

Lundin
Energy



2021 Opening Tax Balances & Fiscal Terms Overview

Lundin Energy Assets

Disclaimer

Economics Assumption

All balances as at 01.01.2021

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 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.

Norway

Overview

- **Concession Regime**
- **Corporate Tax (CT) Rate: 22%**
- **Special Petroleum Tax (SPT) Rate: 56%**
- **Payment Schedule for CT and SPT**
 - Mid year 1: fix equal instalments 1-3 paid in Aug, Oct, Dec Year 1
 - Year End 1: fix equal instalments 4-6 paid in Feb, April, Jun Year 2
 - November Year 2: last residual reconciliation payment
- **E&A Tax Refund⁽¹⁾**
 - For Year 1: Paid end Year 2
- **Depreciation**
 - CT: 6 year straight line
 - SPT:
 - Temporary regime for 2020-2021 CAPEX⁽²⁾: full depreciation in Year 1
 - Normal regime: 6 year straight line
- **Uplift on SPT**
 - Temporary regime for 2020-2021⁽²⁾: full 24% uplift in Year 1
 - Normal regime: 4 year straight line
 - 21.6% for all CAPEX 2017
 - 21.2% for all CAPEX 2018
 - 20.8% for all CAPEX for 2019 onward (except 2020-2021)



⁽¹⁾ Tax losses under the temporary 2020-2021 tax regime will be refunded as per the instalment schedule

⁽²⁾ Temporary regime applies to all CAPEX in 2020-2021 and then to CAPEX related to projects whose PDOs are submitted by end 2022 and approved by end 2023 (until project start-up as defined in the PDO)

Norway

Opening Balances

Million NOK

Historic Capital Expenditure Net to Lundin Energy MNOK	2016	2017	2018	2019	2020
Alvheim	229	143	165	63	406
Volund	168	309	10	113	19
Boyla	13	4	18	120	1
Edvard Grieg	1,522	1,534	929	238	787
Ivar Aasen	86	39	17	27	26
Johan Sverdrup	4,685	4,931	3,822	3,894	2,795
Rolvsnes	-	-	9	421	627
Solveig	-	-	9	943	1,219
Total Expenditure	6,747	6,959	4,979	5,818	5,876

01.01.2021 Balances Net to Lundin Energy	MNOK
SPT Tax Loss	-
CT Tax Loss	-
E&A Refund paid Dec. 2020	-

Norway

Depreciation Schedule from 2016-2020 CAPEX

MNOK	2016	2017	2018	2019	2020
Past CAPEX	6,747	6,959	4,979	5,818	5,876

Depreciation schedule - CT	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
2016 Capex	1,124	1,124	1,124	1,124	1,124	1,124				
2017 Capex	-	1,160	1,160	1,160	1,160	1,160	1,160			
2018 Capex	-		830	830	830	830	830	830		
2019 Capex	-			970	970	970	970	970	970	
2020 Capex	-				979	979	979	979	979	979
Total	1,124	2,284	3,114	4,084	5,063	5,063	3,939	2,779	1,949	979

Depreciation schedule - SPT	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
2016 Capex	1,124	1,124	1,124	1,124	1,124	1,124				
2017 Capex	-	1,160	1,160	1,160	1,160	1,160	1,160			
2018 Capex	-		830	830	830	830	830	830		
2019 Capex	-			970	970	970	970	970	970	
2020 Capex	-				5,876					
Total	1,124	2,284	3,114	4,084	9,960	4,084	2,959	1,799	970	

Net CT Fiscal Value (end 2020, MNOK) @22%	3,236
Net SPT Fiscal Value (end 2020, MNOK) @56%	5,495

Norway

SPT Uplift Schedule from 2018-2020 CAPEX

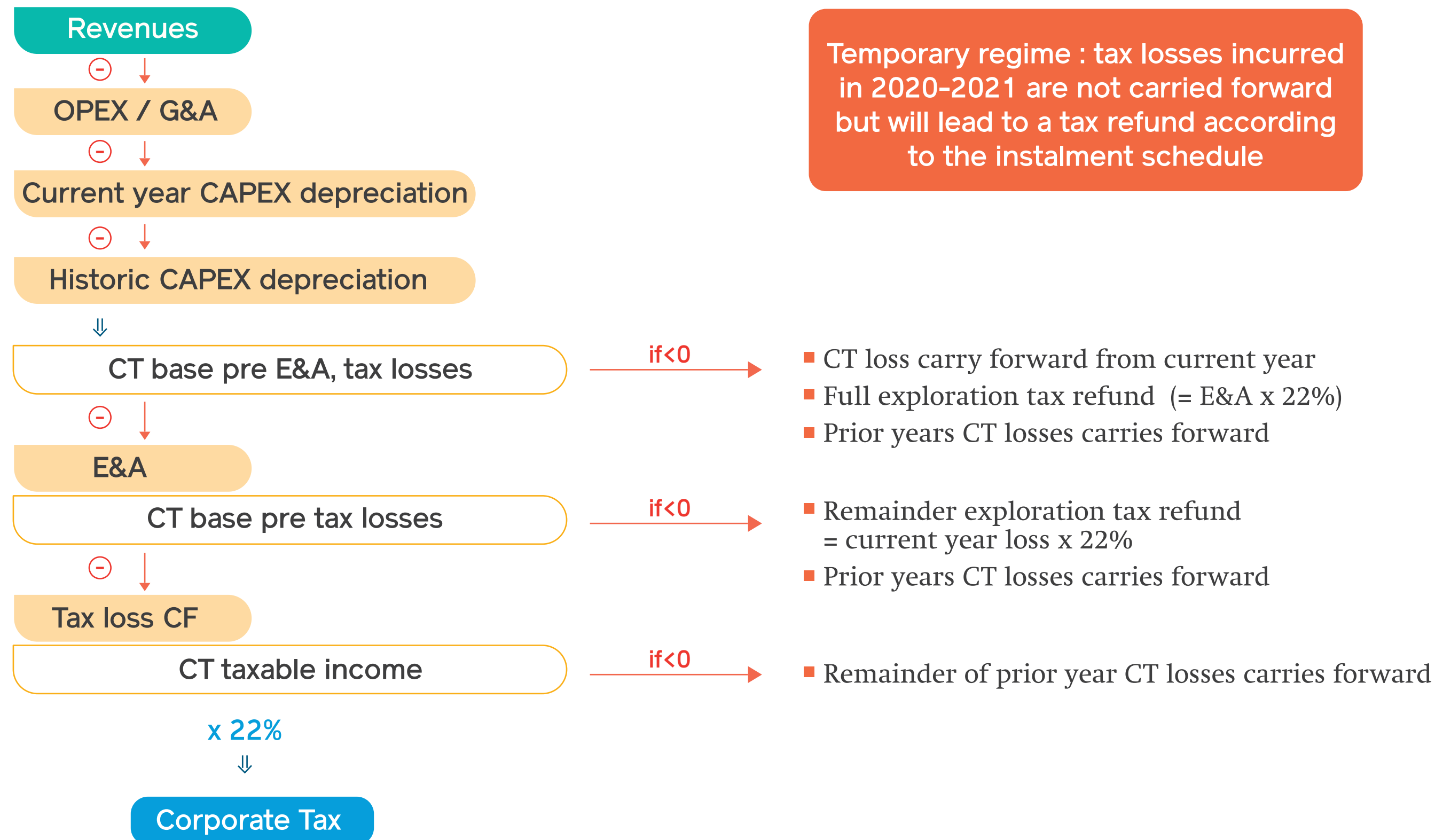
MNOK	Uplift %	2018	2019	2020
2018 Capex	21.2%	4,979		
2019 Capex	20.8%		5,818	
2020 Capex	24.0%			5,876

Uplift schedule - SPT	2018	2019	2020	2021	2022
2018 Capex	264	264	264	264	
2019 Capex		303	303	303	303
2020 Capex			1,410		
Total	264	566	1,977	566	303

Net Upift Fiscal Value (end 2020, MNOK) @ 56%	487
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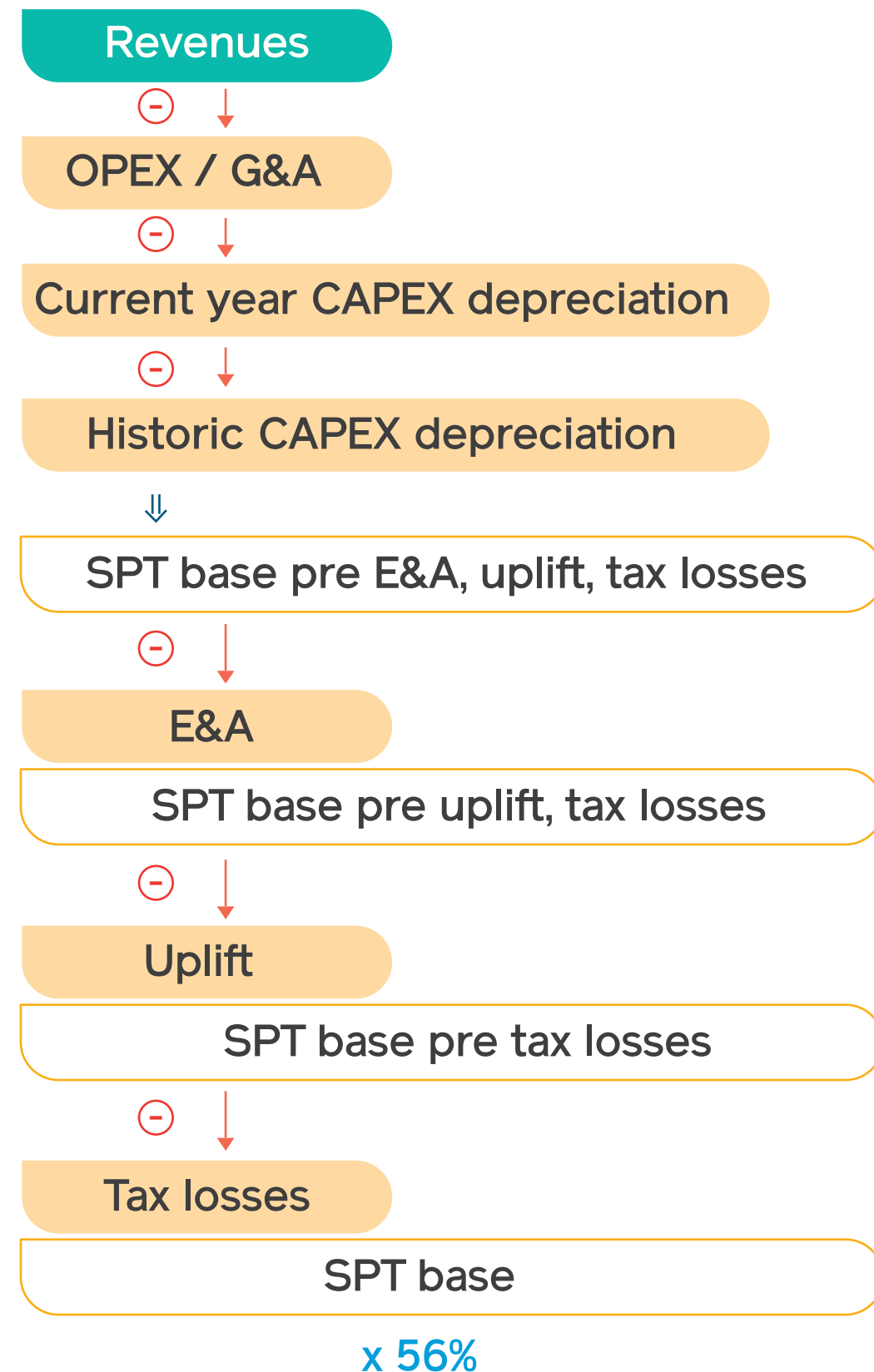
Norway

Corporate Tax



Norway

Special Petroleum Tax



Temporary regime : tax losses incurred in 2020-2021 are not carried forward but will lead to a tax refund according to the instalment schedule

- if < 0 →
 - SPT loss carries forward from current year
 - Full exploration tax refund (= E&A x 56%)
 - SPT uplift current year carries forward
 - Prior years SPT losses carries forward
- if < 0 →
 - Remainder exploration tax refund = current year loss x 56%
 - SPT uplift current year carries forward
 - Prior years SPT losses carries forward
- if < 0 →
 - Remainder SPT uplift current year carries forward
 - Prior years SPT losses carries forward
- if < 0 →
 - Remainder prior years SPT losses carries forward

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