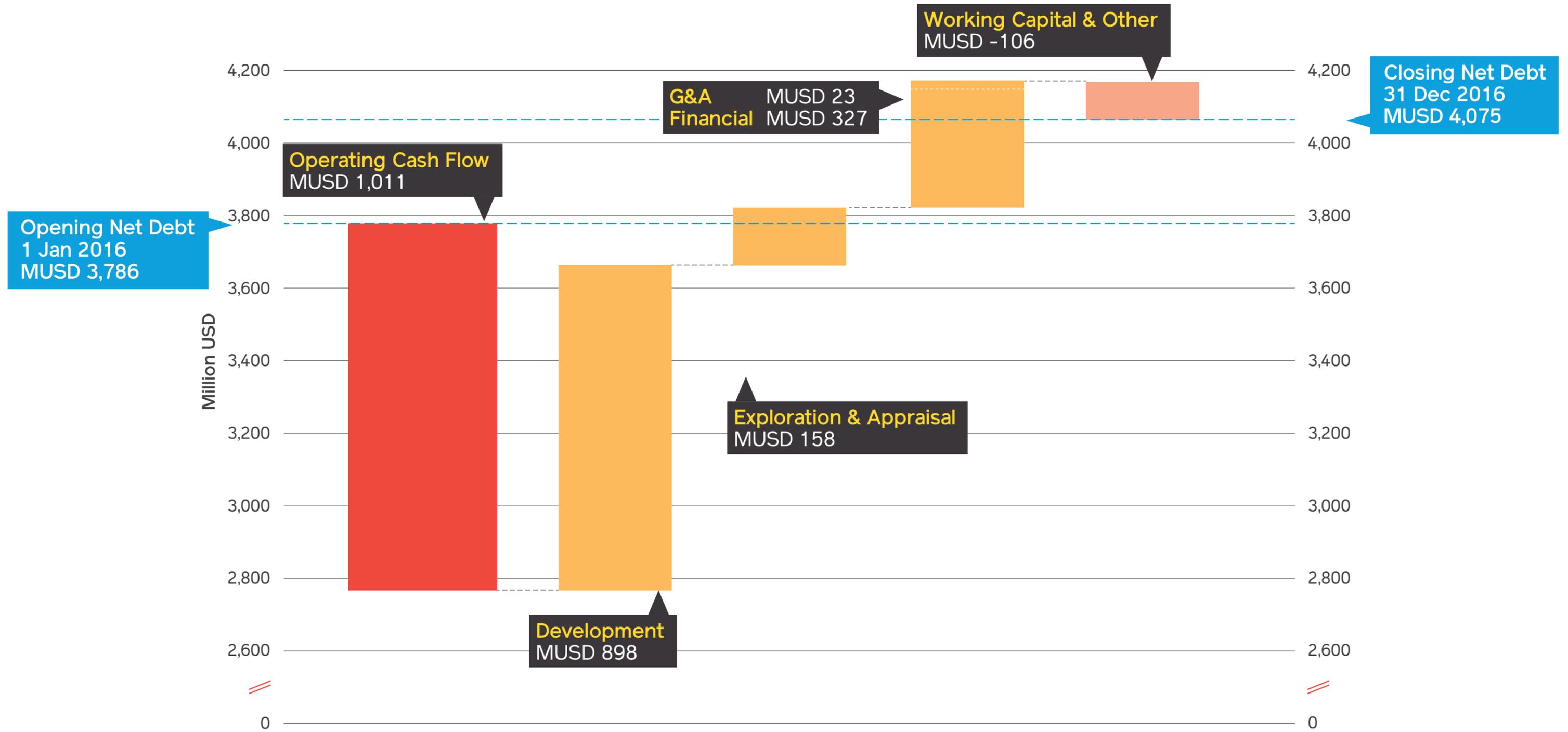
<sup>(3)</sup> Includes capitalised financing fees of MUSD 22.3 which were expensed in the Q2 2016

# Year End 2016

## Tax

	Fourth Quarter 2016 MUSD	Full Year 2016 MUSD
	USD/boe	USD/boe
Current tax (credit)	(2.01)	(3.03)
Deferred tax (credit)/charge	(0.99)	0.80
	<b>(3.00)</b>	<b>(2.23)</b>

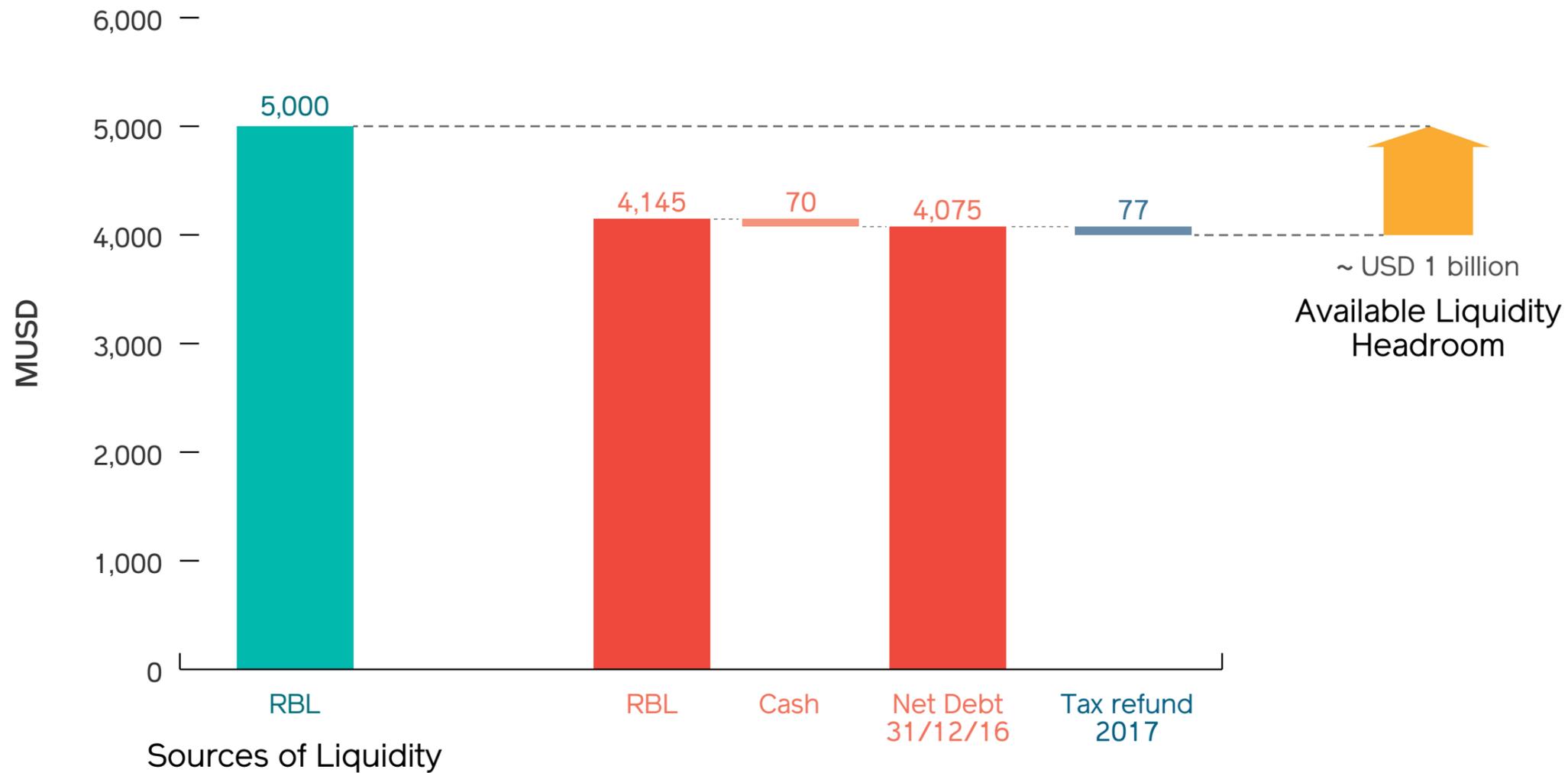
# Year End 2016 Debt Position



# 2016 Funding

## Liquidity and Net Debt

- New 7 year USD 5.0 billion RBL secured in February 2016 - fully committed
- Attractive margin: 315 bps
- 5 year grace period (no amortisation until end 2020)



# Hedges

## as at 31 December 2016

	Currency		Average rate NOK : USD
	BUY MNOK	SELL MUSD	
2017	3,492.6	423.6	8.25
2018	3,493.0	424.2	8.23
2019	1,672.4	200.4	8.35
<b>Total</b>	<b>8,658.0</b>	<b>1,048.2</b>	<b>8.26</b>

	Interest rate	
	Borrowings MUSD	Average fixed rate per annum
2017	2,000	1.94%
2018	2,000	2.02%
2019	2,000	1.18%

➤ Note: new interest rate hedges entered into during Q4 2016

# Year End 2016

## Highlights

### Production performance

- Full year 2016: 72,600 boepd ⇒ 125% increase on 2015
- Q4 2016: 83,400 boepd ⇒ record quaterly production

### Operating Efficiency

- Full year 2016 cash operating costs at record low of USD 7.80/boe ⇒ 33% decrease on 2015
- All three key producing hubs achieved 97% uptime or better during 2016

### Reserves and Resources

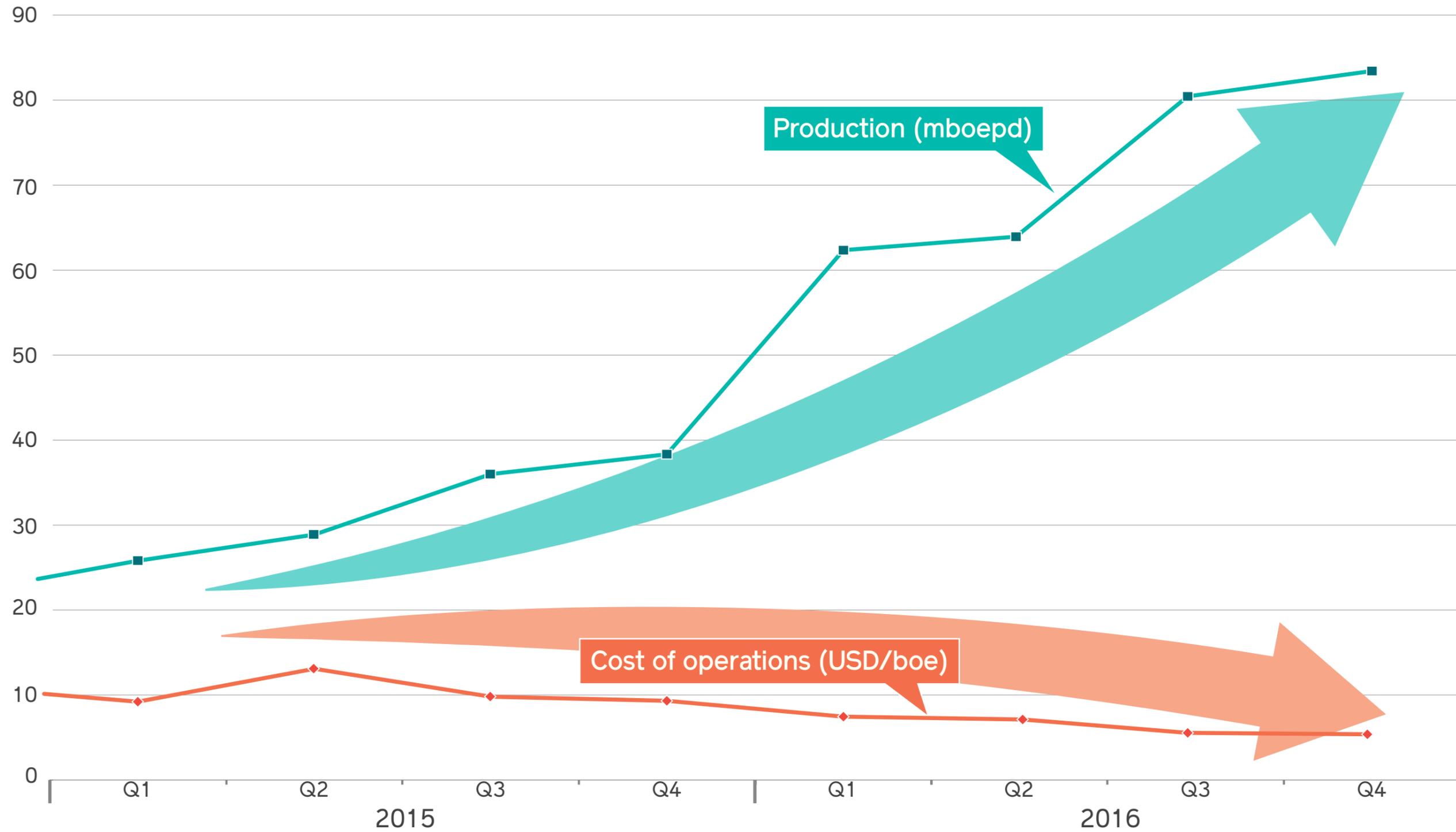
- Year end 2016 2P reserves: 743.5 MMboe (+55.3 MMboe) reserves revision
- 2016 reserves replacement ratio: 208%
- 2016 reserves/production ratio 28 years

### Exploration & Appraisal

- Alta appraisal successful
- Neiden discovery in southern Barents Sea: 25-60 MMboe
- 8 E&A wells to be drilled in Norway in 2017

# Lundin Petroleum

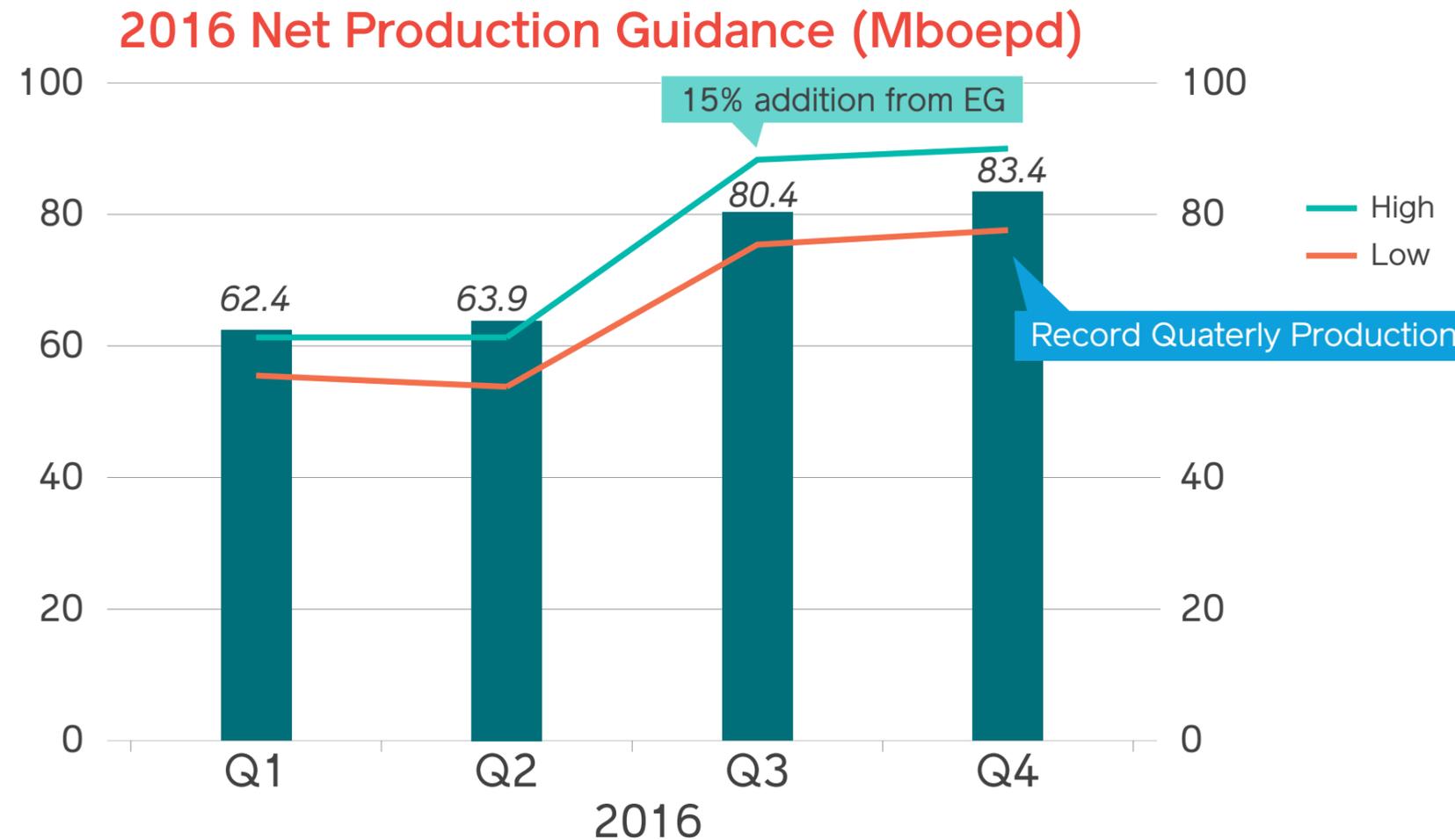
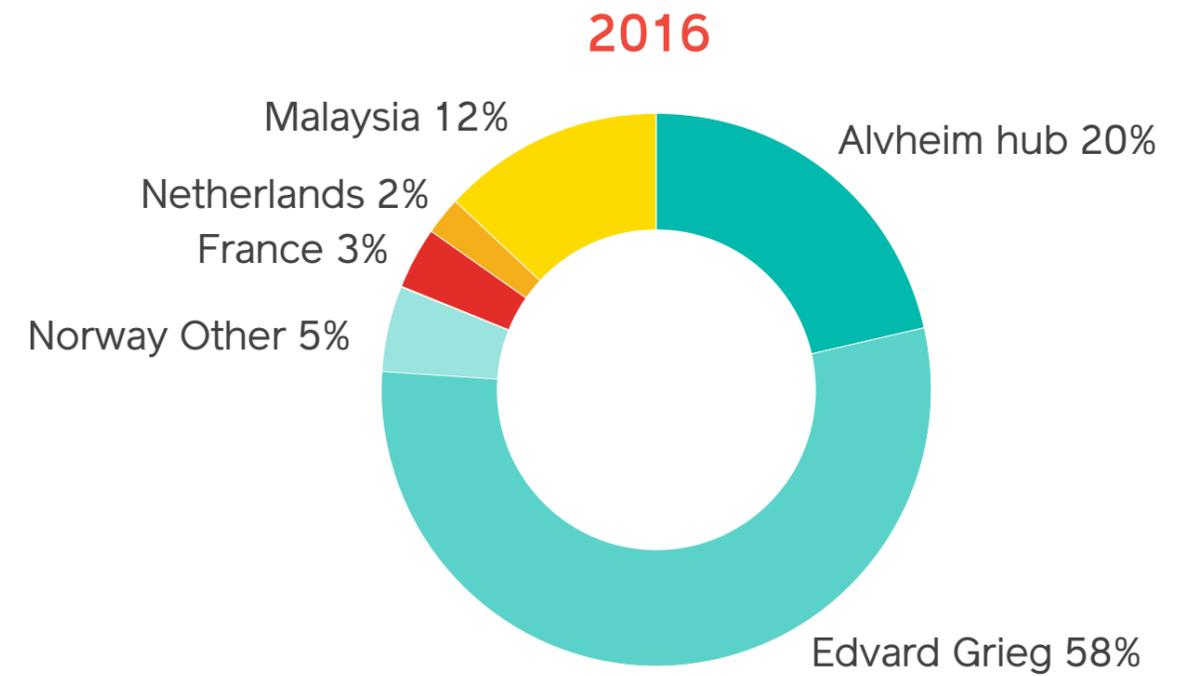
## Production vs Cost of Operations



# Lundin Petroleum

## 2016 Production

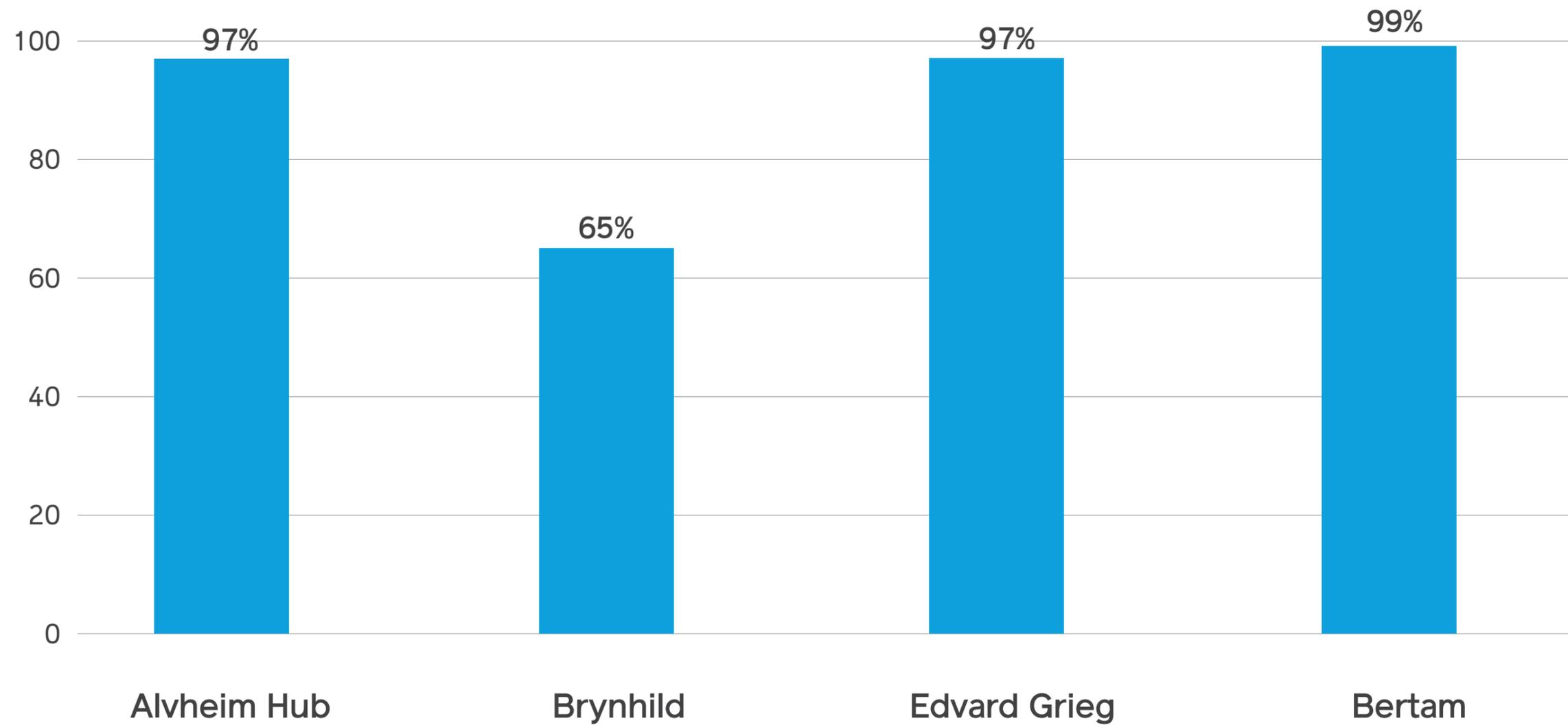
- 2016 production of 72,600 boepd
  - Reservoir outperformance
  - Uptime outperformance
- Q4 2016 production of 83,400 boepd
- 2017 guidance to be provided at Lundin Petroleum's capital market day 13<sup>th</sup> February



# Lundin Petroleum

## Excellent Operating Performance

2016 Facilities Uptime (%)



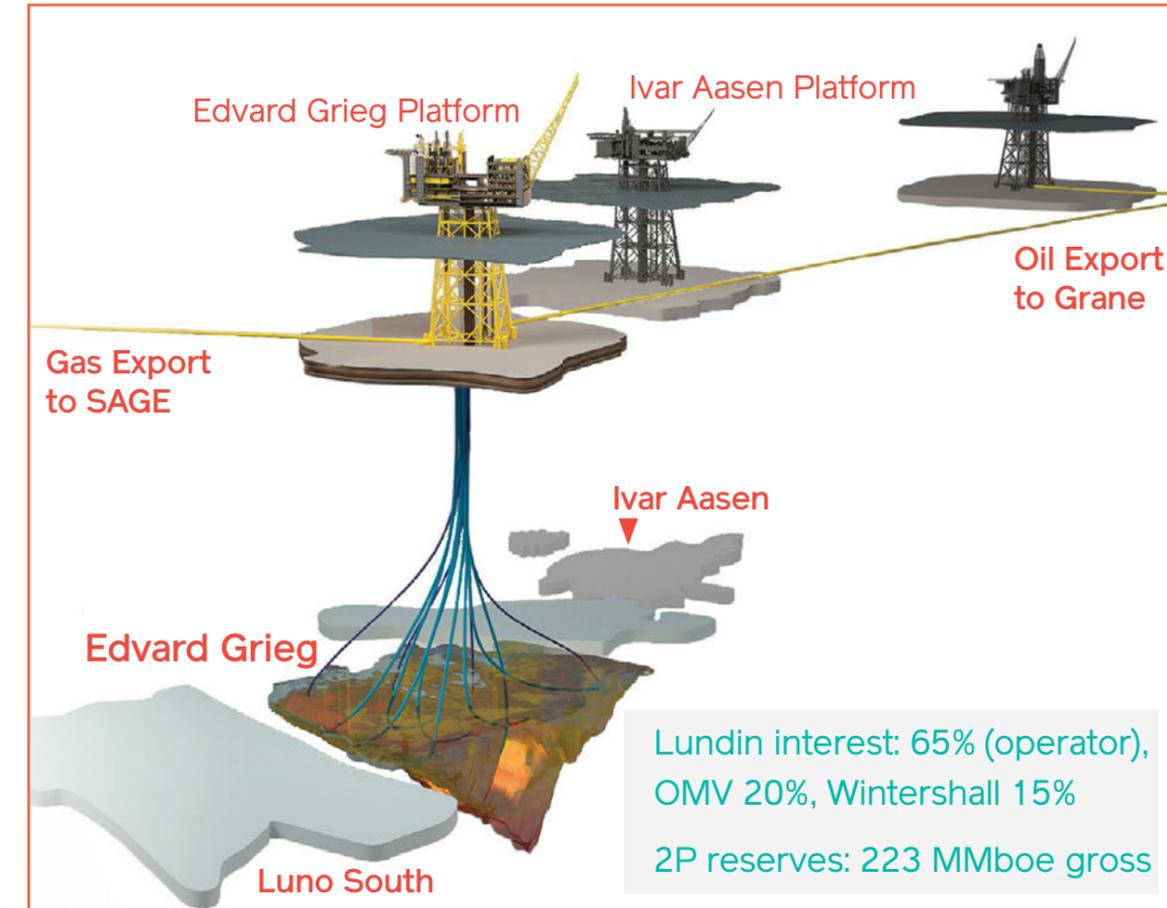
*Excludes planned shutdowns*

# Norway - Edvard Grieg

## 2016 Net Production: 42,000 boepd

- ➔ 2016 operating cost USD 7.20/boe<sup>(1)</sup>
- ➔ Plateau daily flow rate of 100,000 boepd gross achieved
  - 4 producing wells onstream
  - ➔ 2 water injection wells onstream
- ➔ Drilling 14 wells from jack-up rig
  - ➔ 5<sup>th</sup> producer well currently drilling
  - ➔ 5 development wells to be drilled in 2017
- ➔ 2P reserves increased to 223 MMboe gross
  - ➔ 2P reserves increased by 20% compared to PDO (186 MMboe gross)
  - ➔ 2P remaining reserves at year end 2016: 195.4 MMboe gross

Edvard Grieg Schematic



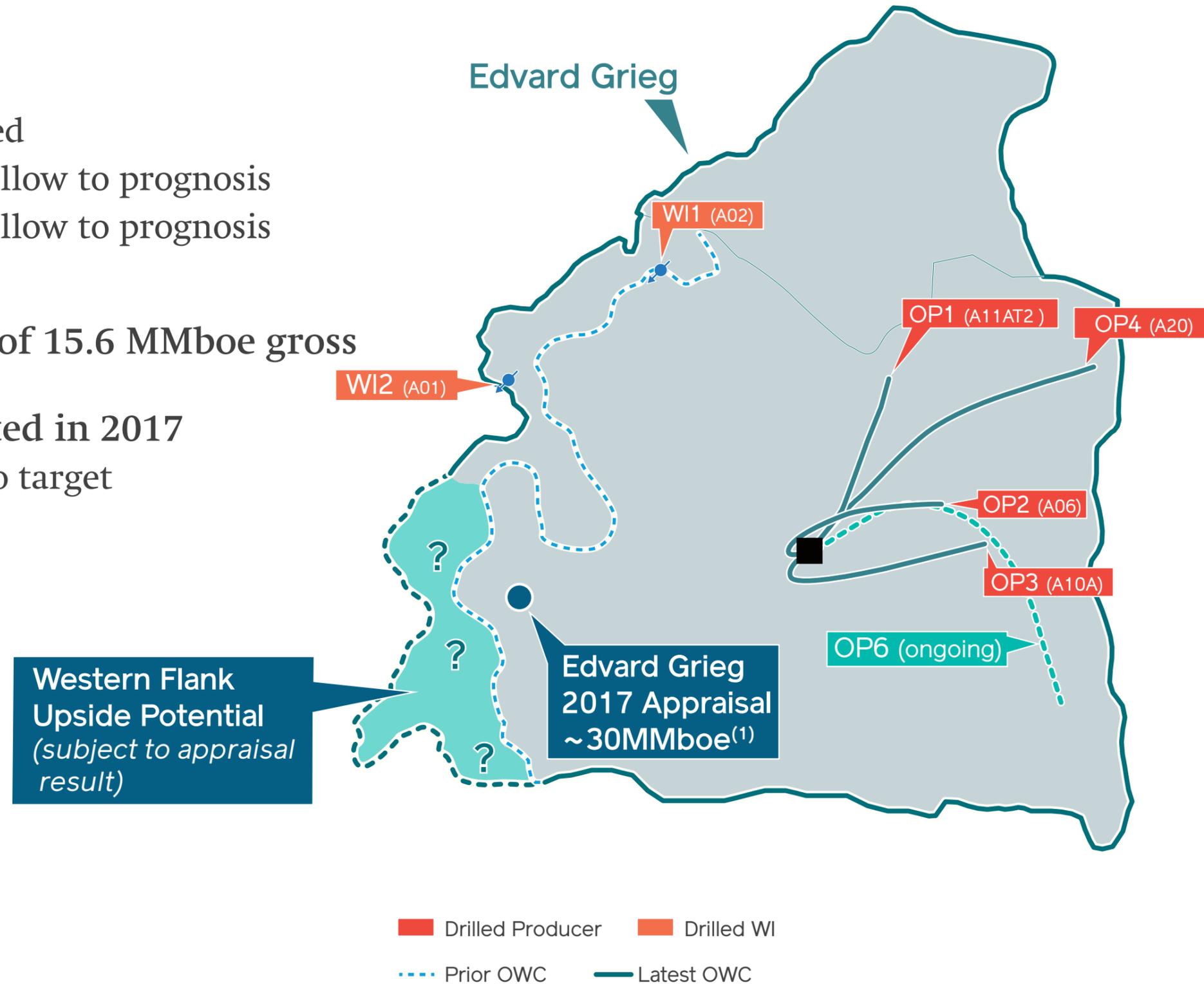
Edvard Grieg Platform

(1) Excluding project

# Norway - Edvard Grieg

## Resource Potential

- Resource Upside proven by
  - ➔ Pressure depletion lower than modelled
  - ➔ Water injector 1 → Reservoir 23m shallow to prognosis
  - ➔ Water injector 2 → Reservoir 13m shallow to prognosis
  - ➔ Better reservoir characteristics
- Reported reserves upgrade at YE 2016 of 15.6 MMboe gross
- Further resource potential to be targeted in 2017
  - ➔ One appraisal well on western flank to target 30 MMboe gross recoverable resource



# Norway – Greater Alvheim Area

## 2016 Net Production: 14,400 boepd

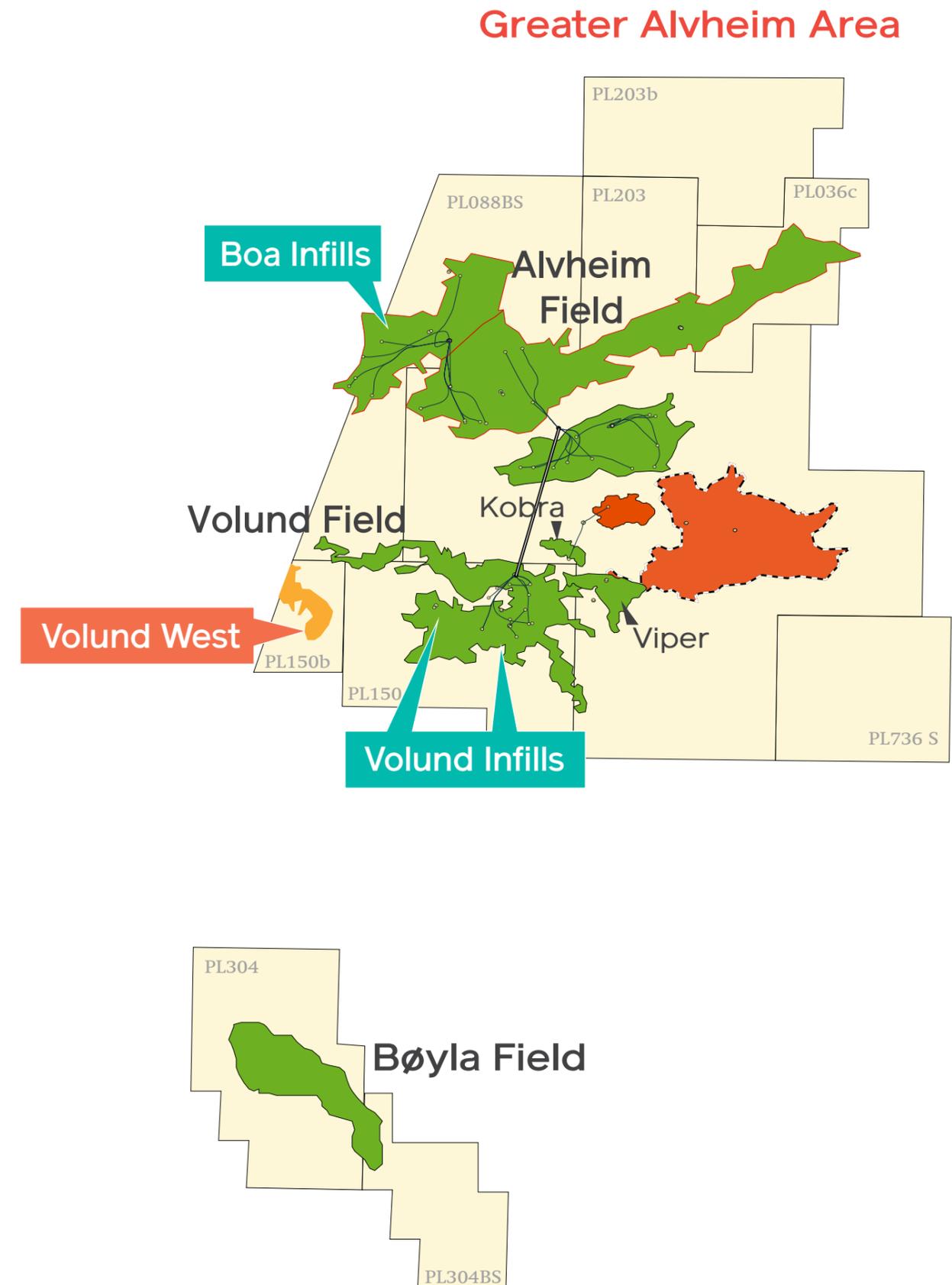
➔ 2016 operating costs USD 5.1/boe

### ➔ Alvheim

- ➔ Viper/Kobra wells commenced production in November 2016
- ➔ 2 Boa infill wells to be drilled in 2017

### ➔ Volund

- ➔ 2 Infill wells to be drilled in 2017
  - Development drilling commenced in December 2016
  - Both wells expected to commence production in 2H 2017
- ➔ Volund West exploration well in 2017



# Norway

## Johan Sverdrup

- ➔ Construction of all four phase 1 platforms has commenced
- ➔ Project on schedule
- ➔ 8 development wells completed
- ➔ Breakeven oil price 26 USD/bbl<sup>(1)</sup>
- ➔ Phase I CAPEX reduced by >30% compared to PDO<sup>(2)</sup>
- ➔ Phase I first oil in late 2019
- ➔ Phase II concept select in 1H 2017

### Working Interest – Johan Sverdrup Unit

Statoil	40.0267%
<b>Lundin</b>	<b>22.6000%</b>
Petoro	17.3600%
Aker BP	11.5733%
Maersk	8.4400%

<sup>(1)</sup> Based on Lundin Petroleum's best-estimate full-field development concept with associated capex falling within Statoil's latest full-field capex guidance range of between 140 and 170bn NOK. Fx assumption of USD:NOK 8.25. Tax position reflecting stand-alone project economics

<sup>(2)</sup> Fx assumption USD:NOK 8.25

<sup>(3)</sup> As per Statoil's latest guidance Aug 2016

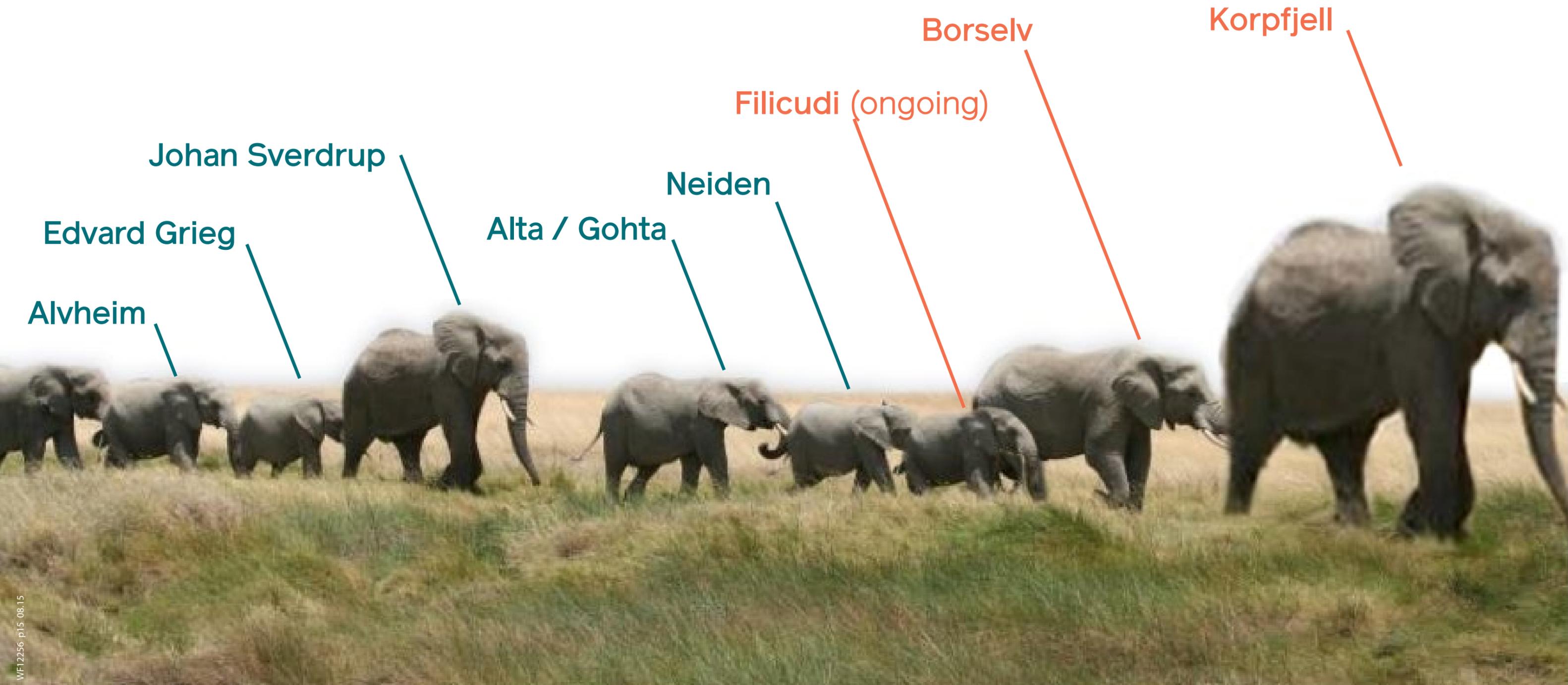


Gross Resources: 1.9 – 3.0 billion boe<sup>(3)</sup>

Phase 1

# Norway

## Searching for the next Elephant



# Norway Exploration and Appraisal Campaign 2016 and 2017

## 2016 Highlights

- ➔ Neiden discovery ⇒ 25-60 MMboe
- ➔ Alta successful appraisal

## 2017 Campaign

### ➔ 5 Exploration wells

- ➔ PL533 - Filicudi (ongoing)
- ➔ PL609 - Børselv
- ➔ PL859 - Korpfjell
- ➔ PL150b - Volund West
- ➔ J.Sverdrup Unit - Tonjer

### ➔ 3 Appraisal wells

- ➔ 2 wells on Alta/Gohta
- ➔ 1 well on Edvard Grieg

3 Exploration wells  
2 Appraisal wells  
Southern Barents Sea

Norway

2 Exploration wells  
1 Appraisal well  
Utsira High / Greater Alvheim



# Norway – Southern Barents Sea

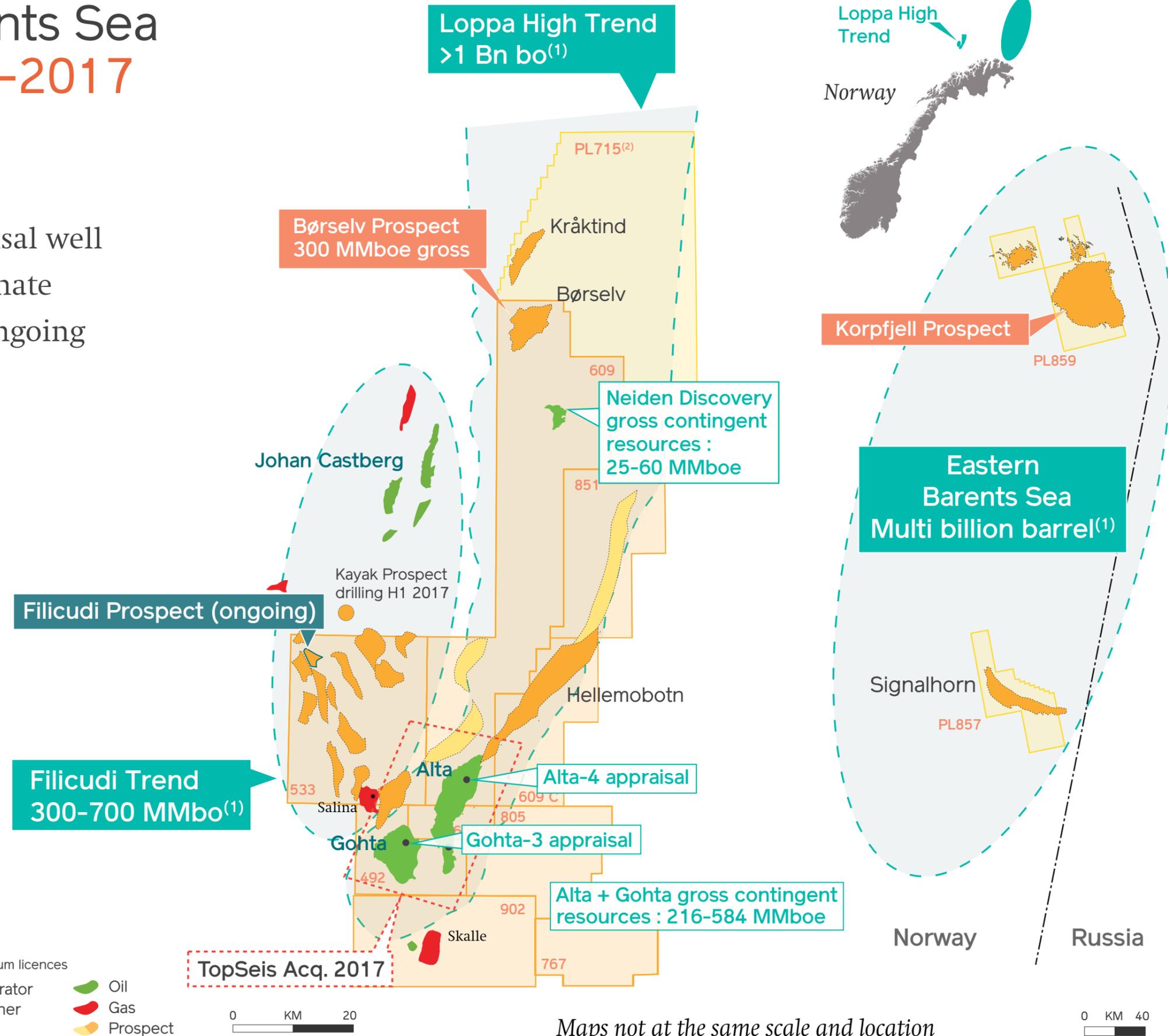
## Loppa High Drilling 2016-2017

### 3 drilling operations in 2016

- Successful re-entry of Alta-3 appraisal well
- 2<sup>nd</sup> Well: Neiden discovery in carbonate
- 3<sup>rd</sup> Well: Filicudi exploration well ongoing

### 2017 drilling operations

- Alta-Gohta appraisal
  - 2 wells
- Børselv exploration well:
  - 300MMboe unrisks resource
- Korp fjell exploration well: Q3 2017
- Lundin Petroleum has secured the Leiv Eiriksson rig with multiple options slots

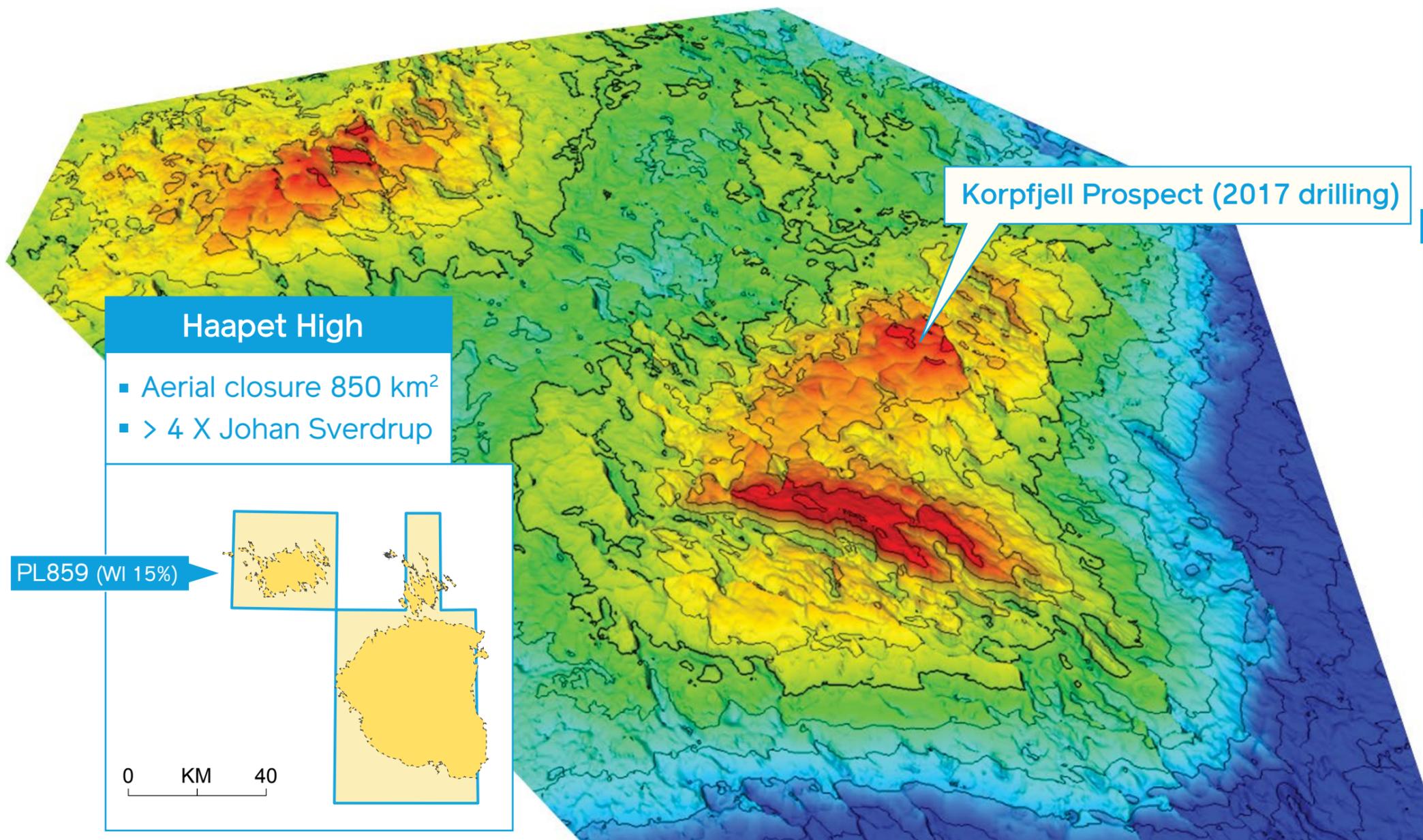
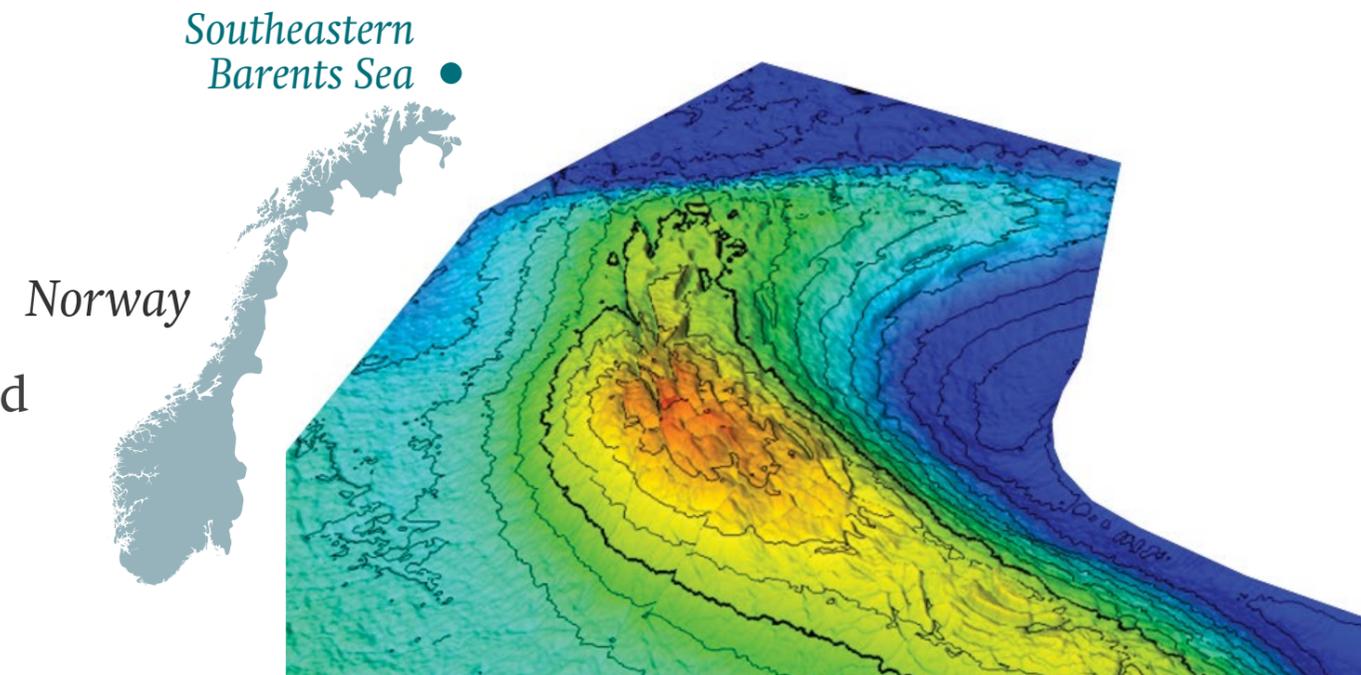


<sup>(1)</sup> Gross contingent plus prospective resource potential  
<sup>(2)</sup> Waiting for government approval

# Norway - Southeastern Barents Sea

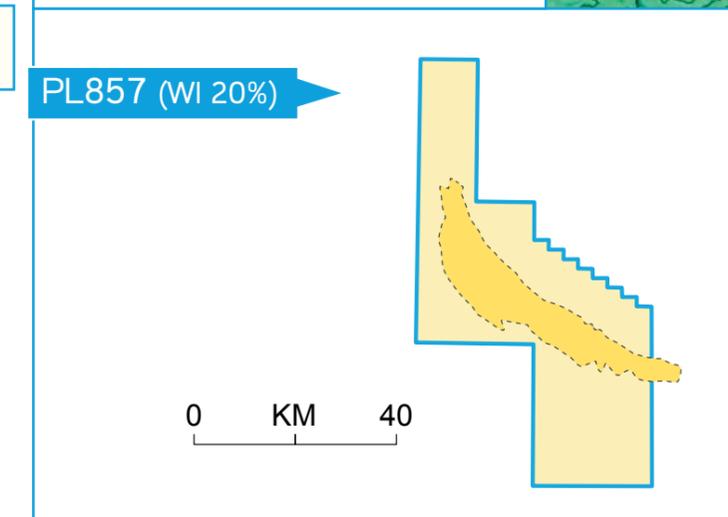
## High Impact Exploration : Korp fjell (15% W.I.)

- Korp fjell prospect to be drilled in 2017 – only shallow zones targetted
- Prospects mapped on new 3D seismic – drill-ready
- Multi-billion barrel resource potential
- Structure aerial closures 3–4 times the size of Johan Sverdrup



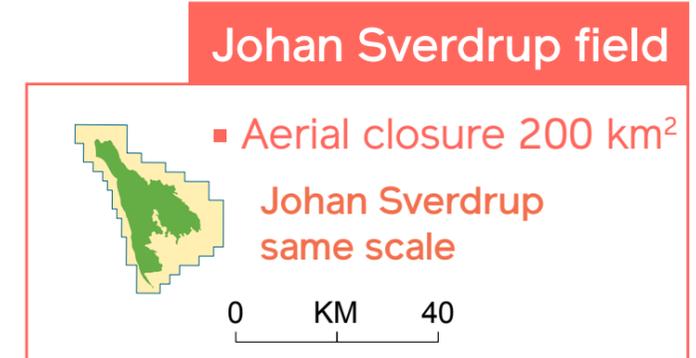
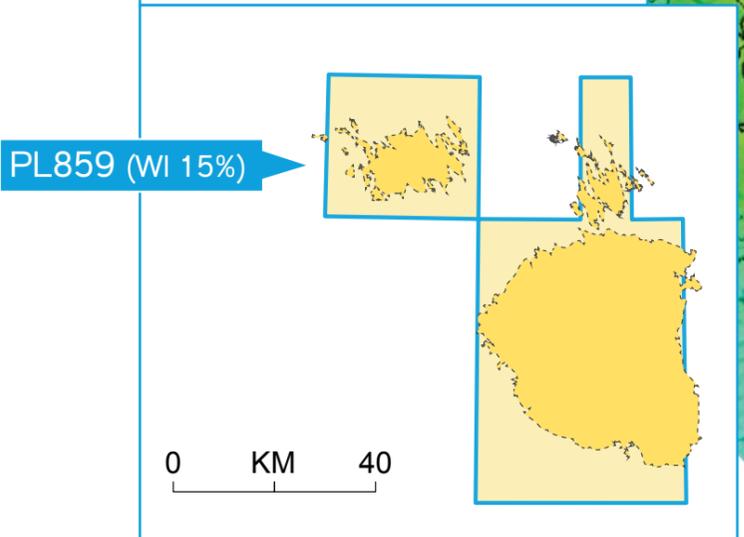
**Signalhornet Dome**

- Aerial closure 570 km<sup>2</sup>
- ~3 X Johan Sverdrup



**Haapet High**

- Aerial closure 850 km<sup>2</sup>
- > 4 X Johan Sverdrup



# 2016-2017 Drilling Schedule

Country	Licence - Prospect	Well type	Operator	LUPE WI %	2016		2017			
					Q3	Q4	Q1	Q2	Q3	Q4
1 Norway	PL609 - Alta-3 test	app	Lundin	40.00	Completed					
2 Norway	PL609 - Neiden re-entry	exp	Lundin	40.00		Discovery				
3 Norway	PL533 - Filicudi	exp	Lundin	35.00		Ongoing				
4 Norway	PL492 - Gohta-3	app	Lundin	40.00			Ongoing			
5 Norway	PL609 - Alta-4	app	Lundin	40.00				Ongoing		
6 Norway	PL609 - Børselv	exp	Lundin	40.00					Ongoing	
7 Norway	PL338 - EG appraisal	app	Lundin	65.00			Ongoing			
8 Norway	PL859 - Korpfjell	exp	Statoil	15.00					Ongoing	
9 Norway	PL150b - Volund West	exp	Aker BP	35.00				Ongoing		
10 Norway	J.S. Unit - Tonjer well	exp	Statoil	22.60			Ongoing			
1 Norway	Alvheim Hub	dev	Aker BP	15-35			Ongoing		Ongoing	
2 Norway	PL338 - Edvard Grieg	dev	Lundin	65.00	Ongoing					
3 Norway	JS Unit - Johan Sverdrup	dev	Statoil	22.60	Ongoing					

Netherlands exploration wells not included

# 2016 Summary

- ➔ Record production of 72,600 boepd with excellent operational uptime performance
- ➔ Record low cash operating costs of 7.8 USD/boe
- ➔ Reserves replacement ratio of 208%
- ➔ Liquidity headroom of ~ 1 billion USD
- ➔ High impact exploration drilling in 2017

# Disclaimer

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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 the information 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 "Risks and Risk Management" 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 are expressly qualified by this cautionary statement.

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