Lundin Energy

Press Release

Stockholm, 12 January 2021

Lundin Energy announces resource additions of 210 percent of 2020 production

Lundin Energy AB (Lundin Energy) is pleased to announce that as at 31 December 2020, its proved plus probable net reserves (2P reserves) are 671 million barrels of oil equivalent (MMboe[1,2]) and its proved plus probable plus possible net reserves (3P reserves) are 826 MMboe. 2P reserves plus best estimate net contingent resources (total resource) are 946 MMboe, with a total resource replacement ratio[3] for 2020 of 210 percent.

Lundin Energy's 2P reserves as at 31 December 2020 are 670.9 MMboe and reflect a positive revision of 39.3 MMboe. The 3P reserves as at 31 December 2020 are 826.0 MMboe and reflect a positive revision of 30.0 MMboe. The best estimate net contingent resources (2C resources) as at 31 December 2020 are 275.5 MMboe, which is an increase of 90.2 MMboe from year end 2019. The total resource as at 31 December 2020 are 946.4 MMboe, which reflects additions of 129.4 MMboe from year end 2019, including asset acquisitions.

	2P Reserves	3P Reserves	Total Resource (2P + 2C)
End 2019	**693.3**	**857.5**	**878.6**
- Produced[4]	61.6	61.6	61.6
- Sales/+ Acquisitions	-	-	78.4
+ Revisions / Discoveries	39.3	30.0	51.0
End 2020	**670.9**	**826.0**	**946.4**
Replacement Ratio[3,5]	**64%**	**49%**	**210%**

The increase in 2P reserves relates primarily to the Edvard Grieg field, along with minor reserves additions at other assets. The increase in 2C contingent resources relates to the acquisition of interests in the Wisting and Alta discoveries in the southern Barents Sea, as well as exploration success at the Iving prospect in the Norwegian North Sea. Oil accounts for approximately 90 percent of Lundin Energy's total resource.

As announced in September 2020, gross 2P reserves at Edvard Grieg have been increased by 51 MMboe from year end 2019 (33 MMboe net to Lundin Energy), which lifts the gross 2P ultimate recovery for the field to 350 MMboe[6], representing an increase of 90 percent from the original PDO estimate. Gross 2P ultimate recovery for the Greater Edvard Grieg Area has therefore grown to 410 MMboe, which includes the Solveig Phase 1 and Rolvsnes Extended Well Test (EWT) tie-back developments. These additional reserves extend the plateau production period for the Greater Edvard Grieg Area by one year to late 2023, representing a five-year extension from the original PDO. Activity in the Greater Edvard Grieg Area will continue in 2021, with the drilling of three infill wells at Edvard Grieg, first oil from the two tie-back developments and further exploration drilling.

The Johan Sverdrup field continues to exceed expectations, with excellent reservoir performance and well productivities. The Phase 1 facility capacity has been increased to 500 thousand barrels of oil per day (Mbopd), with potential for a further increase, post modifications to the water injection system, which is planned in mid-2021. When Phase 2 comes on stream, scheduled for the fourth quarter of 2022, it is expected that the production capacity will be lifted to 720 Mbopd. More production experience is required to further understand the reservoir performance prior to any potential revisions to the reserves estimate.

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[1] BOE's 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 the value equivalency at the wellhead.
[2] The reserves were calculated using a nominal Brent oil price of USD 50 per barrel in 2021, 54 in 2022, 58 in 2023, 60 in 2024, and increasing by 2 percent per year thereafter.
[3] Total resource replacement ratio is the sum of 2P reserves revisions and 2C Contingent resources revisions including assets transactions divided by the yearly production.
[4] Reserves are measured in salable quantities (saleable oil, natural gas liquids and dry gas converted to oil equivalents), which may differ from production volumes provided in corporate reports which are given in wellhead production quantities (oil and rich gas converted to oil equivalents).
[5] As per industry standards the reserves replacement ratio is defined as the ratio of reserves additions to production during the year, excluding the effect of acquisitions and dispositions.
[6] 2P ultimate recovery is cumulative production to date plus remaining proved plus probable (2P) reserves.

In March 2020, Lundin Energy announced discoveries at the Iving and Evra prospects in in the Norwegian North Sea, close to the Balder and Ringhorne fields. The discoveries are estimated to contain between 12 and 71 MMboe of gross resources and will be further appraised in 2021.

In October 2020, Lundin Energy announced the acquisition of a 10 percent working interest in the Wisting oil discovery and a further 15 percent working interest in the operated Alta discovery, both located in the Southern Barents Sea. Equinor, the operator of Wisting in the development phase, is targeting a PDO by end 2022, to benefit from the temporary tax incentives established by the Norwegian Government in June 2020. The transaction adds 2C resources of 78 MMboe.

The reserves estimates have been audited by ERCE, a third-party independent reserves auditor, and have been calculated using the 2018 Petroleum Resource Management System (SPE PRMS) Guidelines of the Society of Petroleum Engineers (SPE), World Petroleum Congress (WPC), American Association of Petroleum Geologists (AAPG) and Society of Petroleum Evaluation Engineers (SPEE). The contingent resource estimates associated with the Edvard Grieg, Alvheim area, Johan Sverdrup, Solveig and Rolvsnes assets have been audited by ERCE. For the other assets, the contingent resource volumes are based on management estimates.

Nick Walker, President and CEO of Lundin Energy, commented:
"Growth and value creation are the key drivers for our business, and I am pleased that in a year when our production almost doubled, we were still able to deliver total resource additions of over two times our produced barrels. Our strong track record of growing the business continues, as we have now achieved a total resource replacement of 150 percent of our production over the last five years.

"Our growth strategy is underpinned by our world class producing assets which continue to outperform, a pipeline of potential new projects that we are prioritising for development within the new tax environment and an exciting exploration portfolio. With our 2021 programme already underway, I am confident that we will deliver another year of resource growth."

For further information, please contact:

Edward Westropp
VP Investor Relations
Tel: +41 22 595 10 14
edward.westropp@lundin-energy.com

Robert Eriksson
Head of Media Communications
Tel: +46 701 11 26 15
robert.eriksson@lundin-energy.com

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