

# Financial Presentation

## Second Quarter 2015

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Mike Nicholson, CFO  
5 August 2015



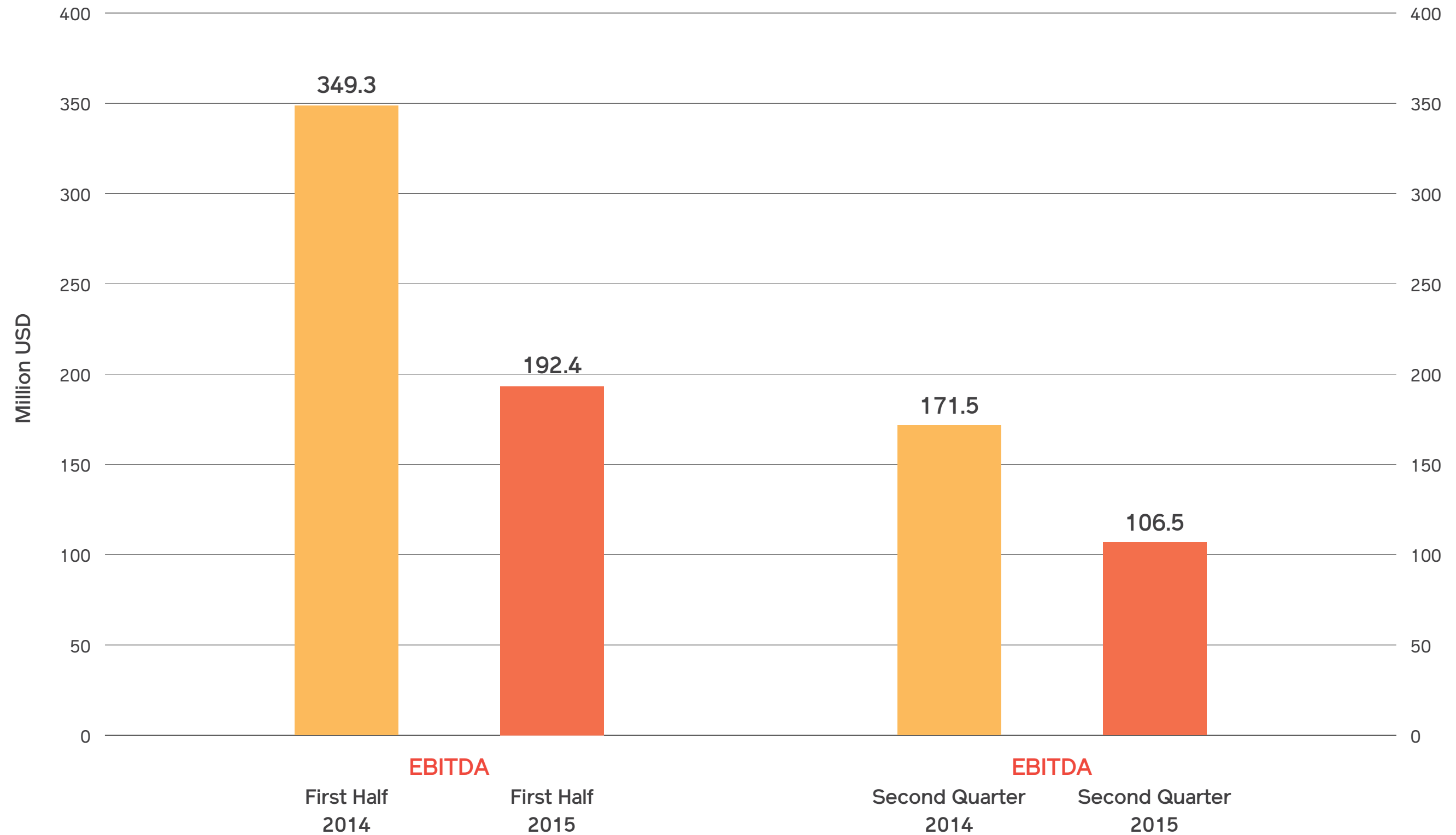
# First Six Months 2015

## Financial Highlights

	Second Quarter 2015	First Half 2015
Production (boepd)	28,900	27,400
Average Brent oil price (USD/boe)	61.87	57.84
Cost of operations (USD/boe)	13.10	11.27
EBITDA (MUSD)	106.5	192.4
Operating cash flow (MUSD)	191.6	347.3
Net result (MUSD)	59.9	-171.0

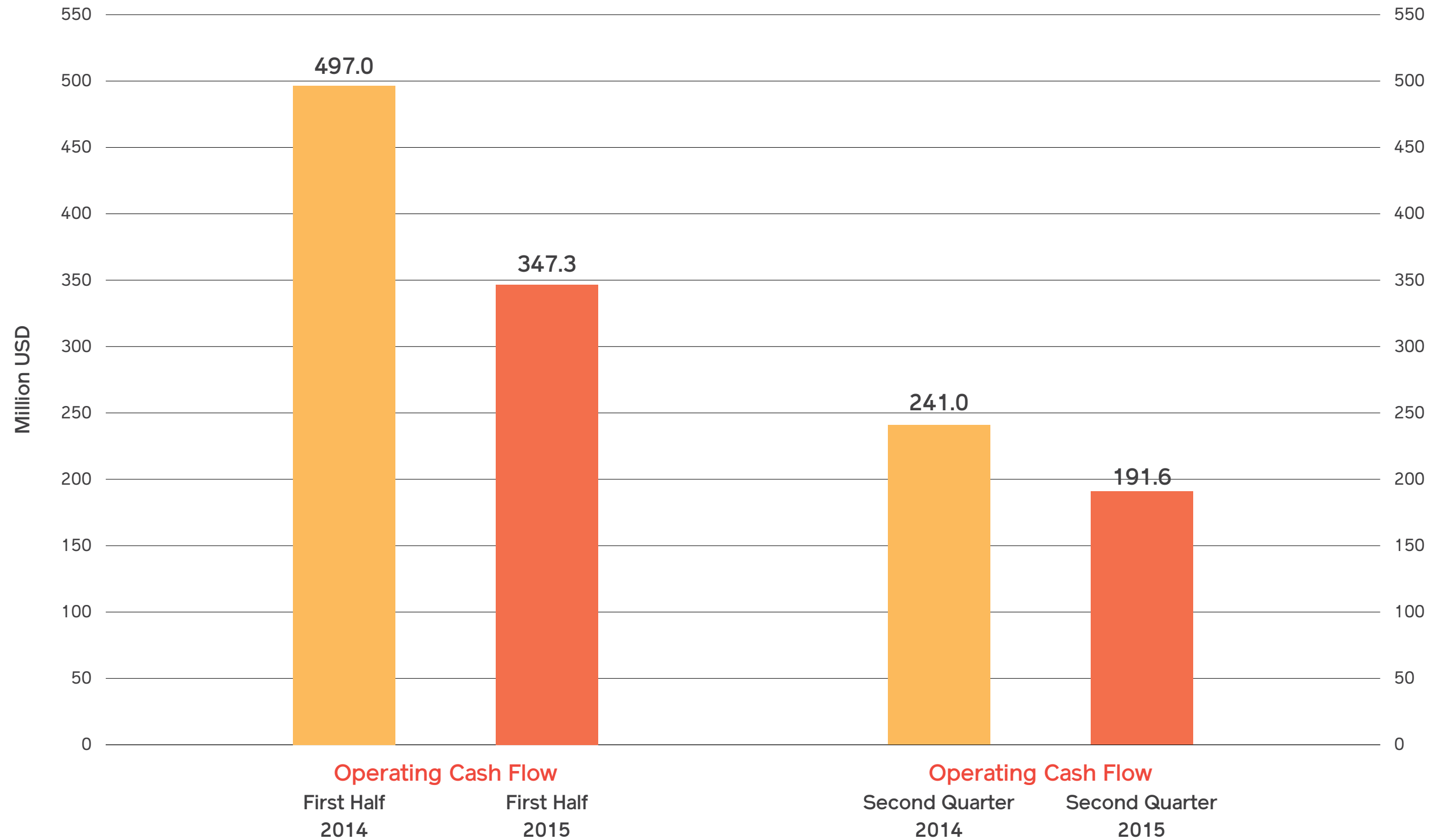
# First Six Months 2015

## Financial Results - EBITDA

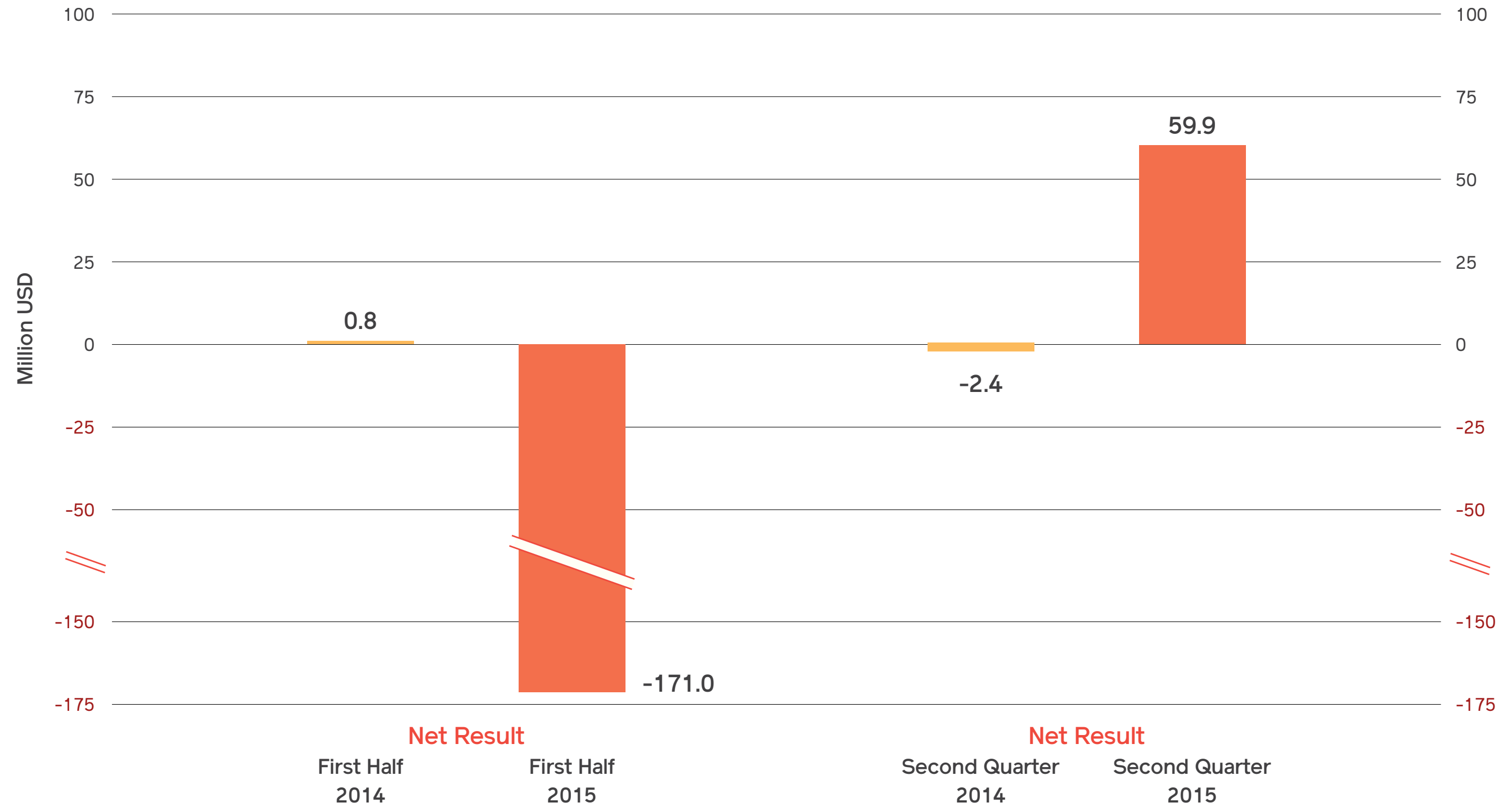


# First Six Months 2015

## Financial Results - Operating Cash Flow

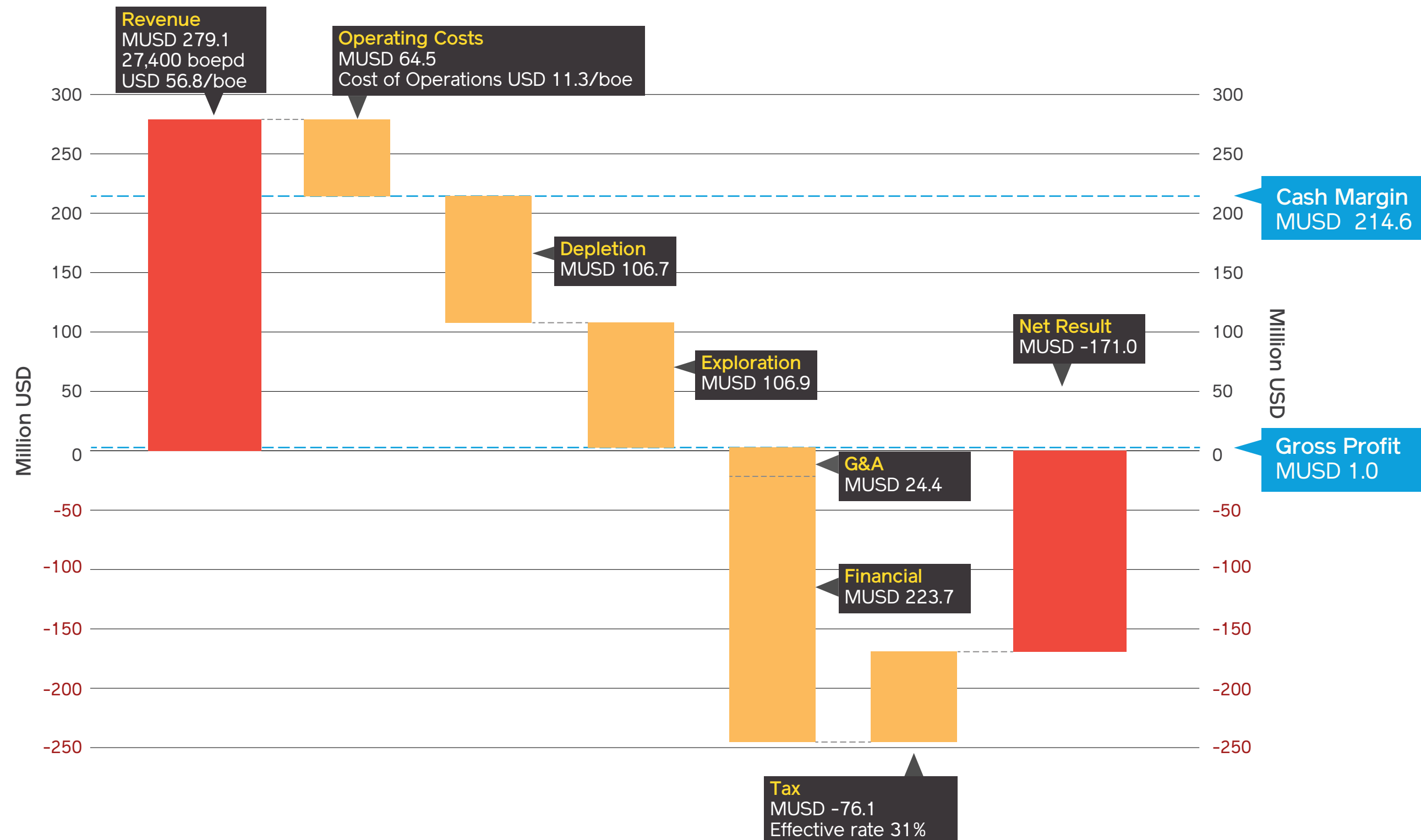


# First Six Months 2015 Financial Results - Net Result



# First Six Months 2015

## Financial Results



# First Six Months 2015

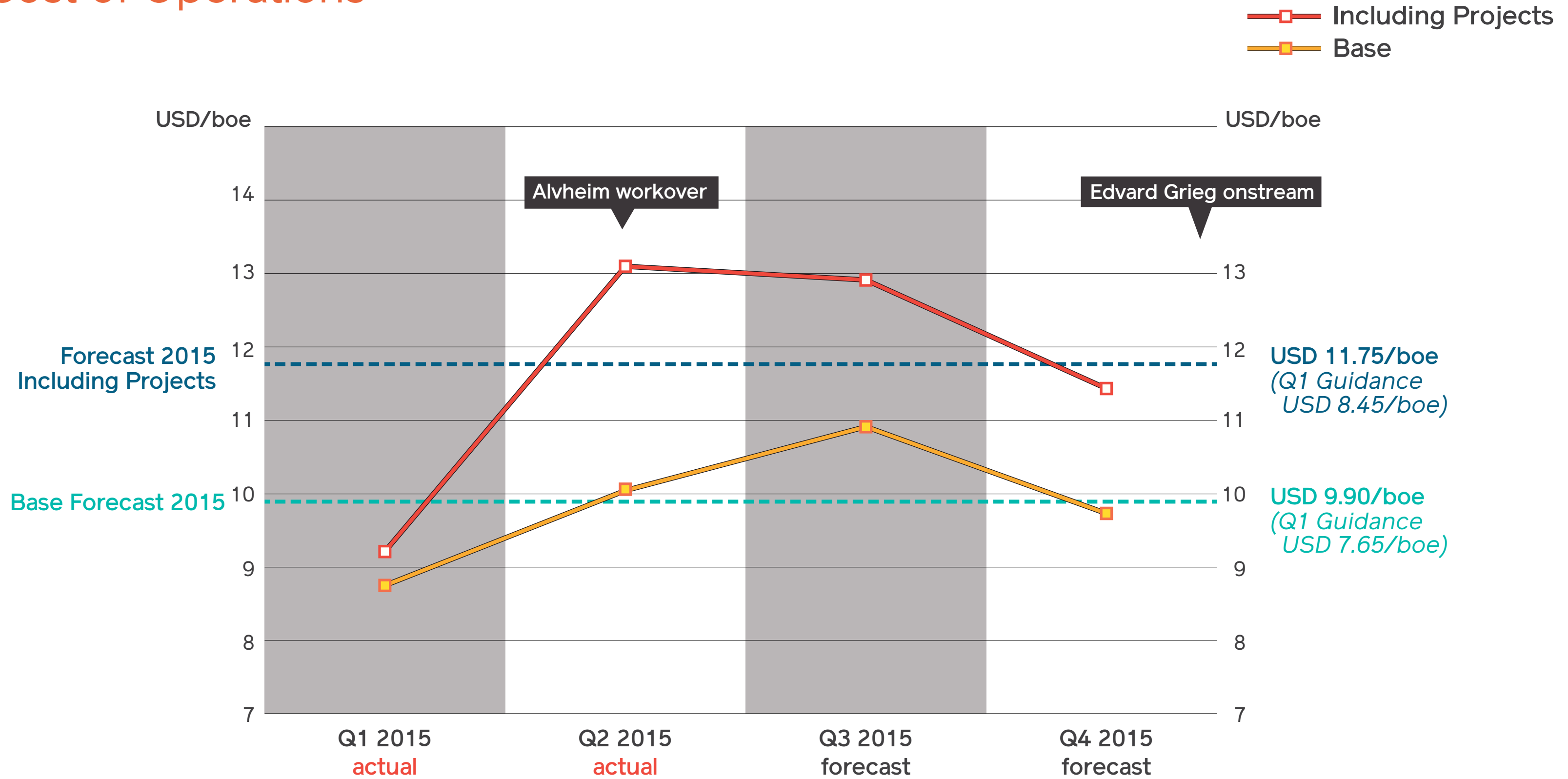
## Netback (USD/boe)

	Second Quarter 2015	First Half 2015
<i>Average Brent oil price USD/boe</i>	61.87	57.84
<b>Revenue</b>	60.0	56.4
Cost of operations	-10.1	-9.5
- Base		
- Projects	-3.0	-1.8
Tariff & transportation	-1.2	-1.2
Production taxes	-0.3	-0.3
Inventory movements	1.2	1.1
Other	-1.5	-1.4
<b>Cash Margin</b>	<b>45.1</b>	<b>43.3</b>
Cash taxes	27.8	26.8
<b>Operating Cash Flow</b>	<b>72.9</b>	<b>70.1</b>
General and administration costs <sup>(1)</sup>	-4.6	-4.5
<b>EBITDA</b>	<b>40.5</b>	<b>38.8</b>

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

# Forecast 2015

## Cost of Operations





# First Six Months 2015

## Exploration Costs

	First Half 2015 MUSD	First Half 2015 after Tax MUSD
<b>Norway</b> (PL338C Gemini, PL674BS Zulu and PL579 Morkel)	105.9	23.3
<b>Others</b>	1.0	0.7
<b>Exploration Costs</b>	106.9	24.0

# First Six Months 2015

## G & A / Financial Items

	Second Quarter 2015 MUSD	First Half 2015 MUSD
<b>General &amp; Administration Expenses</b>		
General & administration	8.7	19.4
Long Term Incentive Plan	4.4	5.0
	<b>13.1</b>	<b>24.4</b>
<b>Net Financial Items</b>		
Foreign exchange loss <sup>(1)</sup>	-27.3	176.7
Interest expense <sup>(2)</sup>	16.0	27.8
Loan commitment fees	2.2	5.2
Amortisation of loan fees	3.2	6.1
Other	4.4	7.9
	<b>-1.5</b>	<b>223.7</b>

<sup>(1)</sup> 1H 2015 includes MUSD 79.8 loss on settled currency hedges

<sup>(2)</sup> An additional amount of interest expense of MUSD 19.7 has been capitalised in the 1H of 2015

# First Six Months 2015

## Tax

	Second Quarter 2015	First Half 2015
	USD/boe	USD/boe
Current tax credit	-27.8	-26.8
Deferred tax charge	-1.9	11.4
	<b>-29.7</b>	<b>-15.4</b>

# First Six Months 2015

## Liquidity MUSD

→ at 30 June 2015

Debt Outstanding	3,589 <sup>(1)</sup>
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Cash Balances	93
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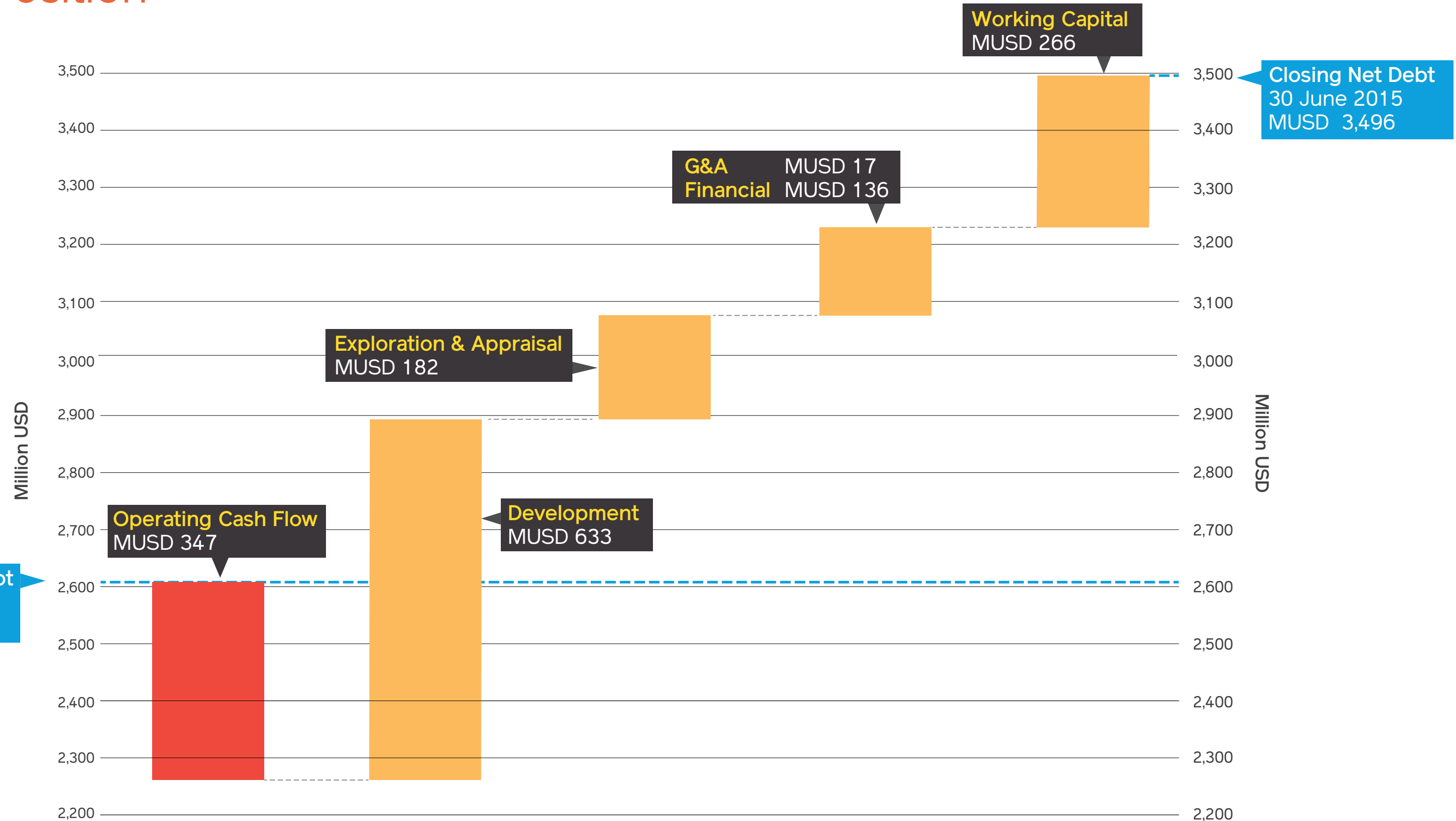
Net Debt Position	3,496
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- ➔ Full access to USD 4 billion under low oil price sensitivity
- ➔ Margin on Loan Facility: 3.0% from 1 July 2015
- ➔ Conservative leverage on Johan Sverdrup
- ➔ Norwegian exploration refund facility - NOK 4.5 billion (USD 575 million)
- ➔ Available liquidity of ~ USD 1 billion under existing facilities

*<sup>(1)</sup> Includes MUSD 36 drawn under the Norwegian exploration refund facility*

# First Six Months 2015

## Debt Position



# Hedges

## as at 30 June 2015

	Currency		Average rate NOK : USD
	BUY MNOK	SELL MUSD	
2015 unsettled	1,512.7	235.1	6.43
2016	1,251.8	182.5	6.86

	Interest rate	
	Borrowings MUSD	Floating LIBOR rate per annum
Apr 2013 - Mar 2016	500	0.57%
2015	1,500	0.52%
Q1 2016	1,500	1.50%
Q2-Q4 2016	2,000	1.50%
2017	1,500	2.32%
2018	1,000	3.06%

# First Six Months 2015

## Highlights

### ➤ Production Performance

- ➔ 1H 2015: 27,400 boepd
- ➔ 2Q 2015: 28,900 boepd

### ➤ Production Guidance

- ➔ FY 2015 guidance revised to 32,000 boepd, exit rate 2015 retained at 75,000 boepd
  - Brynhild underperformance
  - Edvard Grieg first oil assumed for late 2015
- ➔ Bertam: Commenced production in April, 7 wells onstream, drilling to continue to end 2015
- ➔ Boyla: Commenced production in January, third and final well to start-up in Q3 2015

### ➤ Developments

- ➔ Edvard Grieg: Offshore installation completed, commissioning ongoing
- ➔ Johan Sverdrup: Topside, drilling & installation contracts awarded  
Equity increased to 22.6%

### ➤ Appraisal

- ➔ Alta: Successful appraisal well confirming geological model, 2nd appraisal well ongoing
- ➔ Edvard Grieg: 2nd appraisal well in south east part of field successful, likely reserves upgrade

### ➤ Exploration

- ➔ 5 wells to be drilled in 2H 2015 targeting net unrisked prospective resources of ~310 MMboe

### ➤ CEO Change

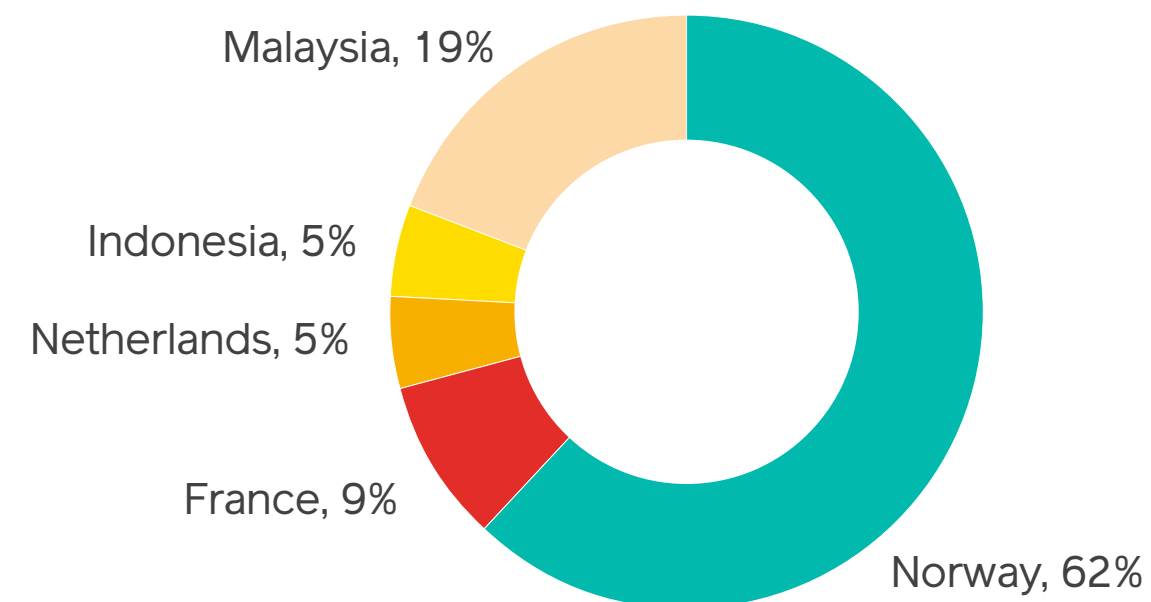
- ➔ Alex Schneiter new President & CEO from 1 October 2015

# Lundin Petroleum

## Production

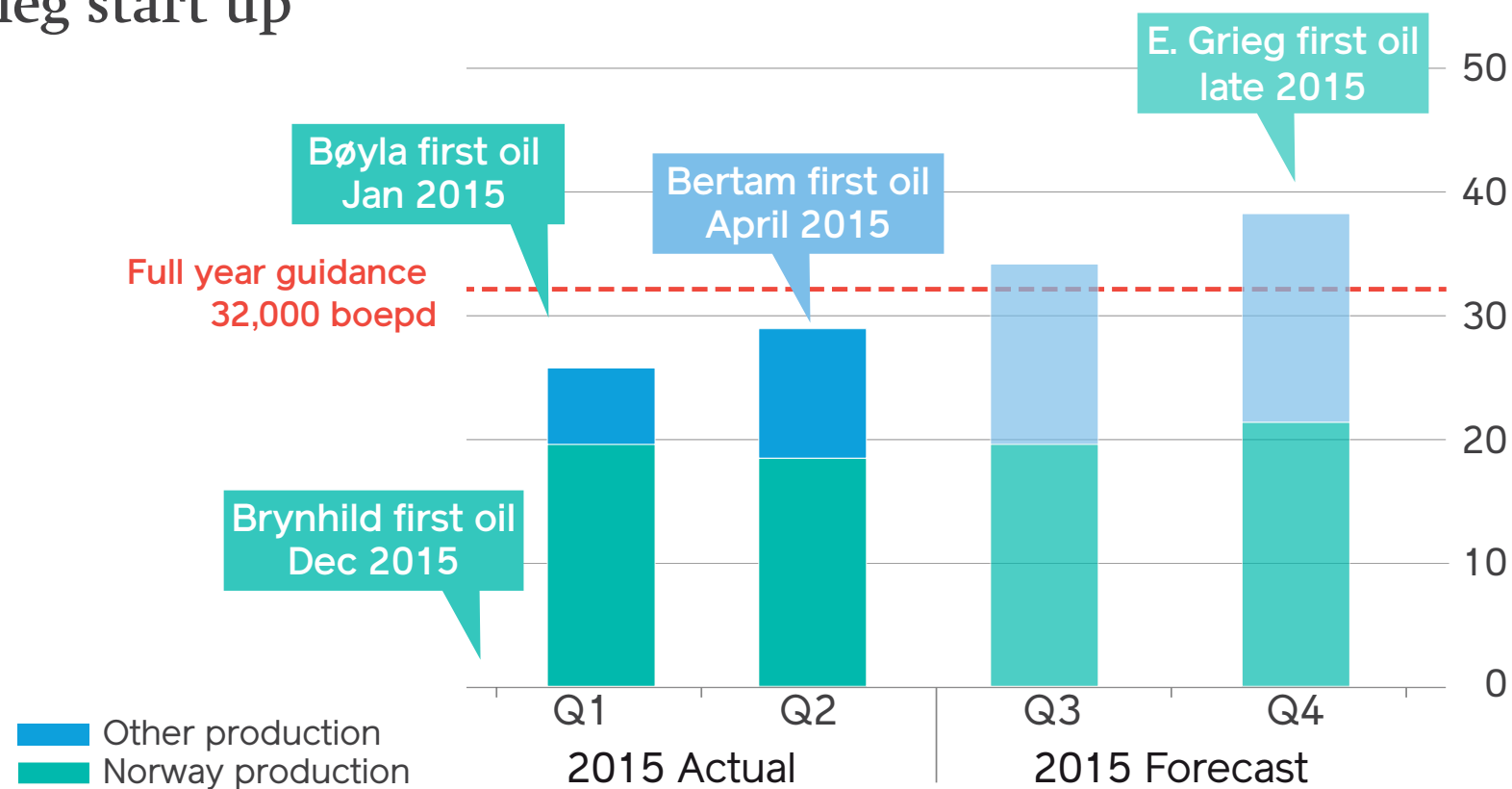
- Q2 2015 production: 28,900 boepd
  - ➔ Alvheim underperformed (gas compressor)
  - ➔ Brynhild underperformed (FPSO efficiency)
- 2015 production guidance: 32,000 boepd
  - ➔ 2H 2015 guidance > 36,000 boepd
    - Estimated July 2015 production of 34,100 boepd
- Production 2H 2015
  - ➔ Assumes improving Brynhild performance, but below original forecast
  - ➔ Edvard Grieg first oil late 2015
- Exit rate for 2015 is 75,000 boepd after Edvard Grieg start up

### 2015 Forecast



2015 Production Guidance (boepd)	2015 Production Guidance (boepd)		
	Low	Mid	High
CMD	41,000	46,000	51,000
Edvard Grieg delayed first oil		-7,300	
Brynhild underperformance		-5,200	
Other		-1,500	
<b>Revised Guidance</b>		<b>32,000</b>	

### 2015 Production Guidance (Mboepd)





# Norway - Greater Alvheim Area

## First Six Months Net Production: 15,400 boepd

### ➤ Production: 1H 2015

- ➔ Alvheim 8,100 boepd
- ➔ Volund 5,400 boepd
- ➔ Bøyla 1,900 boepd

### ➤ Cost of operations 1H 2015 <sup>(1)</sup>

- ➔ Alvheim < USD 6.0 / boe
- ➔ Volund < USD 5.0 / boe
- ➔ Bøyla < USD 5.0 / boe

### ➤ Alvheim

- ➔ Q2 2015 production negatively impacted by gas compression issues
- ➔ 1 new well commenced production in April
- ➔ 1 worked-over well commenced production in May
- ➔ 2 further wells expected to start-up in late 2015 and mid-2016 respectively

### ➤ Volund

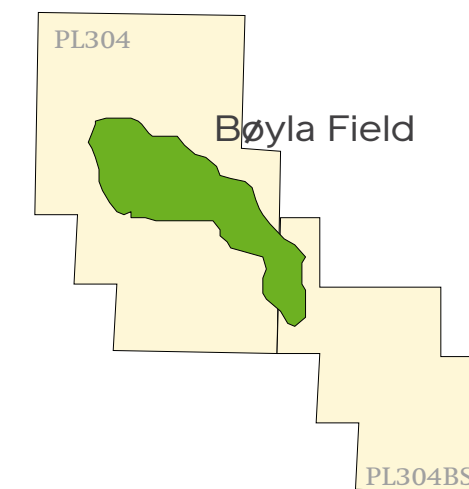
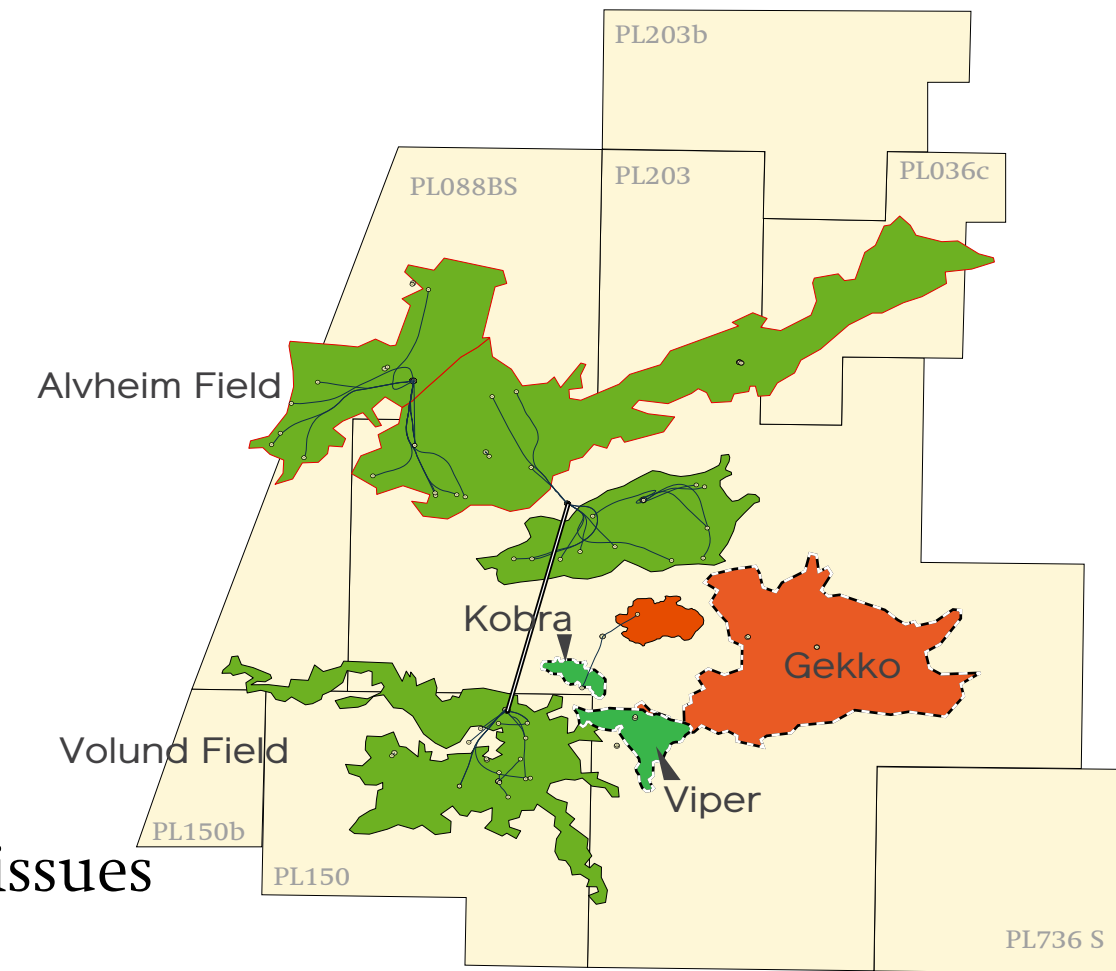
- ➔ At least one further infill well planned

### ➤ Bøyla

- ➔ Water injection commenced in March
- ➔ Second producer to commence production during Q3 2015

### ➤ Viper/Kobra

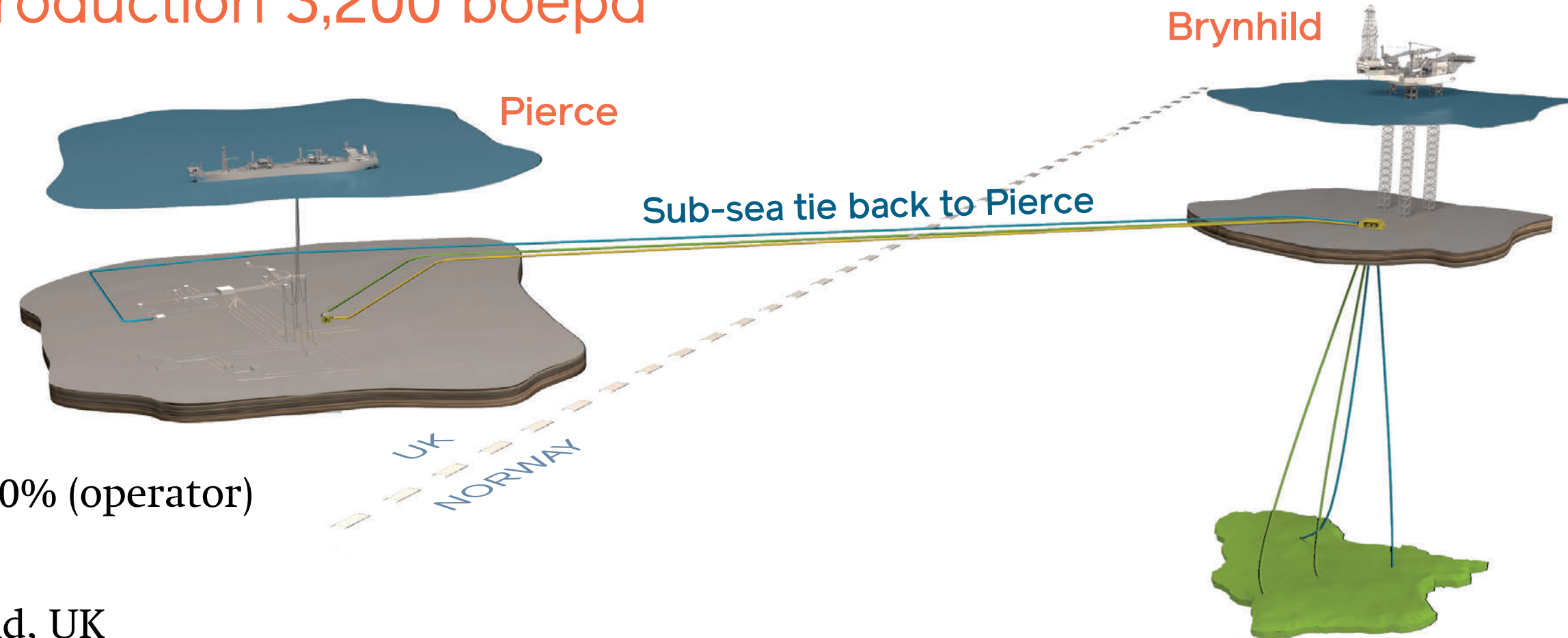
- ➔ To commence development drilling in 2016, first oil late 2016



<sup>(1)</sup> excluding projects

# Norway - Brynhild Field

First Six Months Net Production 3,200 boepd



- ➔ Lundin Petroleum interest 90% (operator)
  - ➔ Repsol 10%
- ➔ Subsea tie-back to Pierce field, UK
- ➔ Poor facilities uptime and water handling constraints has led to lower production levels than forecast
- ➔ Assumed approximately 60% average uptime for 2H 2015 production guidance
- ➔ 2 wells on production, and 3rd producer completed and expected to start production during Q3 2015
- ➔ Water injection well completed and fully commissioned

# Peninsular Malaysia - Bertam Field

## First Six Months Net Production: 2,200 boepd

- PM307 - Lundin Petroleum 75% (operator), Petronas Carigali 25%
- Production commenced in April 2015 from 4 wells
- 3 additional wells put on stream since
- 2 further wells to commence production in August 2015
- Development drilling to continue to late 2015
- 2 liftings since production start-up
- Gross plateau rate of 15,000 boepd expected to be reached by end 2015



Bertam Field Facilities



# Norway & Malaysia Development Projects

## ➤ Ongoing Norwegian developments

- ➔ Edvard Grieg (Lundin 50% operator)
- ➔ Ivar Aasen Unit (Lundin 1.385%)
- ➔ Johan Sverdrup (Lundin 22.6%)<sup>(1)</sup>

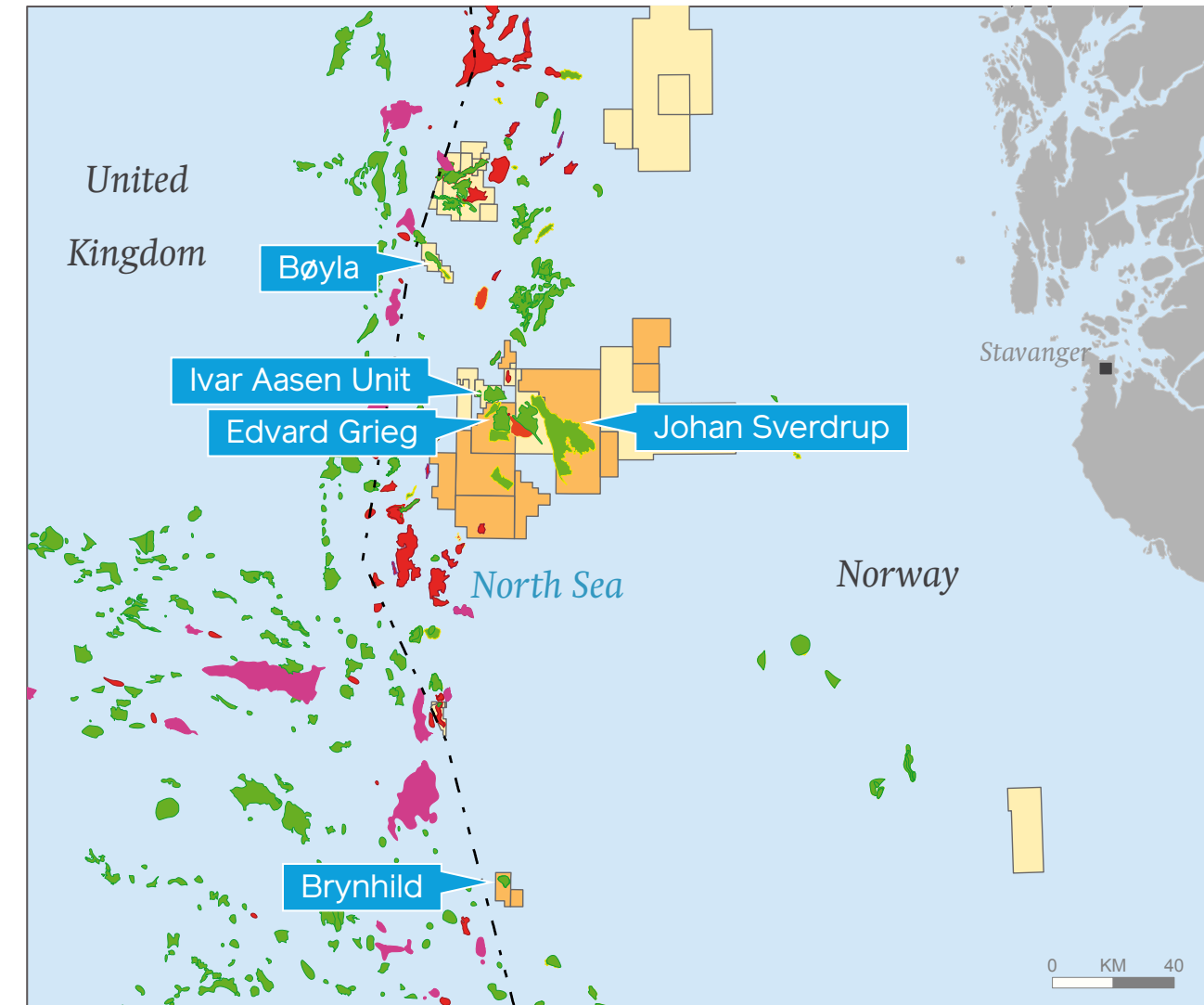
## ➤ Completed projects during 2015

- ➔ Brynhild (Lundin 90% operator) ⇒ First oil achieved Dec. 2014
- ➔ Bøyla (Lundin 15%) ⇒ First oil achieved Jan. 2015
- ➔ Bertam (Lundin 75% operator) ⇒ First oil achieved Apr. 2015

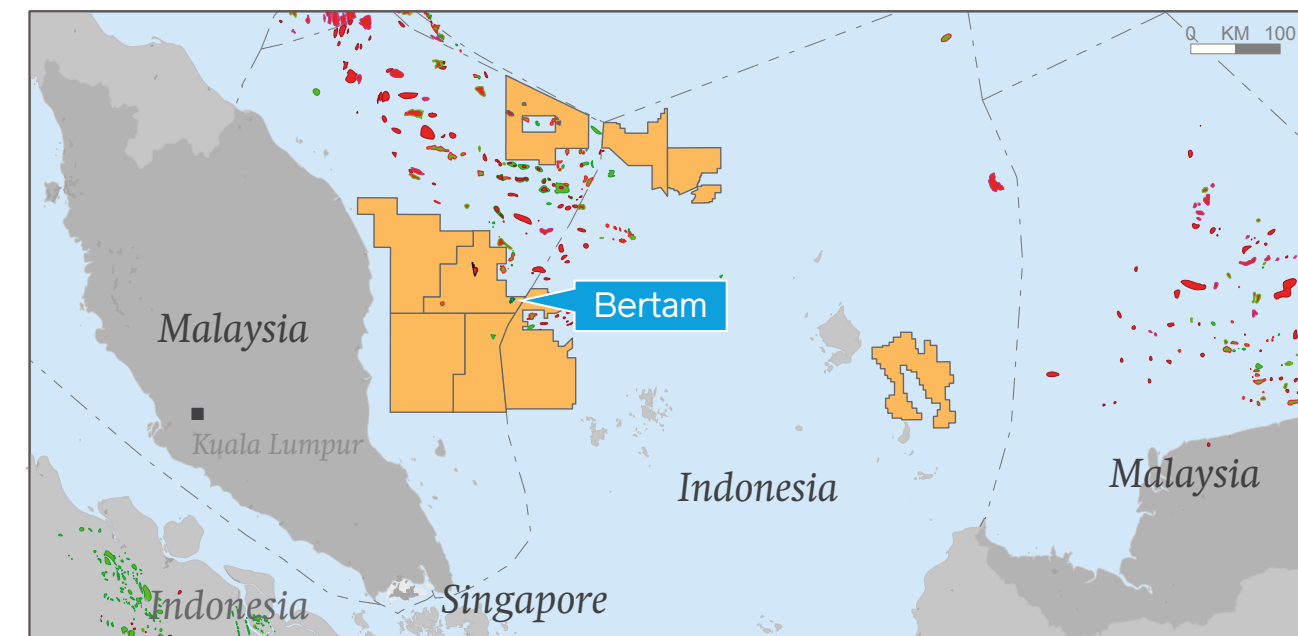
**2015 Budget USD 1,280 Million**

<sup>(1)</sup> Subject to final PDO approval

### Norway



### Malaysia



# Lundin Norway

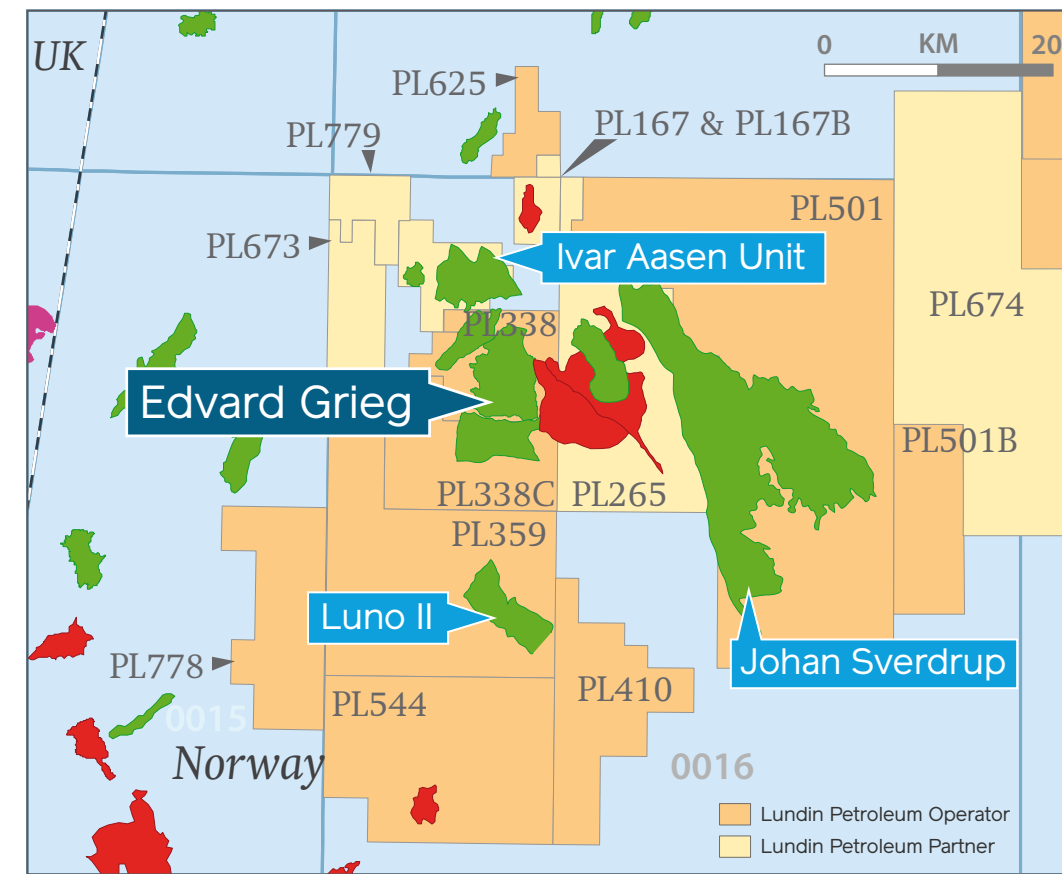
## Edvard Grieg Development

- ➔ Lundin Petroleum interest: 50% (operator)
  - ➔ OMV 20%, Wintershall 15%, Statoil 15%
- ➔ 2P reserves: 187 MMboe gross
- ➔ Plateau production: 100,000 boepd gross
- ➔ Production startup late 2015
- ➔ Capital costs: 25 NOK billion
- ➔ Drilling 15 wells from jack-up rig – commenced drilling operation
  - ➔ 2 production wells successfully completed
- ➔ Platform installation completed, commissioning ongoing
- ➔ Oil and gas pipelines installation completed
- ➔ One appraisal well in south east of the field successfully drilled - reserves upgrade likely

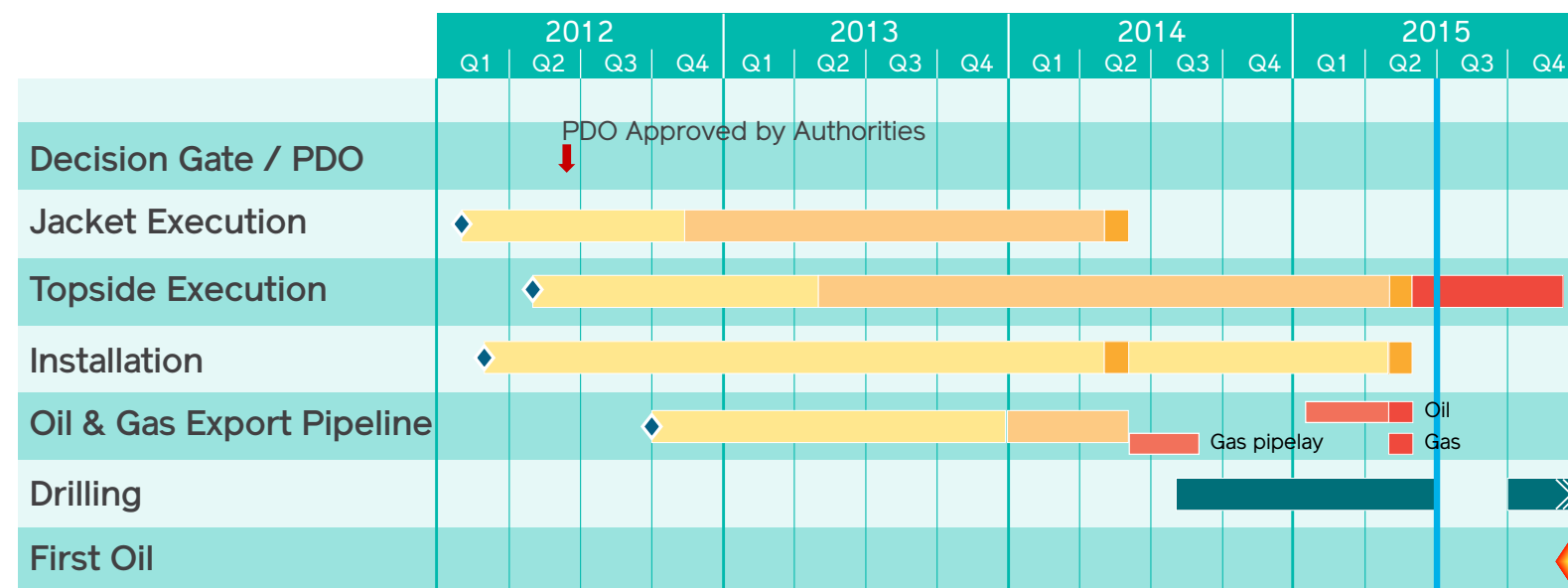
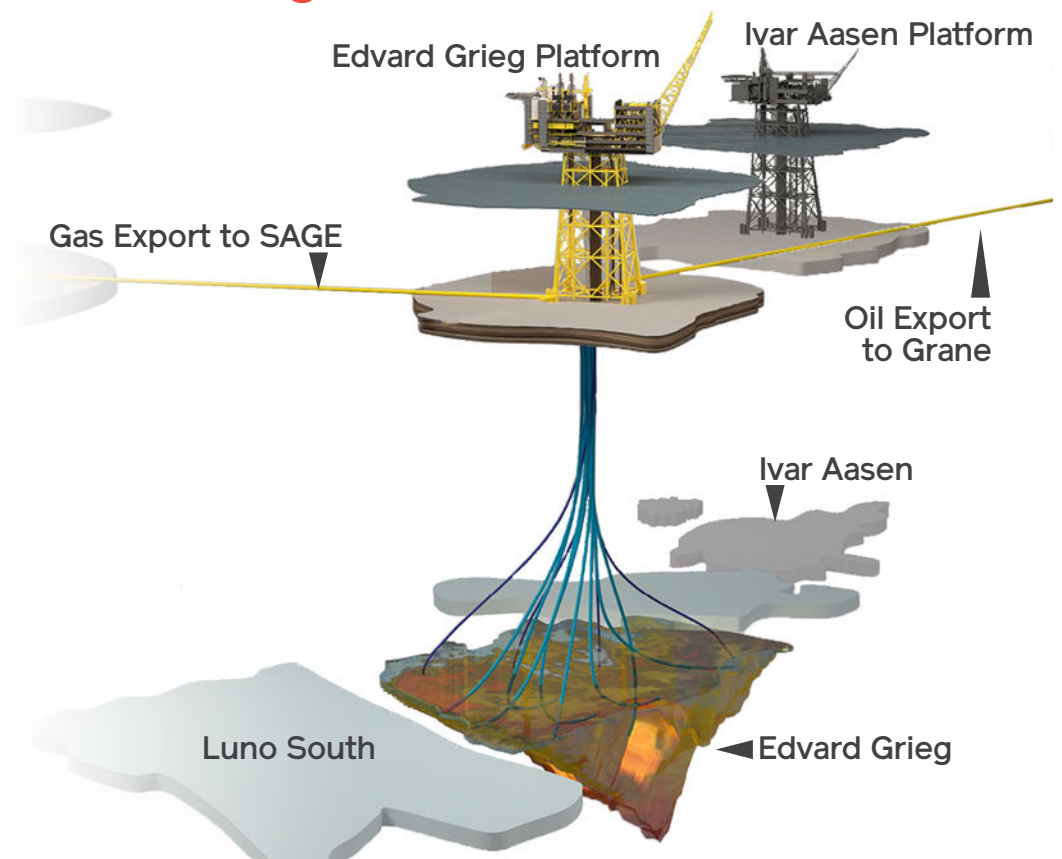
**Remaining Workload**

- ➔ Offshore hook-up and commissioning
- ➔ Development well drilling

### Norway - Southern Utsira High



### Edvard Grieg Schematic



# Development Projects

## Edvard Grieg Work Status

Edvard Grieg topsides installation by heavy lift vessel Thialf



# Development Projects

## Edvard Grieg Work Status

Edvard Grieg bridge linked to Safe Boreas flotel

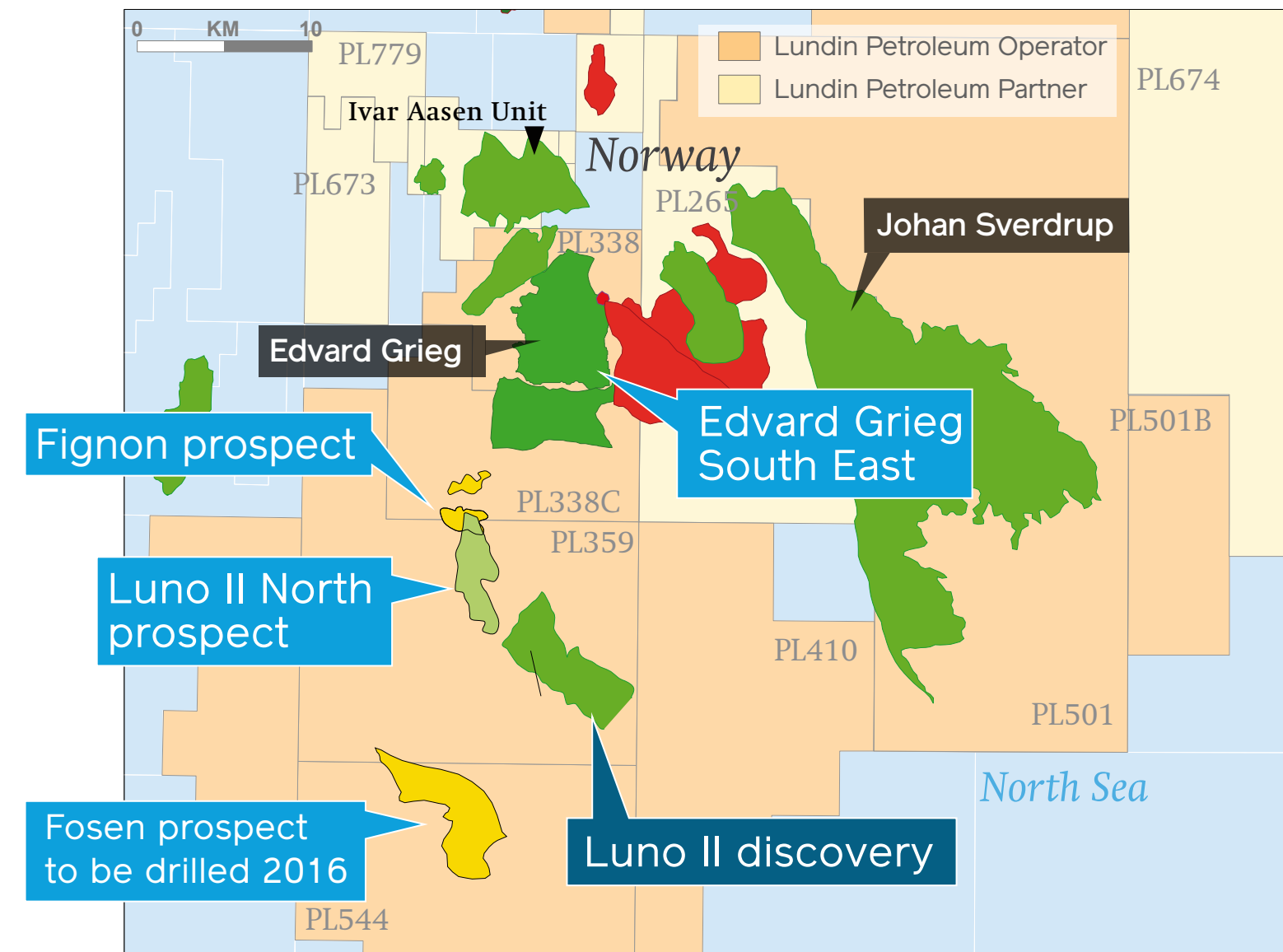


- ➔ Edvard Grieg offshore commissioning underway
  - ➔ Safe Boreas flotel bridge-linked to the platform
  - ➔ Approximately 450 people offshore involved in operations
  - ➔ Hook-up and commissioning is progressing to schedule
- ➔ First oil late 2015

# Lundin Norway

## Edvard Grieg Area Upside Potential

- ➔ Full partner aligned between PL338 and PL359
  - ➔ Lundin Petroleum 50%, OMV 20%, Statoil 15%, Wintershall 15%
- ➔ Material upside potential in the Edvard Grieg Area where Lundin Petroleum has a dominant licence position
- ➔ Incremental barrels over the Edvard Grieg platform will have high value due to reduced capital investment requirement and low operating costs
- ➔ Appraisal well on Edvard Grieg South East successfully completed
- ➔ Exploration well on Luno II North prospect currently ongoing
  - ➔ Gross unrisked prospective resource potential of 24 MMboe
- ➔ Luno II discovery gross contingent resource range of 27–71 MMboe





# Norway

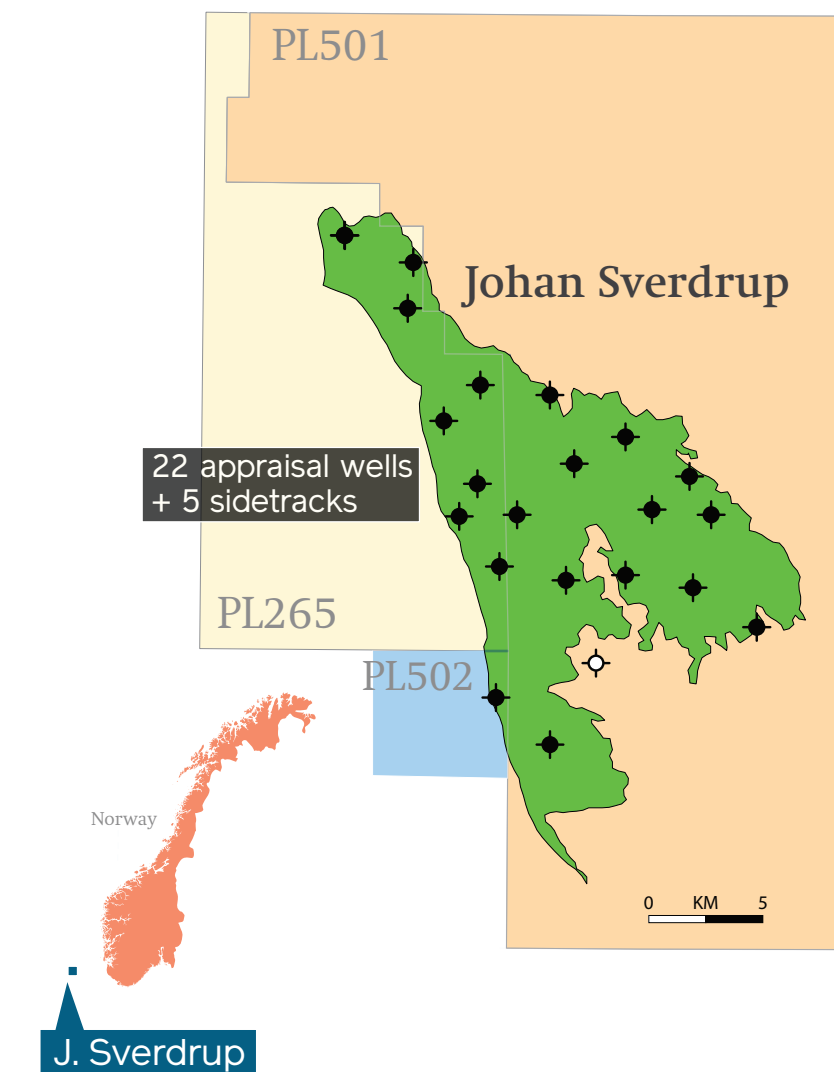
## Johan Sverdrup Development

- ➔ Phase 1 PDO submitted in February 2015 and endorsed by Norwegian parliament in June 2015
- ➔ The Minister determined final Tract Participation agreement in July 2015 – Lundin Petroleum increased equity to 22.6%
- ➔ PDO for Phase 1 expected to be approved in August 2015

Working Interest	Johan Sverdrup
Lundin Norway	22.6000%
Statoil	40.0267%
Maersk	8.4400%
Det norske	11.5733%
Petoro	17.3600%



### Field Outline



# Norway

## Johan Sverdrup Development

### ➔ Contract awards for Phase 1

- ➔ All major topside contracts awarded
- ➔ Drilling contract awarded
- ➔ Contract for the installation of three platforms using heavy-lift vessel Pioneering Spirit
- ➔ First steel cut in Kværner Verdal yard



### Phase I

- ➔ CAPEX NOK 117 Bn
- ➔ Production Level: 315-380,000 bopd

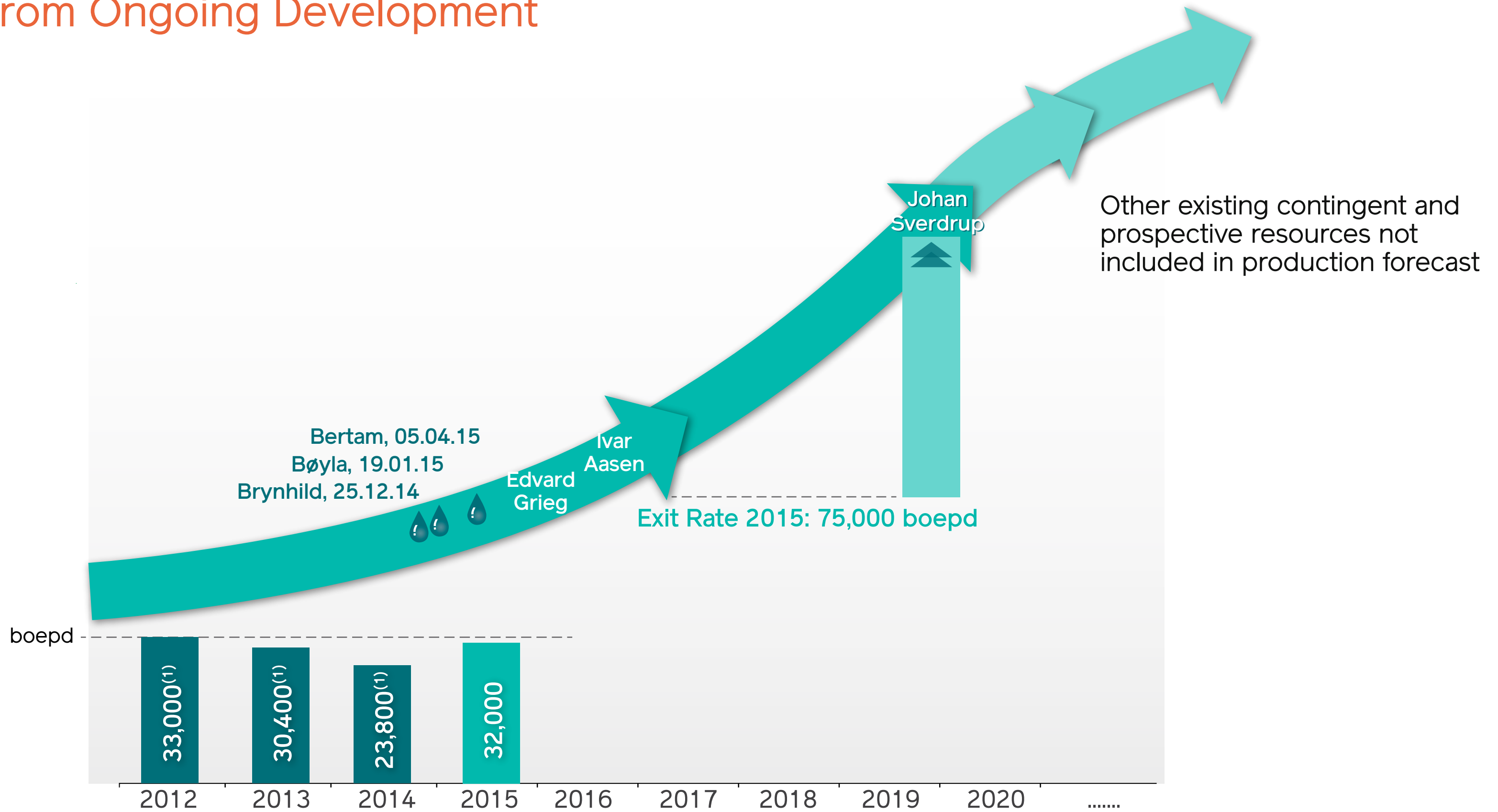
### Full field

- ➔ Gross CAPEX NOK 170-220 Bn (including Phase I)
- ➔ Gross Contingent Resources: 1,700-3,000 MMboe
- Plateau Production : 550-650,000 boepd



Johan Sverdrup Phase I Topside Layout

# Production Forecast From Ongoing Development



<sup>(1)</sup>Excluding divested assets (Russia)

# 2015 Exploration & Appraisal Drilling

## Norway

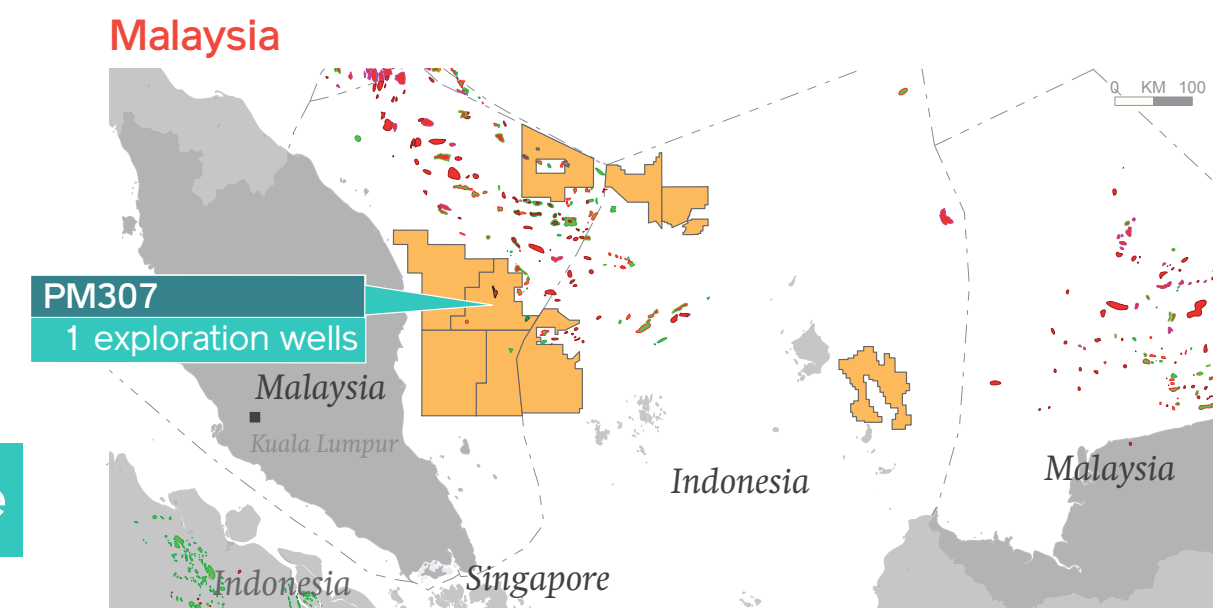
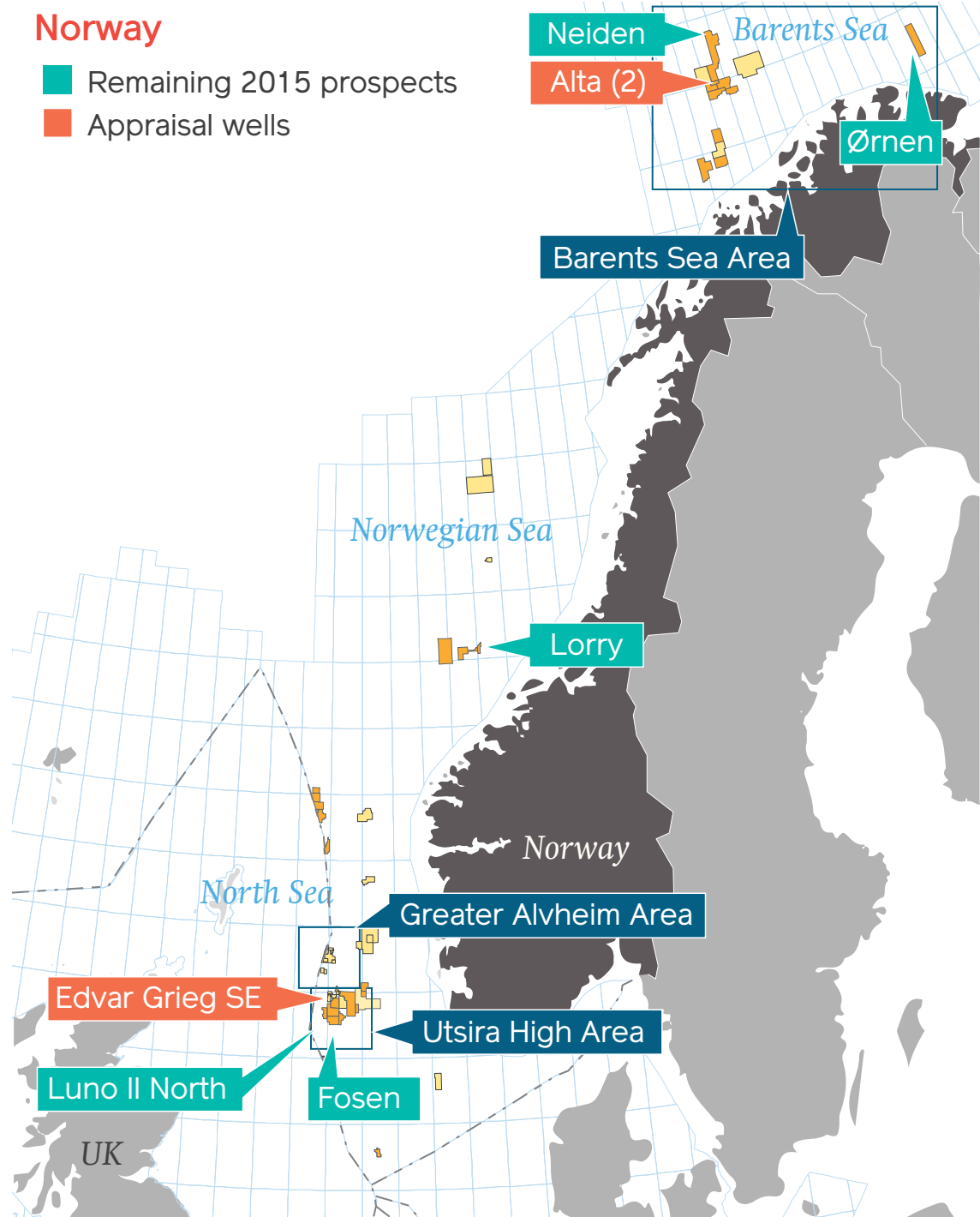
- 4 exploration wells drilled
  - ➔ Gemini (PL338C) - Dry
  - ➔ Zulu (PL674BS) - Gas discovery, non-commercial
  - ➔ Morkel (PL579) - Oil discovery, non-commercial
  - ➔ Zeppelin (P734) - Dry
- 4 exploration wells remaining
  - ➔ 4 operated wells
  - ➔ Targeting ~295 MMboe net unrisked prospective resources
  - ➔ Fosen moved to 2016
- 2 appraisal wells drilled
  - ➔ First Alta appraisal and Edvard Grieg wells completed successfully
- 1 appraisal well ongoing
  - ➔ Alta second appraisal well

## Malaysia

- 1 exploration well
  - ➔ Targeting ~16 MMboe net unrisked prospective resources

⇒ 2015 E&A Budget: 470 MUSD

⇒ Net Targetted Resources<sup>(1)</sup> 675 MMboe



<sup>(1)</sup> Excluding Zeppelin, Gemini, Zulu, Morkel & Fosen (moved to 2016), the remaining net unrisked resources are ~ 310 MMboe

# Norway - Barents Sea South Overview

Lundin Petroleum is a major licence holder in the Loppa High area

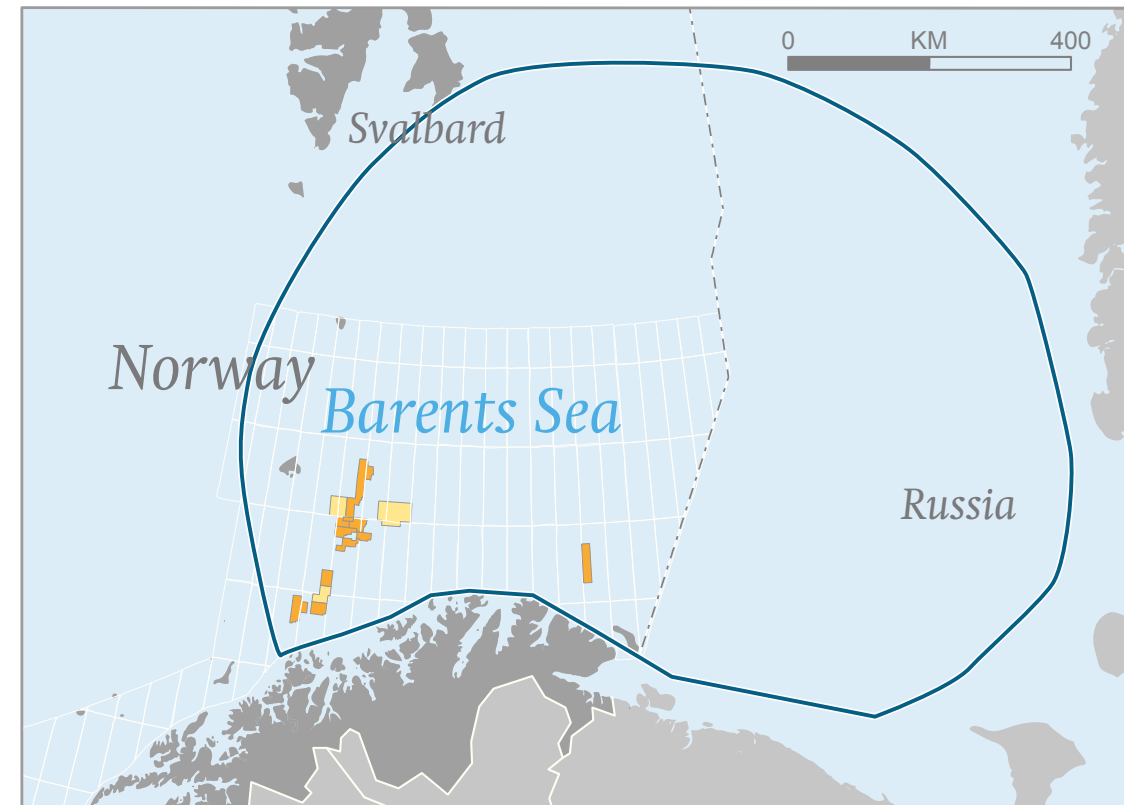
Barents Sea  
Underexplored ~ 100 wells



5 recent oil discoveries  
+ 2 gas discoveries



**~ 1 billion boe discovered  
over last 4 years**



# Norway - Southern Barents Sea

## Loppa High Exploration

Alta total resources:  
125 – 400 MMboe

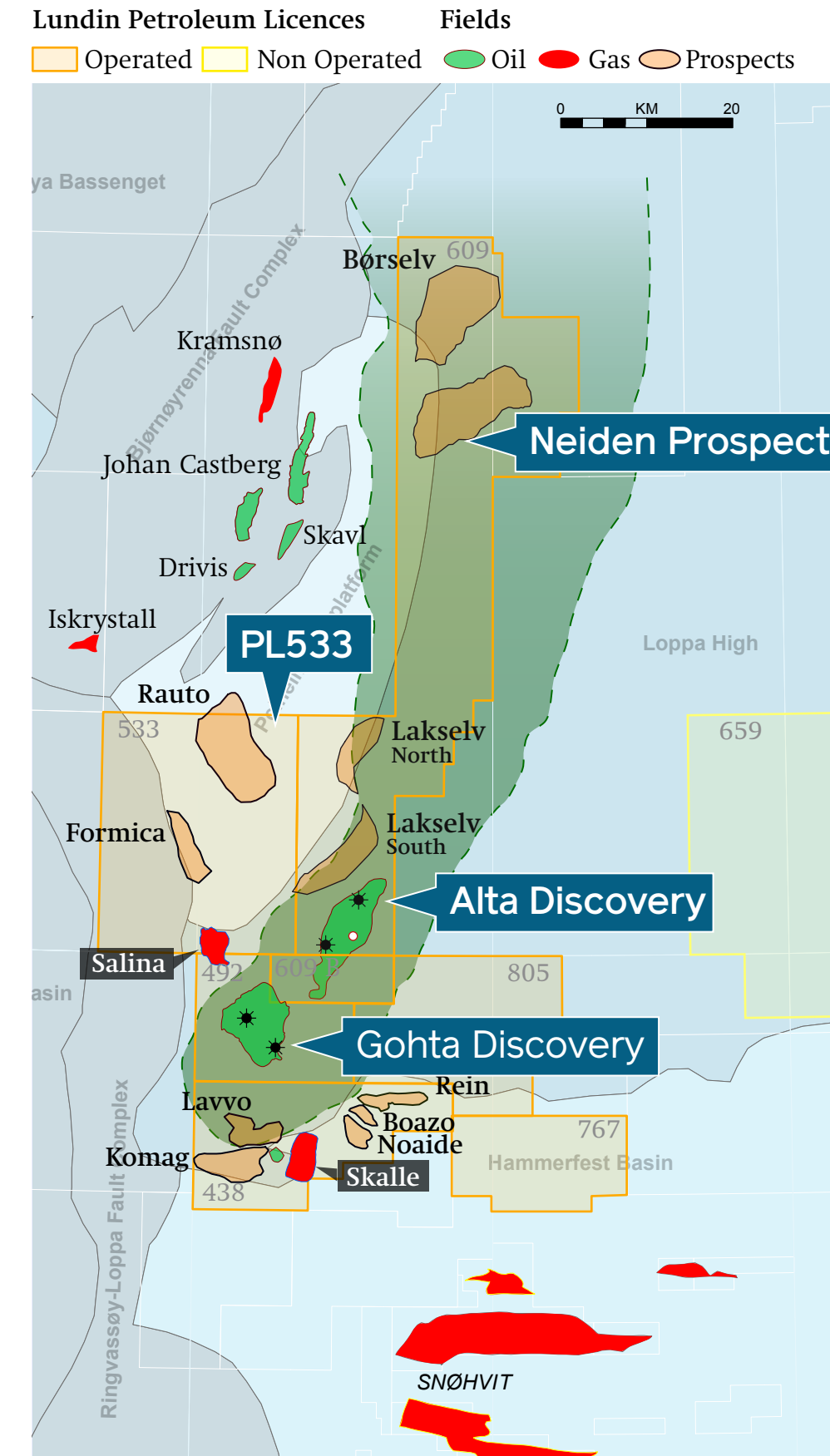
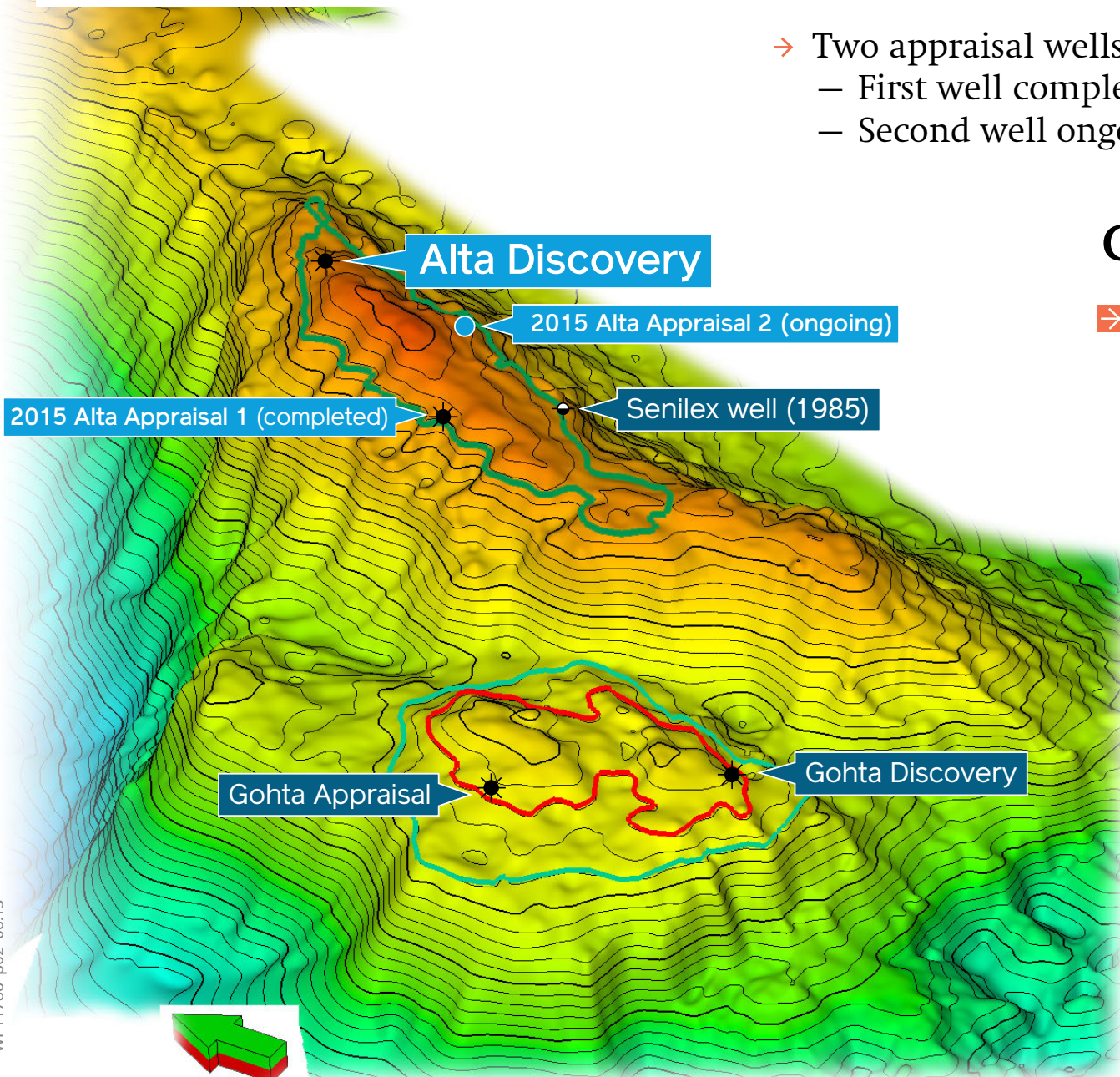
➔ Development options  
are being reviewed

### Alta Discovery

- ➔ PL609 (Lundin 40%, operated)
  - ➔ 46 metres gross oil column / 11 metres gross gas column
    - tested ~3,300 bopd
  - ➔ Gross recoverable oil and gas resource estimate range: 125 – 400 MMboe
  - ➔ Two appraisal wells in 2015
    - First well completed successfully - tested 860 bopd & 650 Mcfd gas
    - Second well ongoing

### Gohta Discovery

- ➔ PL492 (operated), 40%
  - ➔ Gross recoverable oil and gas resource estimate range: 91 – 184 MMboe (2C: 128 MMboe)
  - ➔ One further appraisal under review
- ➔ PL533 (operated), 35% <sup>(1)</sup>
  - ➔ Assumed operatorship from ENI



(1) Subject to government approval

# Norway - Barents Sea South Exploration

Lundin Petroleum licence

- Operator
- Partner

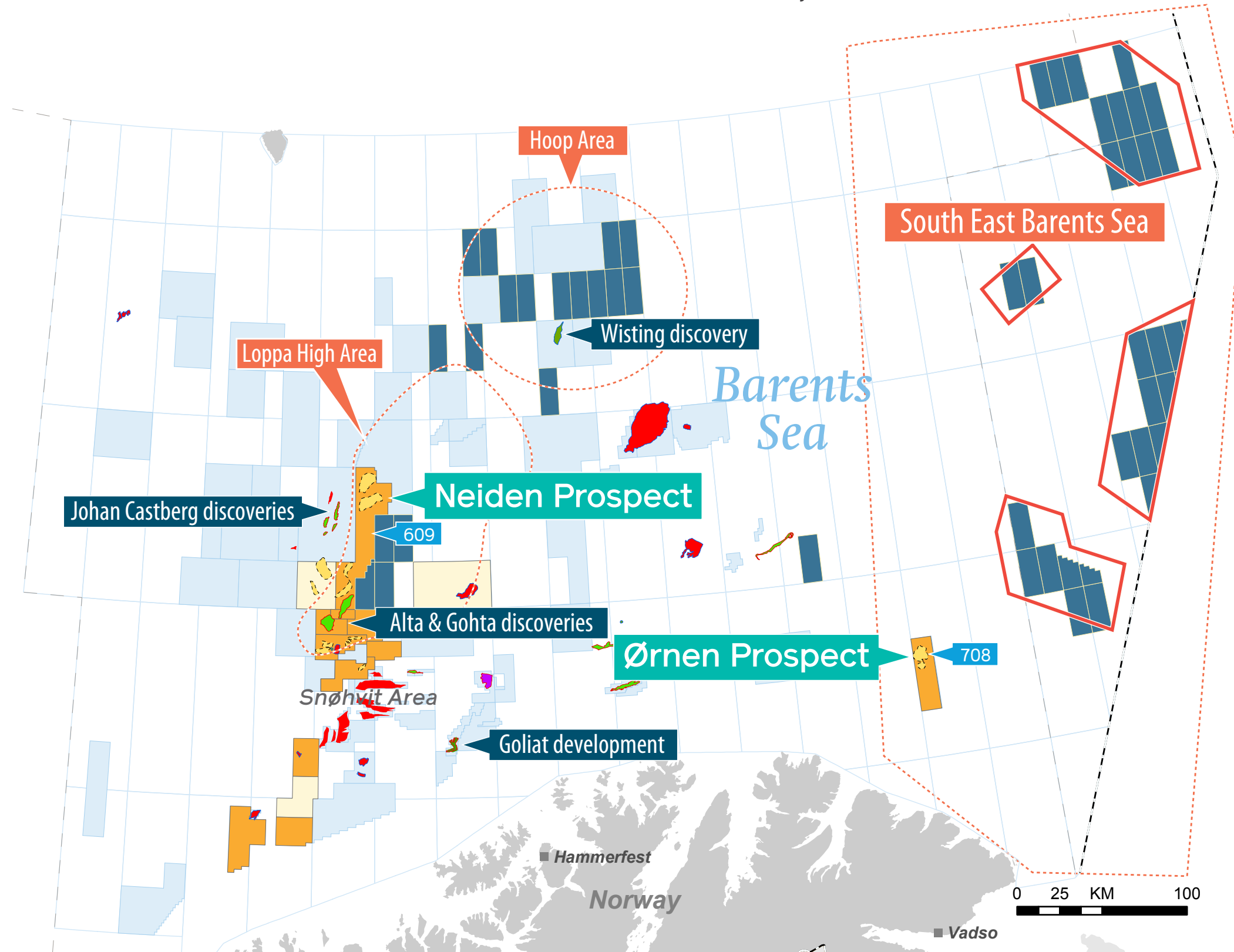
- Licensed Area
- 23<sup>rd</sup> Round Blocks

- Prospects
- Industry Broadband 3D Seismic

- Oil
- Gas

## 2015 Exploration programme

- **PL609 - Neiden prospect**
  - ➔ Gross prospective resources ~200 MMboe
- **PL708 - Ørnen prospect**
  - ➔ Gross prospective resources ~350 MMboe



# 2015 Exploration & Appraisal

## Drilling Schedule

Country	Licence - Prospect	Well type	Operator	LUPE WI %	NUPR <sup>(1)</sup>	CoGS <sup>(2)</sup>	NRPR <sup>(3)</sup>	2015						
								Q1	Q2	Q3	Q4			
1 Norway	PL579 - Morkel	exp	Lundin	50.00	-	-	-							
2 Norway	PL359 - Luno II North	exp	Lundin	50.00	12	36%	4							
3 Norway	PL674BS - Zulu	exp	Lundin	35.00	-	-	-							
4 Norway	PL338C - Gemini	exp	Lundin	50.00	-	-	-							
5 Norway	PL609 - Alta Appraisal 1	app	Lundin	40.00	-	-	-							
6 Norway	PL609 - Alta Appraisal 2	app	Lundin	40.00	-	-	-							
7 Norway	PL609 - Neiden	exp	Lundin	40.00	82	30%	25							
8 Norway	PL700 - Lorry	exp	Lundin	40.00	61	22%	13							
9 Norway	PL708 - Ørnen	exp	Lundin	40.00	142	20%	28							
10 Norway	PL338 - E.Grieg Appraisal SE	app	Lundin	50.00	-	-	-							
11 Norway	PL734 - Zeppelin	exp	Wintershall	30.00	-	-	-							
12 Malaysia	PM307 - Mengkuang	exp	Lundin	75.00	16	35%	6							

*Netherlands exploration wells not included*

<sup>(1)</sup> Net Unrisked Prospective Resources (MMboe)

<sup>(2)</sup> Chance of Geological Success

<sup>(3)</sup> Net Risked Prospective Resources (MMboe)



# CEO Change

## Alex Schneider



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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.

# Lundin

Petroleum



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