

Operations & Financial Update

First Six Months 2018



Alex Schneider, President & CEO

Teitur Poulsen, CFO

31 July 2018



First Six Months 2018

Highlights

Strong Production

- 1H 2018: **82.1** Mboepd
- Q2 2018: **81.2** Mboepd
- Increased guidance: **78–82** Mboepd

Low Operating Costs

- 1H 2018: **3.30** USD/boe
- Reduced guidance: **<4** USD/boe

Financial Performance

- Record high quarterly EBITDA & OCF
- 2018: **4** SEK/sh dividend
- 2019: **≥350** MUSD dividend
- Re-negotiated RBL facility

Edvard Grieg

- Strong reservoir performance
- **97%** production efficiency

Johan Sverdrup

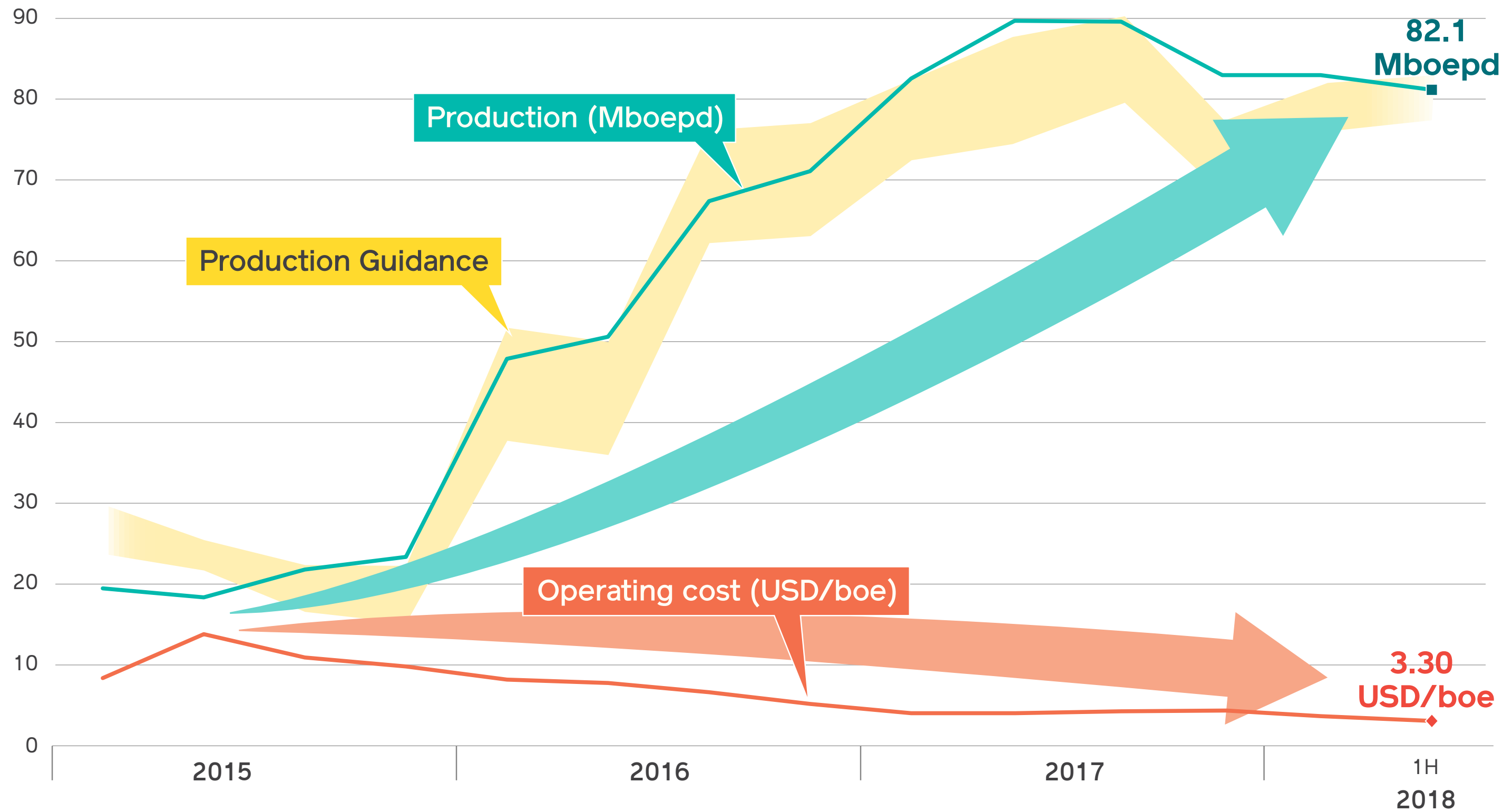
- Phase 1 **~75%** complete
- **2** platforms installed
- Firmly on track for **first oil** late 2019

Growth Opportunities

- Frosk, Lille Prinsen & Luno II successes
- Rolvsnes & Alta ongoing
- **15** exploration/appraisal wells

Lundin Petroleum

Production vs Operating Costs

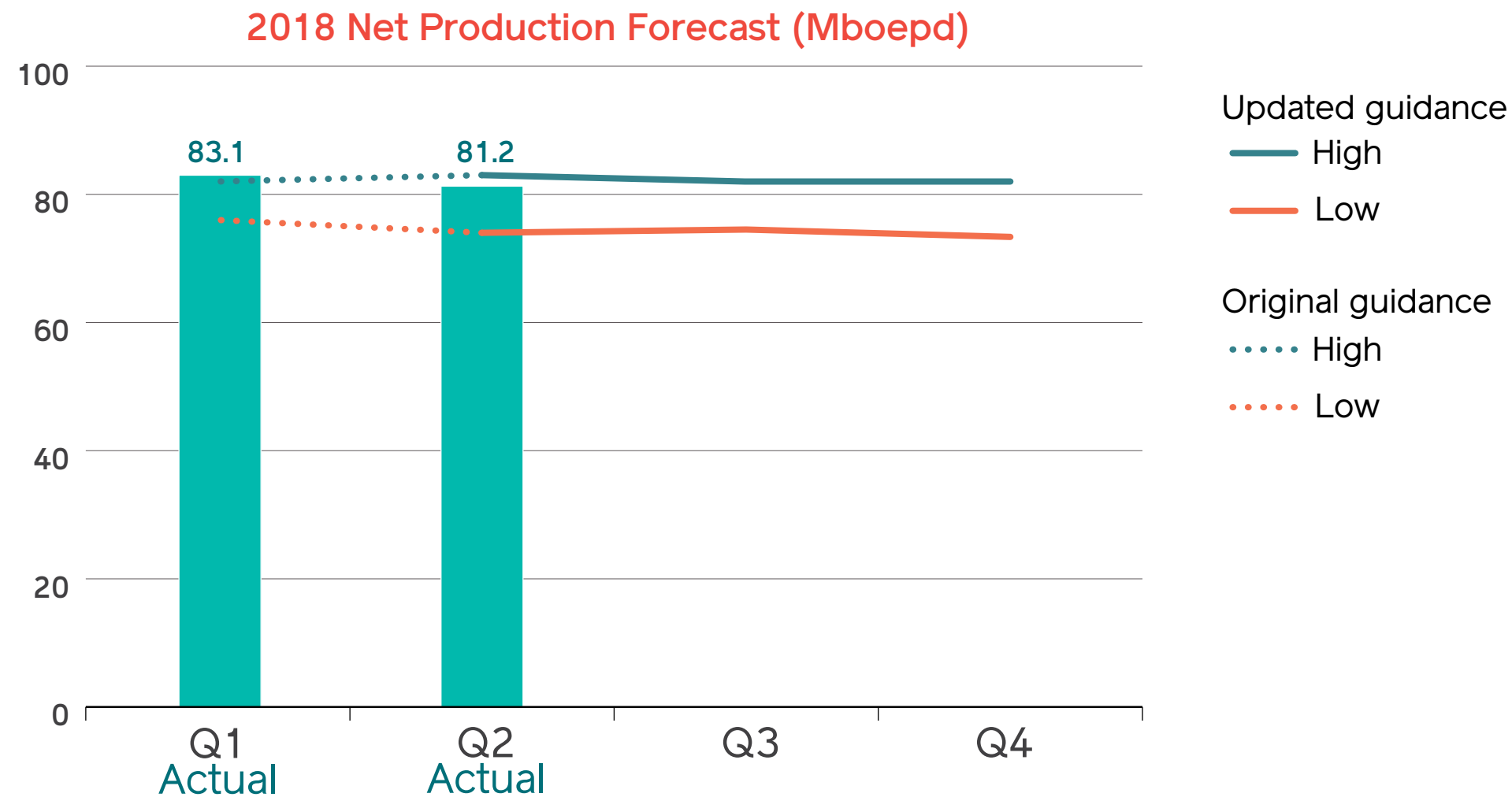


Excludes international assets

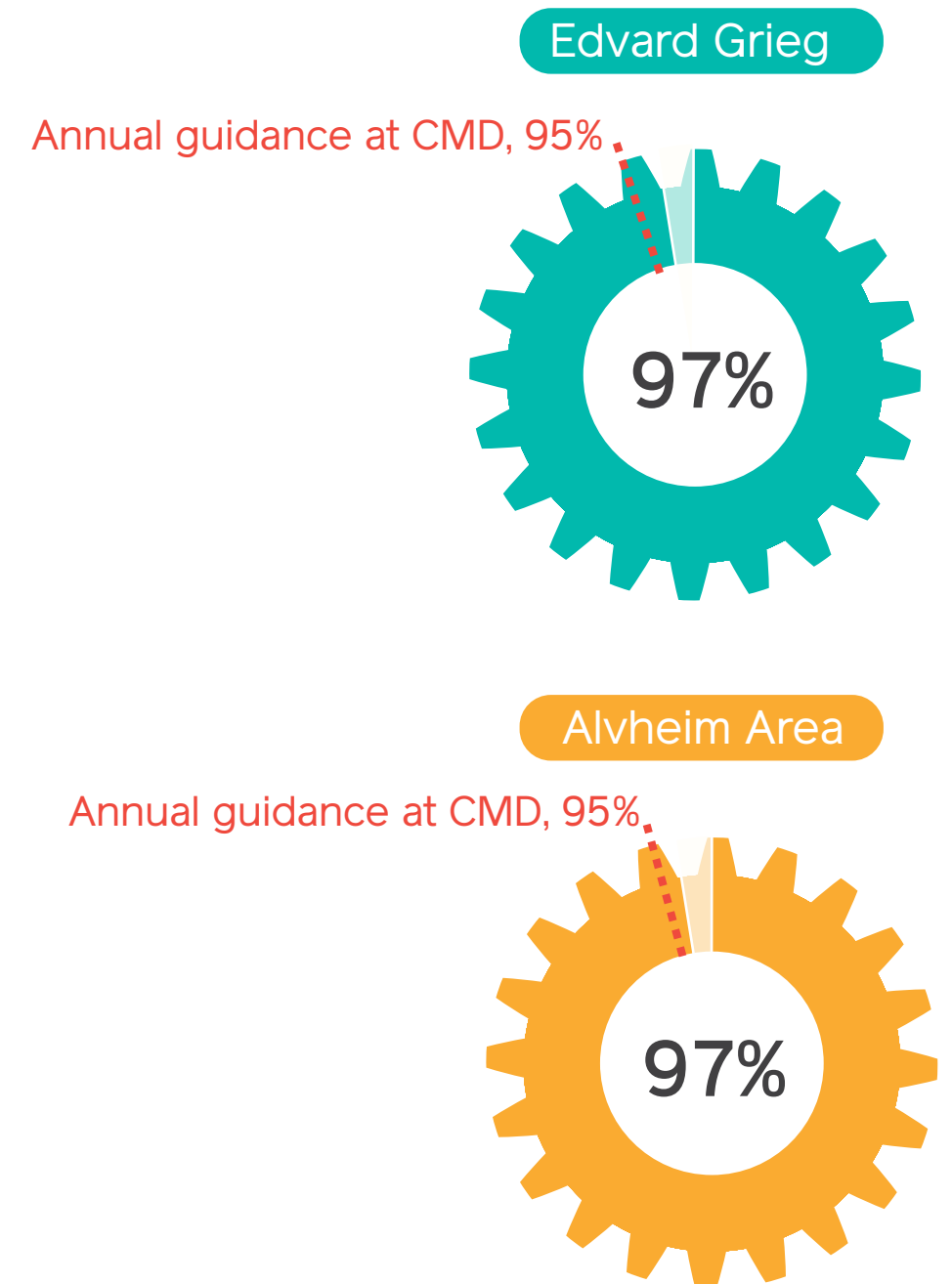
Lundin Petroleum

2018 Production

- 1H 2018 production of 82.1 Mboepd
 - ➔ 4% above mid-point and top of guidance range
 - ➔ Underpinned by strong facilities and reservoir performance
- 2018 production guidance updated
 - ➔ Updated guidance: 78 – 82 Mboepd
 - ➔ Original guidance: 74 – 82 Mboepd



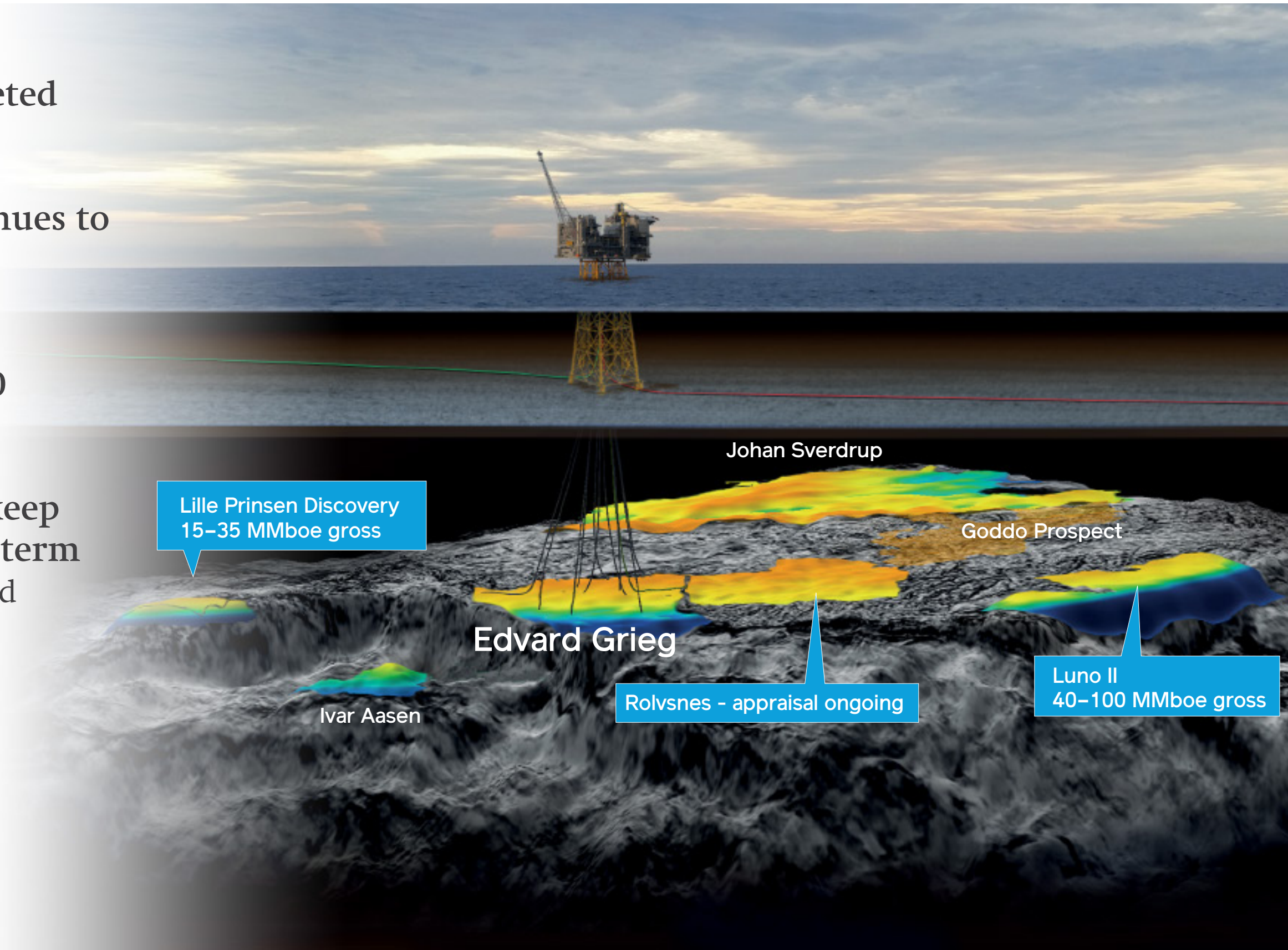
2018 Production Efficiency



Edvard Grieg

Update

- 14 PDO planned wells completed
 - ➔ Rig de-mobilised
- Reservoir performance continues to exceed expectations
 - ➔ No material water production
- Infill drilling planned in 2020
 - ➔ 4D seismic survey in Q3 2018
- Pipeline of opportunities to keep Edvard Grieg full in the long-term
 - ➔ Successful Luno II appraisal and Lille Prinsen oil discovery
 - ➔ Rolvsnes appraisal ongoing



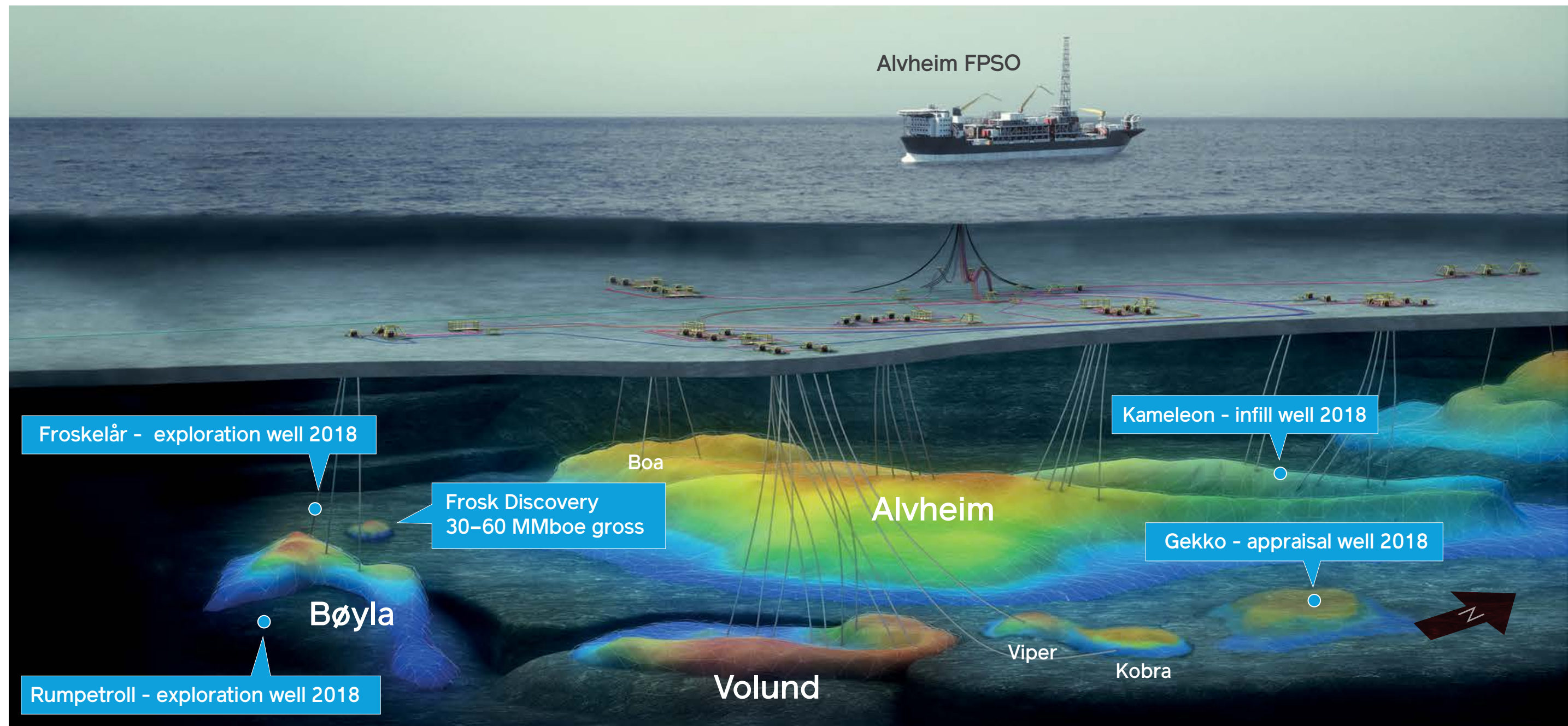
Alvheim Area Update

- ➔ 2 Boa infill wells hooked-up and online Q1 2018
- ➔ Kameleon infill well currently drilling

- ➔ Frosk exploration success Q1 2018
- 2 follow-up wells

OPEX 4.22 USD/boe^(a)

- ➔ 1 appraisal well in 2018



Johan Sverdrup Phase 1 Update

PROJECT SCHEDULE	COST REDUCTION	RESOURCE LEVEL	PRE-DRILLED WELLS	KEY DATE
~75% complete	Capex reduced to 88 Bn NOK ⁽¹⁾	2.1–3.1 billion boe	Drilling ahead of schedule 8 producers 10 water injectors	First oil late 2019

Working Interest – Johan Sverdrup Unit

Equinor	40.0267%
Lundin	22.6000%
Petoro	17.3600%
Aker BP	11.5733%
Total	8.4400%



WF12451_Q2_p06_07.18

⁽¹⁾ Nominal, FX assumption USD:NOK 6.00

Johan Sverdrup

Phase 1 - Key Milestones Being Delivered on Schedule

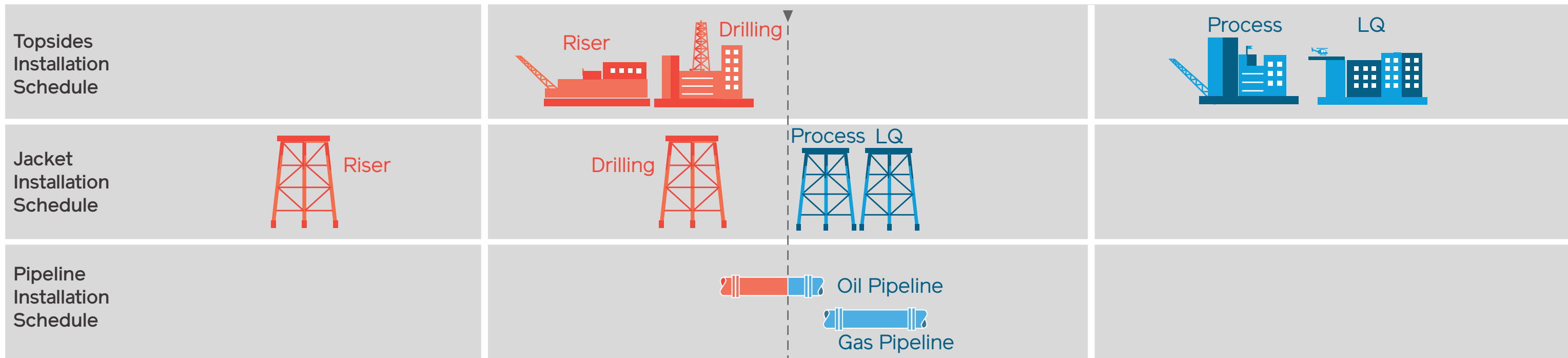
2017

2018

Phase 2
PDO

2019

On track for Phase 1
First Oil
Late 2019



~75% complete

■ Installation completed

Johan Sverdrup Phase 2 Update

FEED COMPLETED

Key contracts
awarded

COSTS

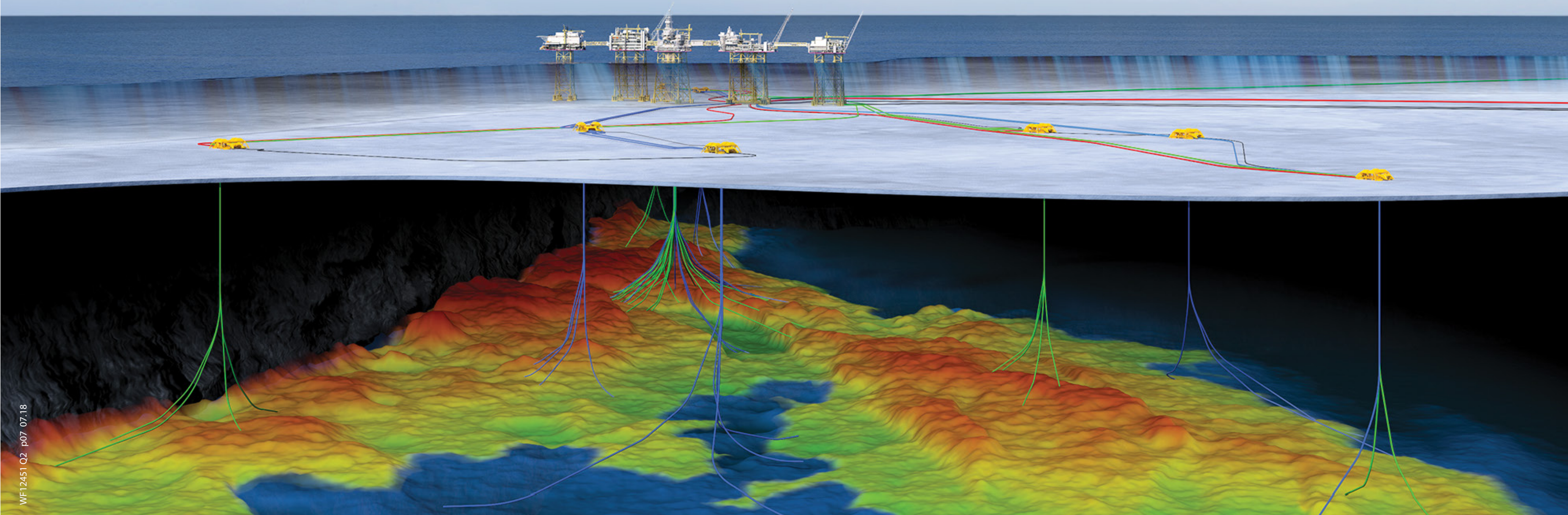
~50% reduction
from Phase 1 PDO
<45 BNOK

BREAK EVEN PRICE

Full Field
<20 USD/boe

KEY DATES

Phase 2 PDO -
before September 2018
First oil - 2022



Lundin Petroleum

Appraisal - Progressing Resources to Reserves

- ➔ **Luno II appraisal success**
 - ➔ Gross resources increased to 40 – 100 MMboe
 - ➔ PDO early 2019
- ➔ **Rolvsnes appraisal drilling/testing in 2018 - operations ongoing**
 - ➔ De-risks larger area potential
- ➔ **Alta/Gohta appraisal drilling/testing**
 - ➔ Alta EWT drilling completed, currently testing
- ➔ **Frosk discovery**
 - ➔ 2 follow-up wells in 2H 2018
 - ➔ Frosk long-term production test in 2019
- ➔ **Lille Prinsen discovery**
 - ➔ Appraisal planned in 2019



Net Contingent Resources

>200 MMboe

Alta/Gohta Appraisal

Alta EWT

DRILLING

Horizontal well for EWT completed

WELL RESULTS

Better reservoir quality than prognosed

TESTING

Two month production test ongoing



Lundin Petroleum Exploration Programme

Southern Barents Sea
3 exploration wells in 2018

➤ **2018 programme - 11 wells**

- Targeting net unrisked resources of ~600 MMboe
- 2 oil discoveries out of 3 wells drilled - Frosk and Lille Prinsen
- Programme update - 2 follow-up wells to Frosk discovery

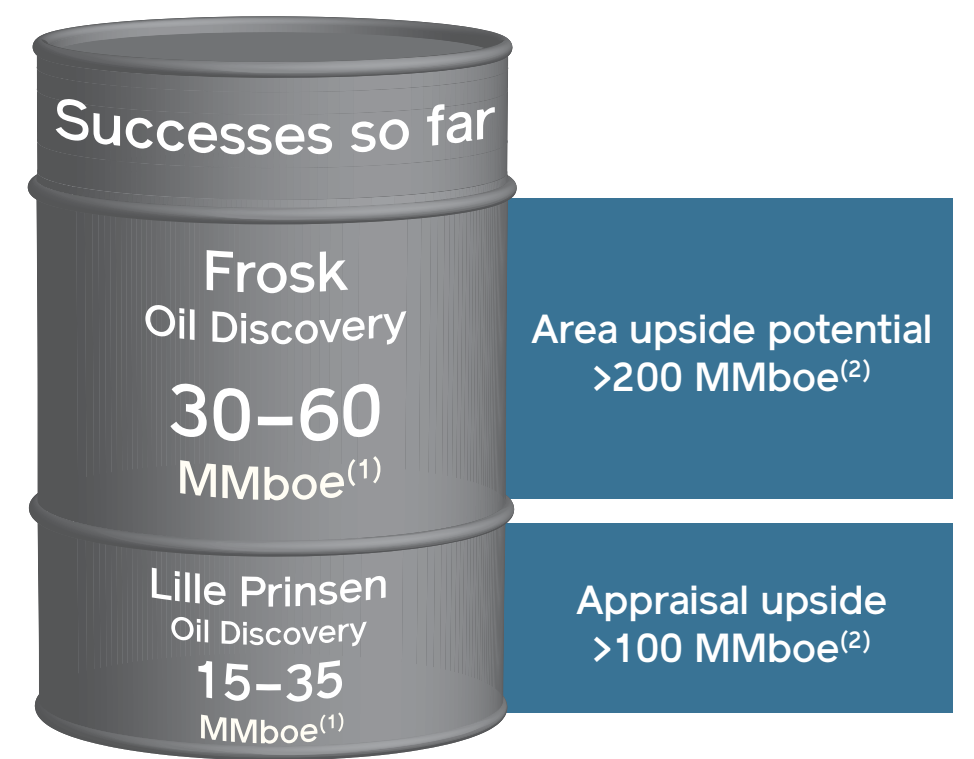
Frøya High/Froan Basin
1 exploration well in 2018

Tampen/Horda Platform
1 exploration well in 2018

Alvheim Area
3 exploration wells in 2018

Utsira High
2 exploration well in 2018

Mandal High
1 exploration well in 2018



⁽¹⁾ Gross resources
⁽²⁾ Gross unrisked prospective resources

First Six Months 2018

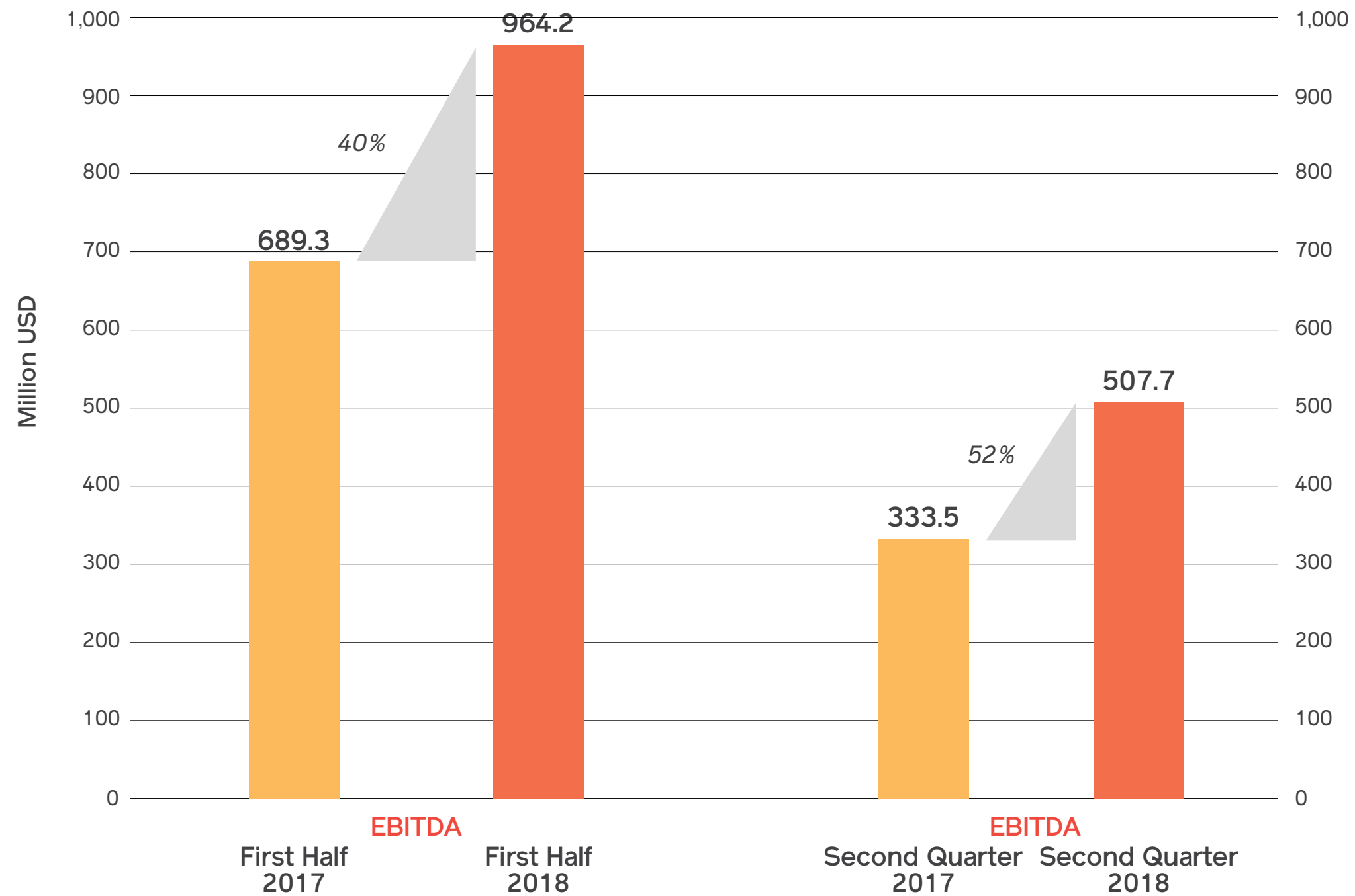
Financial Highlights

	Second Quarter 2018	First Half 2018
Production (boepd)	81.2	82.1
Average Brent oil price (USD/boe)	74.39	70.58
Operating costs (USD/boe)	2.78	3.30
EBITDA (MUSD)	507.7	964.2
Operating cash flow (MUSD)	505.8	967.6
Free cash flow (MUSD)	89.2	261.0
Net result (MUSD)	36.0	264.8

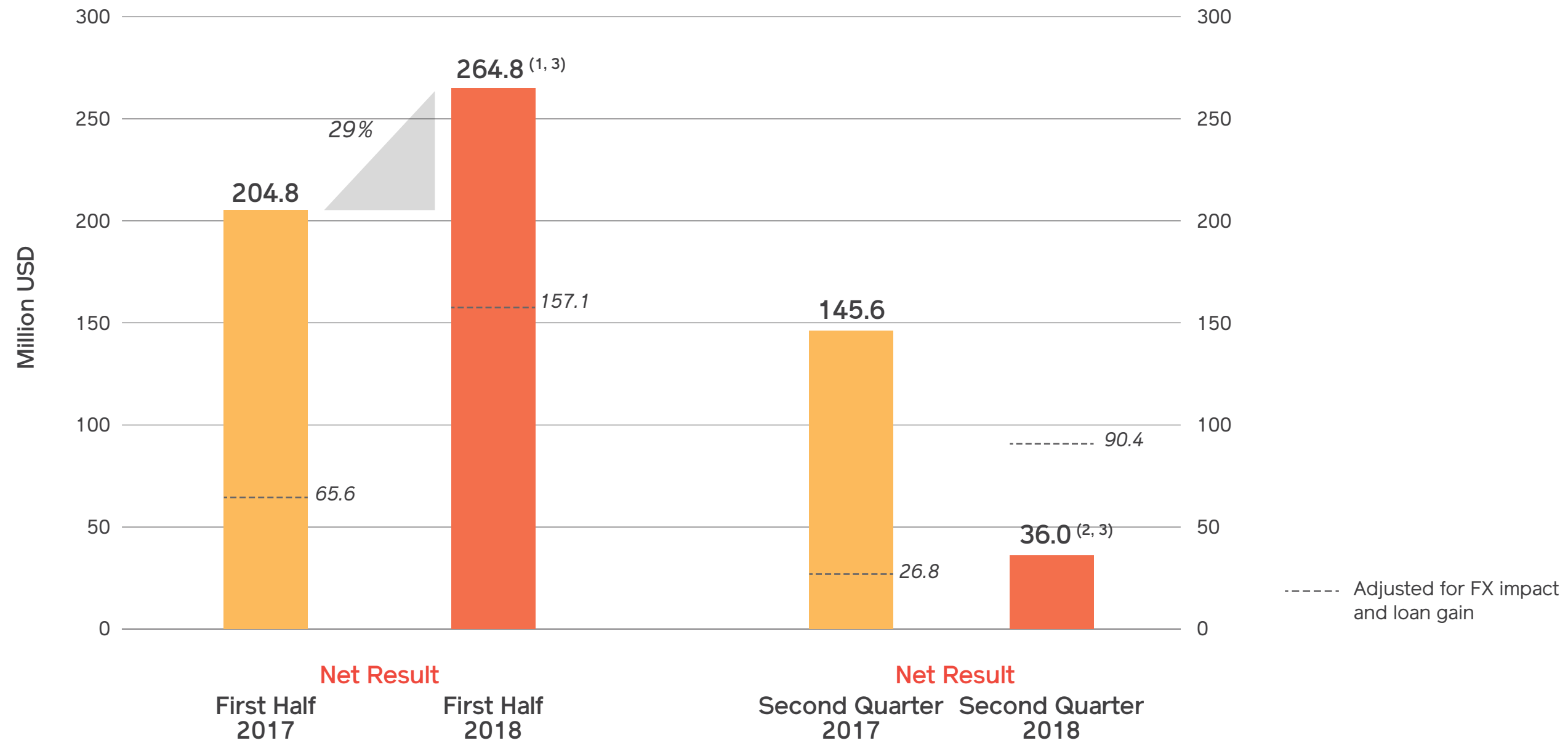
First Six Months 2018 Financial Results



First Six Months 2018 Financial Results



First Six Months 2018 Financial Results



⁽¹⁾ Includes decrease in net foreign exchange gain compared to first half 2017 of MUSD 129.6

⁽²⁾ Includes decrease in net foreign exchange gain compared to second quarter 2017 of MUSD 271.3

⁽³⁾ Includes post tax accounting gain on loan modification of MUSD 98.1

First Six Months 2018

Financial Results - Loan Modification Gain

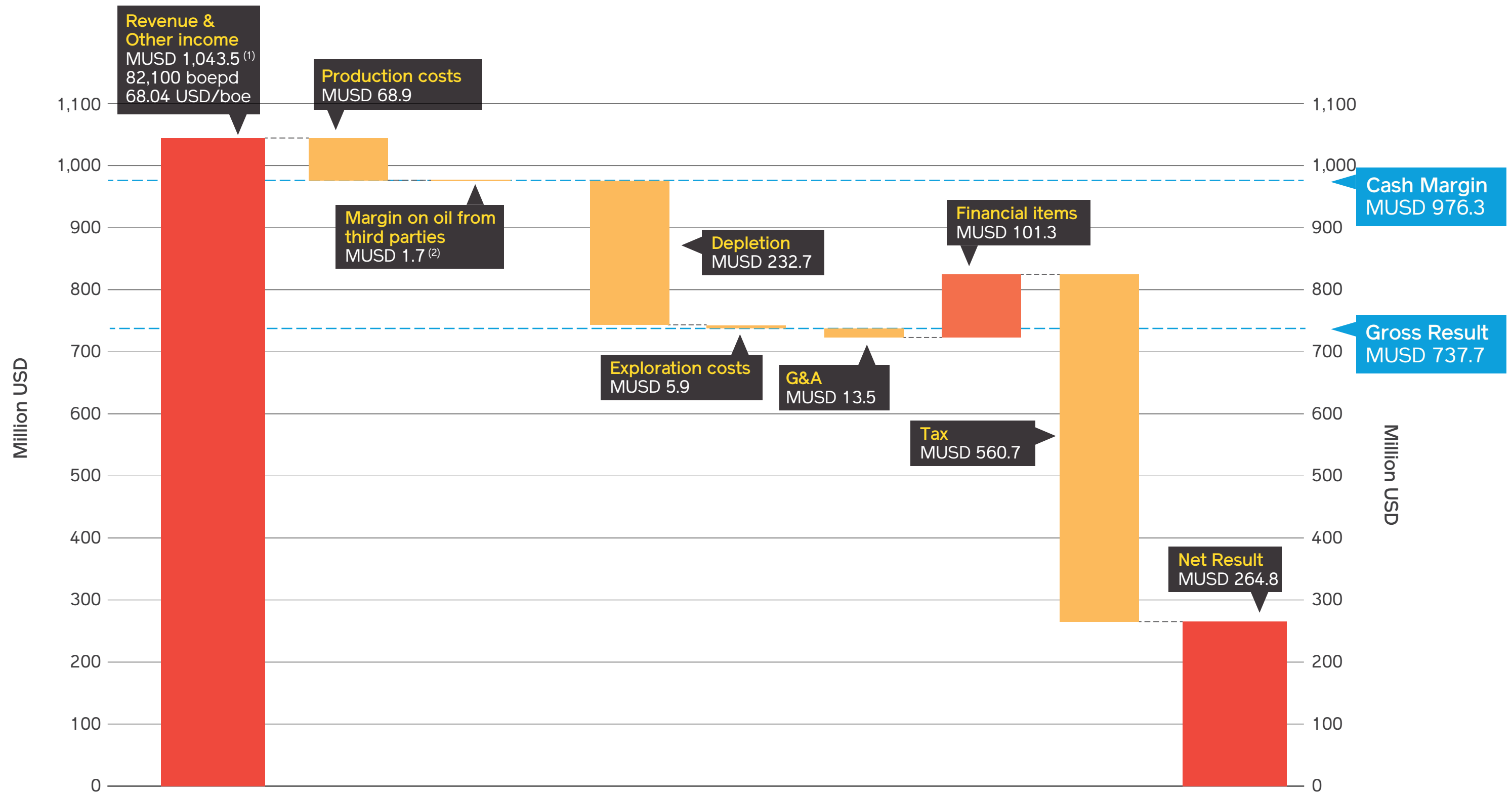
- Improved borrowing terms re-negotiated for RBL facility – effective as of 1 June 2018
- Interest rate margin over LIBOR from 3.15 percent to 2.25 percent
- Commitment fees from 1.26 percent to 0.90 percent
- Accounting treatment of improved borrowing terms falls under IFRS 9

	<i>MUSD</i>	Gain
Gain calculated based on change in NPV value of future payments under facility	183.7	
Offsetting loan modification fees	-17.3	
Net accounting gain on loan modification	166.4	
Deferred tax charge	-68.3	
Post tax gain	98.1	

- Loan modification gain unwinds to income statement over remaining period of the facility

First Six Months 2018

Financial Results

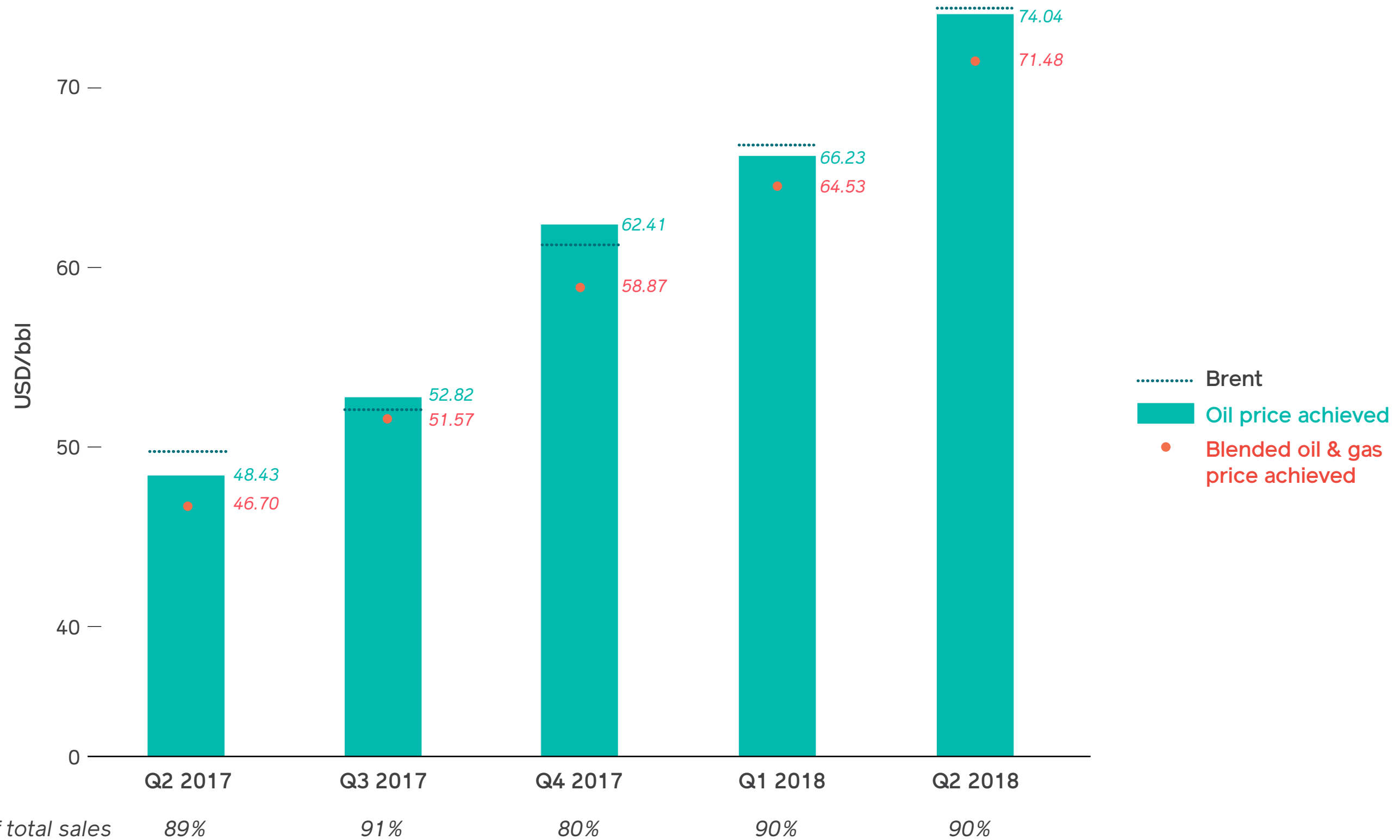


⁽¹⁾ Revenue and other income includes changes in under/overlift positions and excludes revenue from third party activities

⁽²⁾ Margin consists of revenue from third party activities (MUSD 326.5) less other costs of sales (MUSD 324.8)

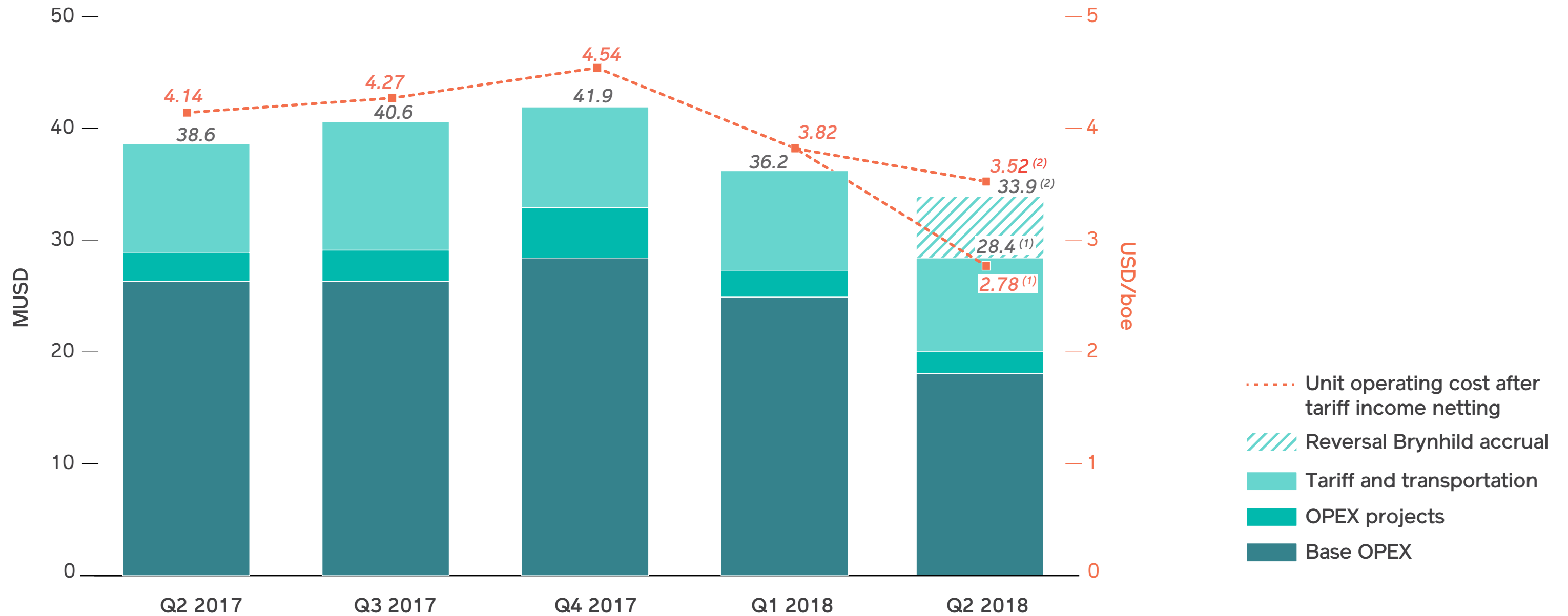
First Six Months 2018

Realised Prices



First Six Months 2018

Quarterly Operating Costs



⁽¹⁾ Includes the reversal of an accrual from the Brynhild field of MUSD 5.5

⁽²⁾ Excludes the reversal of an accrual from the Brynhild field of MUSD 5.5

First Six Months 2018

G&A / Financial Items

	Second Quarter 2018 MUSD	First Half 2018 MUSD
General & Administration Expenses		
General & administration	5.8	11.1
Long Term Incentive Plan	1.4	2.4
	7.2	13.5
Net Financial Cost Items		
Foreign exchange gain ⁽¹⁾	152.5	-9.6
Loan modification gain netted ⁽²⁾	-166.4	-166.4
Interest expense ⁽³⁾	24.6	49.1
Interest expense hedge	-0.3	1.7
Loan commitment fees	3.3	6.8
Amortisation of loan fees	4.6	9.2
Other	3.8	7.9
	22.1	-101.3

⁽¹⁾ Includes MUSD 7.6 gain on settled currency hedges

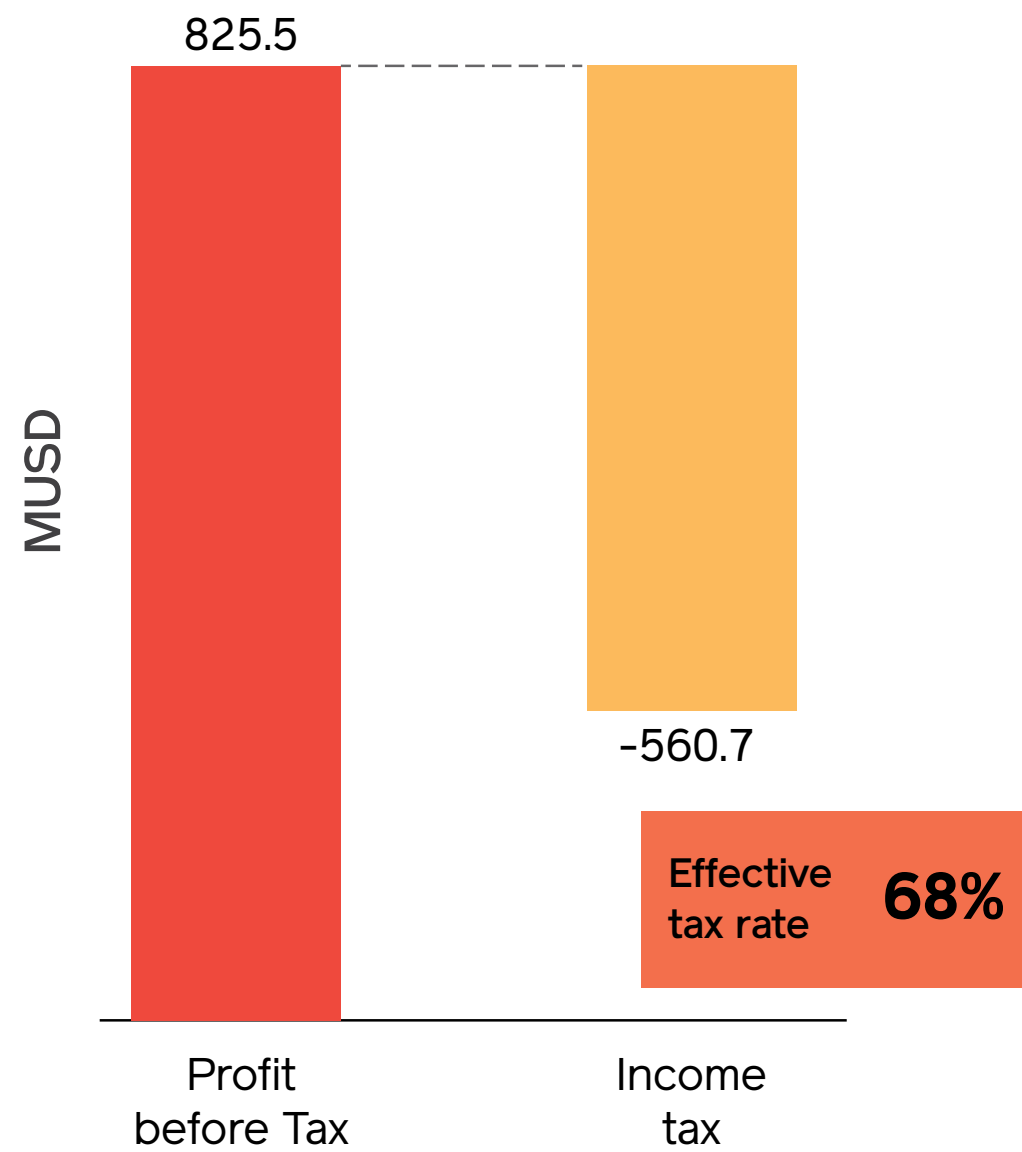
⁽²⁾ Loan modification gain of MUSD 183.7 offset by loan modification fees of MUSD 17.3

⁽³⁾ An additional amount of interest expense of MUSD 43.1 has been capitalised in the reporting period

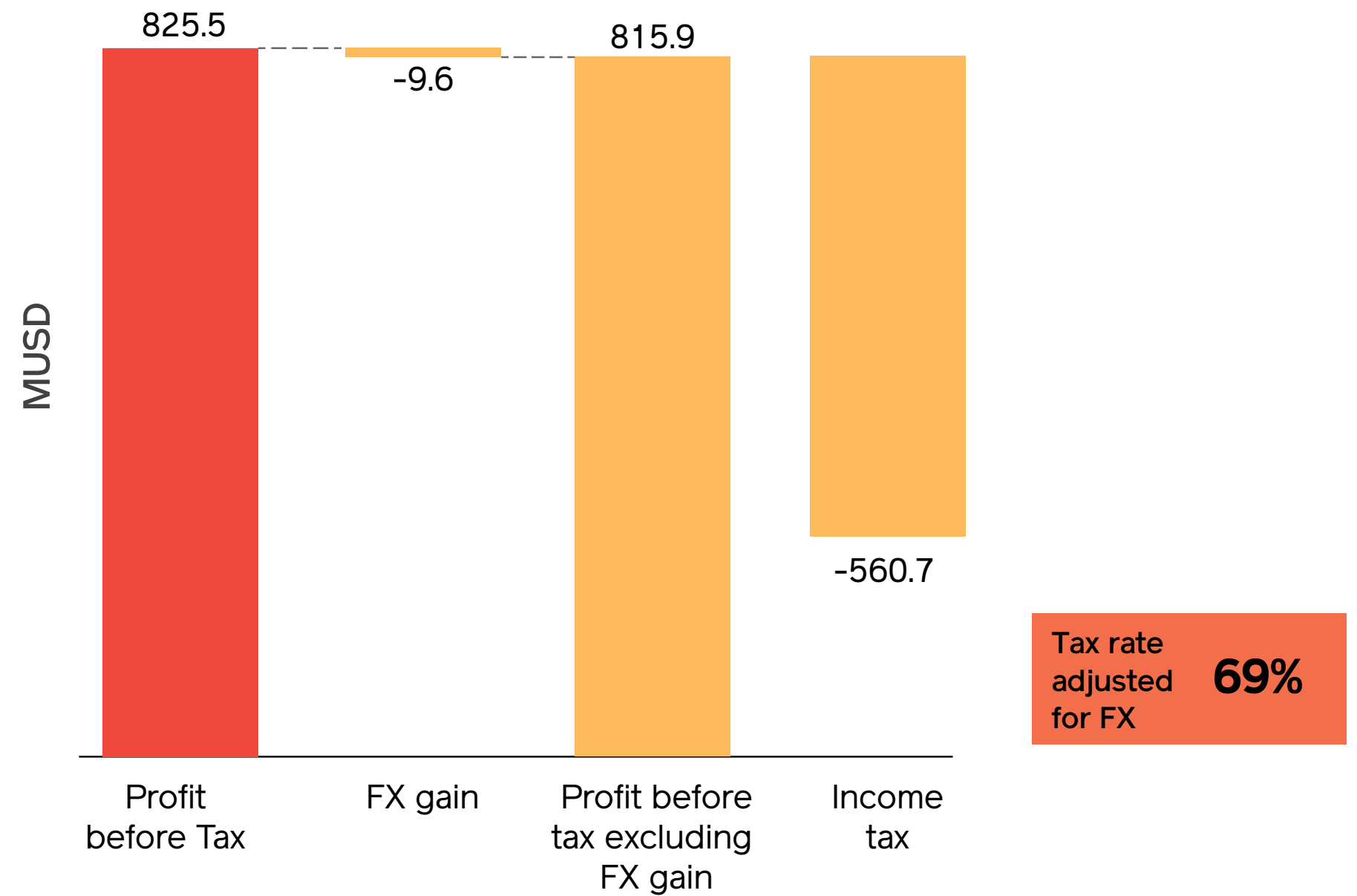
First Six Months 2018

Income Taxes

INCOME STATEMENT

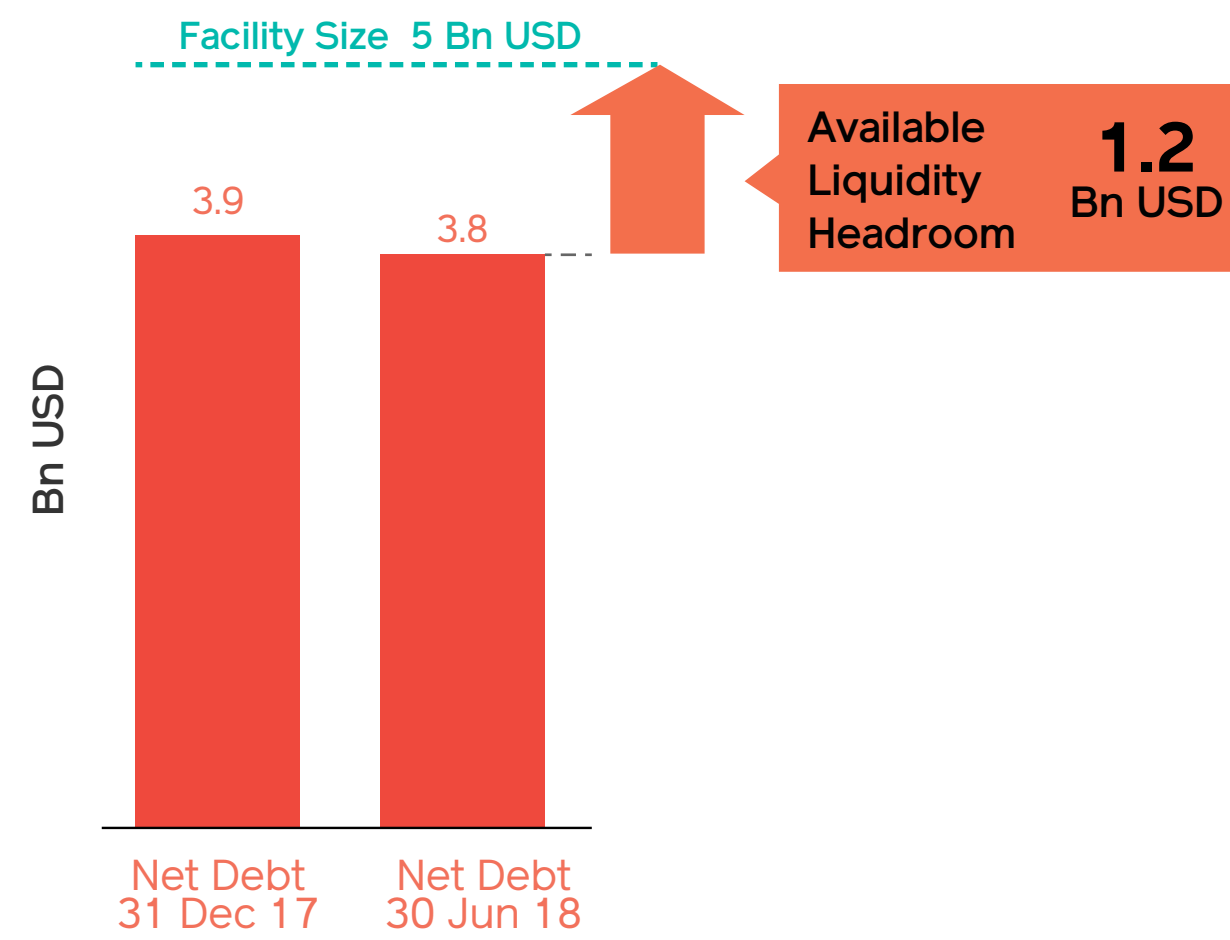
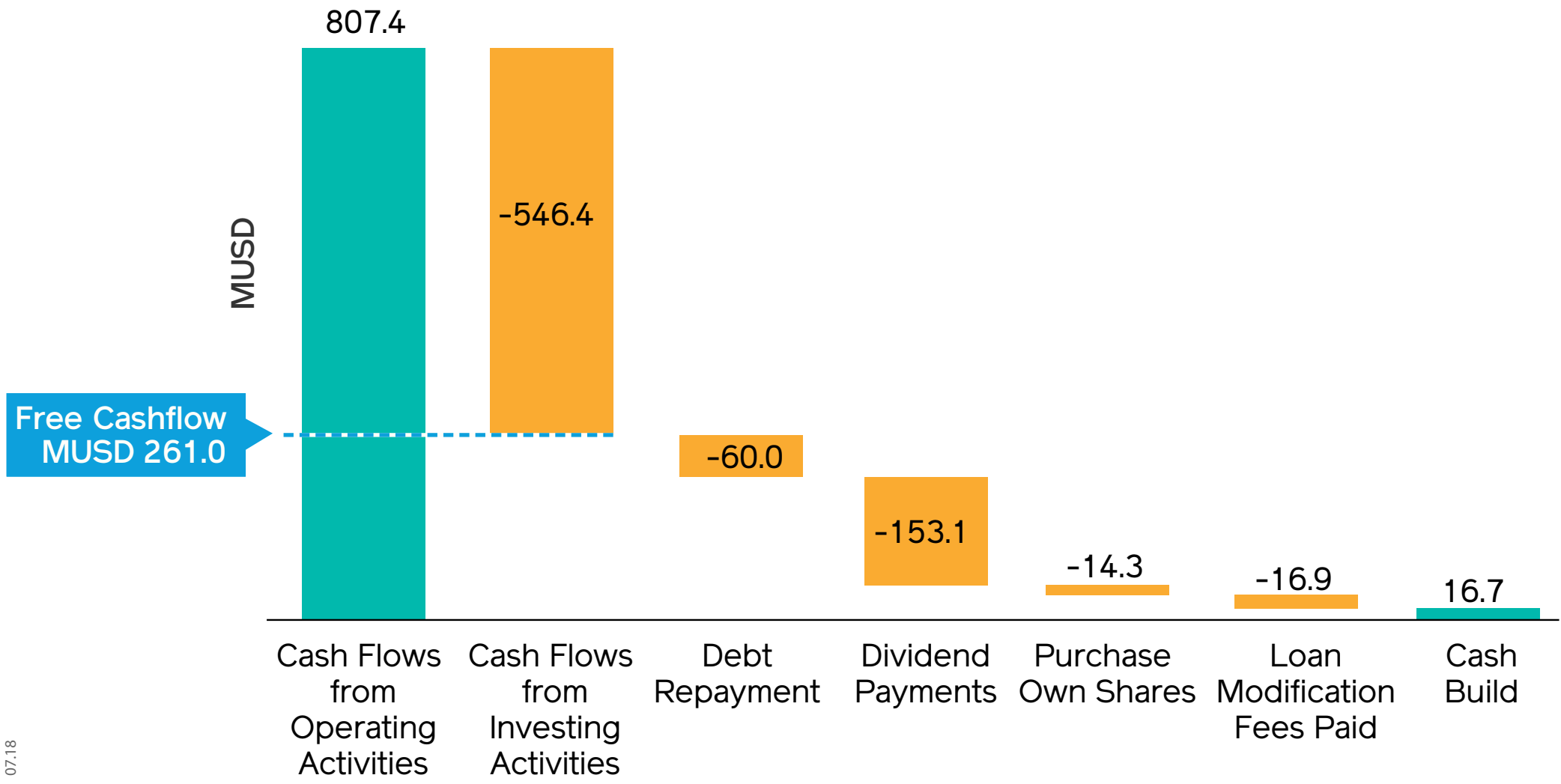


ADJUSTED FOR NON-TAXABLE FX GAIN



First Six Months 2018

Cash Flow, Debt Position and Liquidity



2018

Latest Guidance Compared to CMD

	CMD	Latest Guidance
Production Guidance (Mboepd)	74–82	78–82
Operating costs (USD/boe)	4.15	<4.00
CAPEX (MUSD)	800	800
E&A Expenditure (MUSD)	250	300

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