

Lundin Energy announces its 2021 budget, accelerated Decarbonisation Strategy and Capital Markets Day information

Lundin Energy AB (Lundin Energy and the Company) is pleased to announce its 2021 programme, with a capital budget of USD 1.2 billion and production guidance of between 170 to 190 thousand barrels of oil equivalent per day (Mboepd). The long-term production guidance is increased to over 200 Mboepd by 2023. The Company will achieve carbon neutrality for operational emissions from 2025, which is accelerated from the original target of 2030.

	2021 guidance	2020 results
Production	170 to 190 Mboepd	164.5 Mboepd
Operating cost	USD 3 per boe	USD 2.69 per boe
Development expenditure	MUSD 850	MUSD 640
Exploration and Appraisal expenditure	MUSD 260	MUSD 153
Renewables/Re-forestation Investments	MUSD 70	MUSD 96
Abandonment expenditure	MUSD 20	MUSD 53

Long-term guidance	Updated guidance	Previous guidance
Production	Over 200 Mboepd by 2023	170 to 180 Mboepd
Operating cost	USD 3 to 4 per boe	USD 3.2 to 4.2 per boe from 2021 onwards
Carbon neutral target	2025	2030

Production Guidance

The average production in 2020 was 165 Mboepd, which was at the top end of the original guidance range of between 145 and 165 Mboepd. Production for the fourth quarter of 2020 was 185 Mboepd, which was above guidance due to increased facilities capacity and high uptime performance at Edvard Grieg and Johan Sverdrup.

Lundin Energy's production guidance for 2021 is between 170 and 190 Mboepd. The range reflects that the current Johan Sverdrup Phase 1 facilities capacity of 500 thousand barrels of oil per day (Mbopd) gross is expected to increase up to 535 Mbopd from mid-2021 and that there will be additional facilities capacity available for the Edvard Grieg Area, as a result of the start of natural production decline at Ivar Aasen. The Edvard Grieg tie-back developments, Solveig Phase 1 and the Rolvsnes Extended Well Test (EWT), are expected to commence production in the third quarter 2021 and will contribute to maintaining plateau production through the facilities. The production contribution is split approximately 60 percent from the Johan Sverdrup field, 35 percent from the Greater Edvard Grieg Area and the remainder from the other assets.

The Company's production is expected to rise to over 200 Mboepd by 2023, reflecting the increased Johan Sverdrup full field plateau level of 720 Mbopd, once Phase 2 comes on stream in the fourth quarter of 2022, and the extended Greater Edvard Grieg Area production plateau period. The Company's long-term target is to sustain production levels of over 200 Mboepd with upsides from existing fields and potential new development projects.

Accelerated Decarbonisation Strategy

Lundin Energy is accelerating its Decarbonisation Strategy to target carbon neutrality for operational emissions from 2025, from the original target of 2030. This change is underpinned by good progress on the electrification of the Company's main assets, investments in renewable energy to replace electricity usage and now a commitment to invest in proprietary natural carbon capture projects to offset any residual, hard to abate emissions. Electrification of the Company's main assets will result in over 95 percent of oil and gas production being powered by electricity from shore by 2023 and committed renewables projects will generate electricity accounting for 60 percent of forecast peak electricity usage, with a plan for further investments to achieve 100 percent in 2023. To offset any residual emissions, the Company has entered into a partnership with Land Life

Company BV to plant approximately 8 million trees, investing MUS\$ 35 between 2021 and 2025, capturing approximately 2.6 million tonnes of CO₂.

The 2021 budget for renewables and reforestation investments is MUS\$ 70. This includes the Leikanger hydropower project in Norway, which is scheduled for final completion in the first half of 2021, the Metsälamminkangas (MLK) wind farm project in Finland that is due for completion at the start of 2022 and the first phase of the reforestation projects.

Development Budget

The 2021 development expenditure is budgeted at MUS\$ 850 and reflects the actions taken to defer activity from 2020 to 2021, due to the low oil prices in 2020.

Approximately 35 percent of the 2021 budgeted development expenditure relates to the non-operated Johan Sverdrup field (WI 20%). Development drilling for Phase 1 will continue throughout 2021, while the Phase 2 project will see the installations of the second processing platform jacket, a process module on the existing riser platform and subsea production facilities.

Approximately 55 percent of the budgeted development expenditure relates to activity in the Greater Edvard Grieg Area. The Edvard Grieg field (WI 65%) programme includes the drilling of three infill production wells and continuation of the electrification project, which will see the field powered from shore by late 2022. The Solveig Phase 1 (WI 65%) and Rolvsnes EWT (WI 80%) projects, will see the completion of the facilities installation and the start of development drilling in the second quarter, which will continue through to 2022.

Budgeted expenditure at the non-operated Alvheim area involves the drilling of two infill wells and development spend for the Kobra East/Gekko and Frosk tie-back projects, which are scheduled for sanction/PDO in mid-2021.

Exploration and Appraisal Budget

The exploration and appraisal budget for 2021 is MUS\$ 260 and involves the drilling of eight wells, seven of which remain to be drilled, with the programme targeting over 300 MMboe of net unrisks resources.

The Company also has nine potential new projects which are being prioritised for development within the temporary tax incentives that require a PDO to be submitted before the end of 2022. These potential projects are Solveig Phase 2 and Segment D (WI 65%), Lille Prinsen (WI 40%), Rolvsnes Full Field (WI 80%), Iving (WI 41%), Alta (WI 55%), Wisting (WI 10%), and the Alvheim Area projects of Kobra East/Gekko (WI 15%), and Frosk (WI 15%), which have net resources totalling approximately 200 MMboe. Approximately 50 percent of the exploration and appraisal budget is for drilling activities and engineering studies to de-risk these potential projects with the aim of maturing them to PDO within the time-line of the tax incentives.

Remaining 2021 exploration and appraisal well programme

Licence	Operator	Area	WI	Well
PL981	Lundin Energy	Utsira High	60%	Merckx
PL359	Lundin Energy	Utsira High	65%	Solveig Segment D
PL167	Lundin Energy	Utsira High	40% ⁽¹⁾	Lille Prinsen appraisal
PL976	Lundin Energy	Sele High	50%	Dovregubben
PL820S	MOL	East of Alvheim Area	41% ⁽¹⁾	Iving appraisal
PL1041	AkerBP	Alvheim Area	30%	Lyderhorn
PL722	Equinor	Southern Barents Sea	20%	Shenzhou

¹ Following completion of announced transactions

Abandonment Expenditure

The 2021 abandonment expenditure budget is MUS\$ 20 to finalise the Brynhild field decommissioning with the removal of the subsea facilities.

2021 Capital Markets Day information

Lundin Energy will be hosting its 2021 Capital Markets Day on 28 January 2021 at 14.00 CET (08.00 EST) via a webcast and conference call facility. The Capital Markets Day will include presentations by the Company's management team on its fourth quarter 2020 financial results, the business strategy, the 2021 budgeted development campaign, its exploration and appraisal programme and decarbonisation strategy. Please follow the event live at www.lundin-energy.com or dial in using the following telephone numbers with the pin code shown below:

UK/International: +44 2071 928338
Sweden: +46 8 566 184 67
Norway: +47 21 56 30 15
USA: +1 646 741 3167
Access Pin : 6247379
Webcast link: <https://edge.media-server.com/mmc/p/oz7b59c2>

Lundin Energy has grown from an oil and gas exploration company into an experienced Nordic energy developer and operator. We continue to explore new ideas, new concepts and new solutions to maintain our position as an industry leader in production efficiency, sustainability and decarbonisation. (NASDAQ Stockholm: LUNE). For more information, please visit us at www.lundin-energy.com or download our App www.myirapp.com/lundin

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This is information that Lundin Energy AB is required to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the contact persons set out above, at 07.30 CET on 28 January 2021.

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