# Financial Presentation - First Nine Months 2012

WF11594

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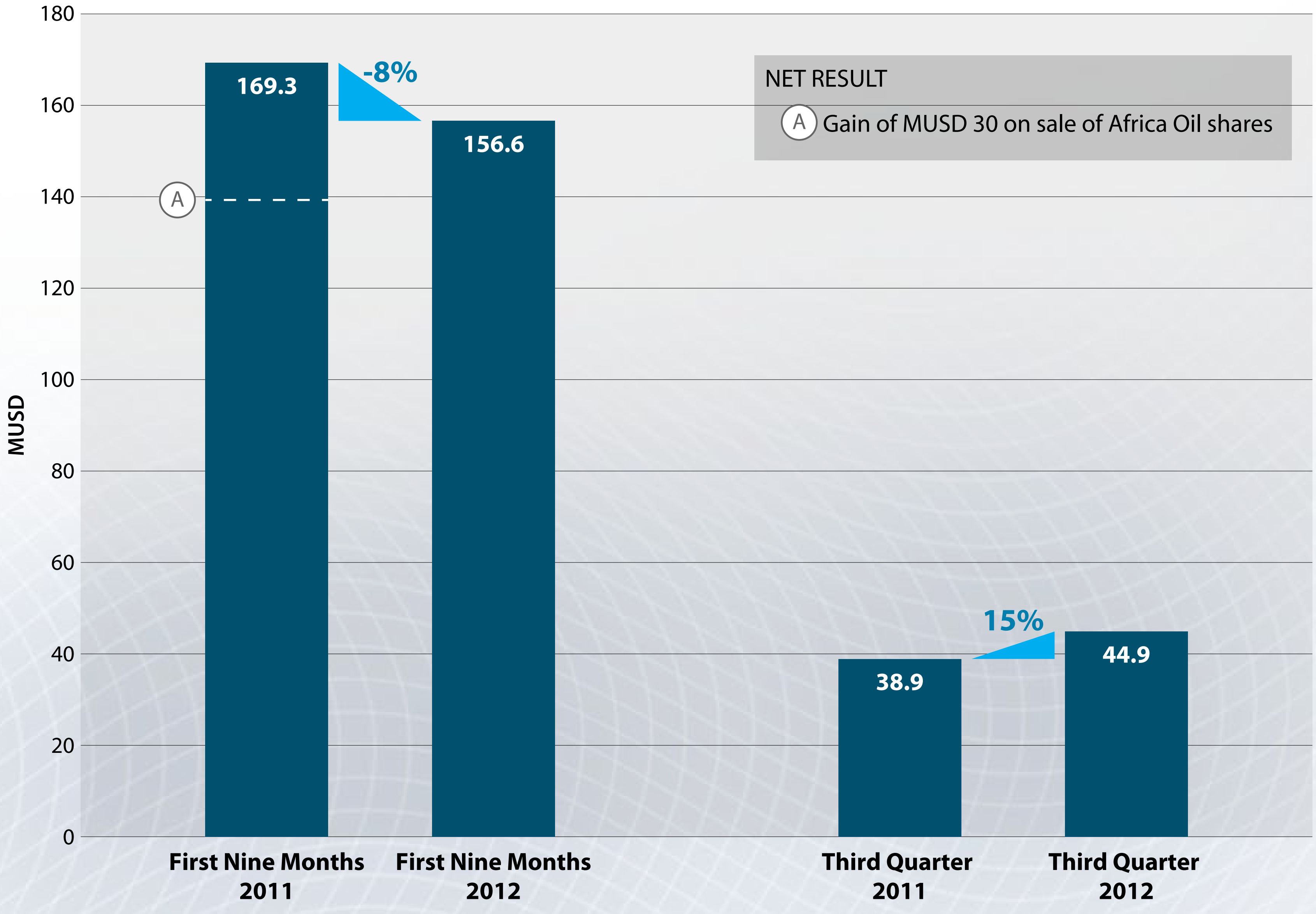
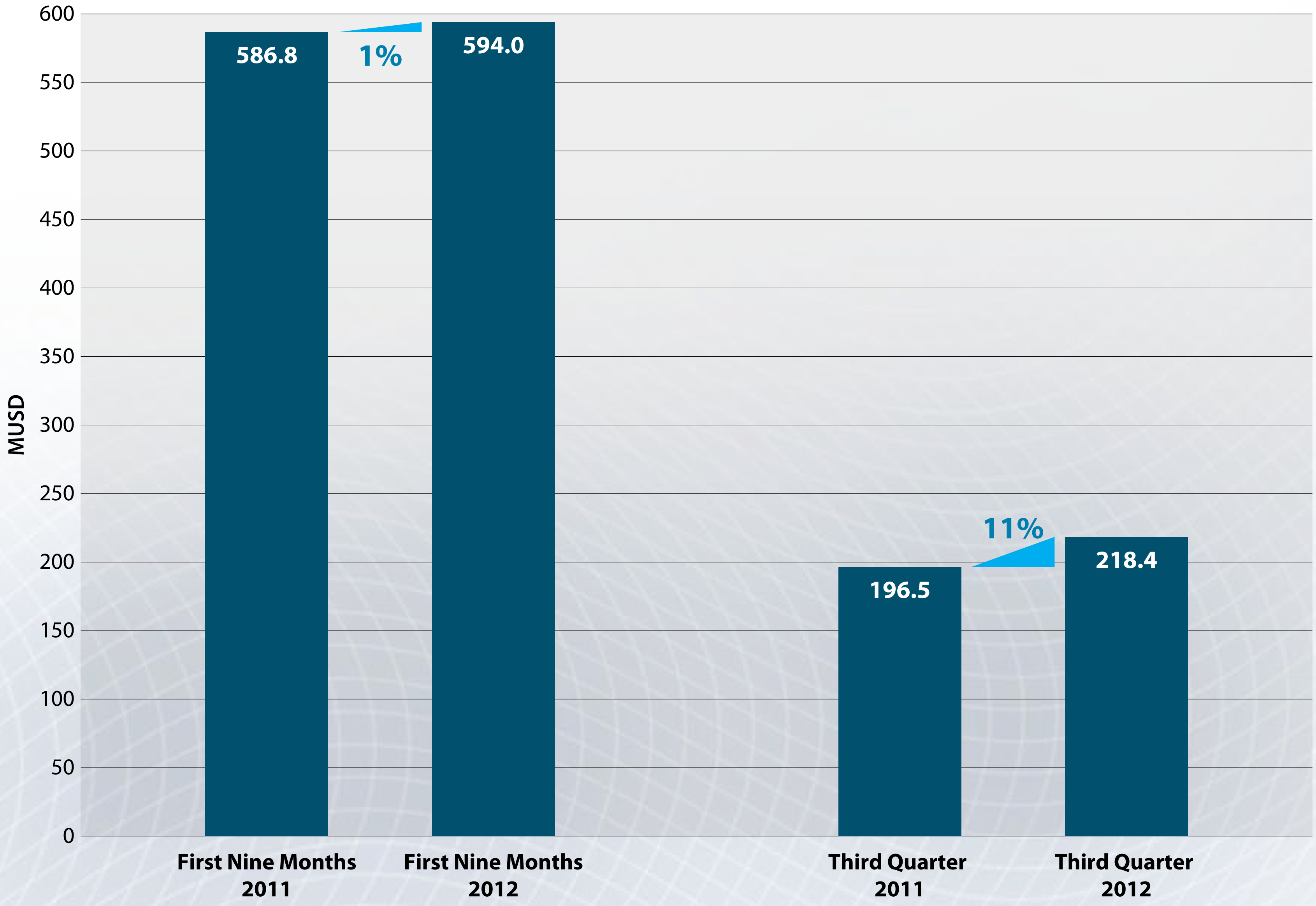
# Financial Results 2012 Highlights

| | Third Quarter 2012 | First Nine Months 2012 |
|---|---|---|
| Production (boepd) | 36,600 | 35,600 |
| Average Brent oil price (USD/boe) | 109.50 | 112.21 |
| Cost of operations (USD/boe) | 7.69 | 7.83 |
| Net result (MUSD) | 44.9 | 156.6 |
| EBITDA (MUSD) | 273.6 | 854.3 |
| Operating cash flow (MUSD) | 218.4 | 594.0 |

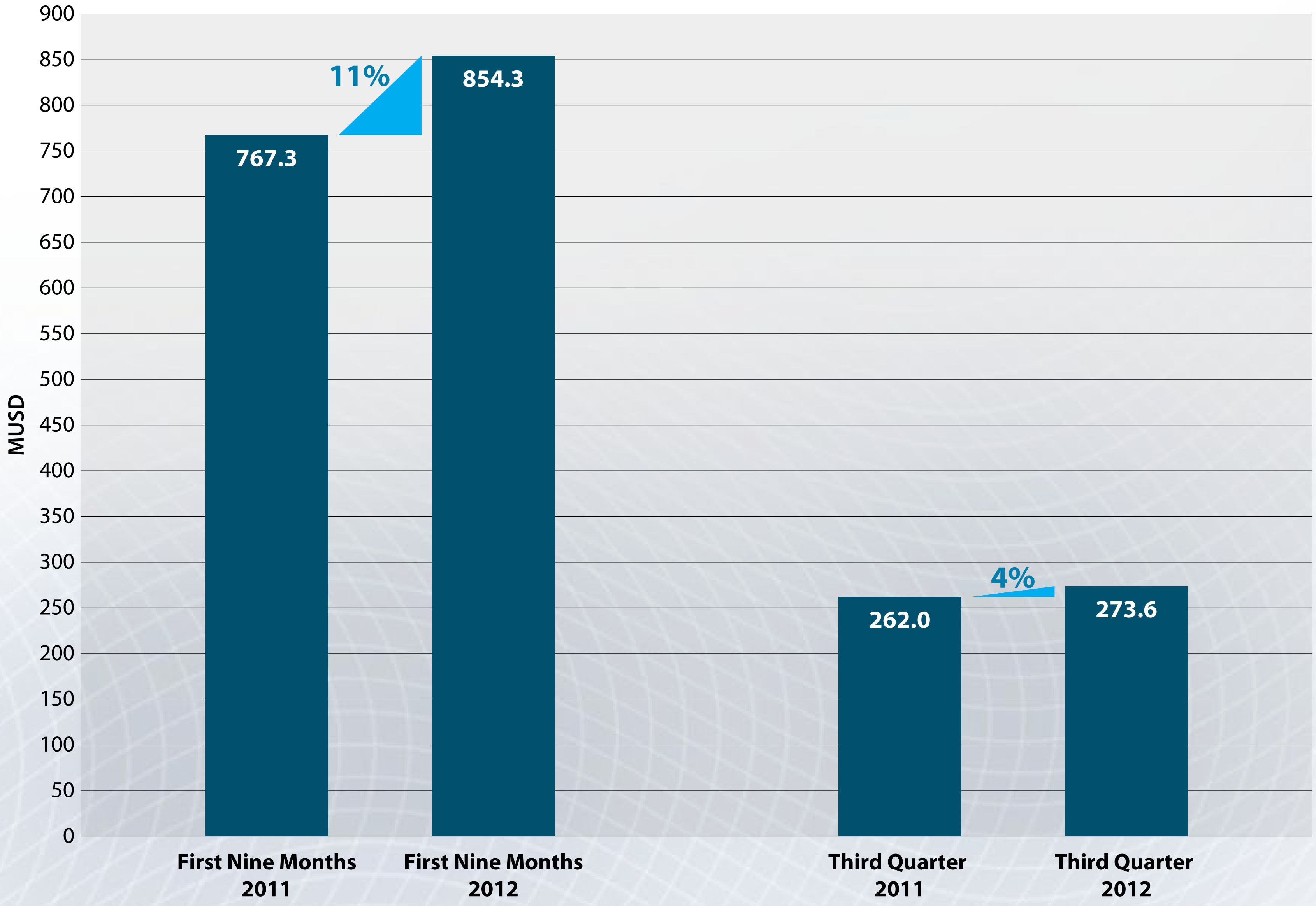
# Financial Results - Net Result



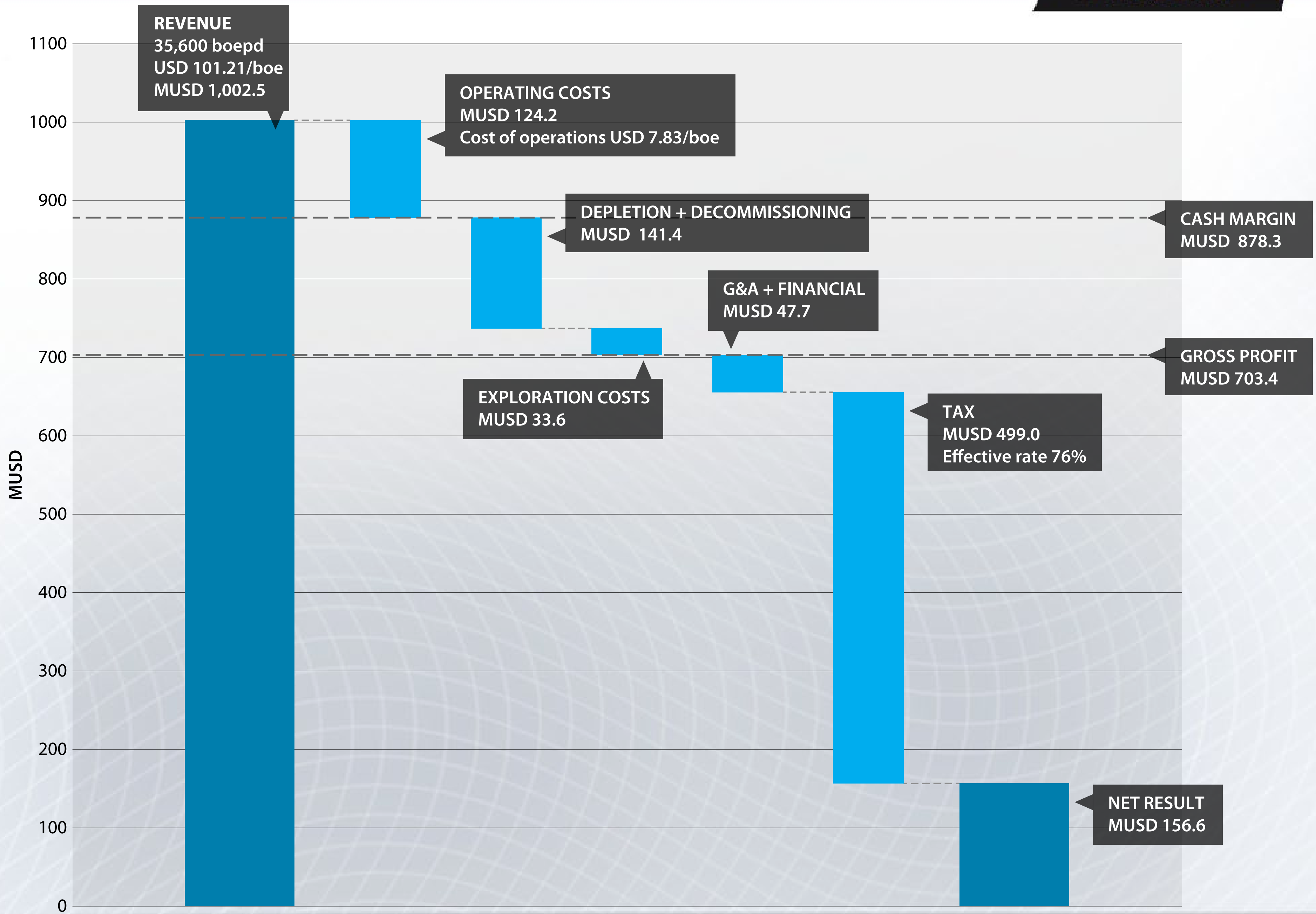
# Financial Results - Operating Cash Flow



# Financial Results - EBITDA



# Financial Results - First Nine Months 2012

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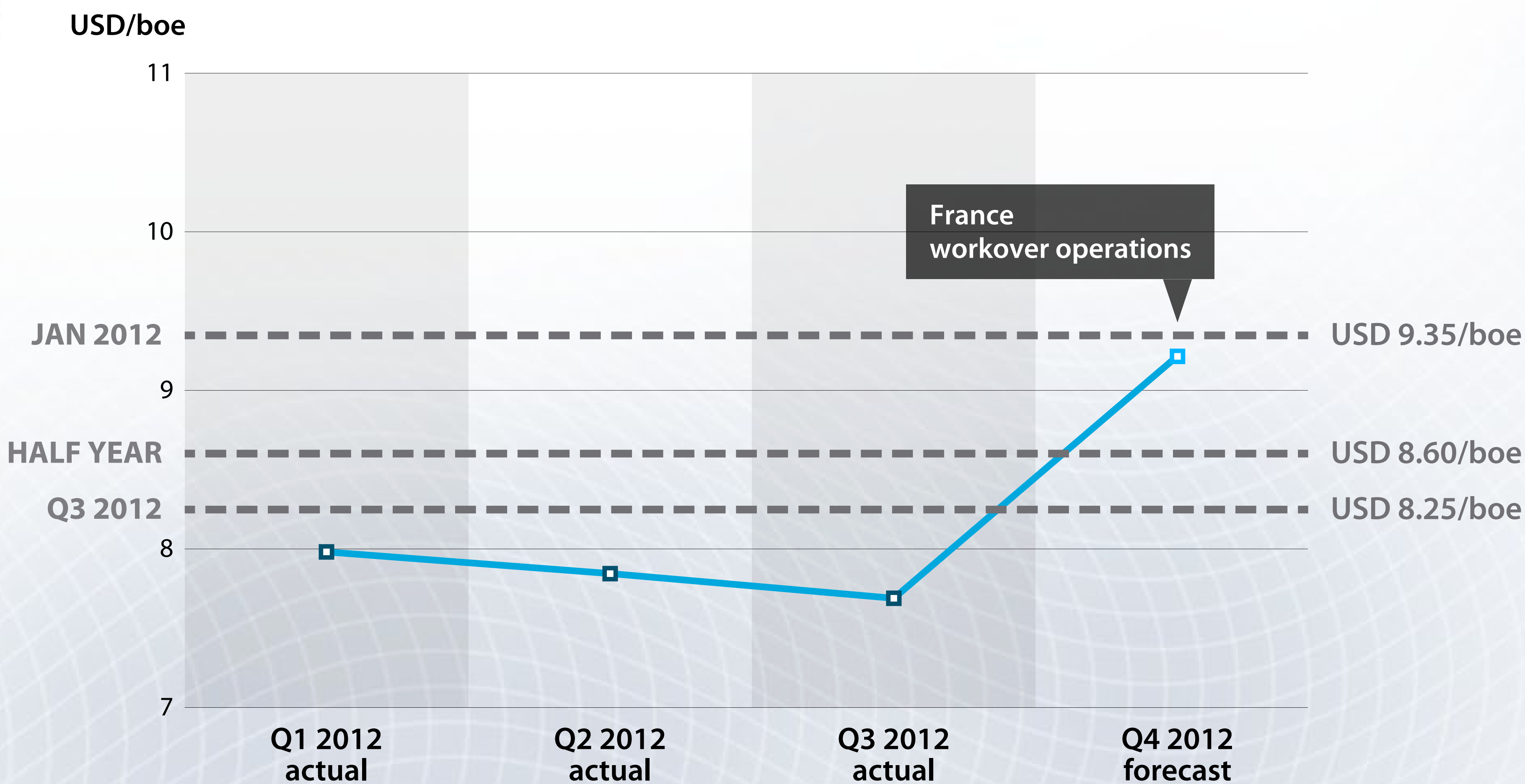
# Financial Results - Netback [USD/boe]

| | Third Quarter 2012 | First Nine Months 2012 |
|---|---|---|
| *Average Brent oil price USD/boe* | 109.50 | 112.21 |
| Revenue | 95.84 | 102.83 |
| Cost of operations | -7.69 | -7.83 |
| Tariffs | -2.19 | -2.15 |
| Production taxes | -3.55 | -4.00 |
| Stock movement | 6.55 | 1.43 |
| Other | -0.18 | -0.18 |
| Cash Margin | 88.78 | 90.10 |
| Cash taxes | -23.88 | -29.17 |
| Operating Cash Flow | 64.90 | 60.93 |
| General and administration costs (1) | -7.46 | -2.46 |
| EBITDA | 81.32 | 87.64 |

(1) *Adjusted for depreciation*

# Financial Results - Cost of Operations



# Financial Results - Exploration Costs

| | | First Nine Months 2012 MUSD | First Nine Months 2012 after Tax MUSD |
|---|---|---|---|
| **Norway** | PL440S Clapton well | 13.7 | 3.0 |
| **Indonesia** | Rangkas Block relinquishment | 7.1 | 5.6 |
| **Malaysia** | Tiga Papan 5 well | 9.2 | 9.2 |
| **Other** | | 3.6 | 3.3 |
| **Exploration Costs** | | 33.6 | 21.1 |

- **PL519, Norway Albert & PM308B, Malaysia Merawan Batu-1 wells to be expensed in Q4 2012**

# Financial Results - G & A / Financial Items

| General & Administration Expenses | Third Quarter 2012 MUSD | First Nine Months 2012 MUSD |
|---|---|---|
| General & administration charge | -3.2 | -15.3 |
| Non-cash provision - Long Term Incentive Plan | -22.6 | -11.1 |
| | -25.8 | -26.4 |

| Net Financial Items | Third Quarter 2012 MUSD | First Nine Months 2012 MUSD |
|---|---|---|
| Impairment of ShaMaran shares | 0.0 | -18.6 |
| Foreign exchange gain / (loss) | -5.2 | 0.7 |
| Gain on consolidation of subsidiary | 13.4 | 13.4 |
| Financing expenses and other | -9.1 | -16.8 |
| | -0.9 | -21.3 |

# Financial Results - Tax

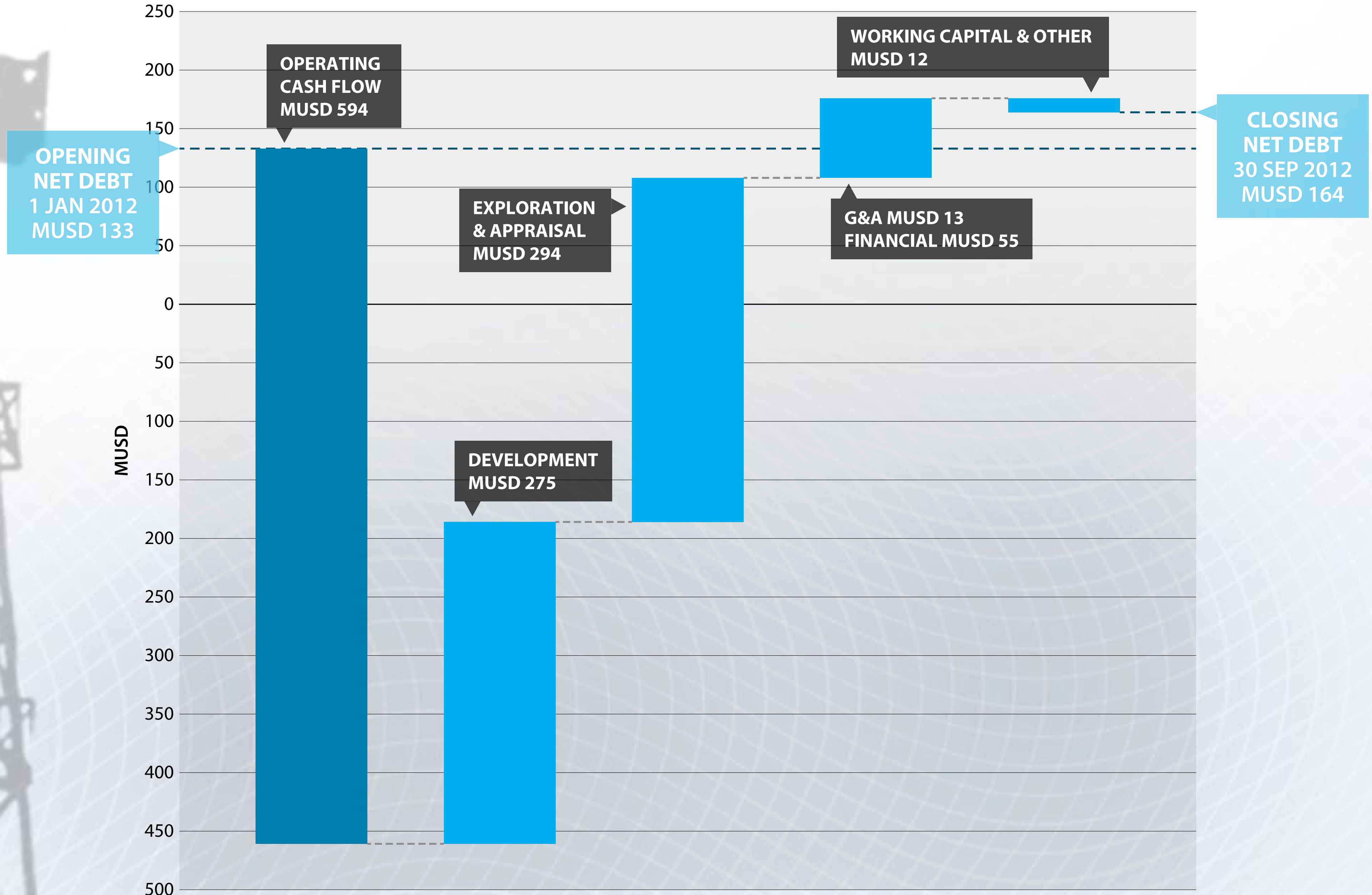
| | First Nine Months 2012 | |
|---|---|---|
| | USD/boe | Effective tax rate |
| Current tax charge | 29.17 | 43% |
| Deferred tax charge | 22.02 | 33% |
| | 51.19 | 76% |

- Non-taxable items -5%
- Operational tax rate 71%

# Financial Results - Liquidity [MUSD]

| | → at 30 Sep 2012 |
|---|---|
| Debt Outstanding | 321 |
| Cash Balances | 157 |
| **Net Debt Position** | **164** |

# Financial Results - Debt Position

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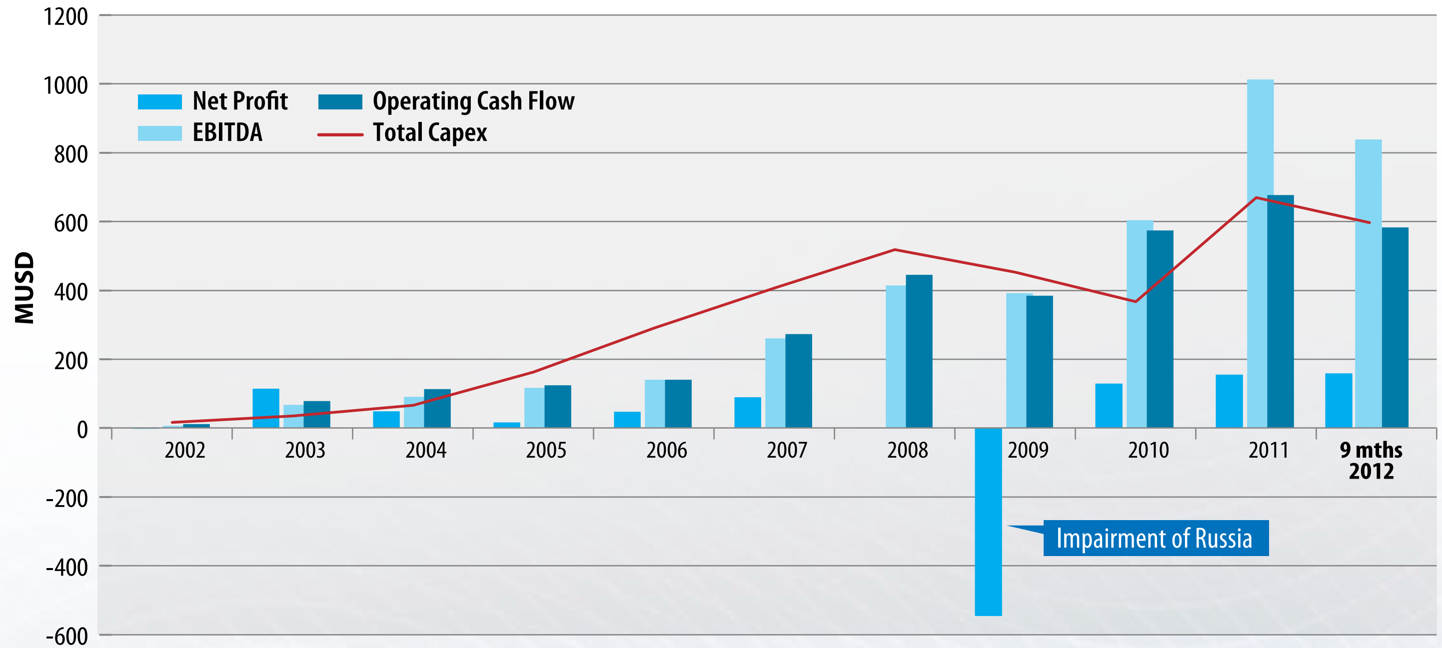
# Financial Results - Forecast Funding Requirements

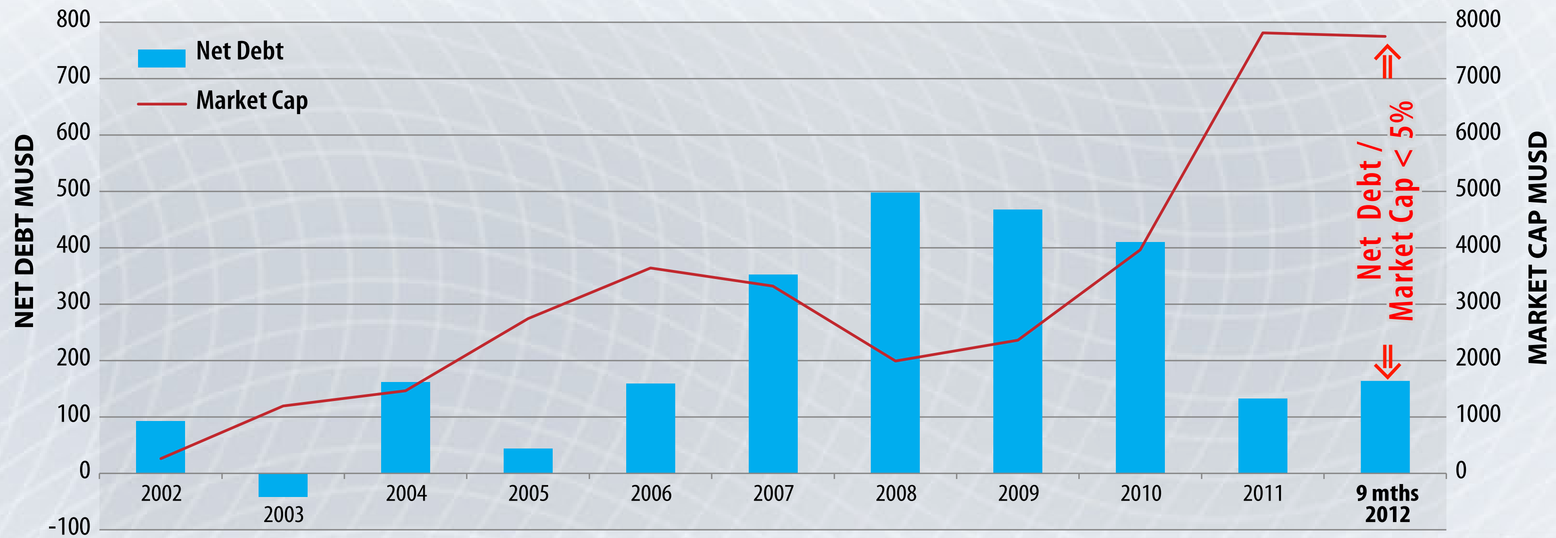
- USD 2.5 billion seven year facility signed 25 June 2012
- Secures medium term funding for ongoing Norwegian development projects and exploration programme
- Development Capital Expenditure → MUSD 2,200 over next three years
- Exploration Capital Expenditure → MUSD 500 per year

# Nine Months 2012 - Operational Highlights

- **Record Quarterly Production => 36,600 boepd in Q3**
  - Nine months production 35,600 boepd
  - Continued outperformance from Alvheim/Volund
  - Full year production guidance 34,000 – 37,000 boepd
- **Strong Financial Performance**
  - Operating cash flow: Q3 MUSD 218 and nine months MUSD 594
  - EBITDA: Q3 MUSD 274 and Nine months MUSD 854
  - Nine months cost of operations < USD 8.0/boe
- **Solid balance sheet to fund ongoing developments**
  - Net debt of MUSD 164
  - Net debt to enterprise value < 5%
  - New debt facility 2,500 MUSD
- **Exploration/appraisal**
  - Geitungen discovery (PL265) - Likely extension of the Johan Sverdrup discovery
  - Positive appraisal results on Johan Sverdrup – 8 further wells in 2012/2013
  - 2012/2013 Exploration/Appraisal programme consisting of 33 wells

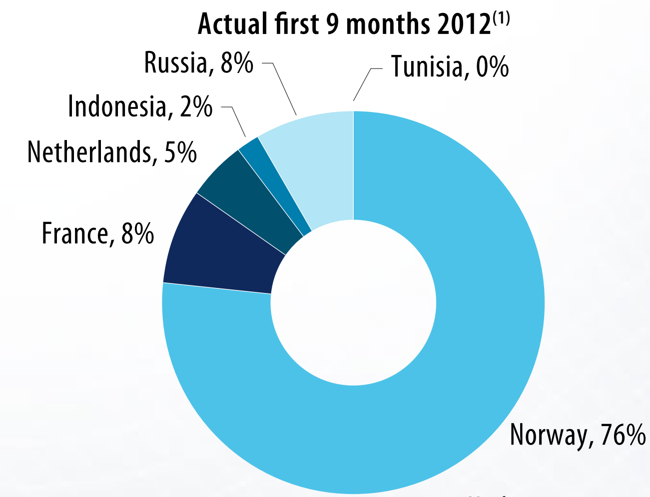
# Financial Performance

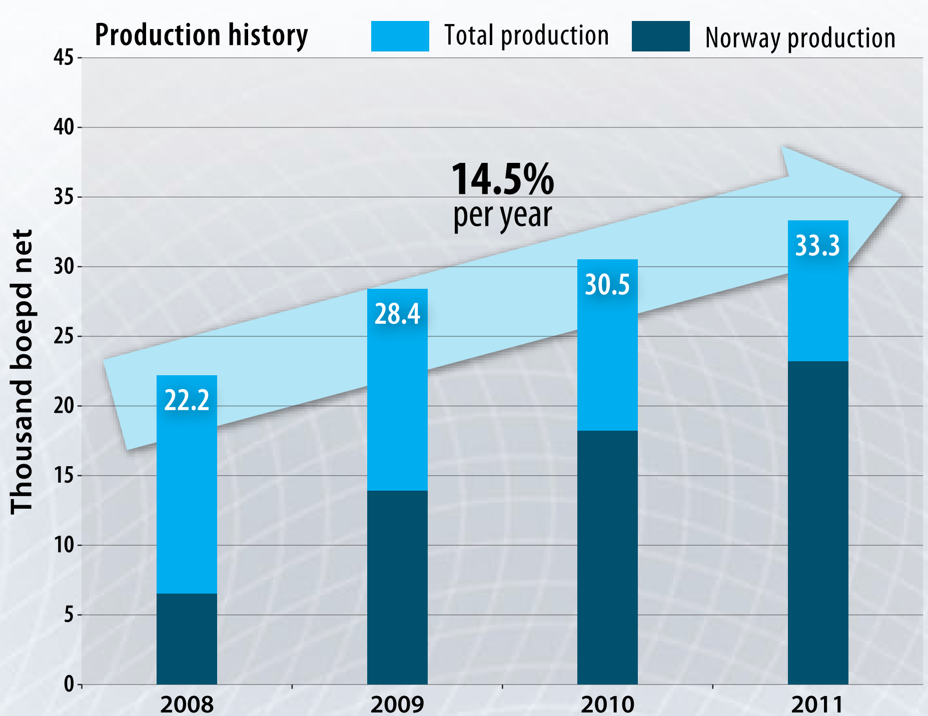


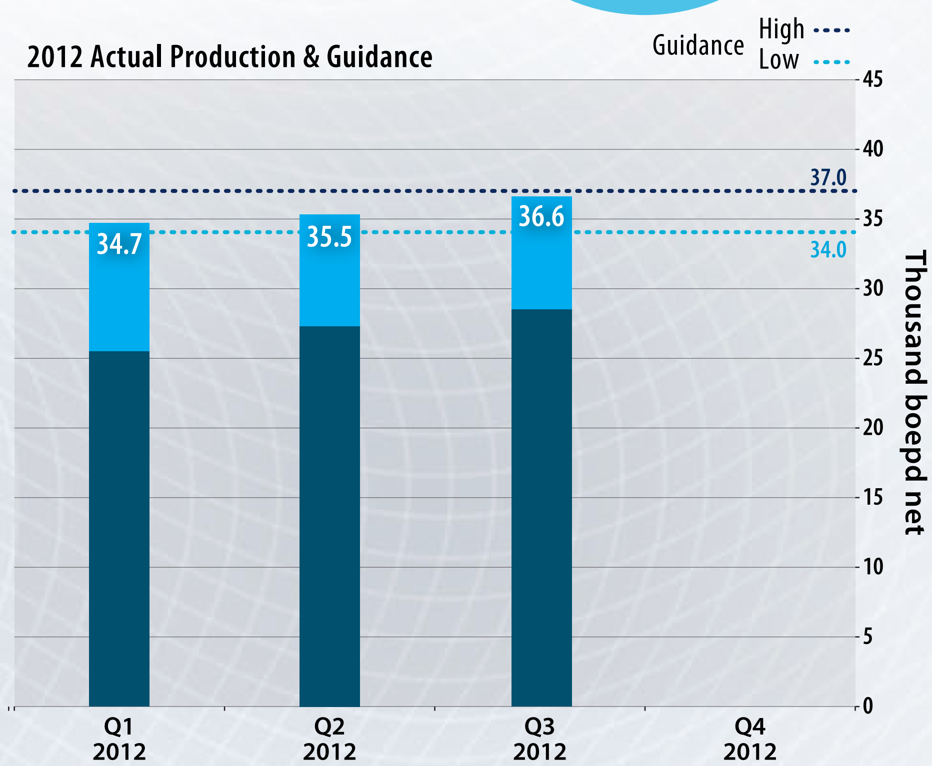



# 2012 Production Guidance

- **Nine months production: 35,600 boepd**
  - Q3 2012 production 36,600 - record quarterly performance
  - Strong production from Alvheim/Volund
  - Oudna field, offshore Tunisia, abandoned
- **2012 production guidance increased:**
  - 34,000 - 37,000 boepd (from 33,000 - 37,000 boepd)



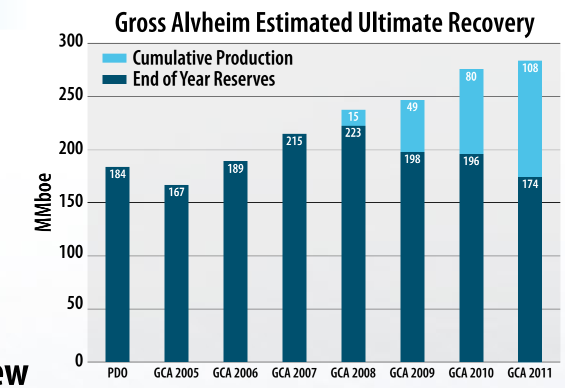




(1) *not adding to 100% due to rounding*

# Greater Alvheim Area

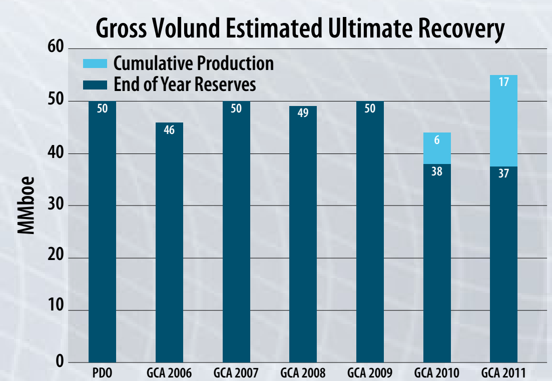
## Alvheim Field

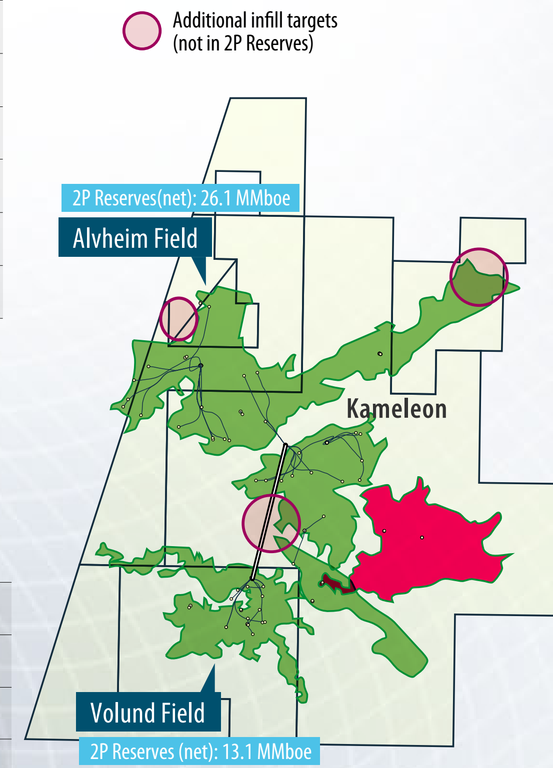
- **Lundin Petroleum 15%**
  - Marathon 65% (operator), ConocoPhillips 20%
- **Nine months 2012 net production: 11,900 boepd**
- **Alvheim cost of operations ~USD 5/boe**
- **East Kameleon development well onstream in October 2012**
- **Additional development drilling locations under review**




## Volund Field

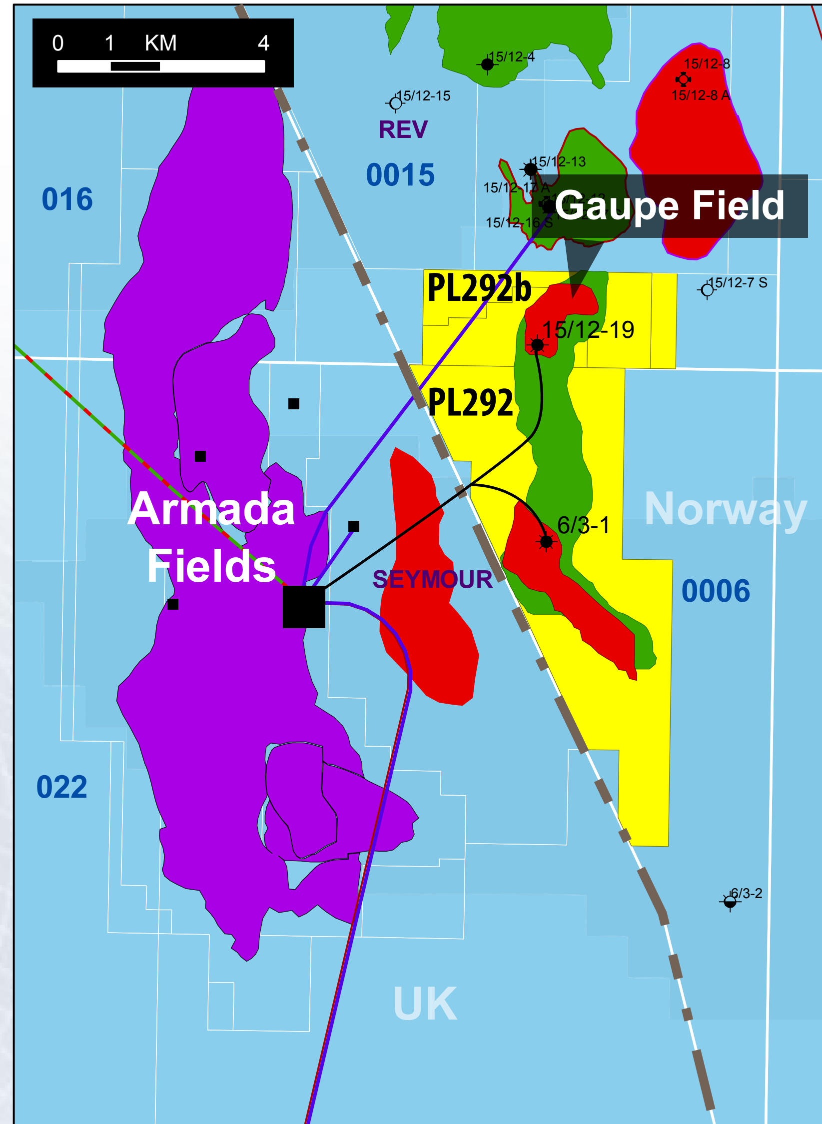
- **Lundin Petroleum 35%**
  - Marathon 65% (operator)
- **Nine months 2012 net production: 13,300 boepd**
- **Operating cost first nine months 2012**
  - Cost of operations ~ 2.0 USD/boe
  - Tariff to Alvheim ~ 3.0 USD/boe
- **Additional development well in 2012. Onstream Q1 2013**



# Gaupe - Production Perfomance

- Lundin Petroleum 40%
  BG Norge 60% (operator)
- 2P gross reserves of 31.3 MMboe
  - Likely reserves downgrade
- Two subsea wells tied back to Armada fields
- Third quarter production ~3,700 boepd
- Reservoir performance below forecast
  - more compartmentalised
  - additional infill well potential under review

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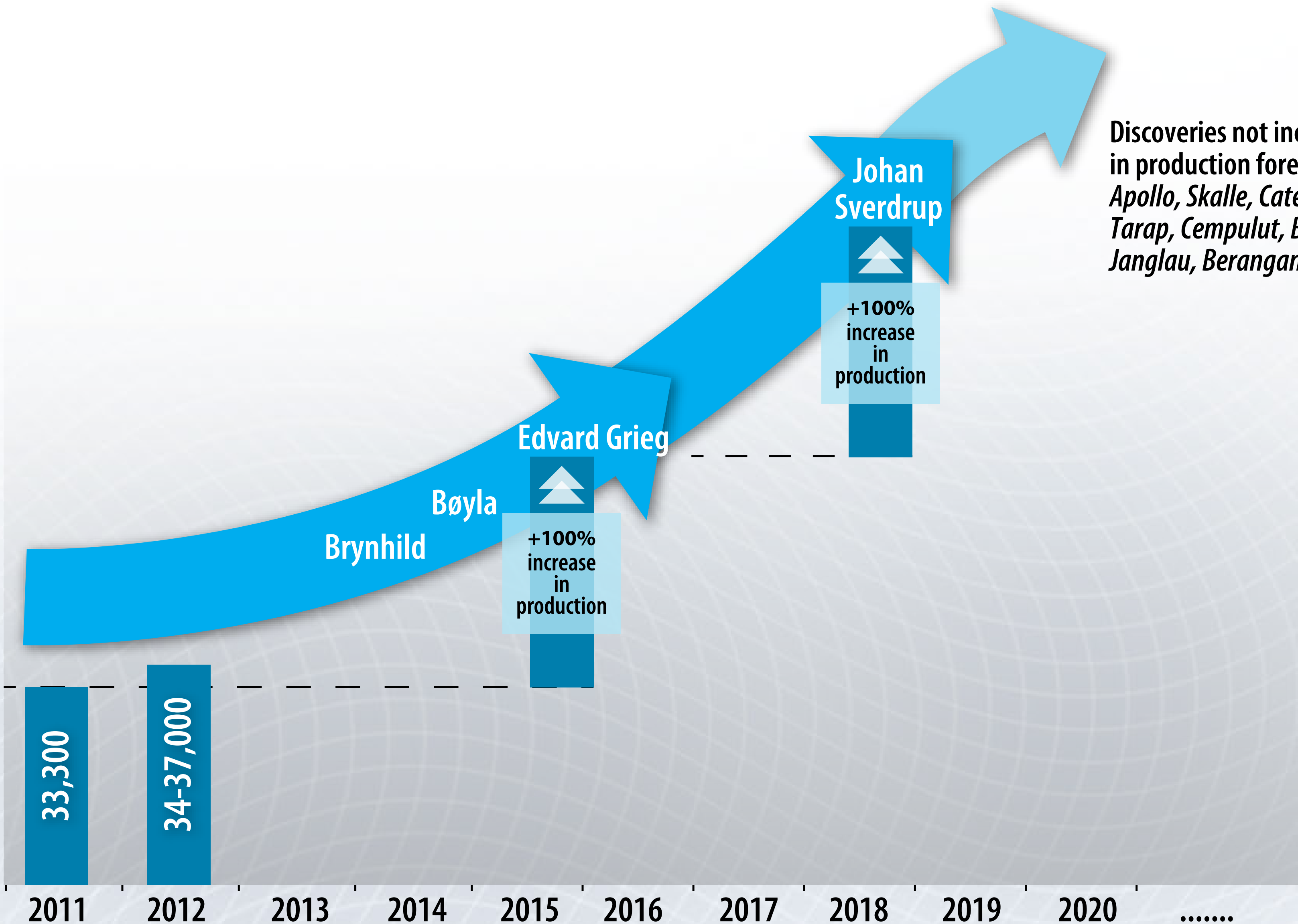
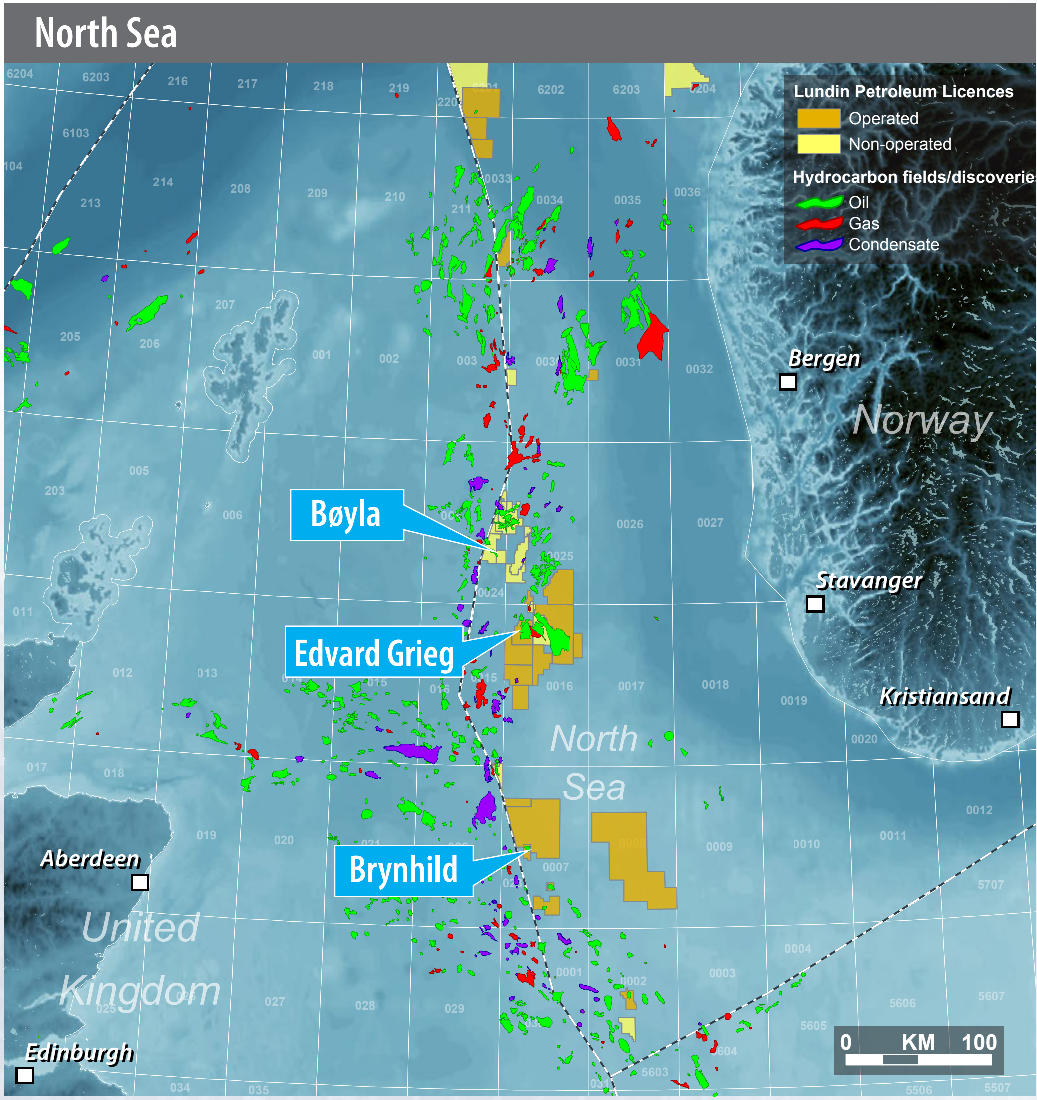
# Production to Quadruple from Ongoing Development Projects




**Discoveries not included in production forecast:**
***Apollo, Skalle, Caterpillar Tarap, Cempulut, Bertam, Janglau, Berangan, Salina***

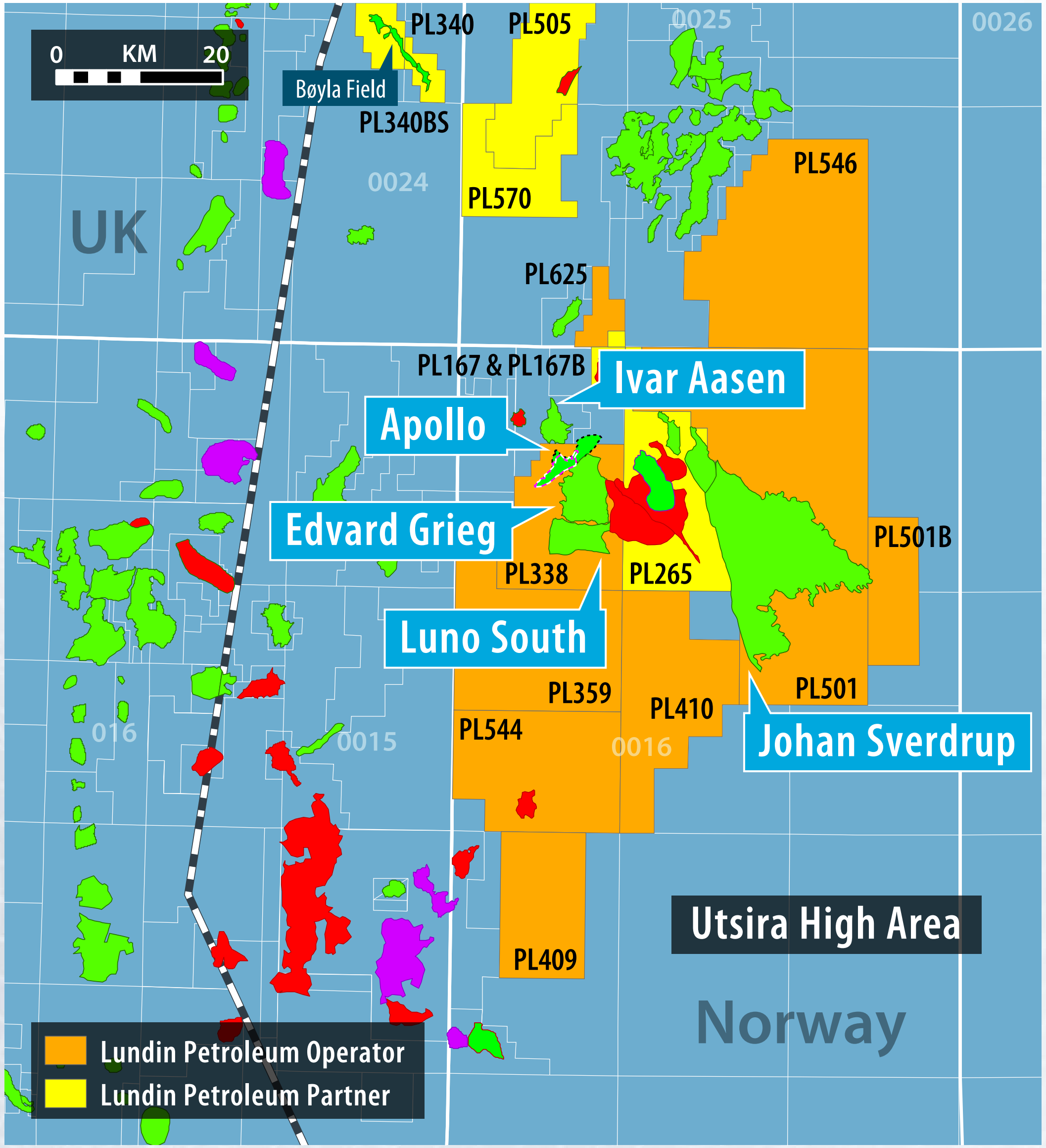
# Norway Developments

- **Edvard Grieg Development (Lundin 50% operator)**
  - PDO approved
  - 2P reserves: 186 MMboe gross
  - Plateau production: 100,000 boepd gross
  - First oil Q4 2015
- **Brynhild Development (Lundin 70% operator)**
  - PDO approved
  - Tie-back to Haewene Brim FPSO located at Shell Pierce field in the UK
  - 2P reserves 20.4 MMbo gross
  - Plateau production: 12,000 boepd gross
  - First oil Q4 2013
- **Bøyla Development (Lundin 15%)**
  - PDO approved
  - Tie-back to Alvheim FPSO
  - 2P reserves: 21 MMboe gross
  - Plateau production: 19,000 boepd gross
  - First oil Q4 2014



# Utsira High Area - Edvard Grieg Development

- Lundin Petroleum interest: 50% (operator)
  - OMV 20%[1], Wintershall 15%[1], Statoil 15%[1]
- Plan of Development approved
- 2P reserves: 186 MMboe gross
- Plateau production: 100,000 boepd gross
- Commercial agreement for coordinated development with Ivar Aasen (formerly Draupne)




[1] Subject to Government approval

# Edvard Grieg Development Project

- **Production startup Oct 2015**
- **Capital costs: 24 NOK billion**
- **Drilling 15 wells from jack-up rig**
  - 11 producers and 4 water injectors
  - Contract award to Rowan companies
- **Platform PdQ**
  - Jacket construction commenced
  - Jacket and Topsides - Kværner
  - Marine installations - Saipem
  - Design capacity
    - Oil: 90 000 bopd (with Ivar Aasen[1]: >120 000 bopd)
    - Gas: 2 $MSm^3/d$ (with Ivar Aasen[1]: 4 $MSm^3/d$)
  - Designed for coordinated development with a Ivar Aasen[1] platform development
- **Export pipelines**
  - Oil export pipeline to Grane
  - Gas export pipeline to UK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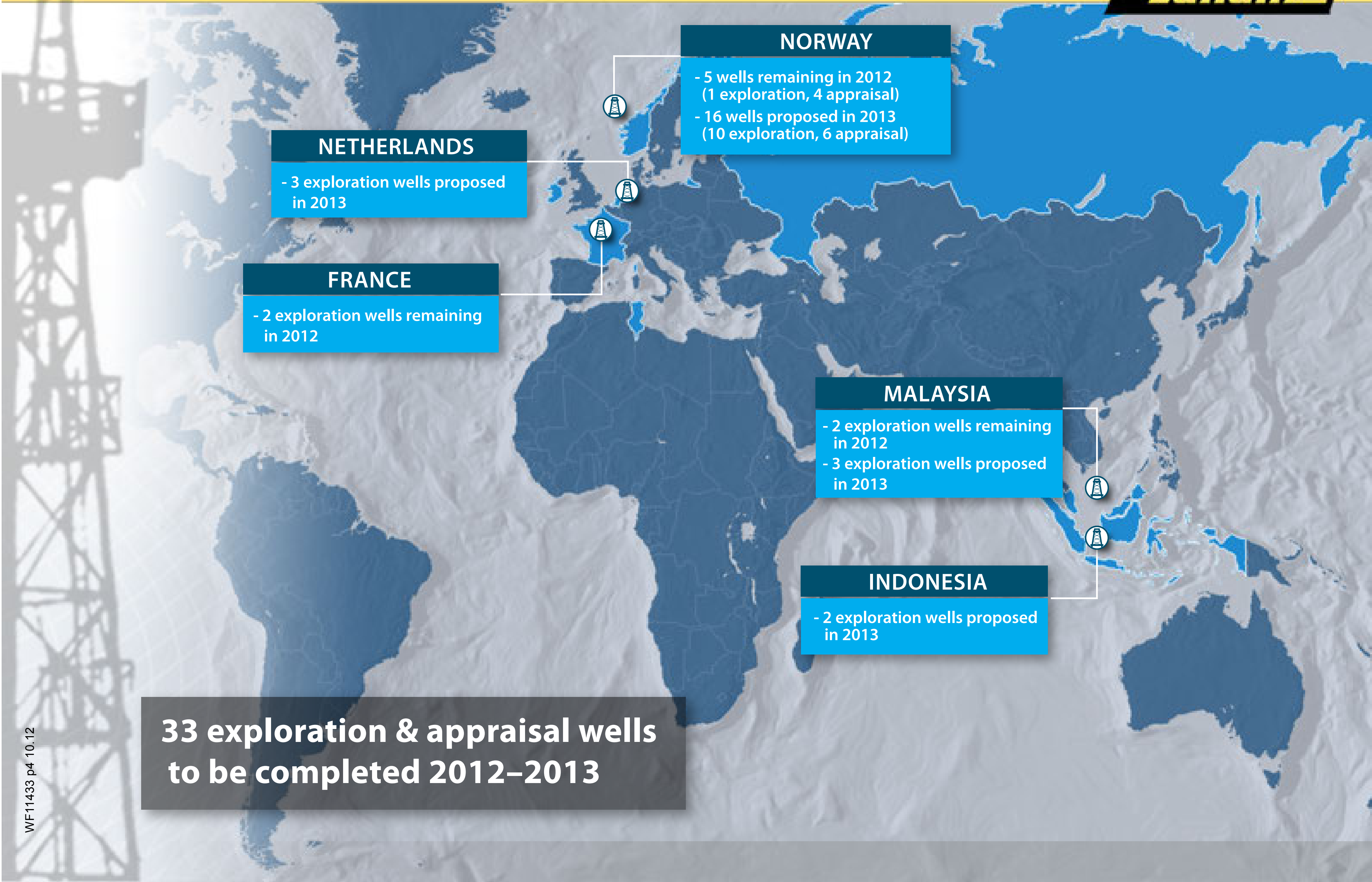
(1) formely Draupne

# Exploration & Appraisal 2012–2013




**33 exploration & appraisal wells to be completed 2012–2013**

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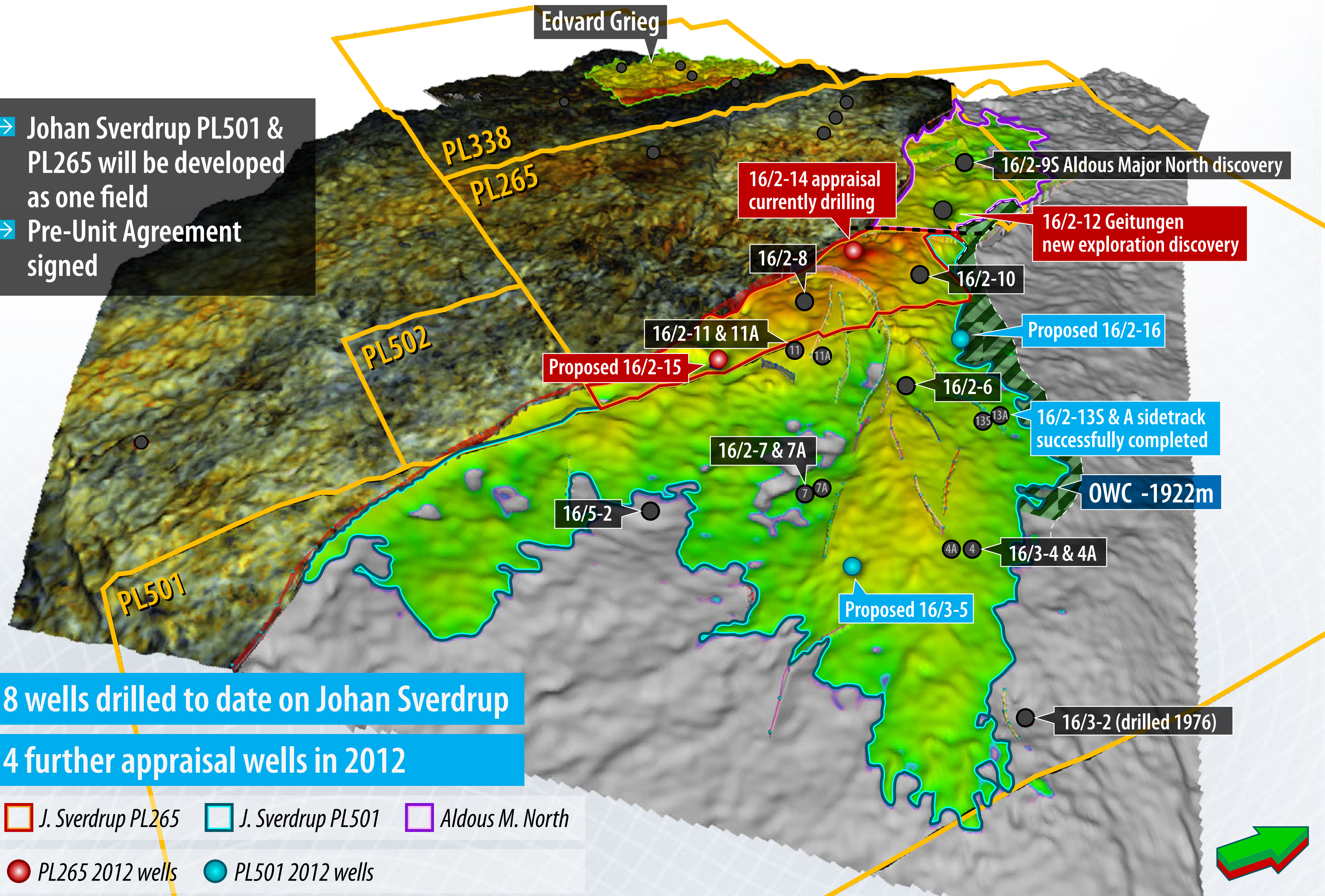
# Rig Capacity 2013 & Beyond

| Region | Rig | | 2013 Q1 | 2013 Q2 | 2013 Q3 | 2013 Q4 | 2014 Q1 | 2014 Q2 | 2014 Q3 | 2014 Q4 | 2015 Q1 | 2015 Q2 | 2015 Q3 | 2015 Q4 | 2016 Q1 | 2016 Q2 | 2016 Q3 | 2016 Q4 | 2017 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| NORWAY | Transocean Winner |  | 1 | | | | | | | | | | | | | | | | |
| NORWAY | Bredford Dolphin |  | 5 | | | | 1 | 1 | | 1 | 1 | | 3 (Optional) | | 2 (Optional) | | 1 (Optional) | | |
| NORWAY | Transocean Artic |  | | 1 | | | | | | 1 | | 1 | | | | | | | |
| NORWAY | Maersk Guardian |  | 2 | | | | | | | | | | | | | | | | |
| NORWAY | Island Innovator |  | | 4 | | | 6 | | | | 2 | 3 (Optional) | | | 6 (Optional) | | | | 3 (Optional) |
| NORWAY | Rowan Drilling Rig |  | | | | | | | | | | 2 | | | | | | | |
| SE ASIA | Malaysia Rig Tender process ongoing | | | | 3 (Tender process) | | | | | | | | | | | | | | |
| SE ASIA | Indonesia Rig Tender process ongoing | | | | 2 (Tender process) | | | | | | | | | | | | | | |
| | **Total slots** | | 18 | | | | 10 | | | | 12 | | | | 9 | | | | 3 |

Contracted Rig Slots | Optional Rig Slots | Tender process

# Johan Sverdrup Appraisal Programme

- Johan Sverdrup PL501 & PL265 will be developed as one field
- Pre-Unit Agreement signed




**8 wells drilled to date on Johan Sverdrup**

**4 further appraisal wells in 2012**

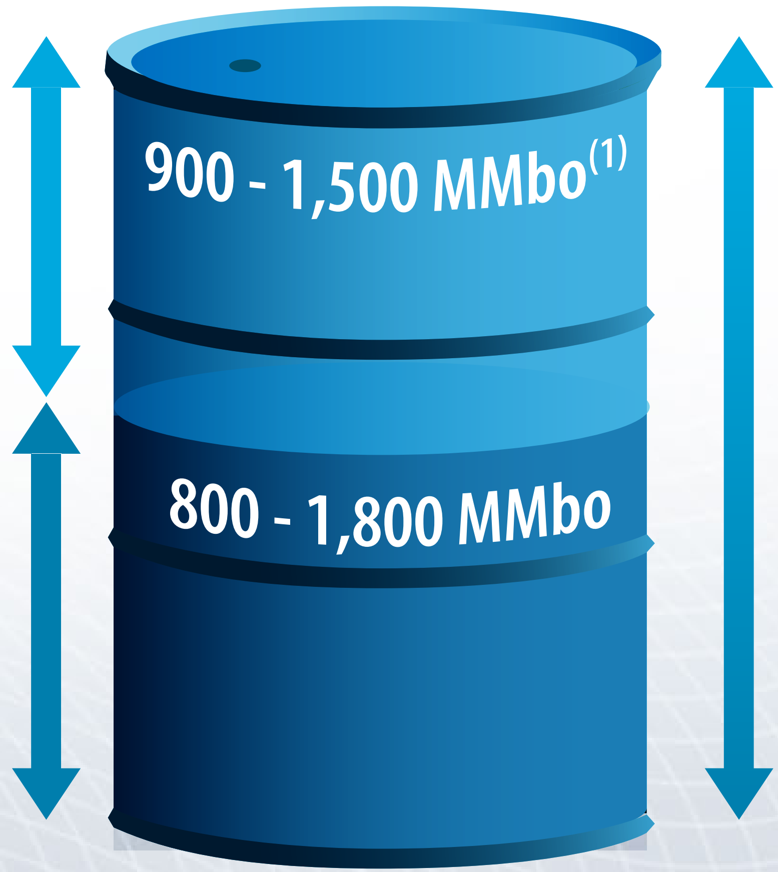
# Johan Sverdrup is One Giant Field

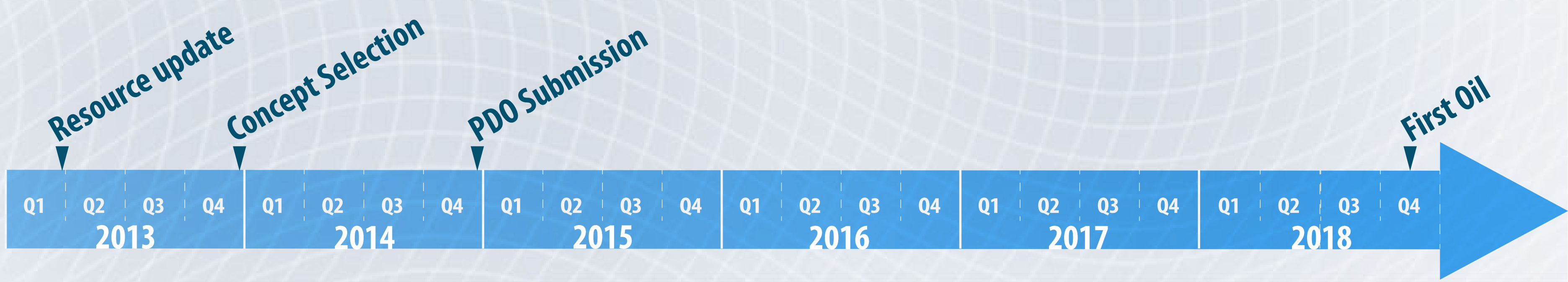
## Johan Sverdrup PL265

- **PL265 licence operated by Statoil (40%)**
  - Partners: Petoro 30%, Det Norske 20%, Lundin Petroleum 10%

## Johan Sverdrup PL501

- **PL501 licence operated by Lundin Petroleum (40%)**
  - Partners: Statoil 40%, Maersk 20%




*Contingent resources are 100% WI* *(1) Statoil estimate for Johan Sverdrup PL265*

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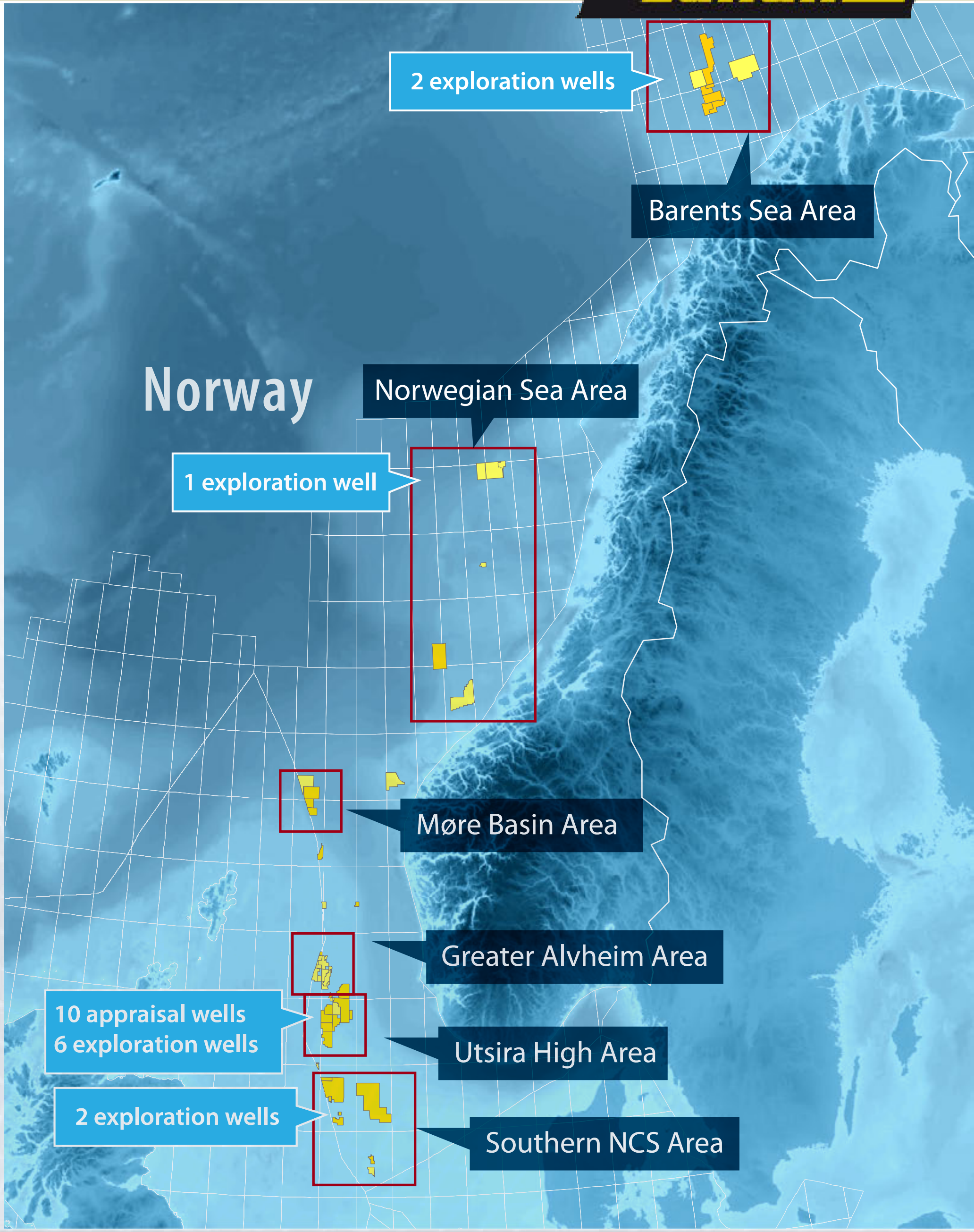
# Norway - 2012-13 Exploration and Appraisal Drilling

- **21 exploration and appraisal wells**
  (10 appraisal & 11 exploration wells)
  - 16 exploration and appraisal wells on the Utsira High area
  - 2 exploration wells in the Barents Sea

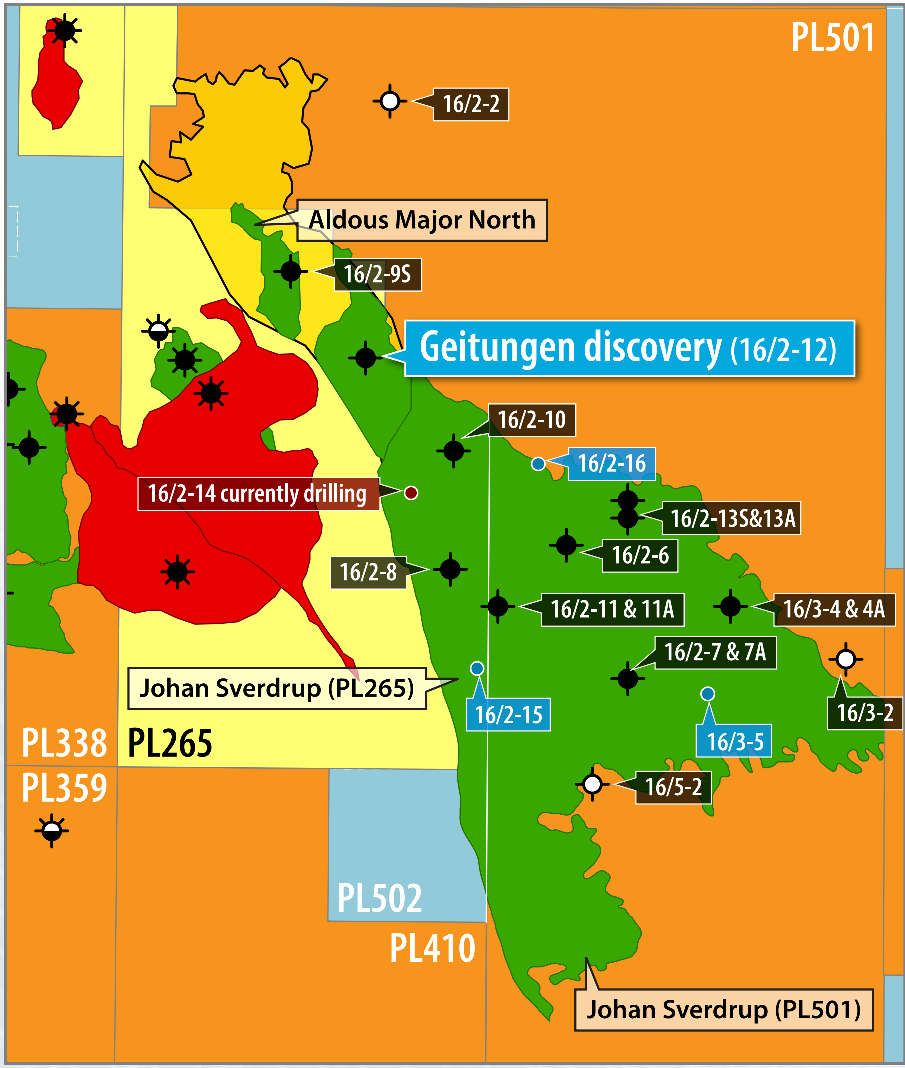
- **8 of the 10 appraisal wells to be drilled on the Johan Sverdrup structure**



# Geitungen Discovery (16/2-12)

- **PL265 (Lundin 10%)**
  - Discovery well 16/2-12
  - Gross contingent resources: 140 to 270 MMboe
  - 35 meter gross oil column in Jurassic sandstone reservoir
  - Well results indicate communication with Johan Sverdrup

Geitungen Core

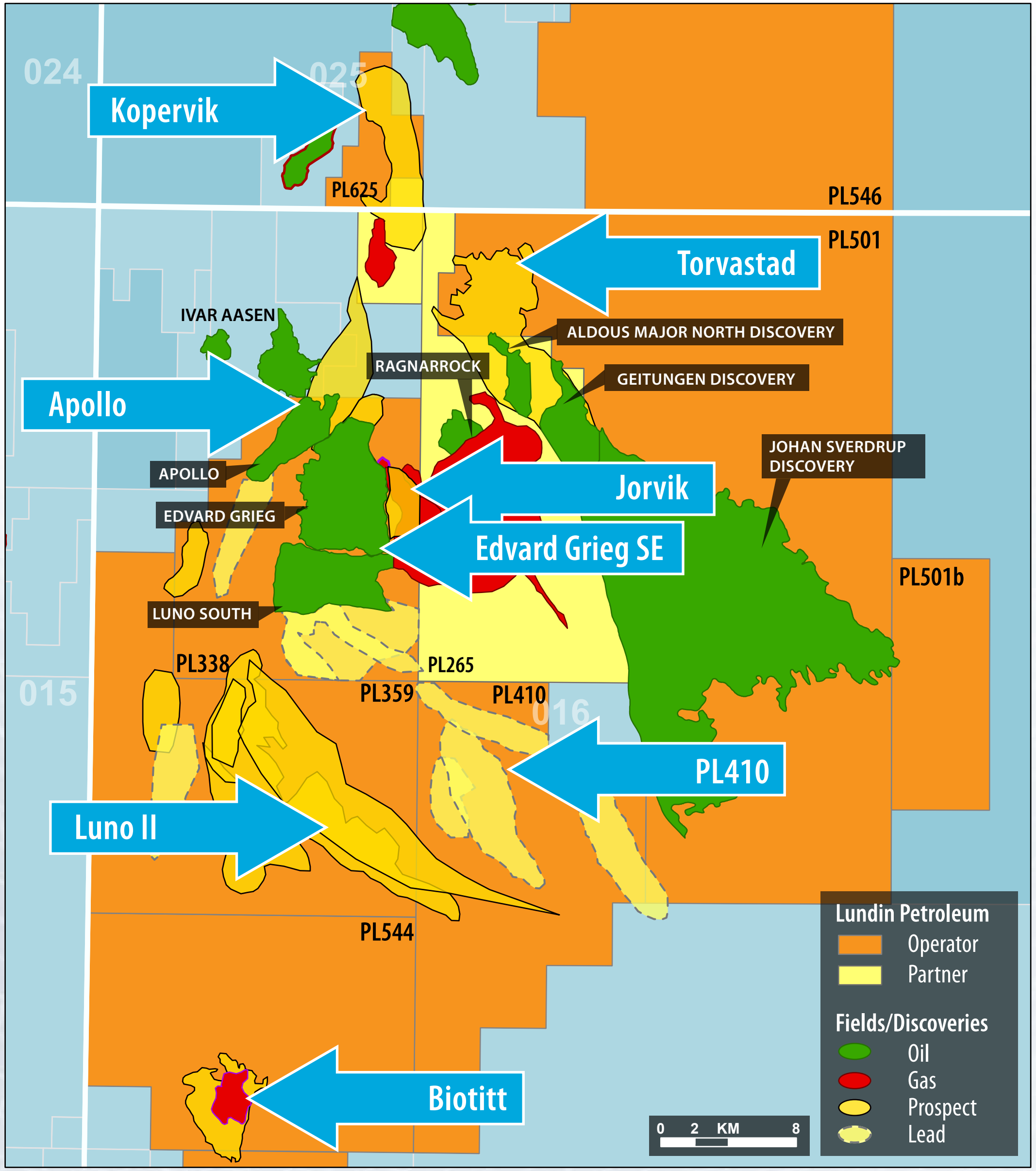



Lundin operated block
Lundin non-operated block

# Utsira High Exploration 2012 and 2013

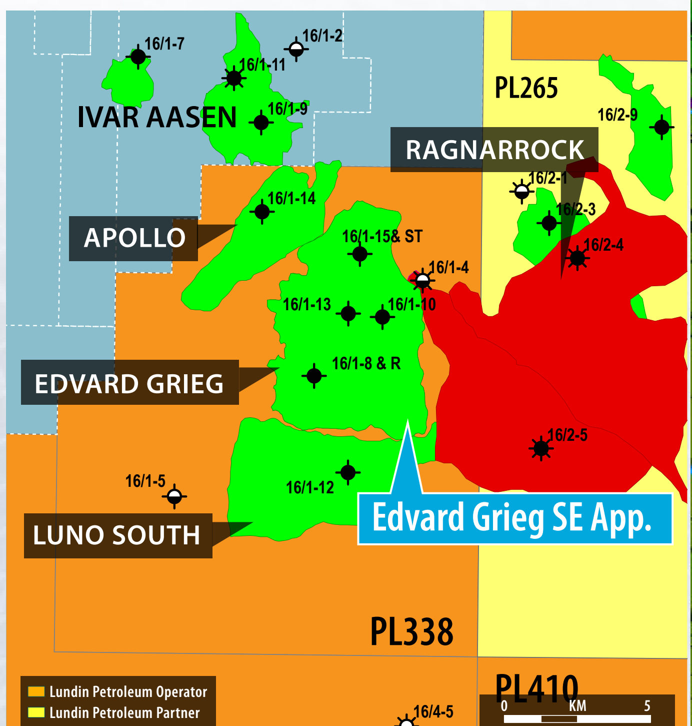
## 8 wells to be drilled

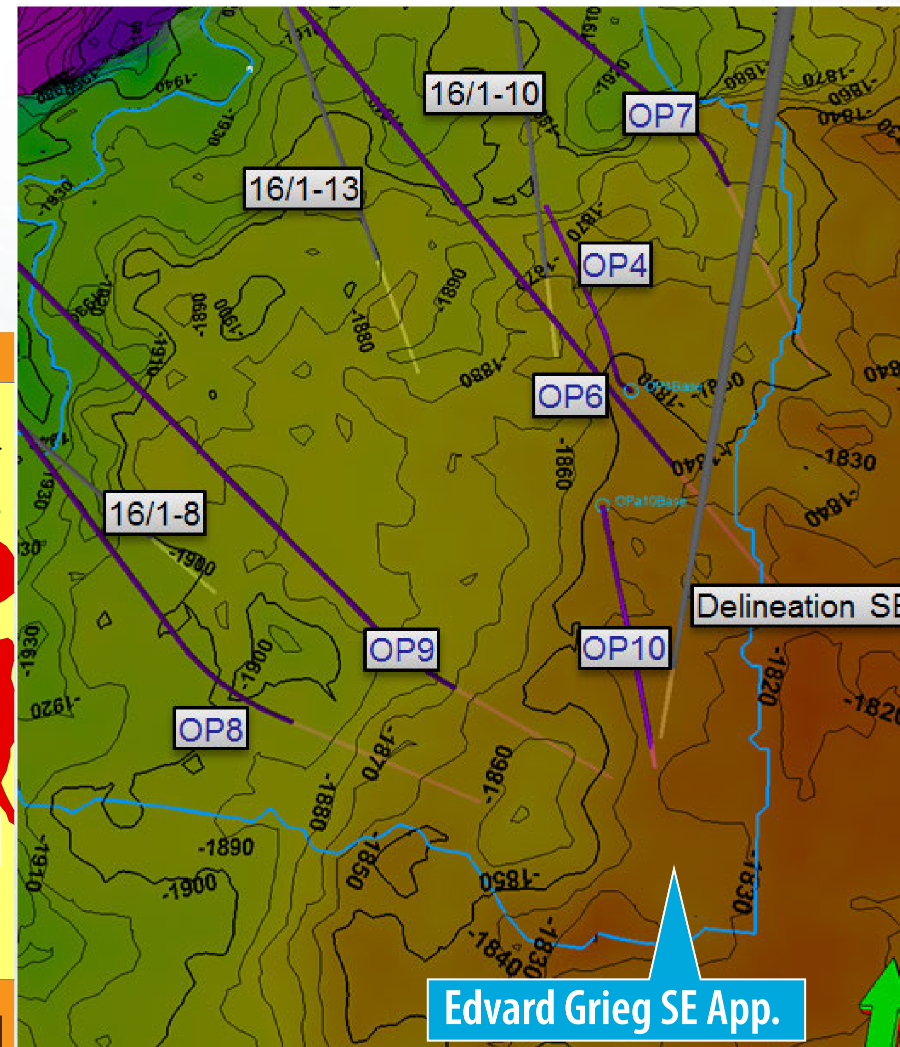
- **PL359 Luno II (40%)**
  Gross Prospective Resources: 139MMboe
- **PL625 Kopervik (40%)**
  Resources estimate available in early 2013
- **PL544 Biotitt (40%)**
  Gross Prospective Resources: 112MMboe
- **PL338 Jorvik (50%)**
  Gross Prospective Resources: 45MMboe in PL338
- **PL338 Apollo Appraisal (50%)**
  Gross Prospective Resources: 80MMboe in Cretaceous
- **PL501 Torvastad (40%)**
  Resources estimate available in early 2013
- **PL410 (70%)**
  Location dependent on Luno II PL359 result
- **PL338 Edvard Grieg SE Appraisal (50%)**



# Edvard Grieg SE Appraisal

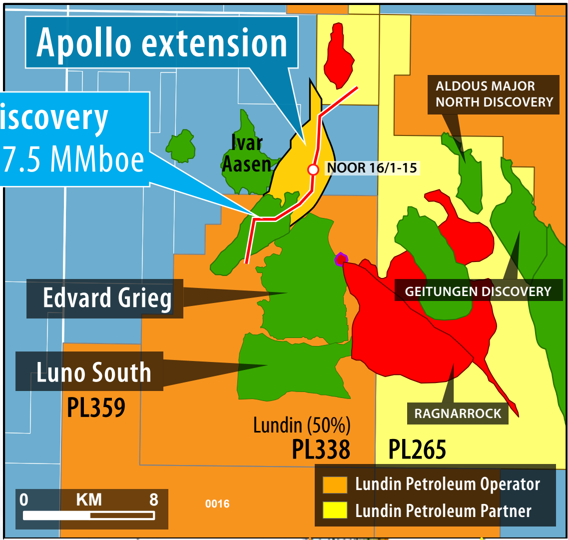
- **PL338 (Lundin 50%, operator)**
  **Edvard Grieg South East Appraisal**
  - Drilling in Q3 2013
  - Target volumes at the flank of the reservoir
  - Improve reservoir definition

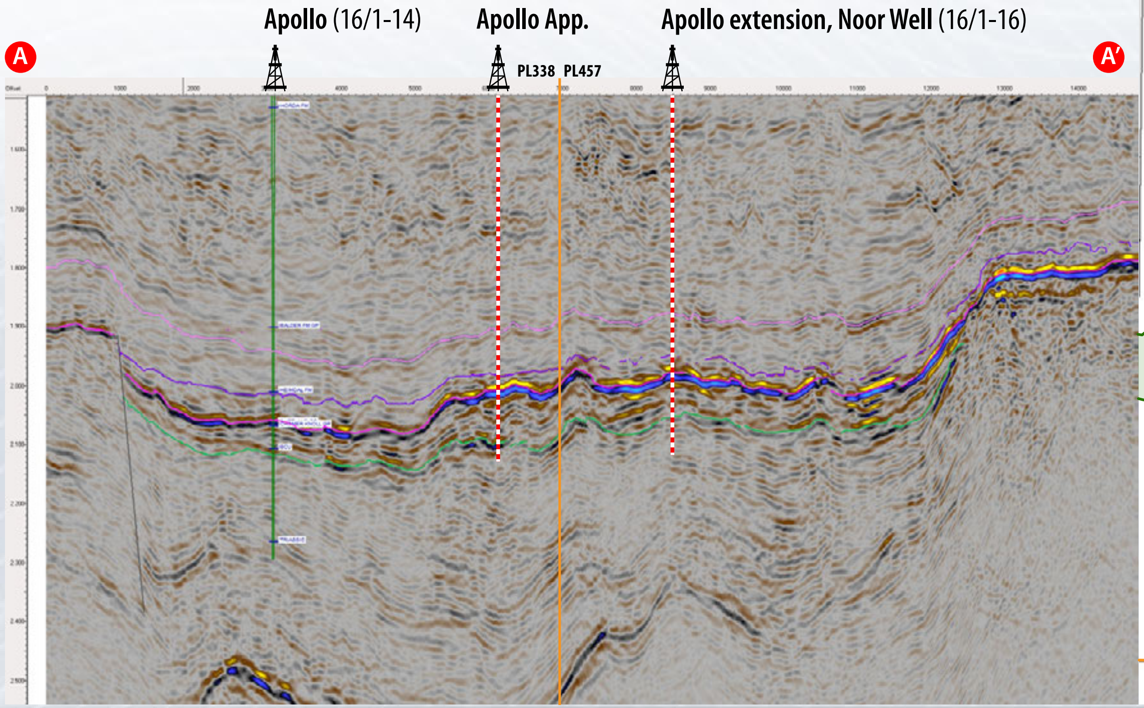


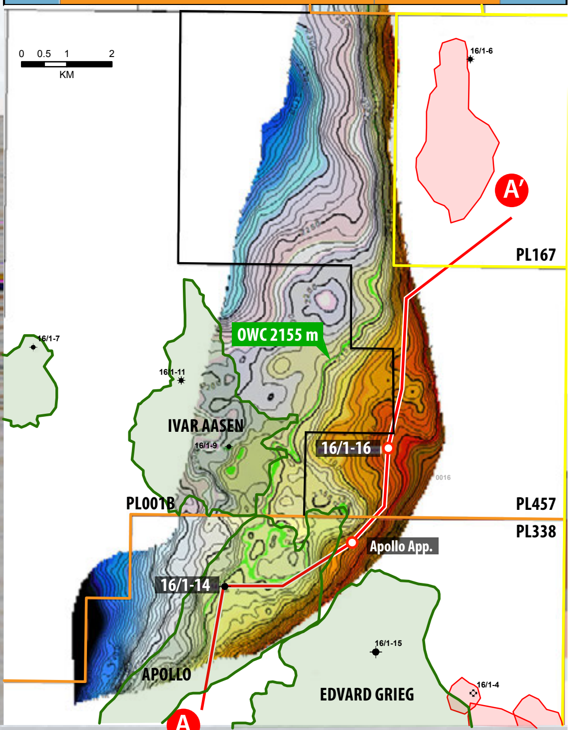



# Utsira High Appraisal - Apollo

- **PL338 (Lundin 50% operated)**
  **Apollo Appraisal**
  - Located next to the Edvard Grieg field
  - Contingent resources gross: 35 MMboe in Paleocene, < 1 MMboe in Cretaceous
  - Drilling: Q3 2013
  - Apollo extension in PL457 is currently being drilled
    - Lower Cretaceous - Upper Jurassic play
  - Potential connection to Apollo Cretaceous prospect
  - Gross prospective resource: 80 MMboe in Cretaceous

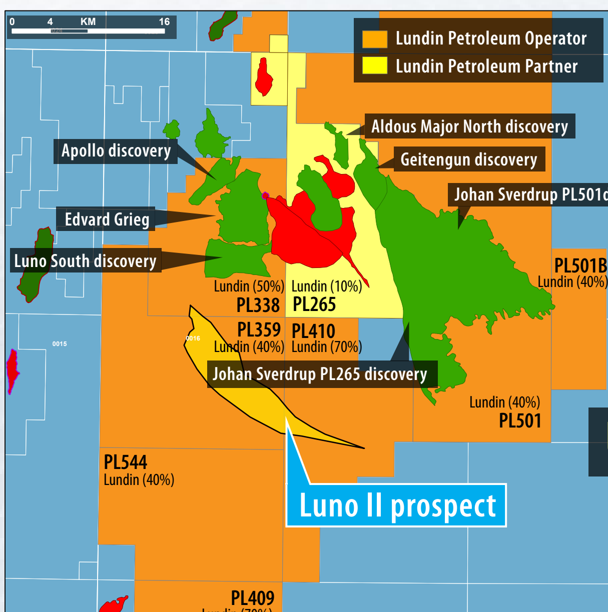


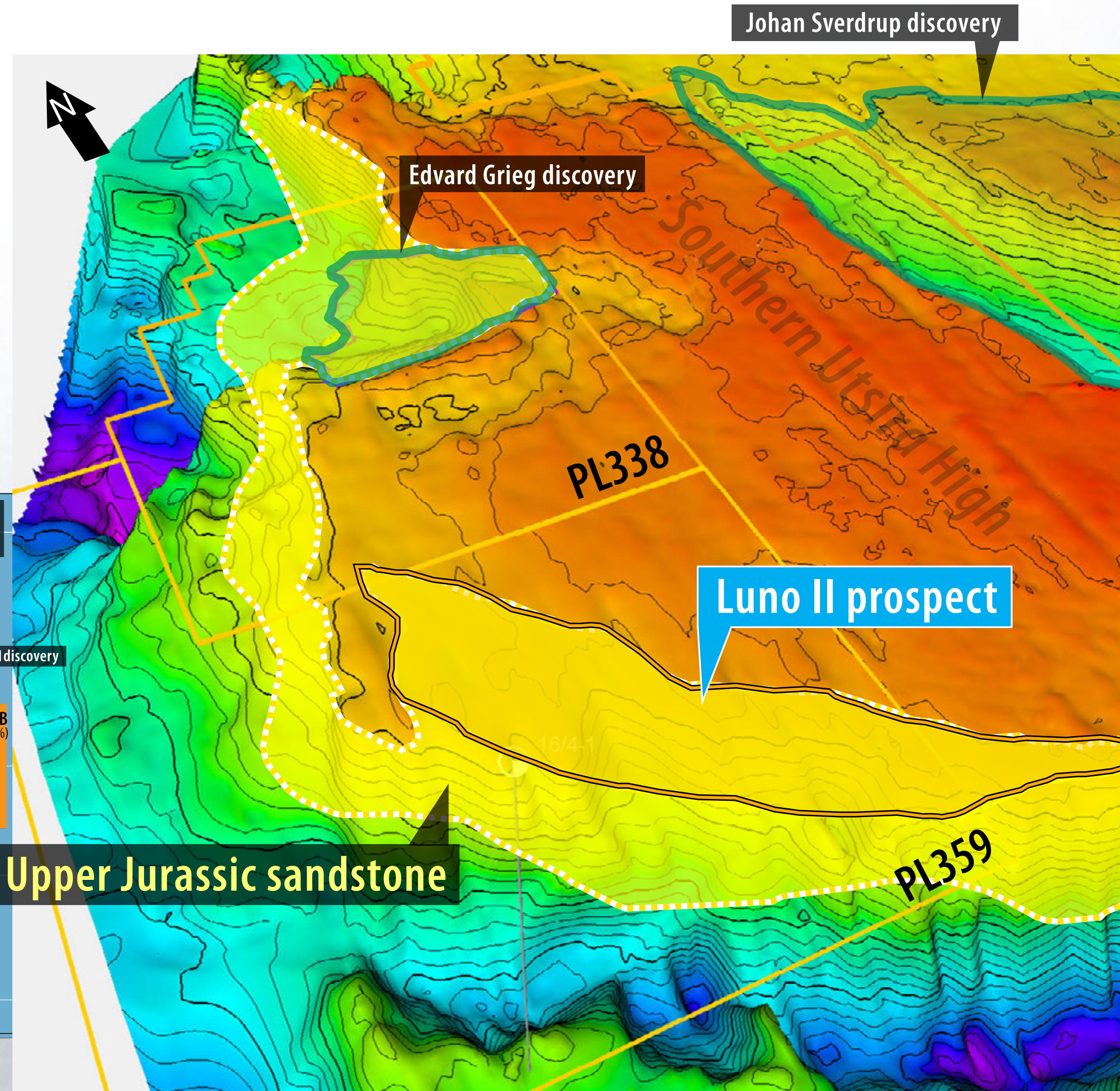



# Utsira High Exploration - Luno II

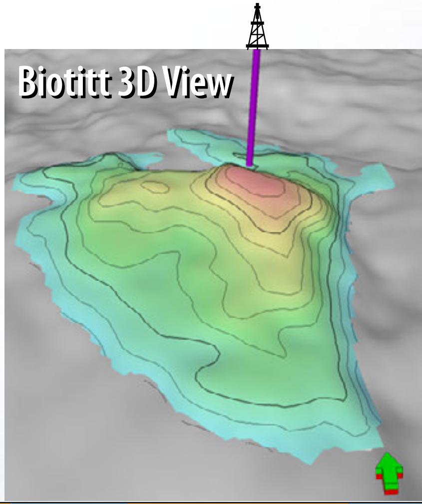
- **PL359 (Lundin 40% operated)**
  **Luno II prospect**
  - Johan Sverdrup or E. Grieg play type
  - Reservoir: Upper Jurassic
  - Gross unrisked prospective resources: 139 MMboe
  - Drilling Q1 2013

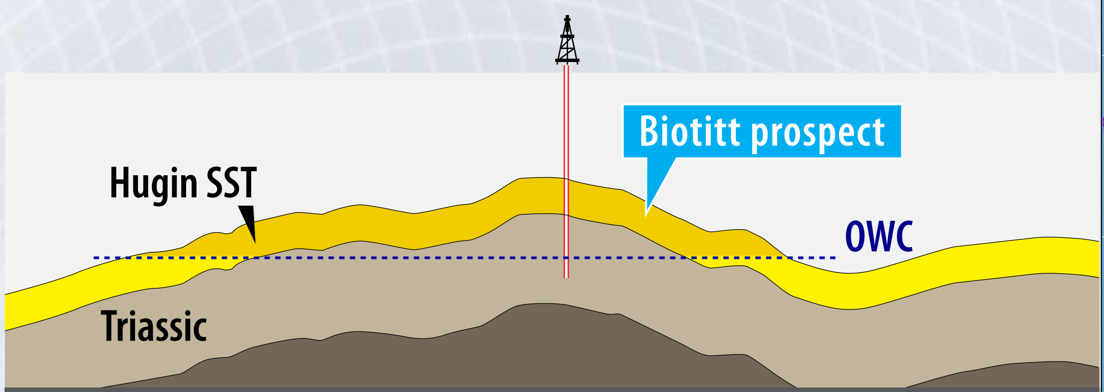


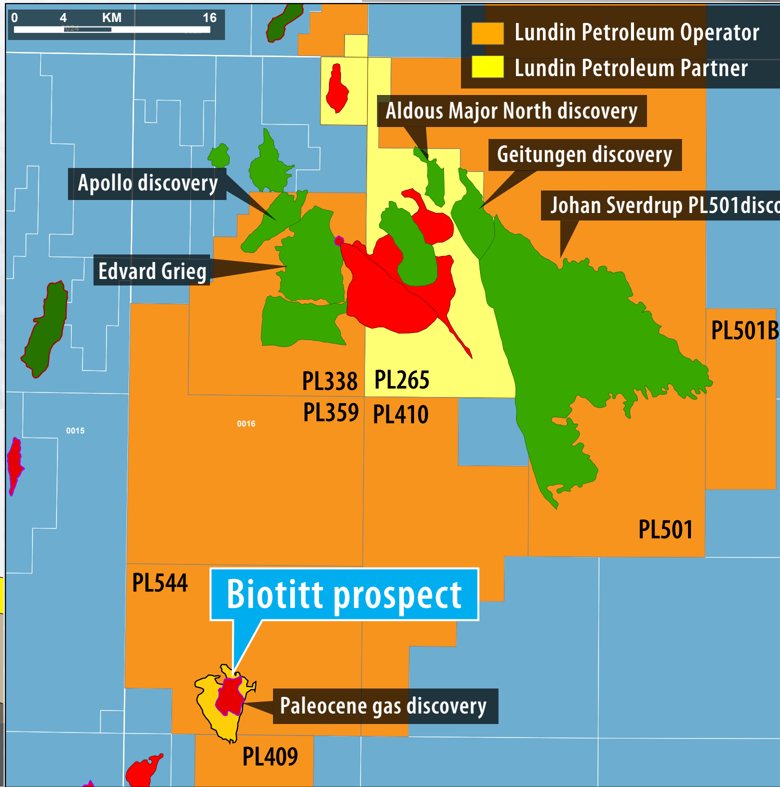
# Utsira High Exploration - Biotitt

- **PL544 (Lundin 40% operated)**
  **Biotitt prospect**
  - Trap: 4-way dip closure
  - Seal: Upper Cretaceous chalk/shales
  - Reservoir: Jurassic Hugin fm
  - Gross unrisked prospective resources: 124 MMboe
  - Drilling: Q3 2013



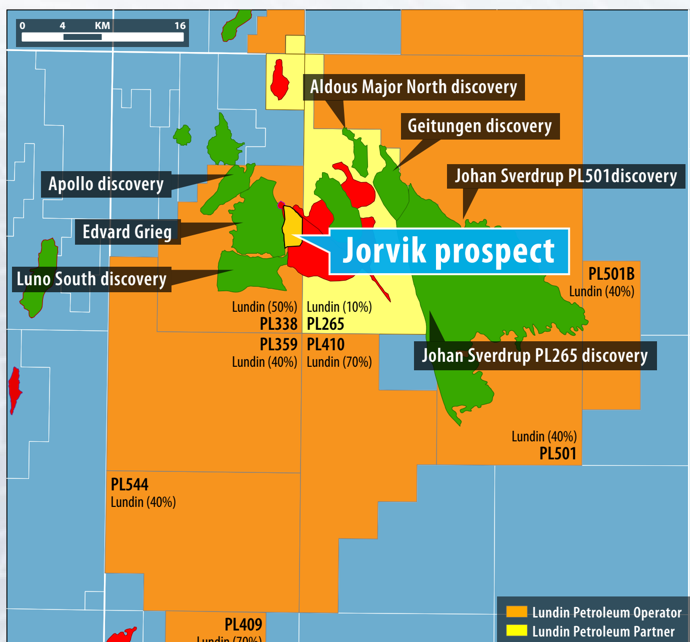



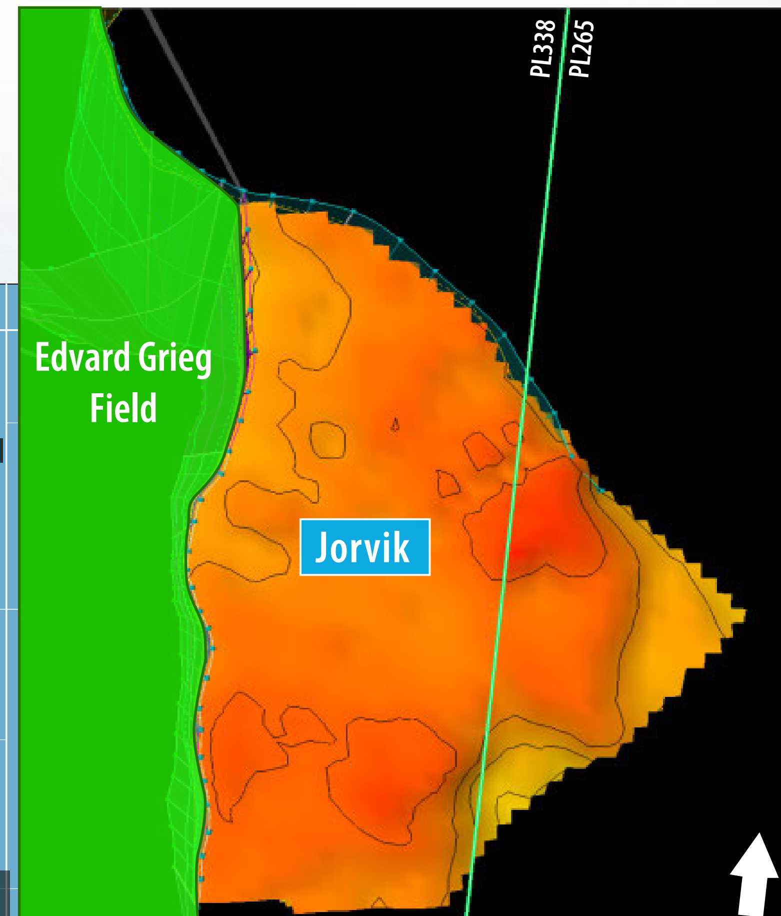

Biotitt Cross Section



# Utsira High Exploration - Jorvik

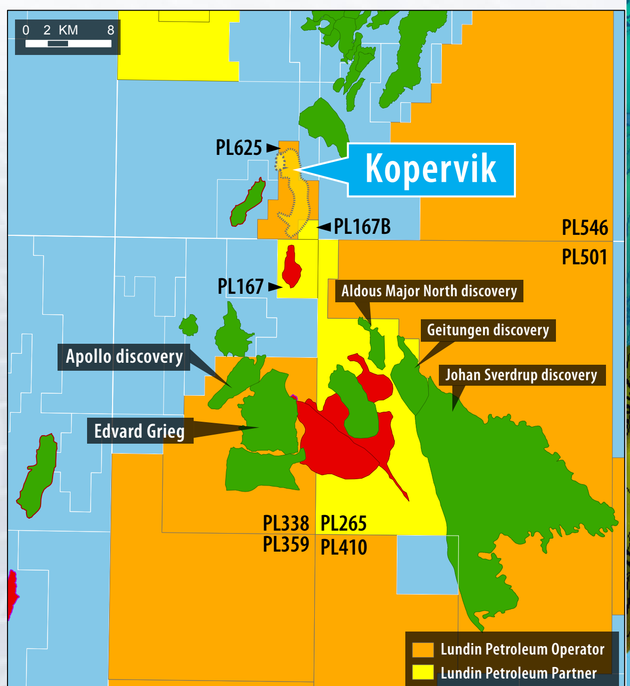
- **PL338 (Lundin 50% operated)**
  **Jorvik prospect**
  - Gross unrisked prospective resource in PL338: 46 MMboe
  - Edvard Grieg extension towards the east
  - Drilling: Q1 2013

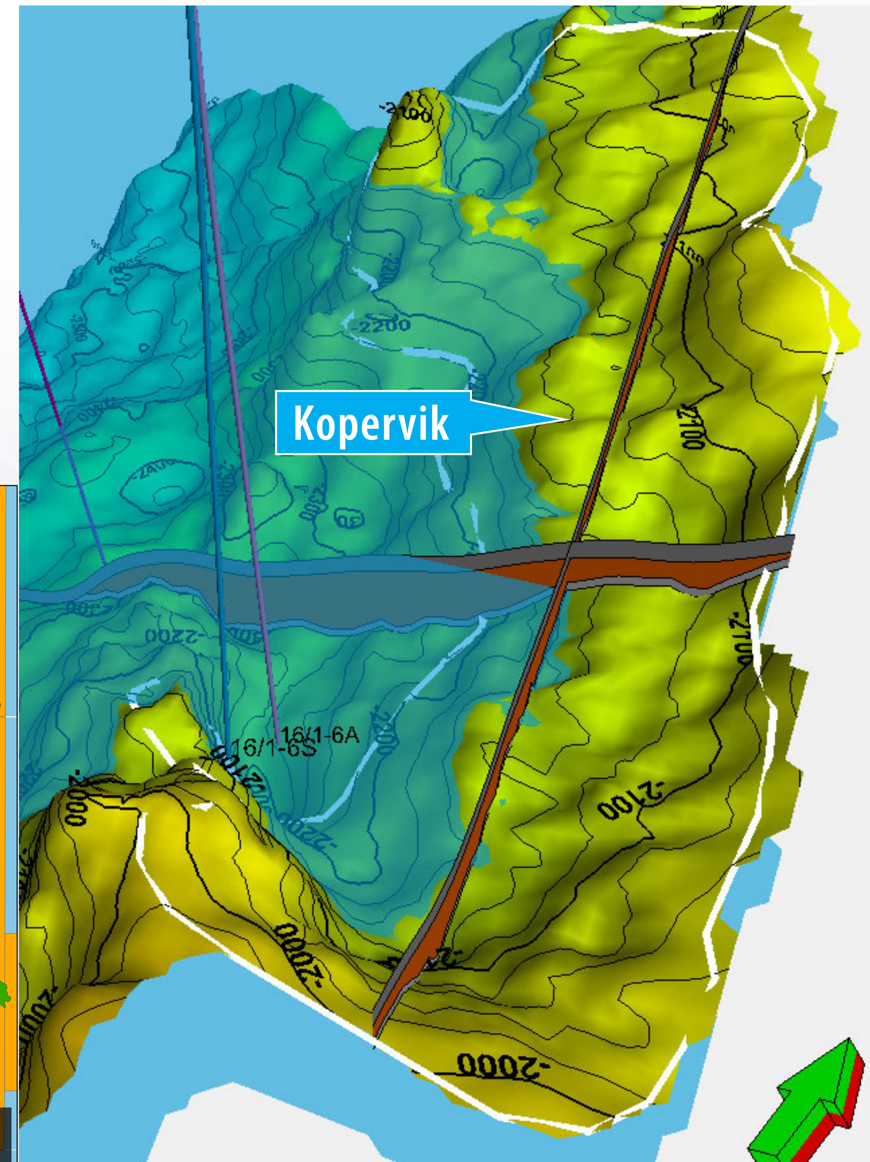


# Utsira High Exploration - Kopervik

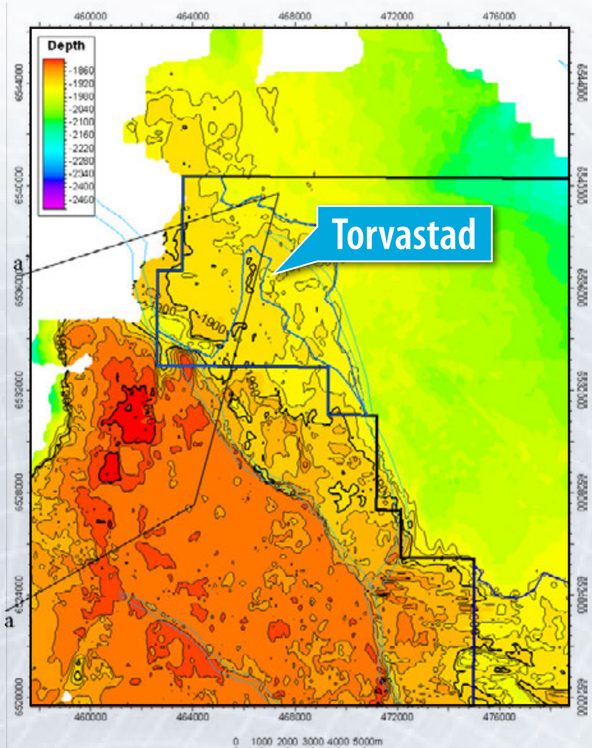
- **PL625 (Lundin 40% operated) Kopervik prospect**
  - Stratigraphic pinchout
  - Targeting Jurassic sands
  - Drilling: Q2 2013

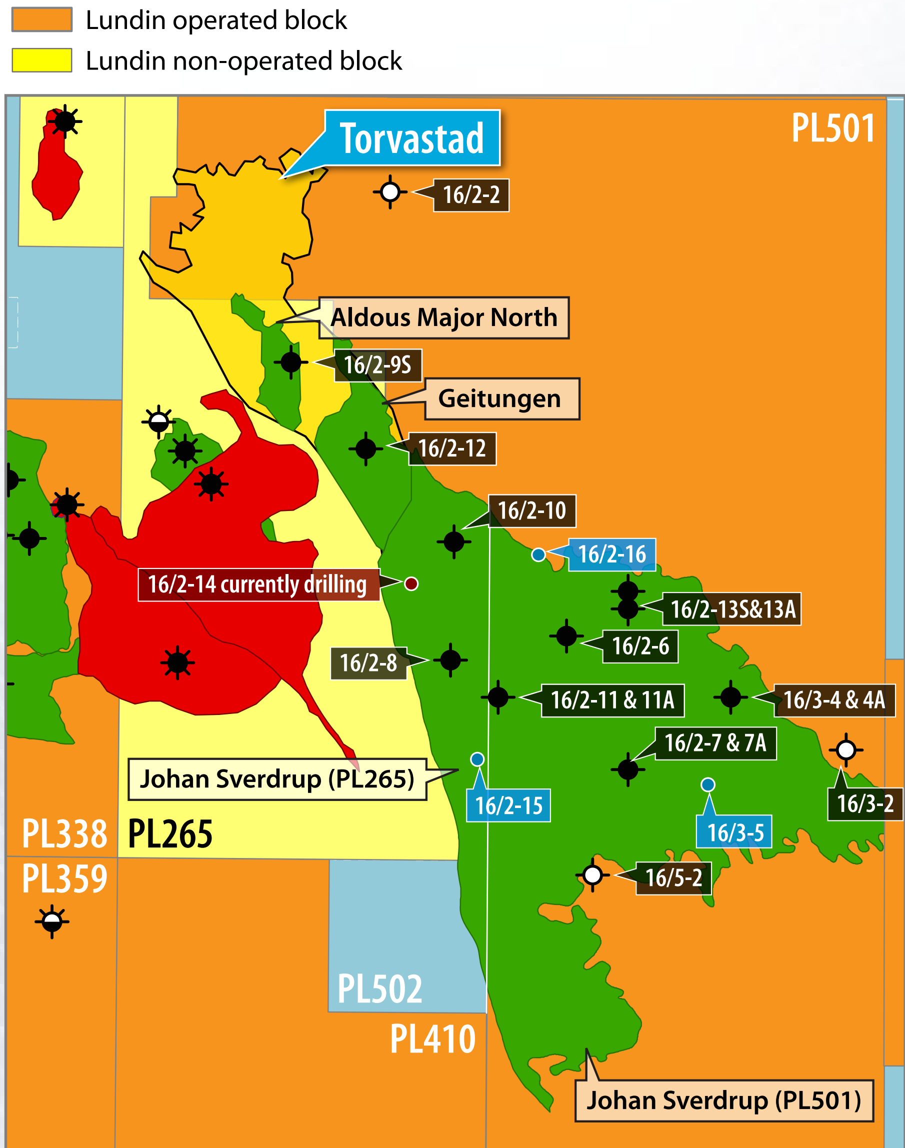


# Utsira High Exploration - Torvastad

- PL501 (Lundin 40%, operator) Torvastad prospect
  - Potential extension of the Geitungen/ Johan Sverdrup discovery
  - Drilling: Q3 2013

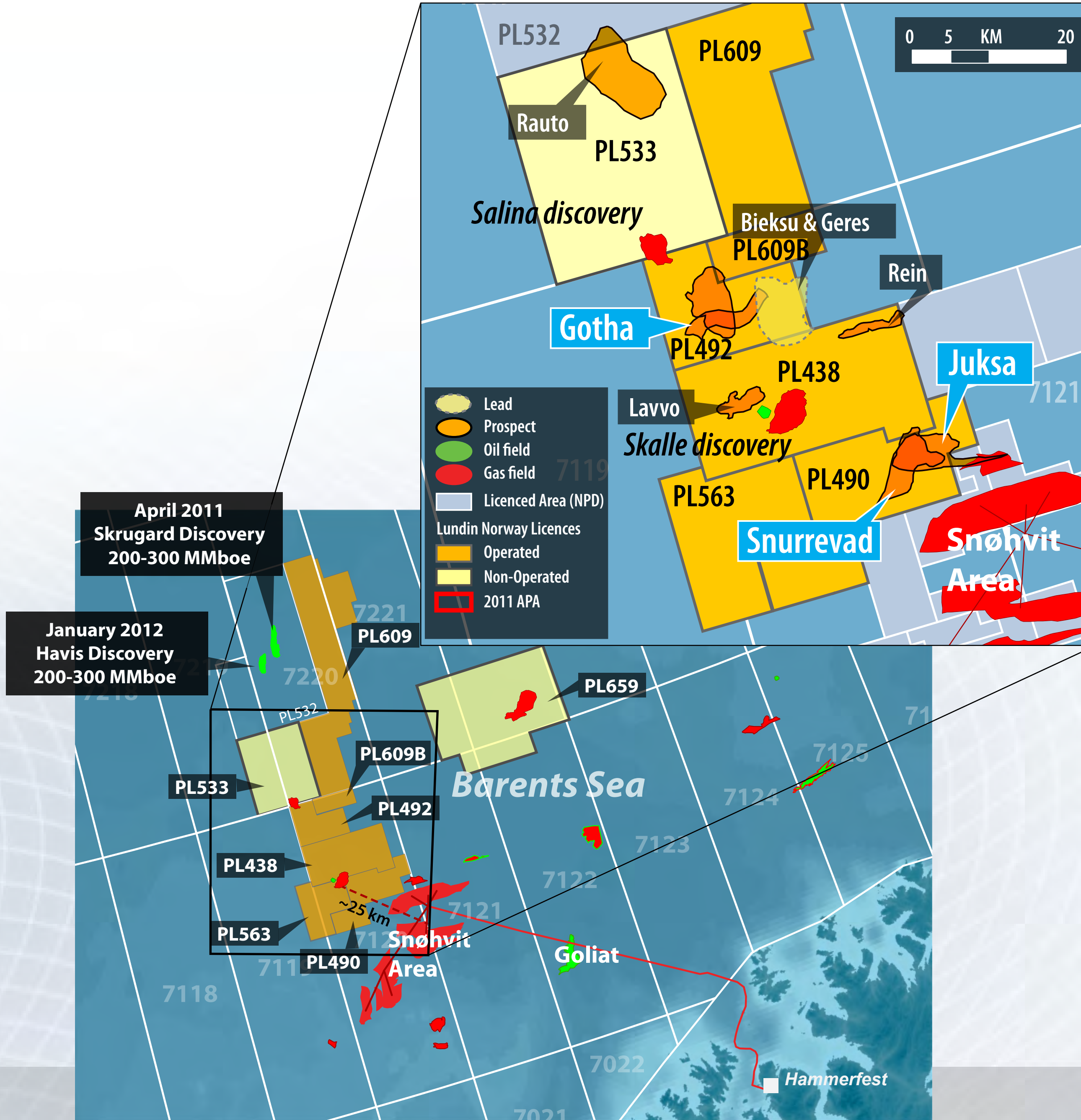


# Barents Sea Area Exploration

Lundin

- **PL533** (Lundin 20%)
  **Salina gas discovery**
- **PL490** (Lundin 50%, operated)
  **Juksa/Snurrevad prospect**
  - Drilling Ongoing
- **PL492** (Lundin 40%, operated)
  **Gotha prospect**
  - Drilling in 2013

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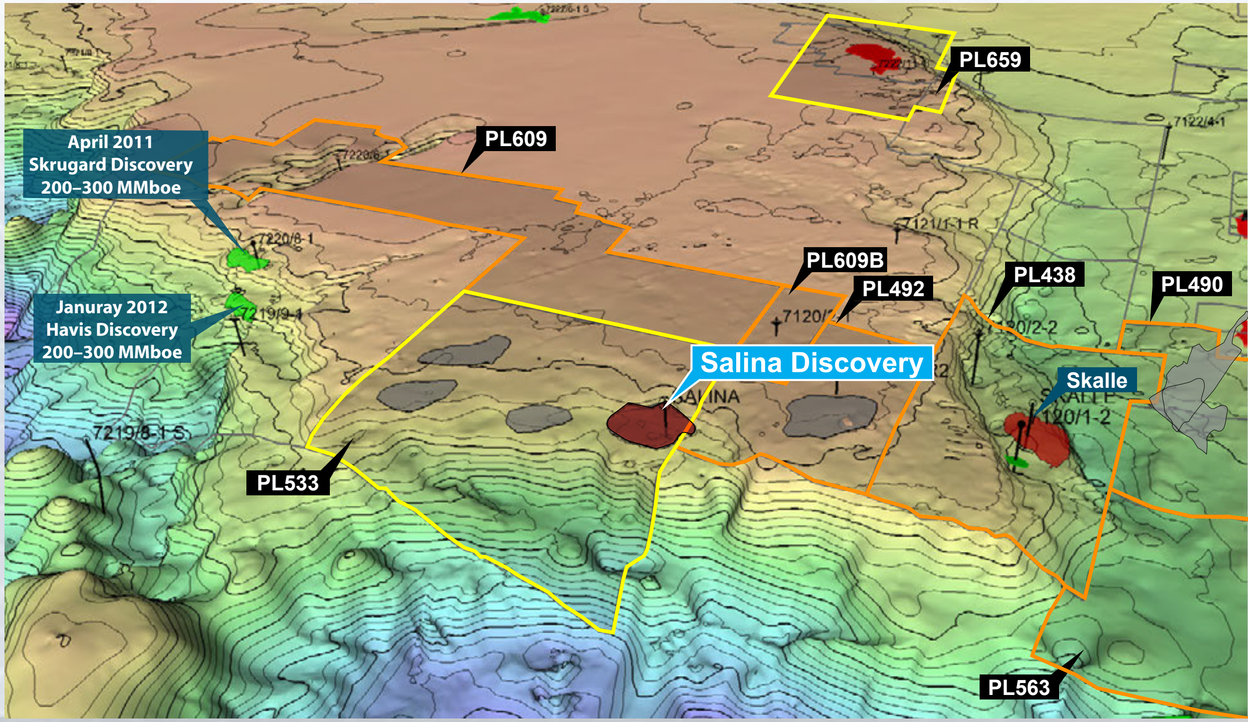
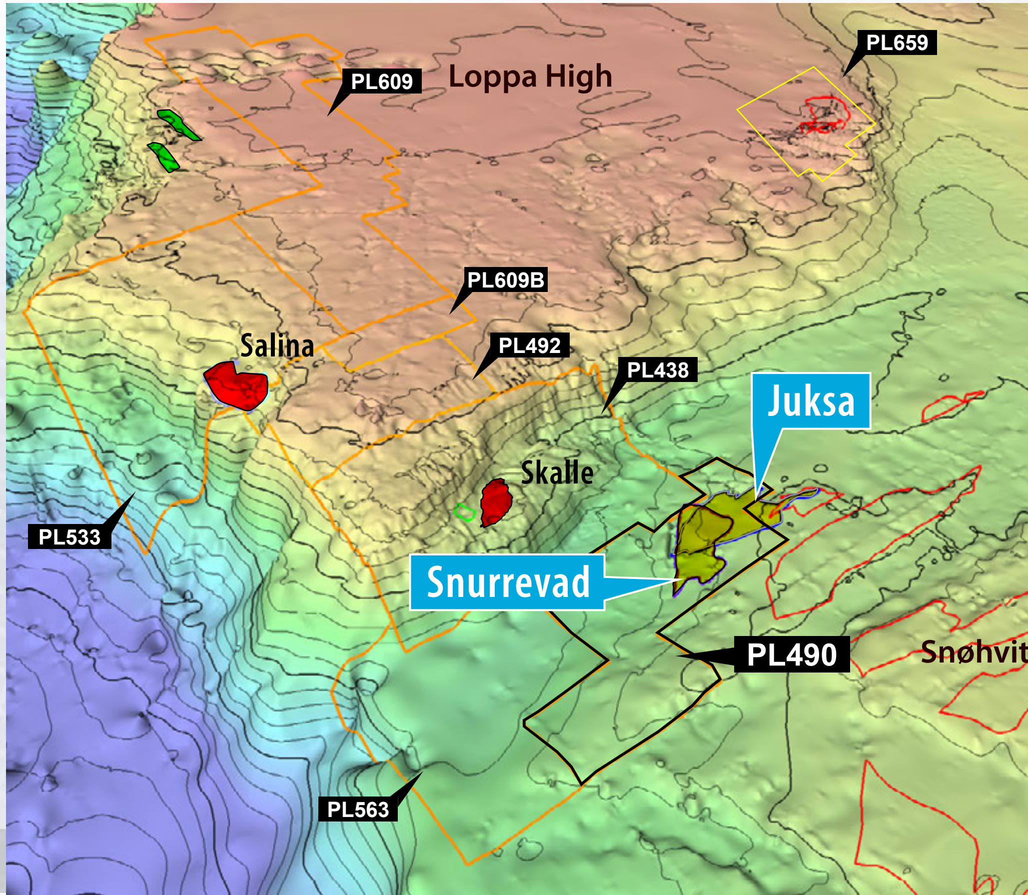
# Barents Sea - Gas Discovery

- **PL533 (Lundin 20%)**
  **Salina gas discovery**
  - On trend with latest oil discoveries (Skrugard & Havis)
  - Gross contingent resources: 29-41 MMboe
  - Additional gas potential in fault compartments



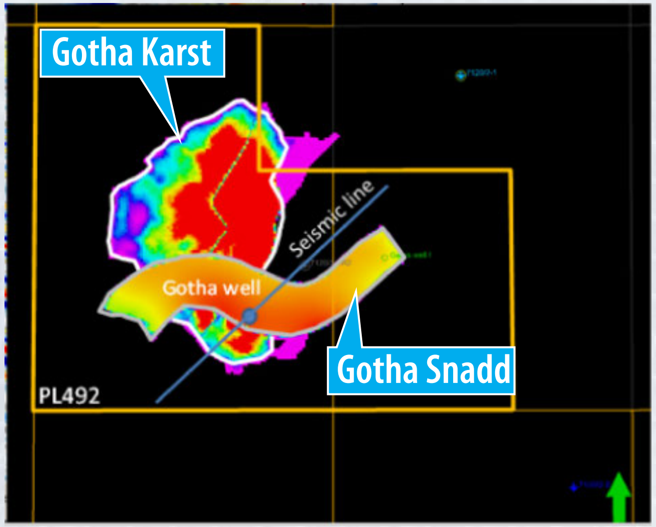
# Barents Sea Exploration - Juksa and Snurrevad

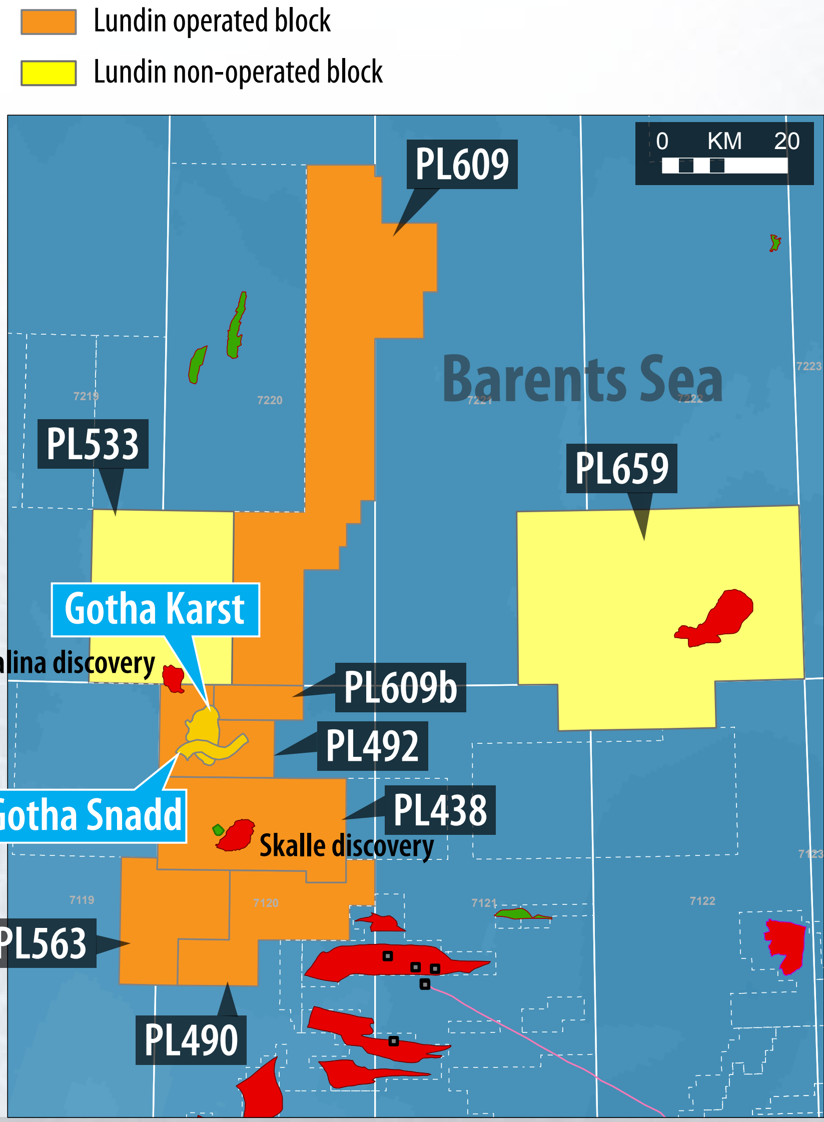
- **PL490 (Lundin 50% Operator)**
  **Juksa & Snurrevad prospect**
  - Currently drilling
  - Gross unrisked prospective resource: 336 MMboe
  - Reservoir: Jurassic (Snurrevad) Cretaceous (Juksa)
  - Water Depth: ~330m
  - Cretaceous play confirmed by Skalle discovery



# Barents Sea Exploration - Gotha

- **PL492 (Lundin 40%, operator)**
  - Drilling: Q3 2013
  - Stacked Prospects : Gotha Snadd in Triassic &
    Gotha Karst in Carboniferous



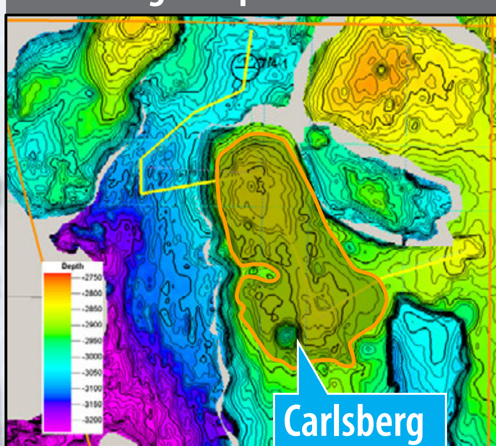
# Southern North Sea Exploration

Lundin

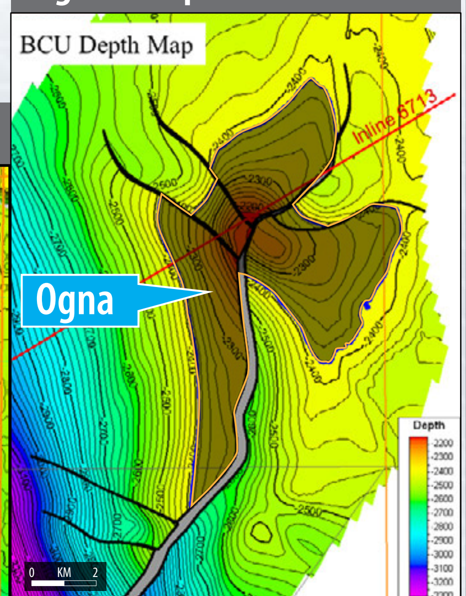
- **PL453s (Lundin 35%, operator)**
  **Ogna prospect**
  - Gross unrisked prospective resource: 156 MMboe
  - Drilling Q1 2013

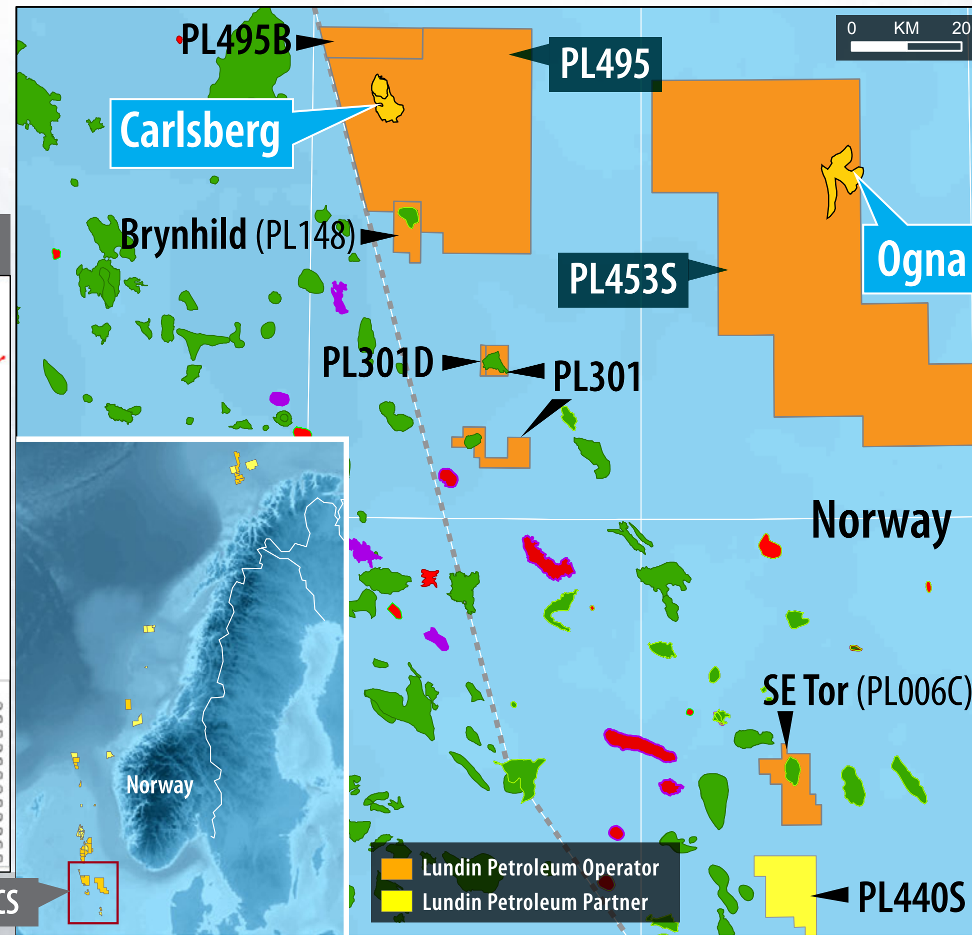
- **PL495 (Lundin 60%, operator)**
  **Carlsberg prospect**
  - Gross unrisked prospective resource: 67 MMboe
  - Drilling Q1 2013

Carlsberg Prospect




Ogna Prospect

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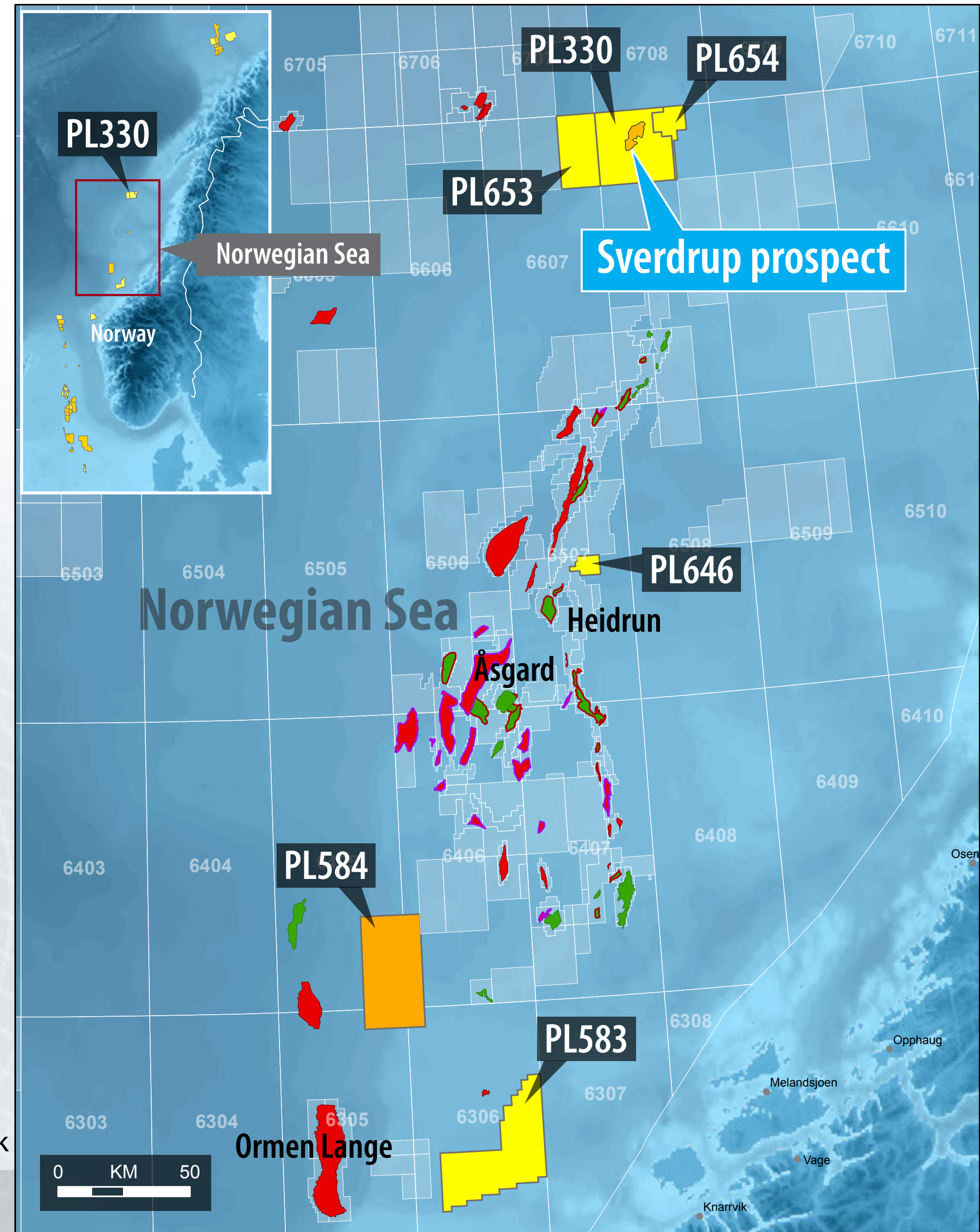
# Norwegian Sea Exploration

Lundin

## New area with large potential

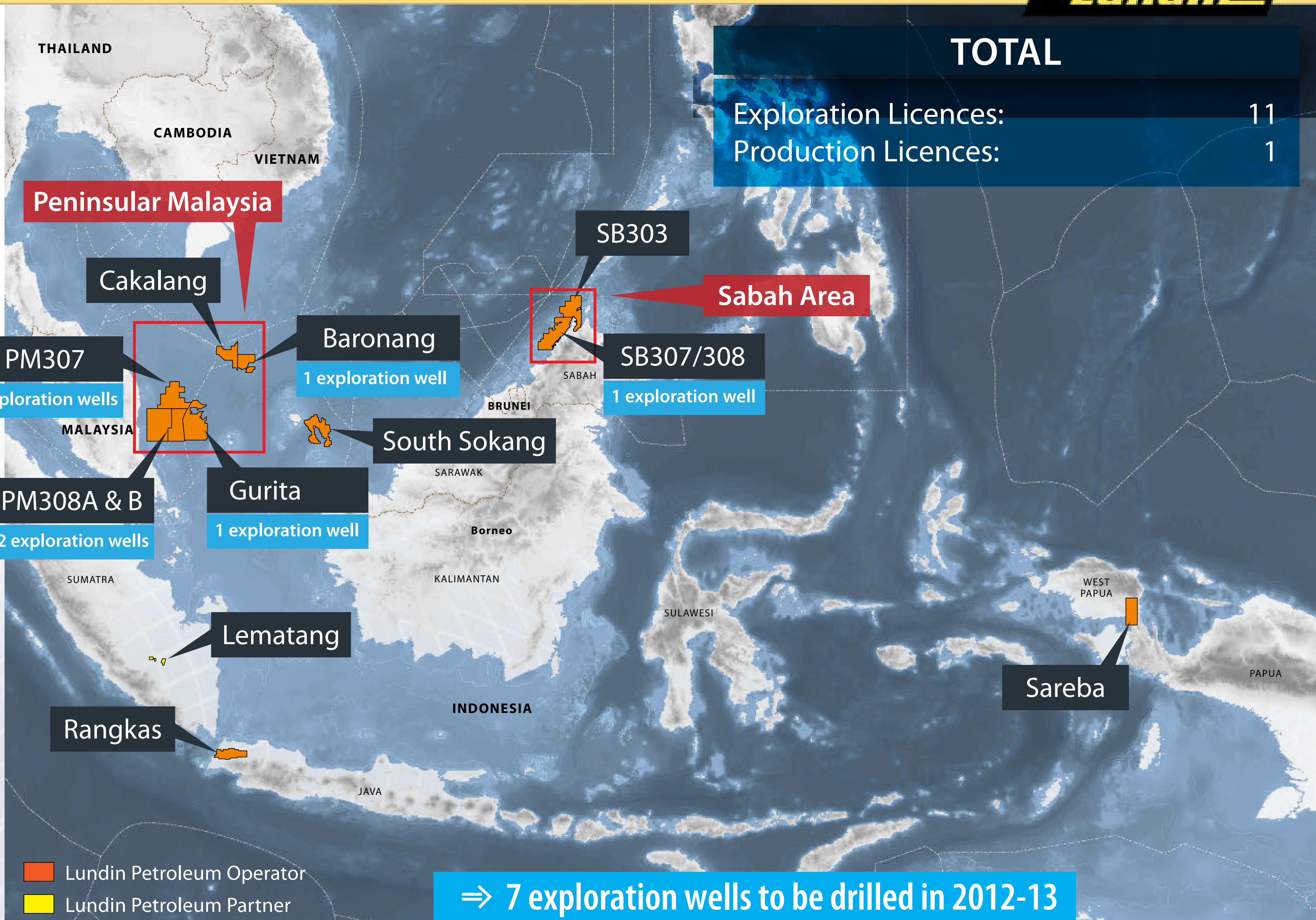
- **PL330** (Lundin 30% )
  **Sverdrup prospect**
  - Drilling in 2013
  - Upper/Middle Jurassic reservoir
  - Under explored area
  - Additional acreage position PL653/PL654




Lundin operated block
Lundin non-operated block

# South East Asia 2012-13 Exploration Drilling

| TOTAL | |
|---|---|
| Exploration Licences: | 11 |
| Production Licences: | 1 |




⇒ 7 exploration wells to be drilled in 2012-13

# Malaysia - Sabah Area

Lundin

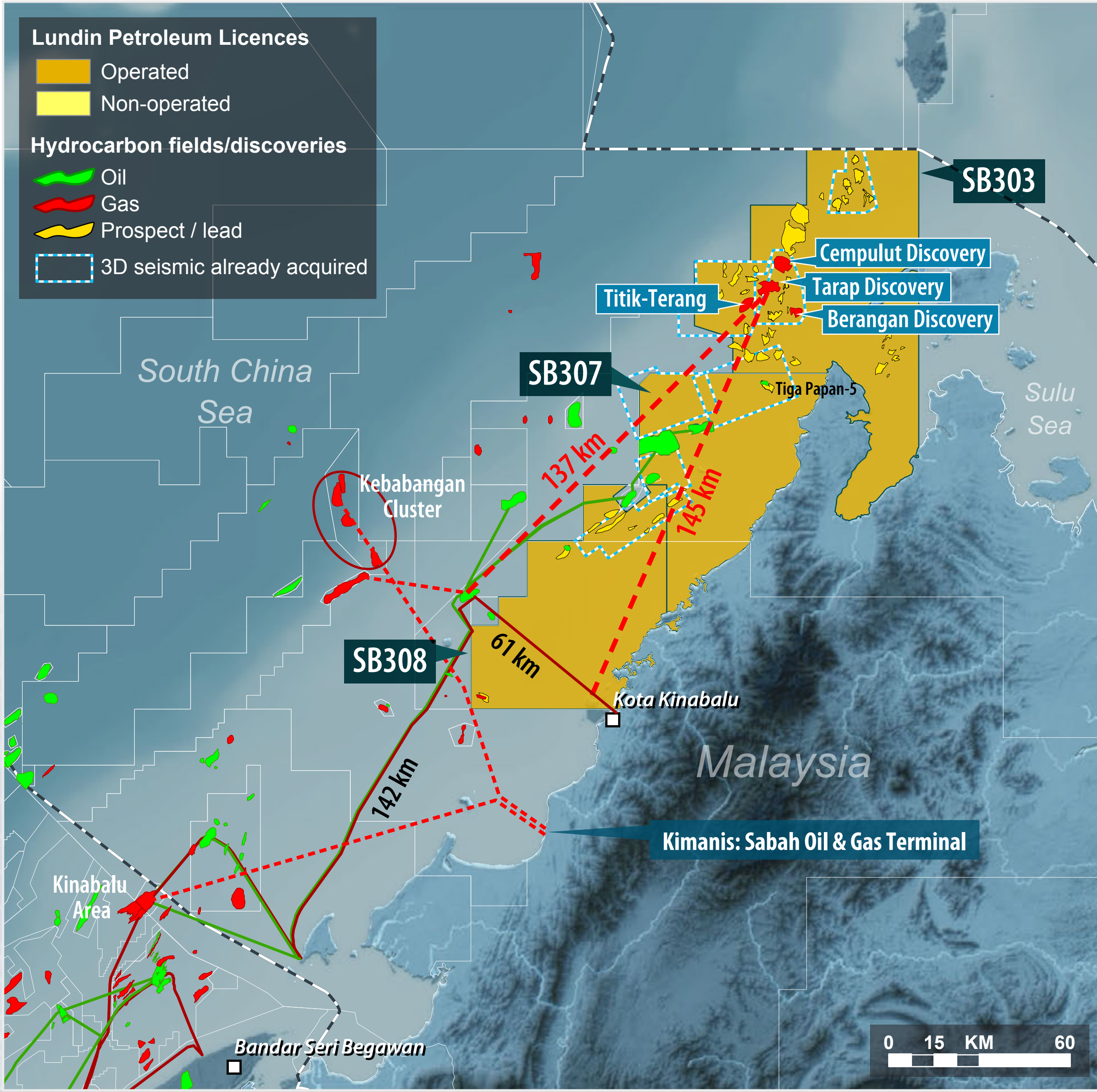
- Tarap/Cempulut discoveries in 2011 + Titik-Terang discovery. Gross contingent resources >250 bcf. Potential cluster development.

## 2012 Drilling Campaign

- SB307/308 (Lundin 42.5% operated)
  Tiga Papan-5 prospect
  → Well completed - uncommercial
- SB303 (Lundin 75% operated)
  Berangan-1 prospect
  → Well completed - gas discovery

## 2013 Drilling Campaign

- One well to be drilled




Acquired 3D seimic: 880 km²

# Peninsular Malaysia - Three Exploration Wells in 2012

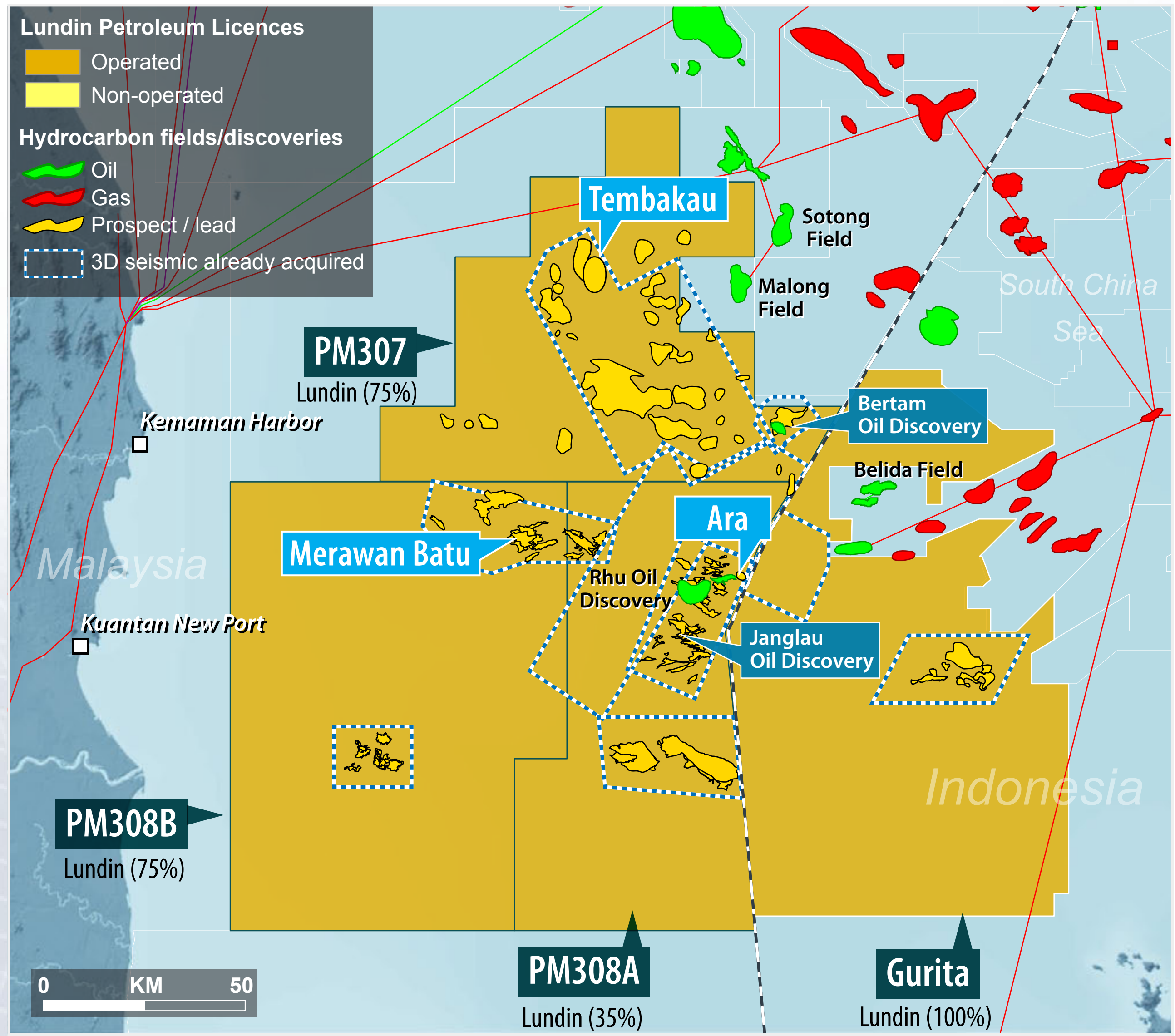
- **PM308A** (Lundin 35% operated) **Janglau oil discovery**
- **PM307** (Lundin 75% operated) **Successful Bertam appraisal**

## 2012 Drilling Campaign

- **PM308B** (Lundin 75% operated) **Merawan Batu - Dry hole**
- **PM308A** (Lundin 35% operated) **Ara prospect**
  - Gross unrisked prospective resources: 46 MMboe
  - Drilling in Q4 2012
- **PM307** (Lundin 75% operated) **Tembakau prospect**
  - Gross unrisked prospective resources: 62 MMboe
  - Drilling in Q4 2012

## 2013 Drilling Campaign

- **Likely 2 wells to be drilled**

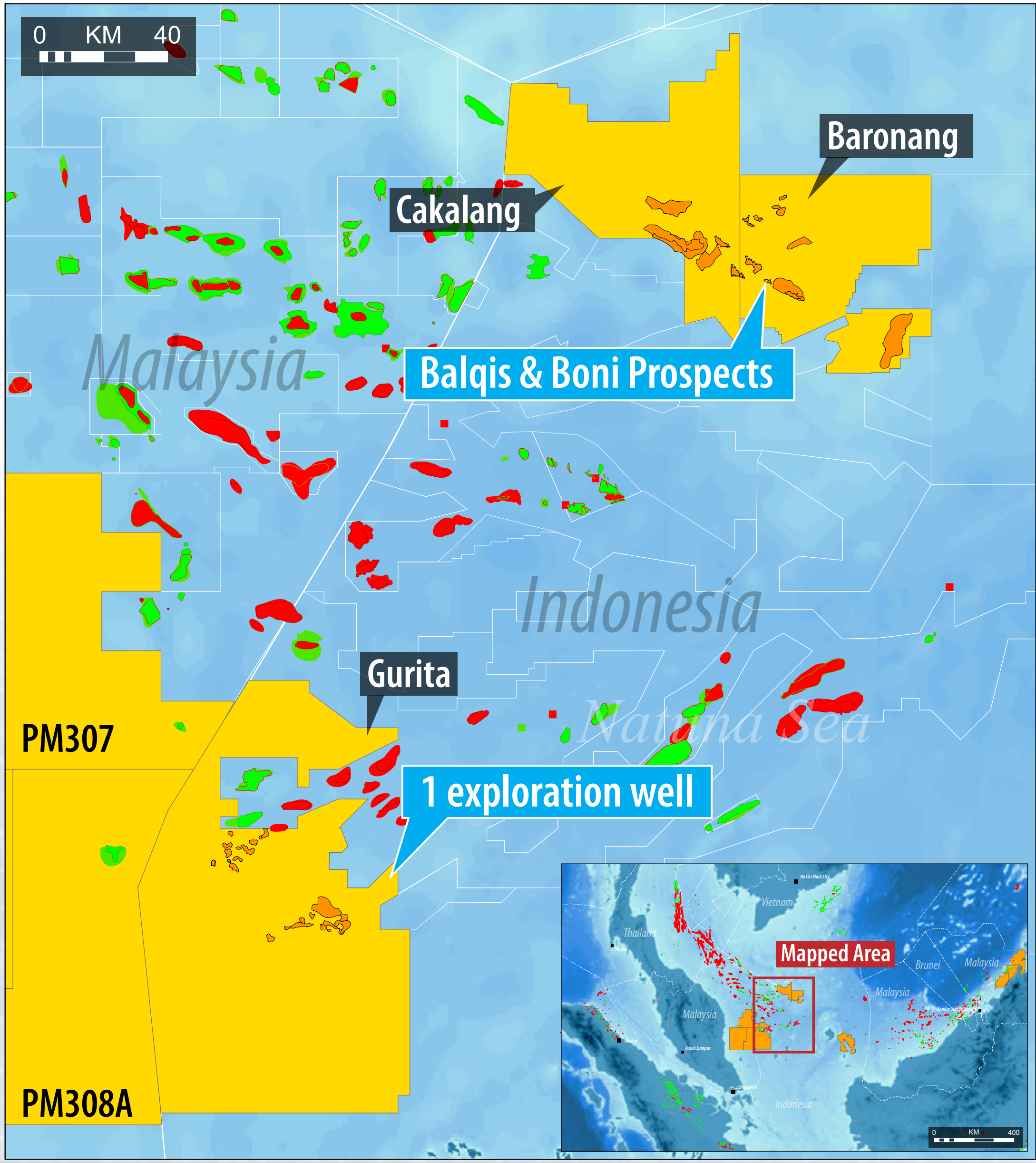



*Acquired 3D seimic: 5,300 km²*

# Indonesia Natuna Sea Exploration - 2013 Drilling

- **Baronang** (Lundin 100% )
  **Balqis & Boni prospects**
  - Drilling in Q3 2013

- **Gurita** (Lundin 100% )
  **1 exploration well**
  - Drilling in Q3 2013

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# 2012-13 Exploration and Appraisal Drilling Schedule

Lundin

| | Country | Licence - Prospect | Operator | LUPE% | NUPR [1] | CoS % | NRPR [2] | 2012 Q4 / 2013 Q1–Q4 |
|---|---|---|---|---|---|---|---|---|
| 1 | Norway | PL519 - Albert 6201/11-3 | Lundin | 40.00 | – | – | – | Discovery |
| 2 | Norway | PL501 - Johan Sverdrup 16/3-5 App. 6 | Lundin | 40.00 | – | – | – | |
| 3 | Norway | PL359 - Luno II 16/4-6S | Lundin | 40.00 | 56 | 35% | 19 | |
| 4 | Norway | PL501 - Johan Sverdrup App. 8 | Lundin | 40.00 | – | – | – | |
| 5 | Norway | PL625 - Kopervik | Lundin | 40.00 | – | – | – | |
| 6 | Norway | PL544 - Biotitt | Lundin | 40.00 | 50 | 29% | 14 | |
| 7 | Norway | PL338 - Apollo App. | Lundin | 50.00 | – | – | – | |
| 8 | Norway | PL490 - Juksa/Snurrevad | Lundin | 50.00 | 168 | 18-36% | 41 | Ongoing |
| 9 | Norway | PL492 - Gohta | Lundin | 40.00 | 68 | 19-21% | 14 | |
| 10 | Norway | PL501 - Johan Sverdrup App. 9 | Lundin | 40.00 | – | – | – | |
| 11 | Norway | PL501 - Torvastad | Lundin | 40.00 | – | – | – | |
| 12 | Norway | PL338 - E. Grieg SE App. | Lundin | 50.00 | – | – | – | |
| 13 | Norway | PL410 - Exploration well | Lundin | 70.00 | – | – | – | |
| 14 | Norway | PL501 - Johan Sverdrup 16/2-16 App. 7 | Lundin | 40.00 | – | – | – | |
| 15 | Norway | PL338 - Jorvik | Lundin | 50.00 | 23 | 49% | 11 | |
| 16 | Norway | PL453 - Ogna | Lundin | 35.00 | 55 | 22% | 12 | |
| 17 | Norway | PL495 - Carlsberg | Lundin | 60.00 | 40 | 15-24% | 9 | |
| 18 | Norway | PL533 - Salina | ENI | 20.00 | – | – | – | Discovery |
| 19 | Norway | PL265 - Johan Sverdrup 16/2-14 App. 2 | Statoil | 10.00 | – | – | – | Ongoing |
| 20 | Norway | PL265 - Johan Sverdrup 16/2-15 App. 3 | Statoil | 10.00 | – | – | – | |
| 21 | Norway | PL265 - Johan Sverdrup App 4 | Statoil | 10.00 | – | – | – | |
| 22 | Norway | PL265 - Johan Sverdrup Geitungen App | Statoil | 10.00 | – | – | – | |
| 23 | Norway | PL330 - Sverdrup prospect | RWE Dea | 30.00 | – | – | – | |
| 24 | Indonesia | Baronang - Balqis-1 & Boni-1 | Lundin | 100.00 | – | – | – | |
| 25 | Indonesia | Gurita - Exploration well | Lundin | 100.00 | – | – | – | |
| 26 | Malaysia | PM308B - Merawan Batu-1 | Lundin | 75.00 | – | – | – | P&A Dry |
| 27 | Malaysia | PM307 - Tembakau | Lundin | 75.00 | 47 | 30% | 14 | |
| 28 | Malaysia | PM308A - Ara | Lundin | 35.00 | 16 | 36% | 6 | |
| 29 | Malaysia | PM308A - Well | Lundin | 35.00 | – | – | – | |
| 30 | Malaysia | SB307&308 - Well | Lundin | 42.50 | – | – | – | |
| 31 | Malaysia | PM307 - Well | Lundin | 75.00 | – | – | – | |
| 32 | France | Val des Marais - Pierre Morains | Lundin | 100.00 | 2 | 50% | 1 | Ongoing |
| 33 | France | Est Champagne - Contault | Lundin | 100.00 | 9 | 27% | 2 | |

operated    non operated

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(1) Net Unrisked Prospective Resources (MMboe) (2) Net Risked Prospective Resources (MMboe)

*Netherland's 3 exploration wells not included*

# Concluding Remarks

- Strong financial performance with record quarterly production
- Solid balance sheet to fund ongoing and future developments
- On target to quadruple production
- Drilling 33 exploration & appraisal wells before end 2013

# Disclaimer

This information has been made public in accordance with the Securities Market Act (SFS 2007:528) and/or the Financial Instruments Trading Act (SFS 1991:980).

**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), productions 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.

**Reserves and Resources**

Unless otherwise stated, Lundin Petroleum's reserve and resource estimates are as at 31 December 2011, and have been prepared and audited in accordance with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("NI 51-101") and the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook"). Unless otherwise stated, all reserves estimates contained herein are the aggregate of "Proved Reserves" and "Probable Reserves", together also known as "2P Reserves". For further information on reserve and resource classifications, see "Reserves and Resources" in the Company's annual report.

**Contingent Resources**

Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political and regulatory matters or a lack of markets. There is no certainty that it will be commercially viable for the Company to produce any portion of the Contingent Resources.

**Prospective Resources**

Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both a chance of discovery and a chance of development. There is no certainty that any portion of the Prospective Resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the Prospective Resources.

**BOEs**

BOEs 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 a value equivalency at the wellhead.

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