

*Financial Presentation - Year End 2011*

**Lundin**



WF11448

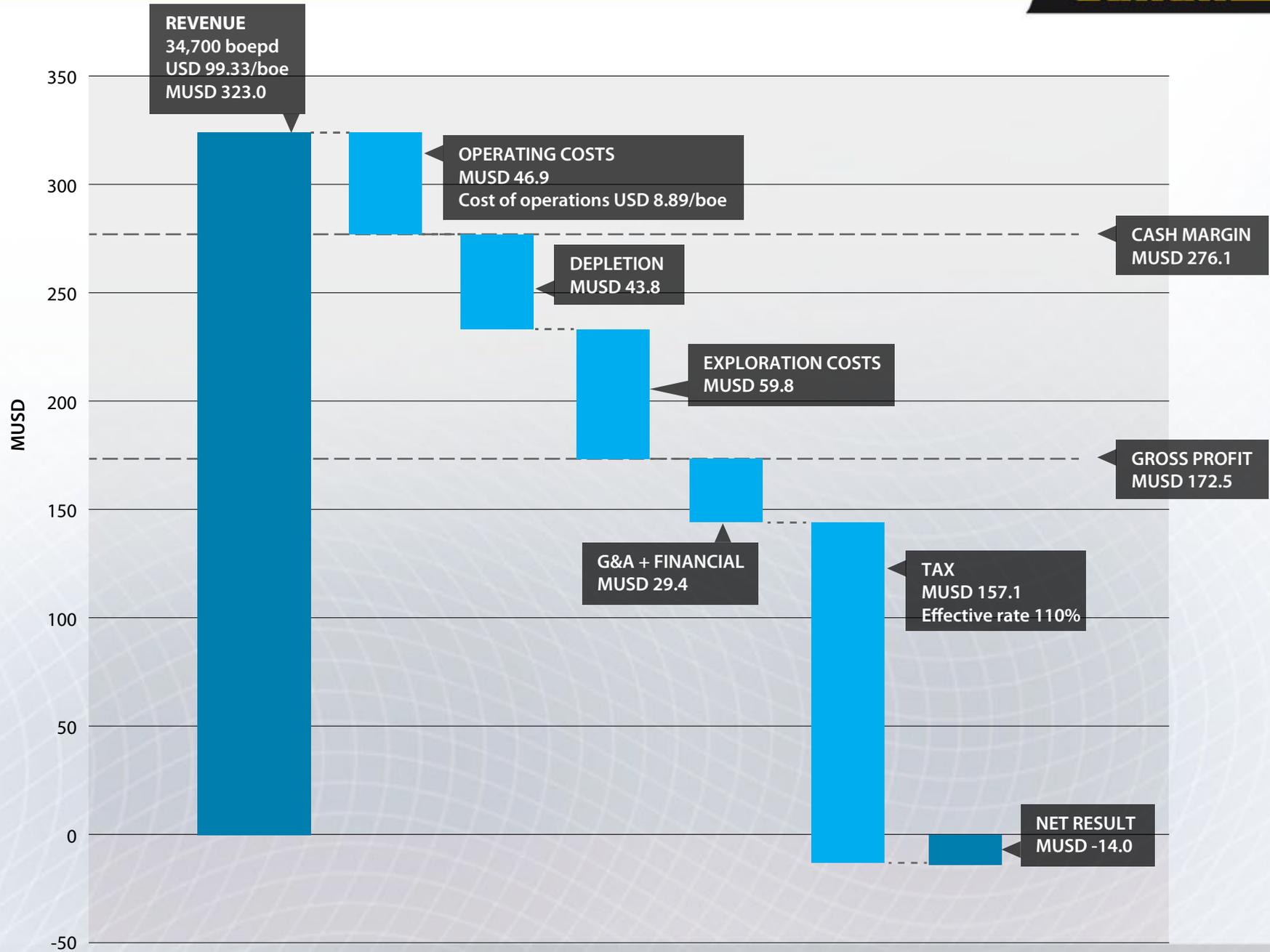
*C. Ashley Heppenstall, President & CEO  
Geoff Turbott, VP Finance & CFO*

## Year End 2011 Highlights

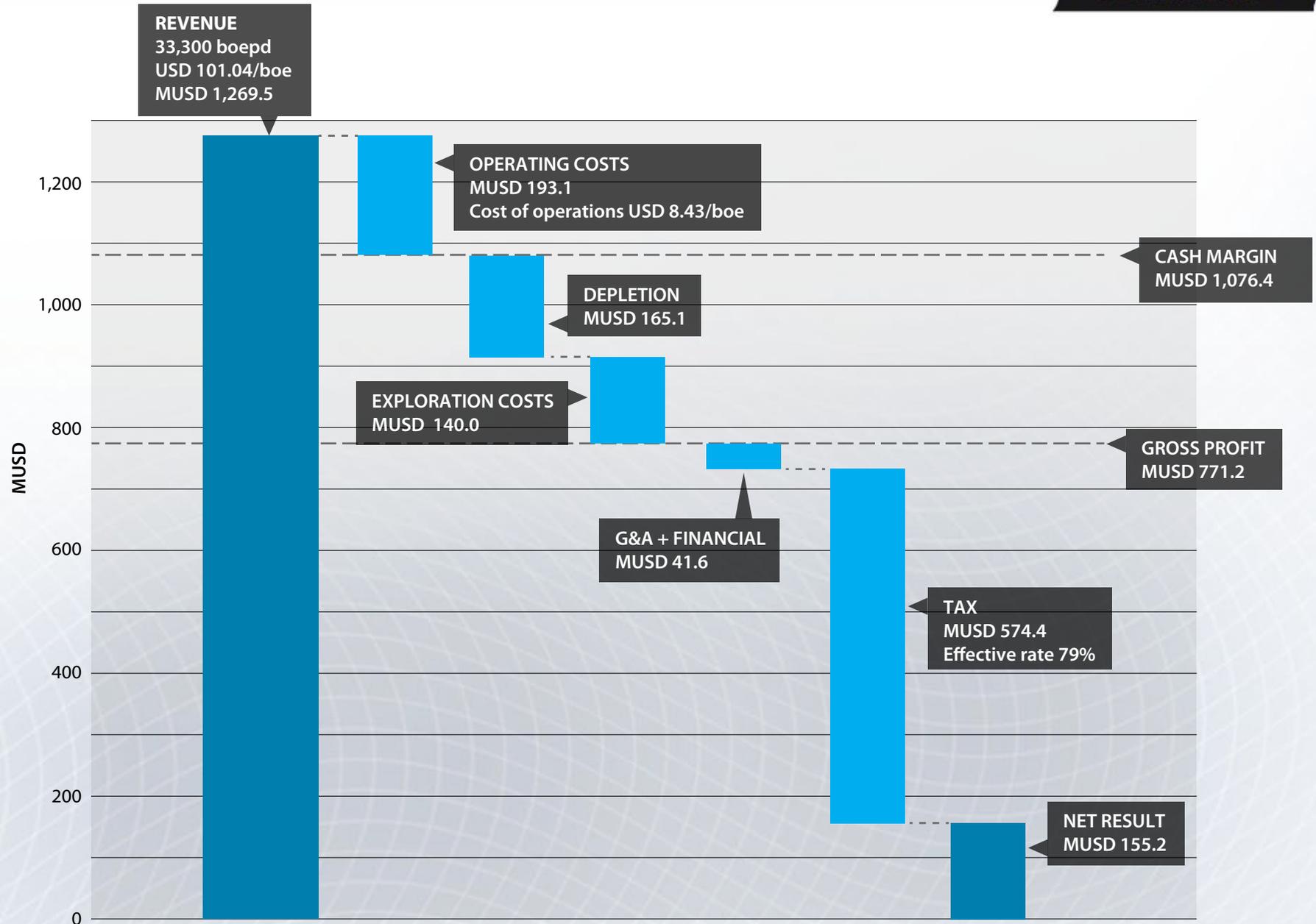


	Fourth Quarter 2011	Year End 2011
Production (boepd)	34,700	33,300
Average Brent oil price (USD/boe)	109.35	111.26
Cost of operations (USD/boe)	8.89	8.43
Net result (MUSD)	-14.0	155.2
EBITDA (MUSD)	244.8	1,012.1
Operating cash flow (MUSD)	89.4	676.2

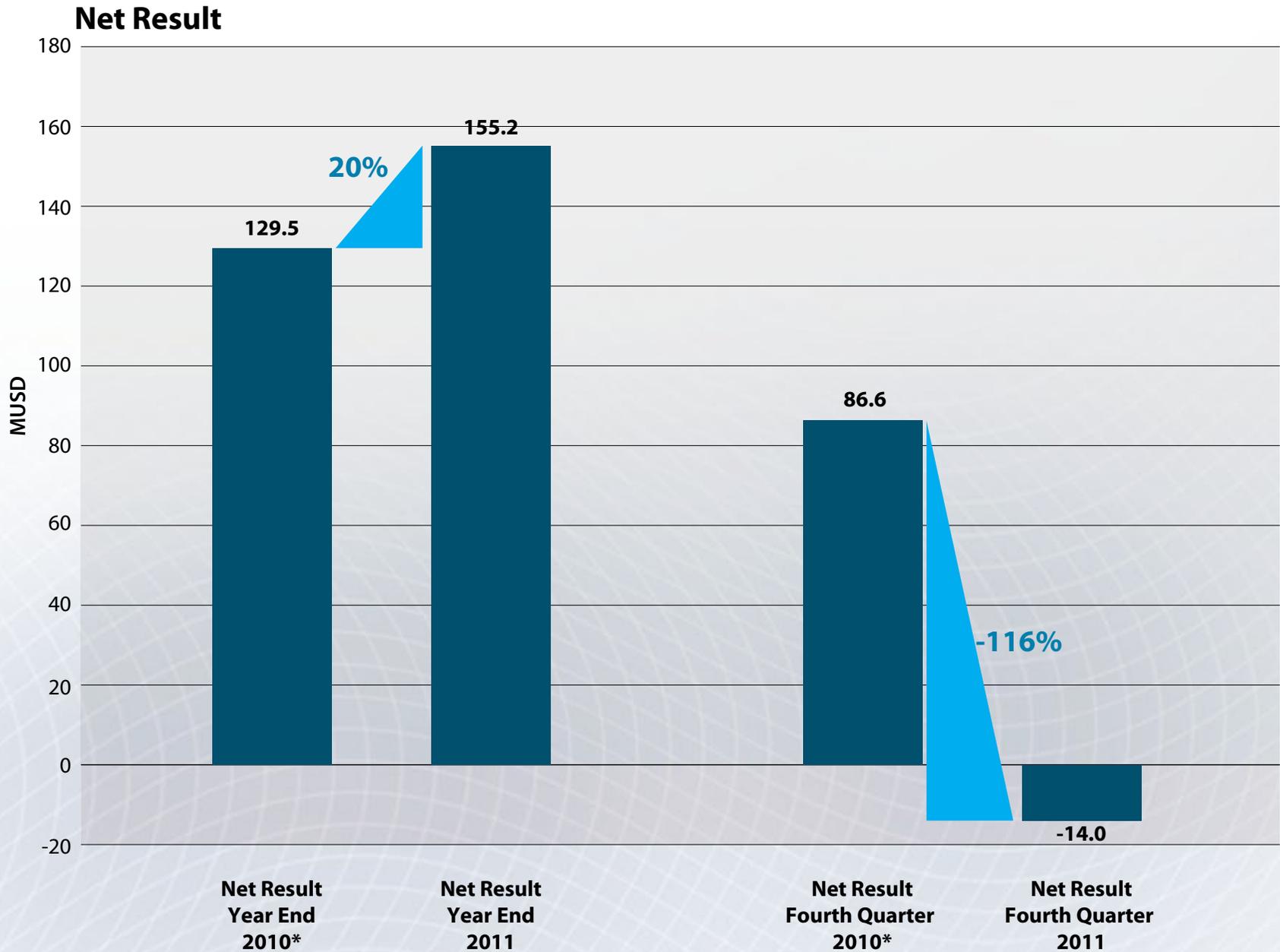
# Financial Results - Fourth Quarter 2011



# Financial Results - Year End 2011

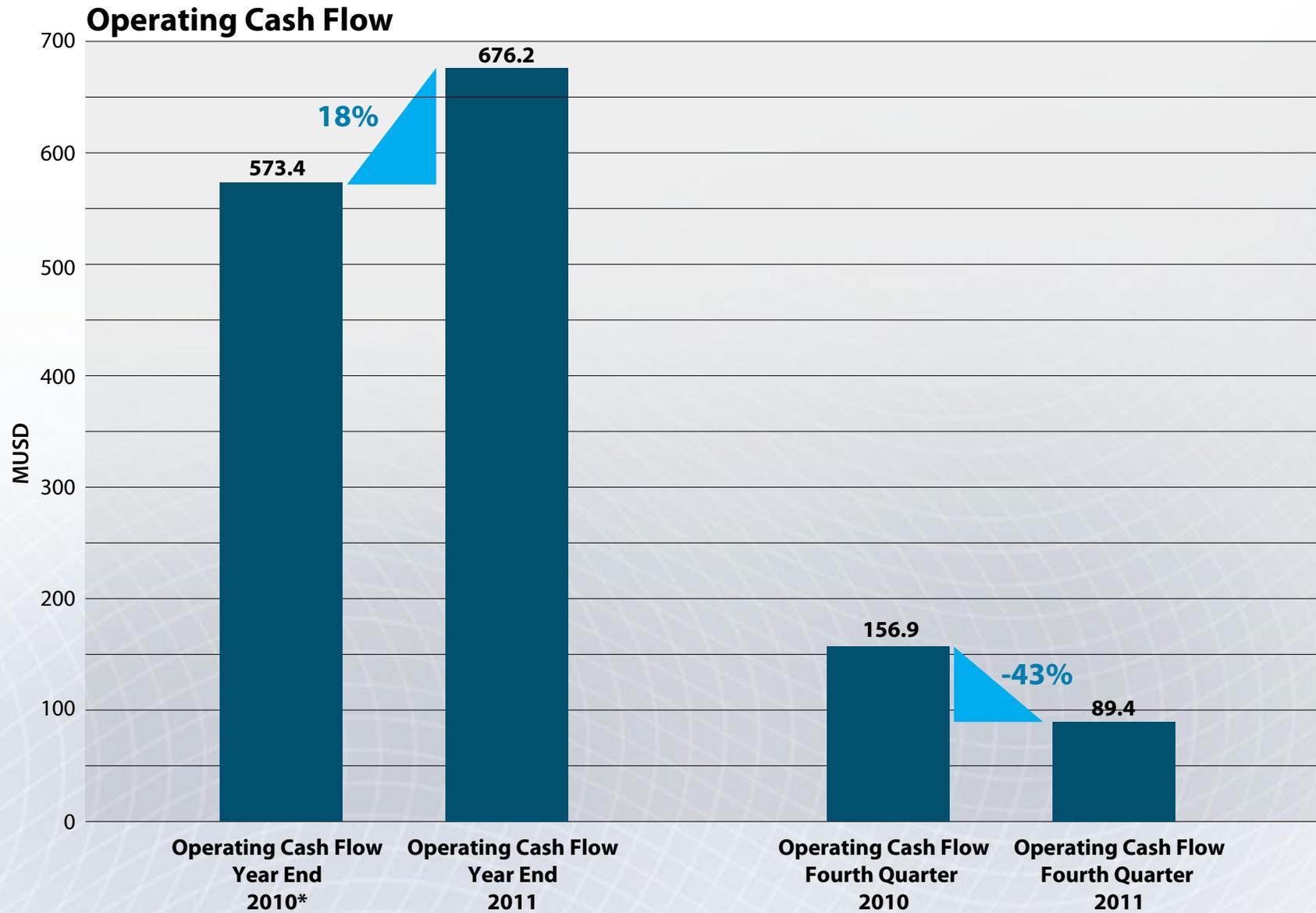


# Financial Results - Year End 2011



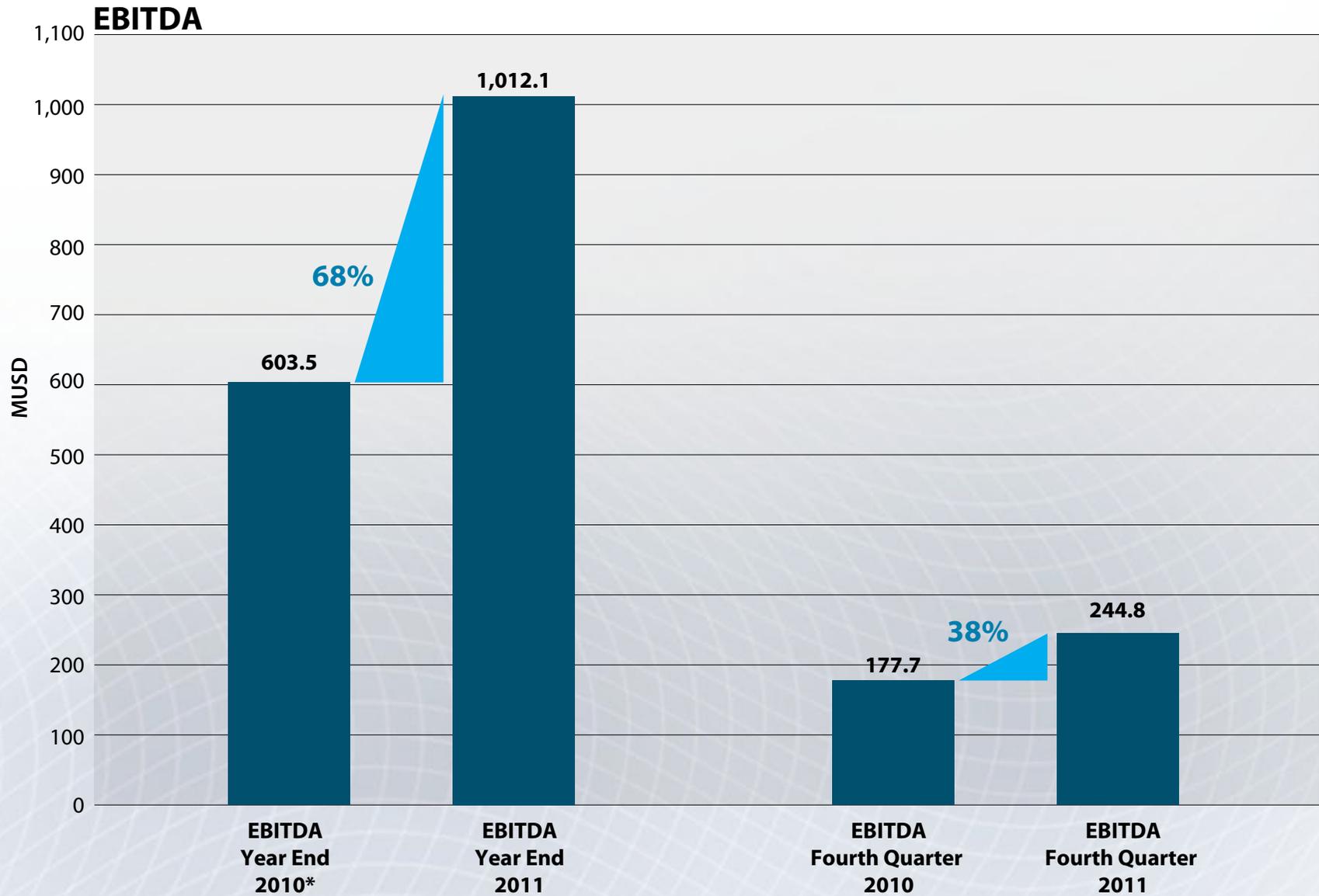
\* Excludes discontinued operations

# Financial Results - Year End 2011



\* Excludes discontinued operations

# Financial Results - Year End 2011



\* Excludes discontinued operations

## Netback - Year End 2011 (USD/boe)



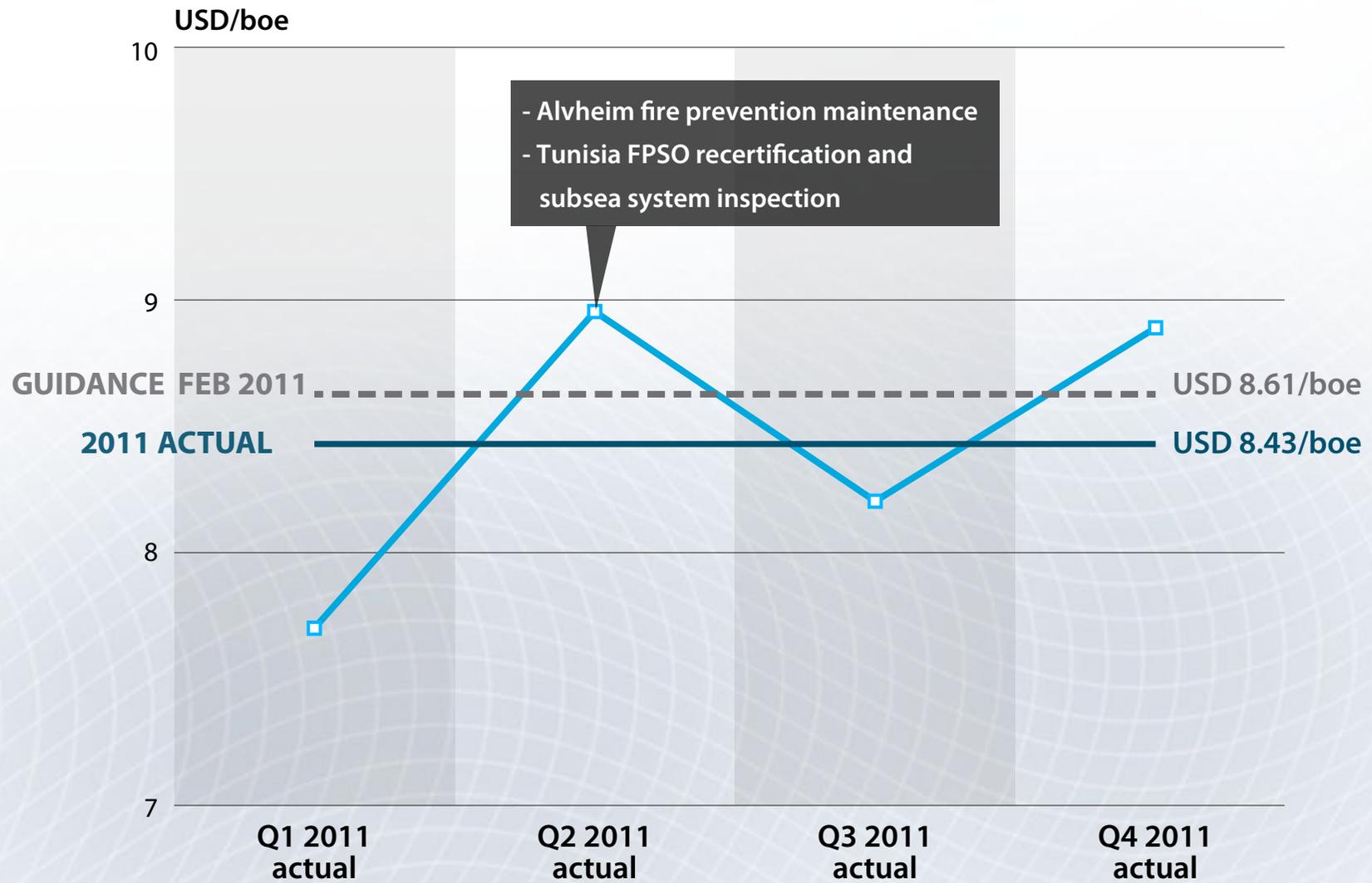
	Fourth Quarter 2011	Year End 2011
<i>Average Brent oil price USD/boe</i>	109.35	111.26
<b>Revenue</b>	101.31	104.47
<b>Cost of operations</b>	-8.89	-8.43
<b>Tariffs</b>	-1.64	-1.88
<b>Production taxes</b>	-4.03	-4.31
<b>Stock movement</b>	0.01	-1.08
<b>Other</b>	-0.17	-0.18
<b>Cash Margin</b>	86.59	88.59
<b>Cash taxes</b>	-58.56	-32.93
<b>Operating Cash Flow</b>	28.03	55.66
<b>General and administration costs <sup>(1)</sup></b>	-9.82	-5.30
<b>EBITDA</b>	76.77	83.29

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

# Cost of Operations 2011



➤ In line with forecast



## Exploration Costs - Year End 2011



	Year End 2011 MUSD	Fourth Quarter 2011 MUSD	Fourth Quarter 2011 after Tax MUSD
Norway: EARB well + licence relinquishments	74	8	2
Congo (Brazzaville): 2 wells + associated costs	51	51	51
Malaysia: 1 well	11	0	0
Others:	4	1	0
<b>Exploration Costs</b>	<b>140</b>	<b>60</b>	<b>53</b>

## G & A / Financial Items - Year End 2011



<b>General &amp; Administration</b>	<b>Fourth Quarter 2011 MUSD</b>	<b>Year End 2011 MUSD</b>
General & administration cash charge	(5.1)	(22.1)
Non-cash provision - Long Term Incentive Plan	(26.8)	(44.9)
<b>Total general &amp; administration expenses</b>	<b>(31.9)</b>	<b>(67.0)</b>

<b>Net Financial Items</b>		
Gain on sale of AOC shares	–	30.0
Foreign exchange gain	6.2	8.9
Interest + other	(3.7)	(13.5)
	<b>2.5</b>	<b>25.4</b>

## Tax - Year End 2011



	Fourth Quarter 2011		Year End 2011	
	USD/boe	Effective tax rate	USD/boe	Effective tax rate
Current tax charge	58.56	130%	32.93	55%
Deferred tax charge	-9.27	-20%	14.34	24%
	49.29	110%	47.27	79%

## Effective Tax Rate - Year End 2011



- **2011 Effective Tax Rate:** → **79%**
  - + Gain on AOC Shares
  - Exploration Costs - Congo (Brazzaville), Malaysia
  
- **2011 Effective Tax Rate excluding One-off Items:** → **75%**
  - General & Administrative
  - Financial Items
  
- **2011 Operational Tax Rate:** → **69%**

## Liquidity [MUSD]



→ at 31 December 2011

<b>Debt Outstanding</b>	<b>207</b>
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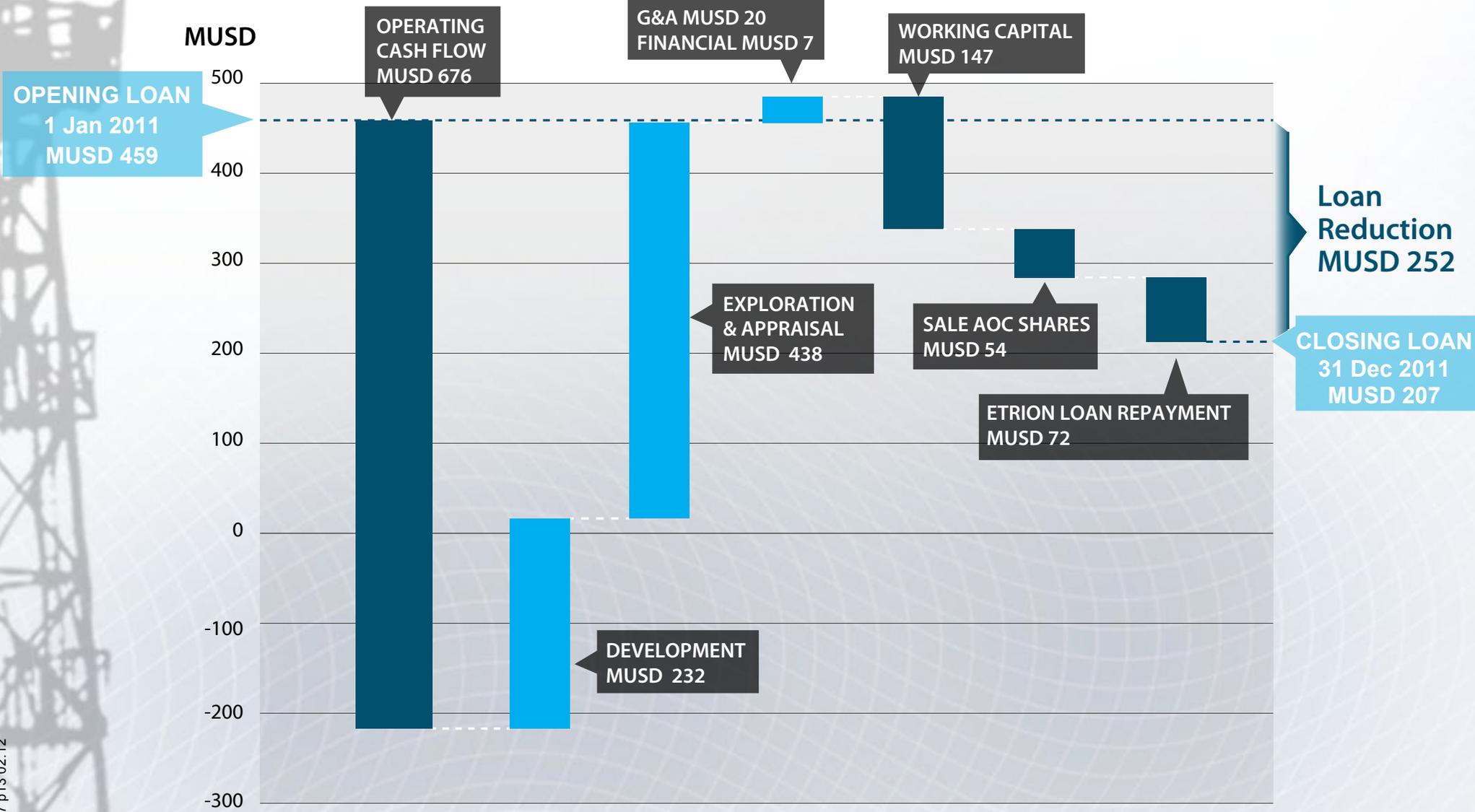
<b>Cash Balances</b>	<b>74</b>
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<b>Net Debt Position</b>	<b>133</b>
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<b>Availability Under Credit Facility<sup>(1)</sup></b>	<b>630</b>
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<sup>(1)</sup> Loan facility MUSD 850 with reducing availability to 2014

# Debt Position - Year End 2011



	MUSD	
➤ Development cost to be funded <sup>(1)</sup>	➔ 2,500	(over 4 years)
➤ Current exploration spend	➔ 300 - 400	(per annum)
➤ Operating cash flow generated 2011	➔ 675	
➤ Existing asset base <sup>(1)</sup> supports borrowings	➔ ~ 2,500	
➤ New reserve base lending facility to be arranged in 2012		

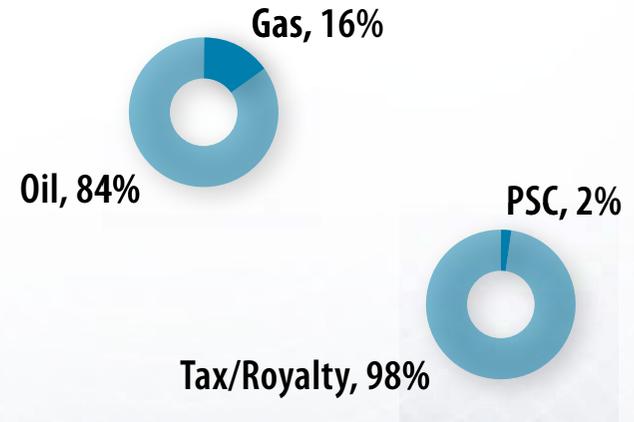
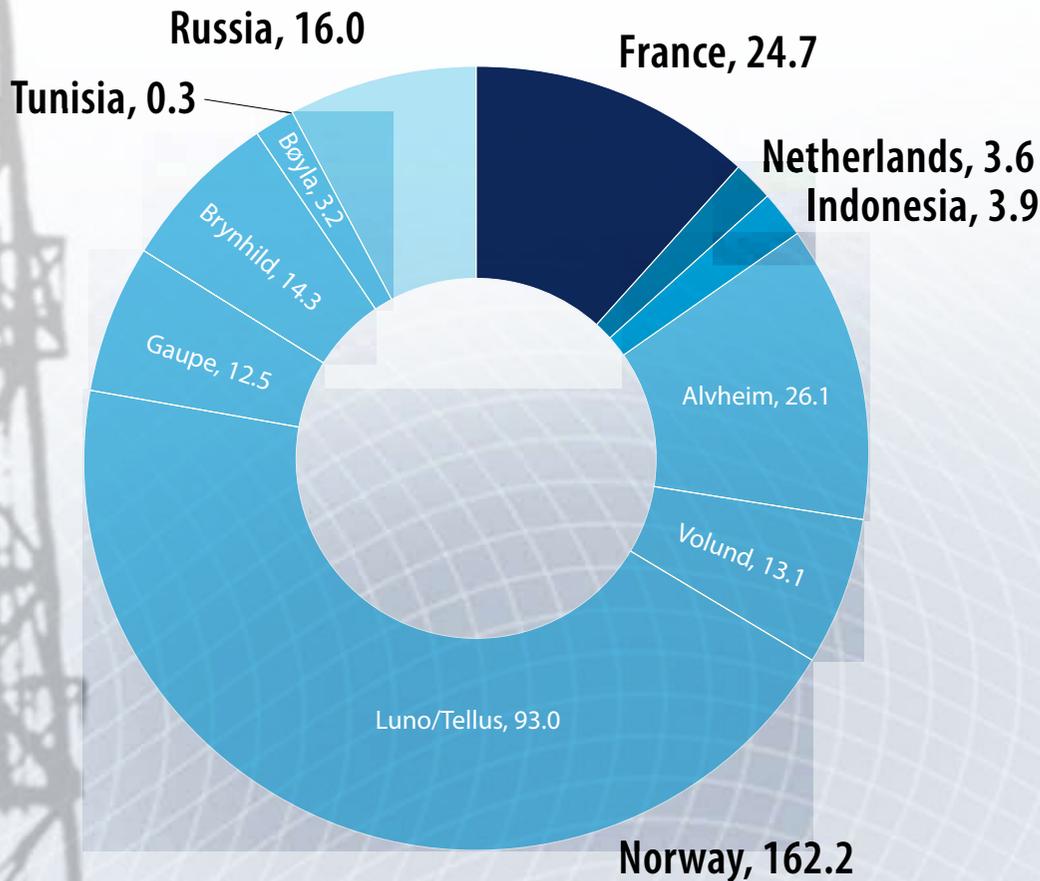
<sup>(1)</sup> Excluding Johan Sverdrup

- **Exploration and appraisal success in Norway and in Malaysia**
  - ➔ Johan Sverdrup - a new giant in Norway
  - ➔ Oil and gas discoveries in Malaysia
  
- **Development**
  - ➔ Brynhild PDO approved
  
- **Strong reserve growth**
  - ➔ Reserve replacement ratio ~ 264%
  
- **Solid production and cash flow**
  - ➔ 33,300 boepd production. Upper end of guidance
  - ➔ EBITDA > USD 1 Billion

# 1 January 2012 2P Reserves



**Total 210.7 MMboe**



	MMboe
<b>End 2010</b>	<b>186.7</b>
- Produced (excl sales & acquisitions)	-12.1
+ new reserves (excl sales/acquisitions)	32.0
- Sales / + Acquisitions	+4.1
<b>End 2011</b>	<b>210.7</b>

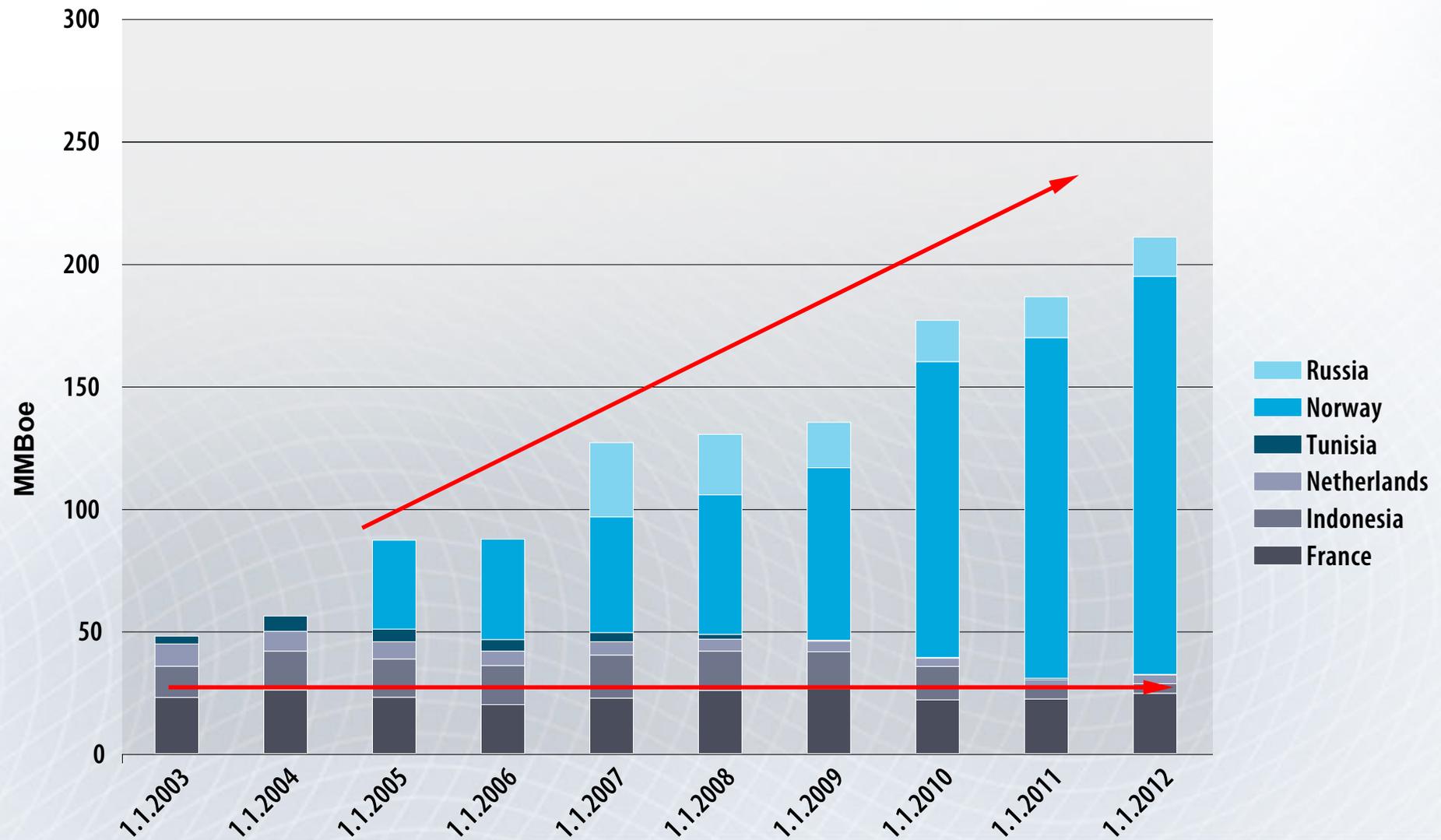
<b>Reserves Increase</b>	<b>21%</b>
<b>Reserves Replacement</b>	<b>264%</b>

## Reserves Growth



➔ 347% reserves increase in Norway

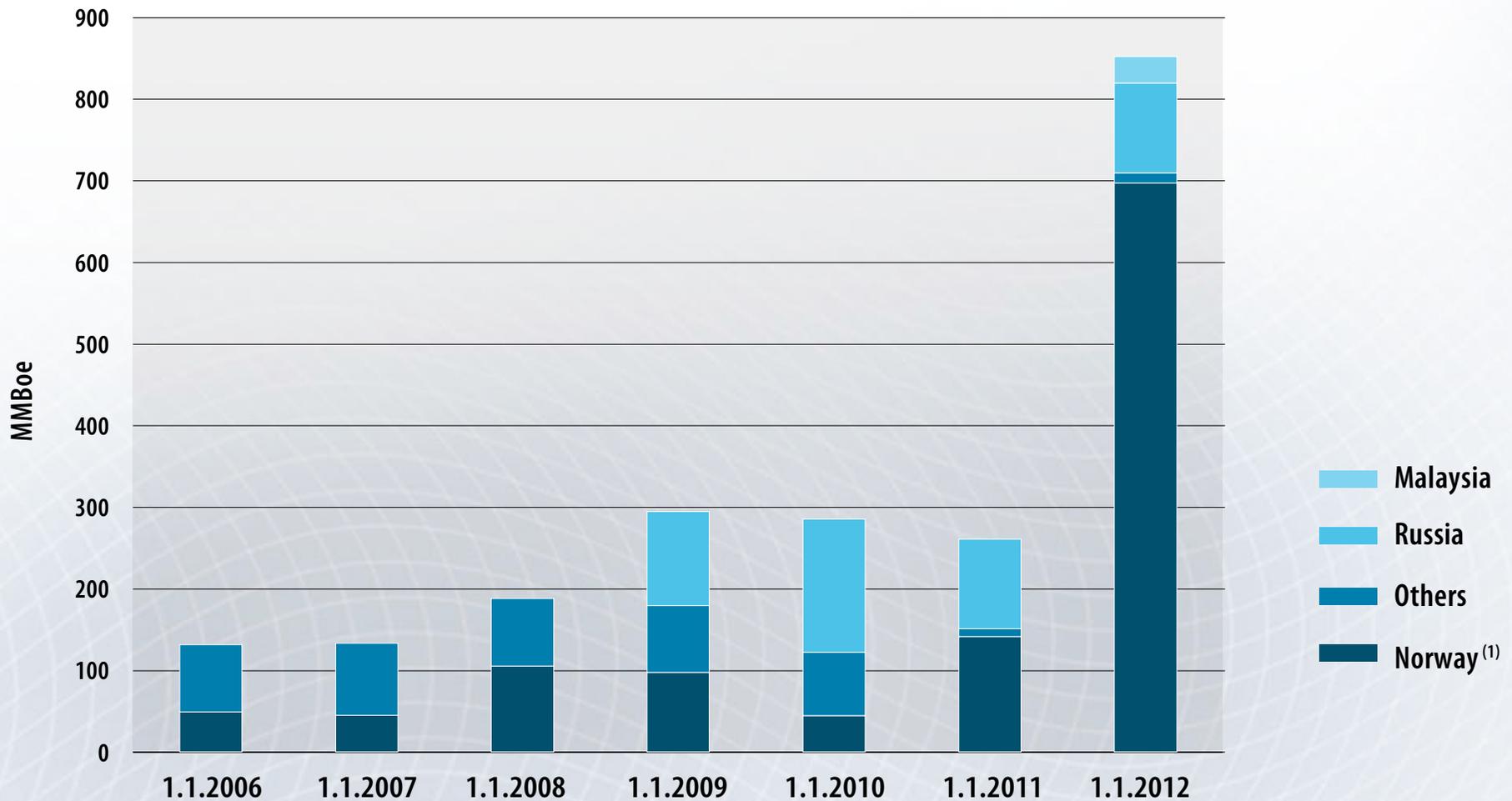
➔ No decline in French reserves



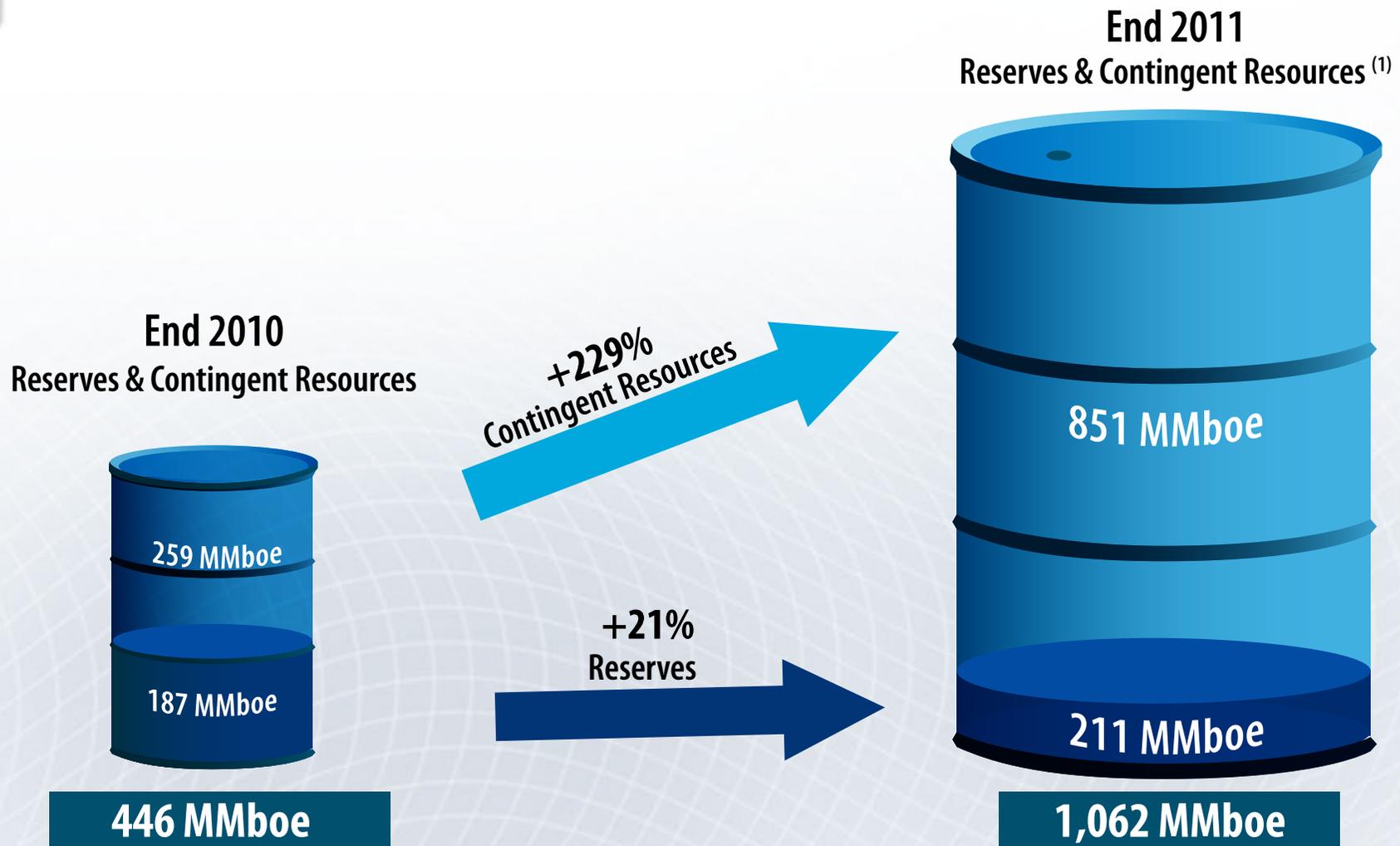
## Contingent Resource Growth



➔ More than ten times resources increase in Norway



## Reserves and Resources Increase

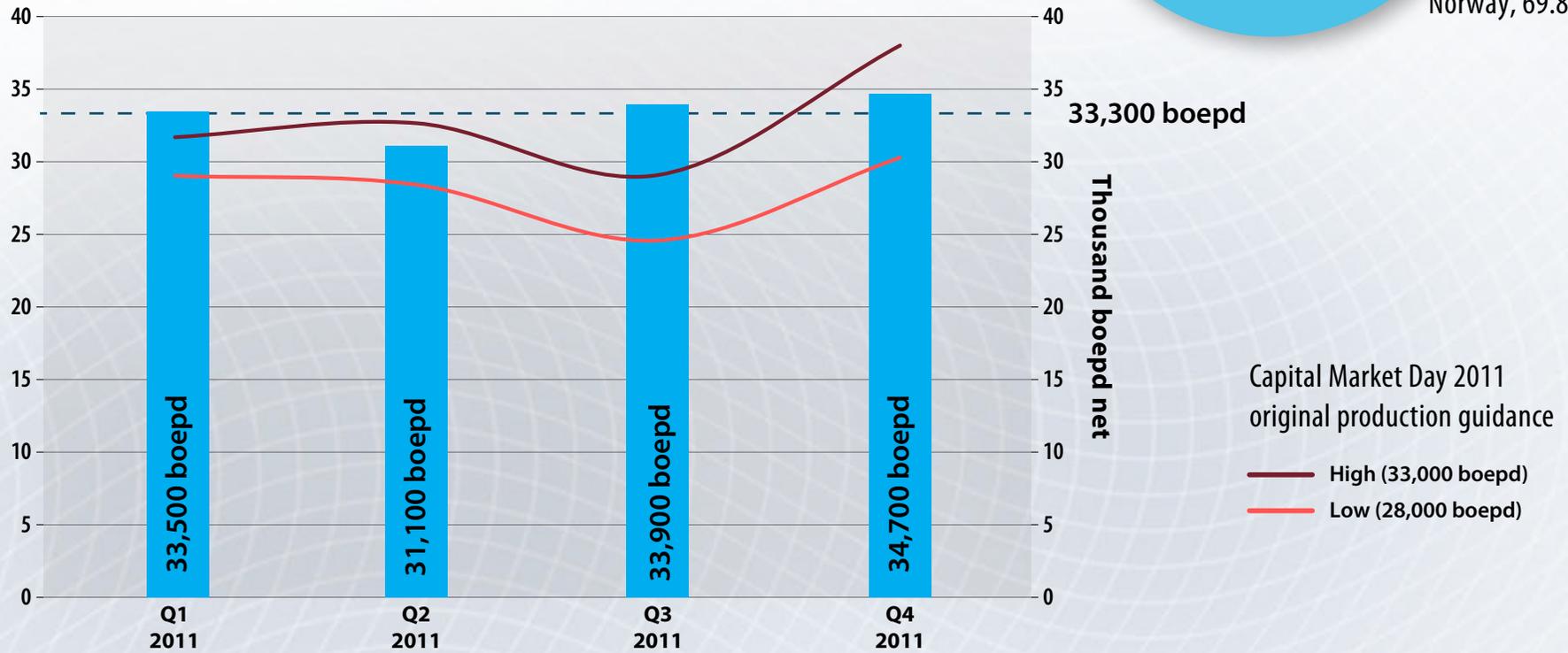
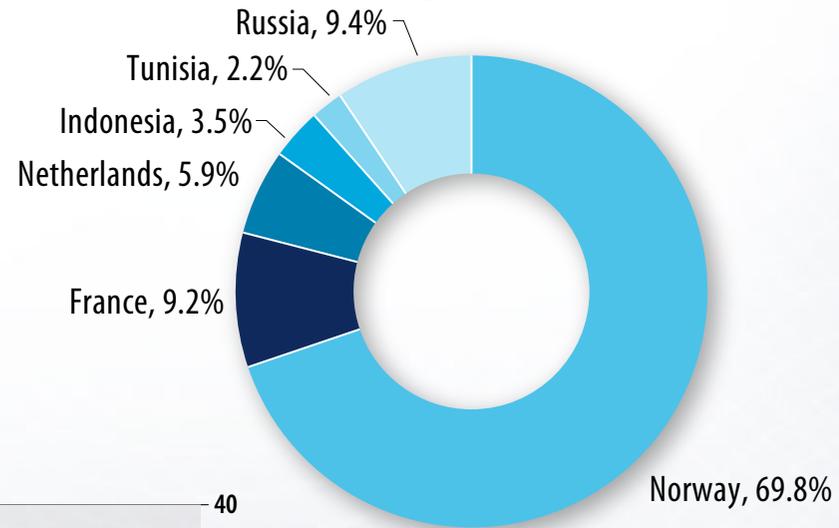


# 2011 Production Performance



➤ Q4 2011 production: 34,700 boepd

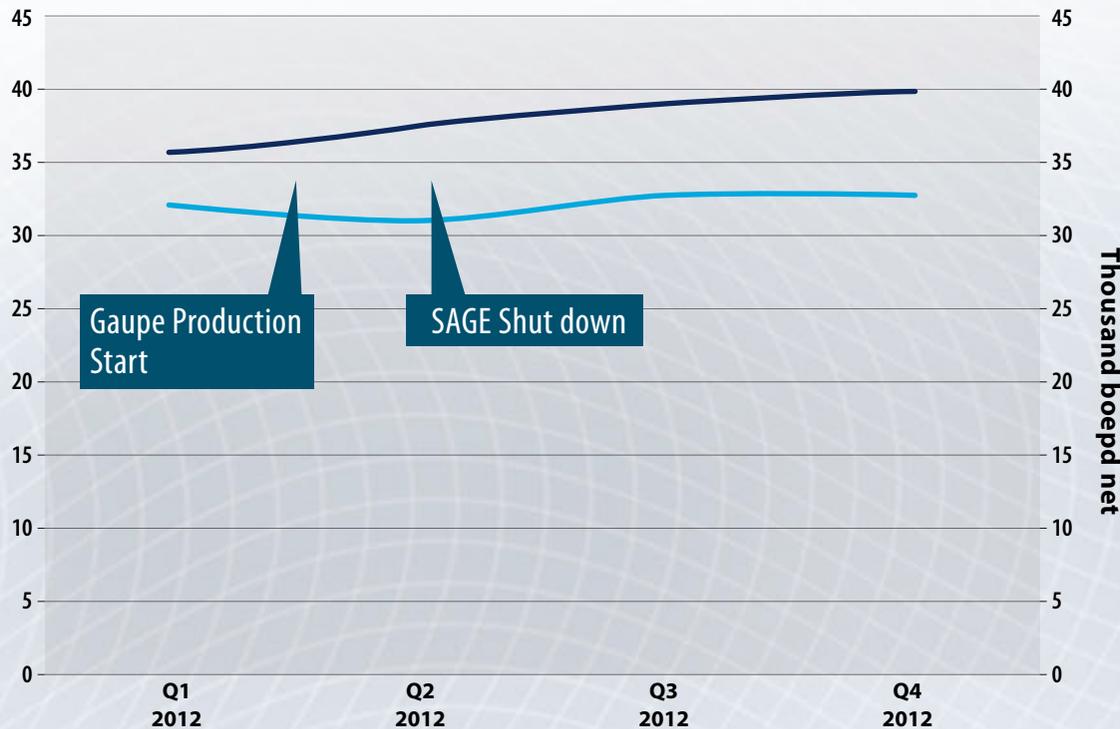
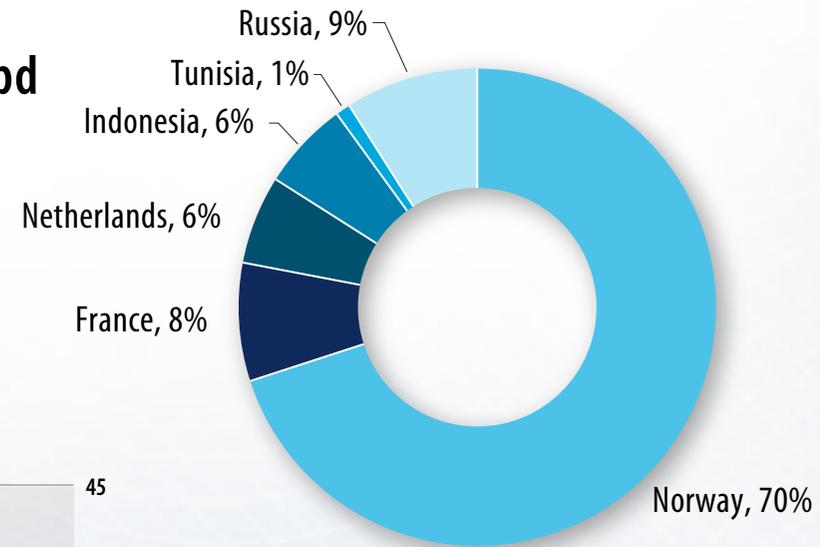
➤ 2011 production: 33,300 boepd



# 2012 Production Guidance



- 2012 production guidance: 32,000 - 38,000 boepd
- Mid range equals 5% increase from 2011



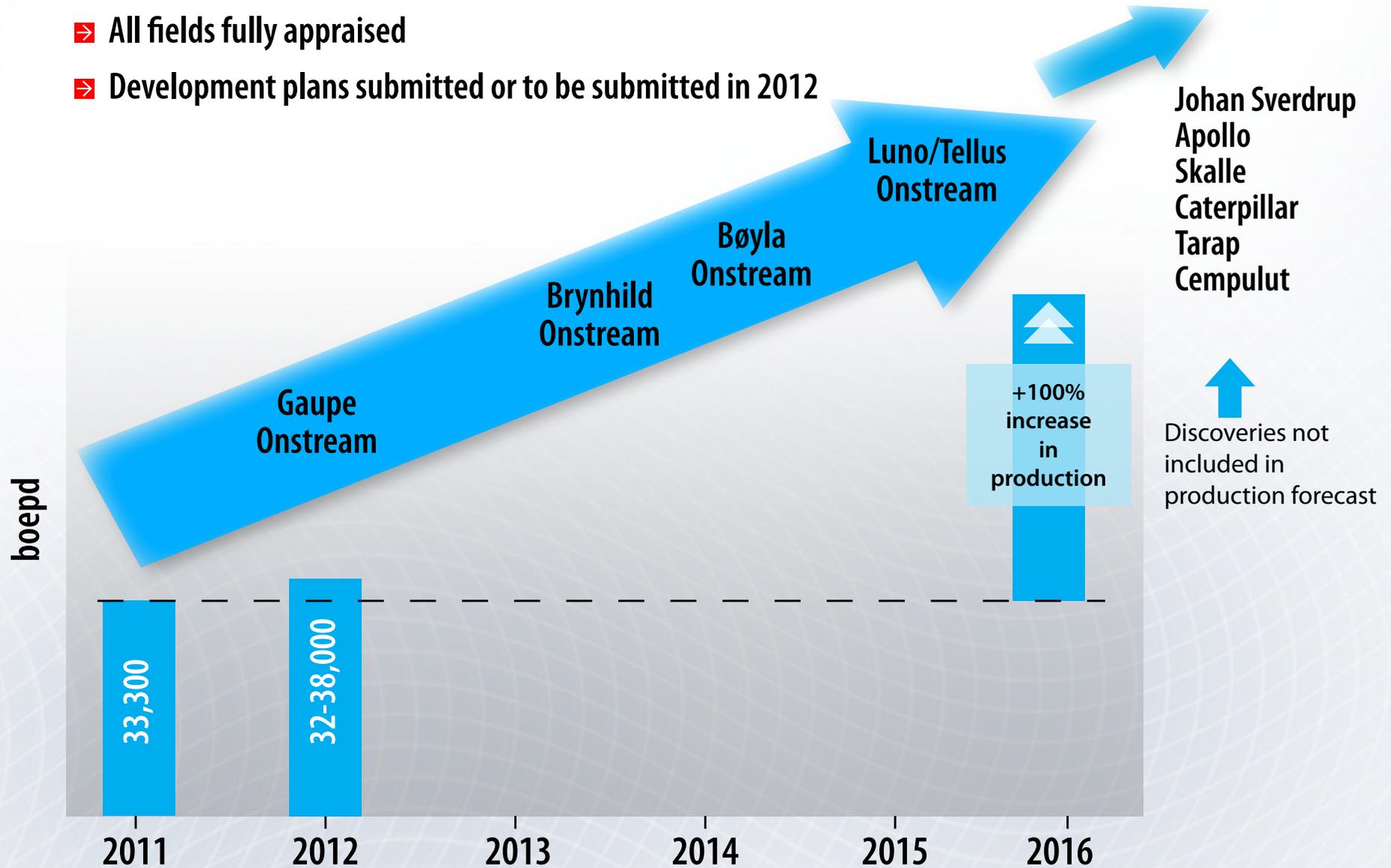
2012 Production guidance

- High
- Low

# Future Increase of Production



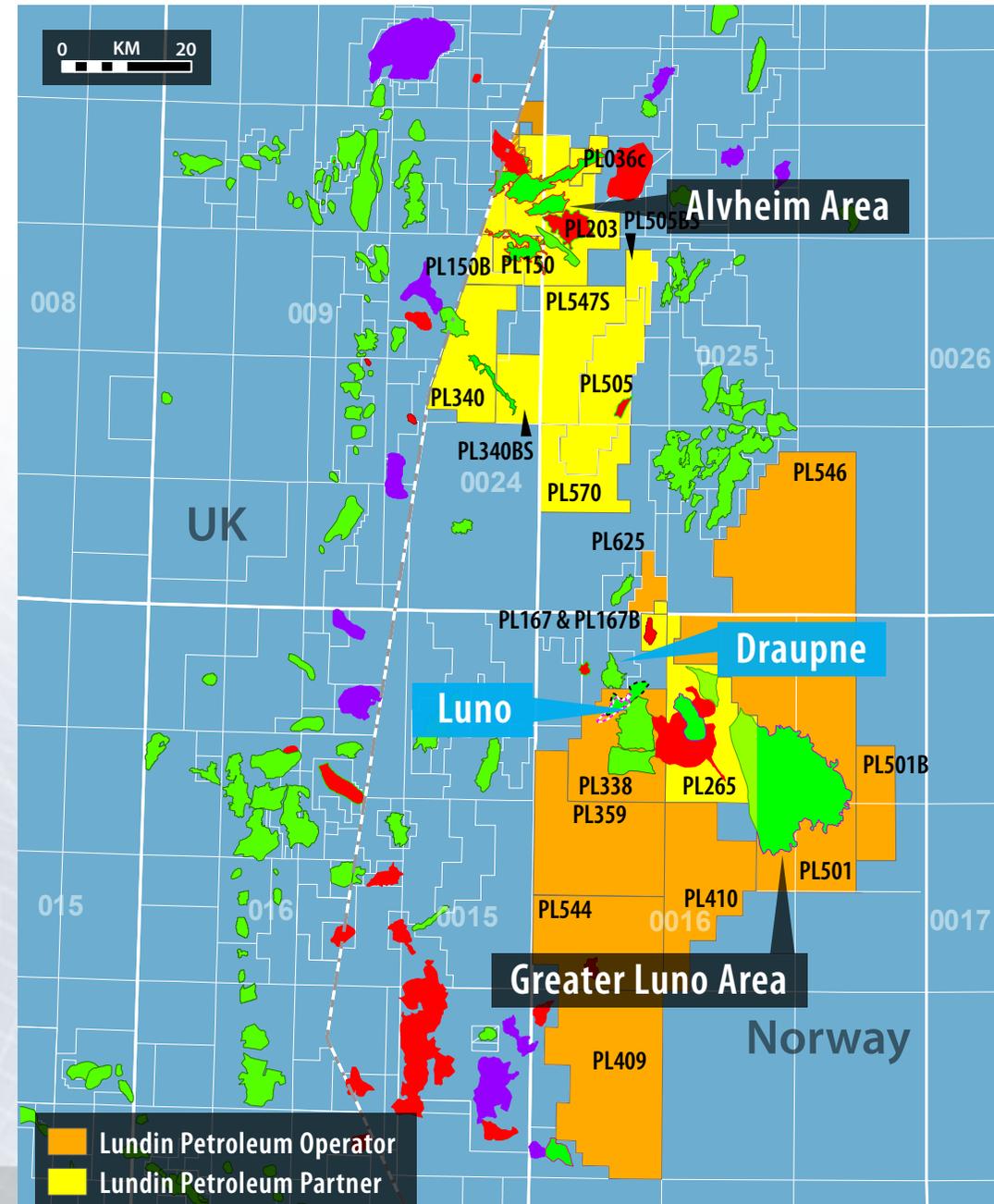
- All fields fully appraised
- Development plans submitted or to be submitted in 2012



## Greater Luno Area - Luno Development



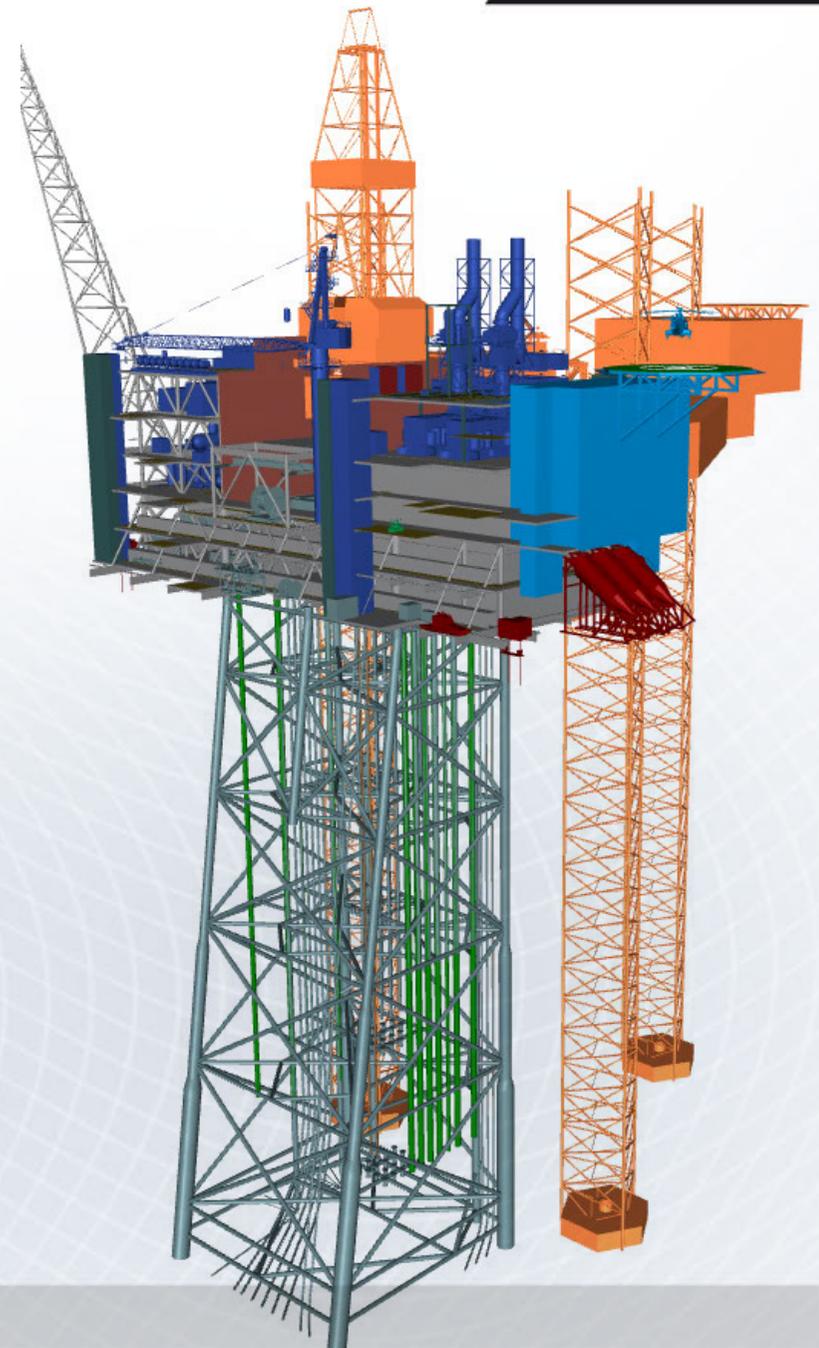
- ➔ **Lundin Petroleum interest: 50% (operator)**
  - ➔ Wintershall 30%, RWE Dea 20%
- ➔ **Development Plan submitted**
  - ➔ First oil 2015
- ➔ **Luno 2P reserves: 186 MMboe gross**
- ➔ **Draupne development to be coordinated with Luno**



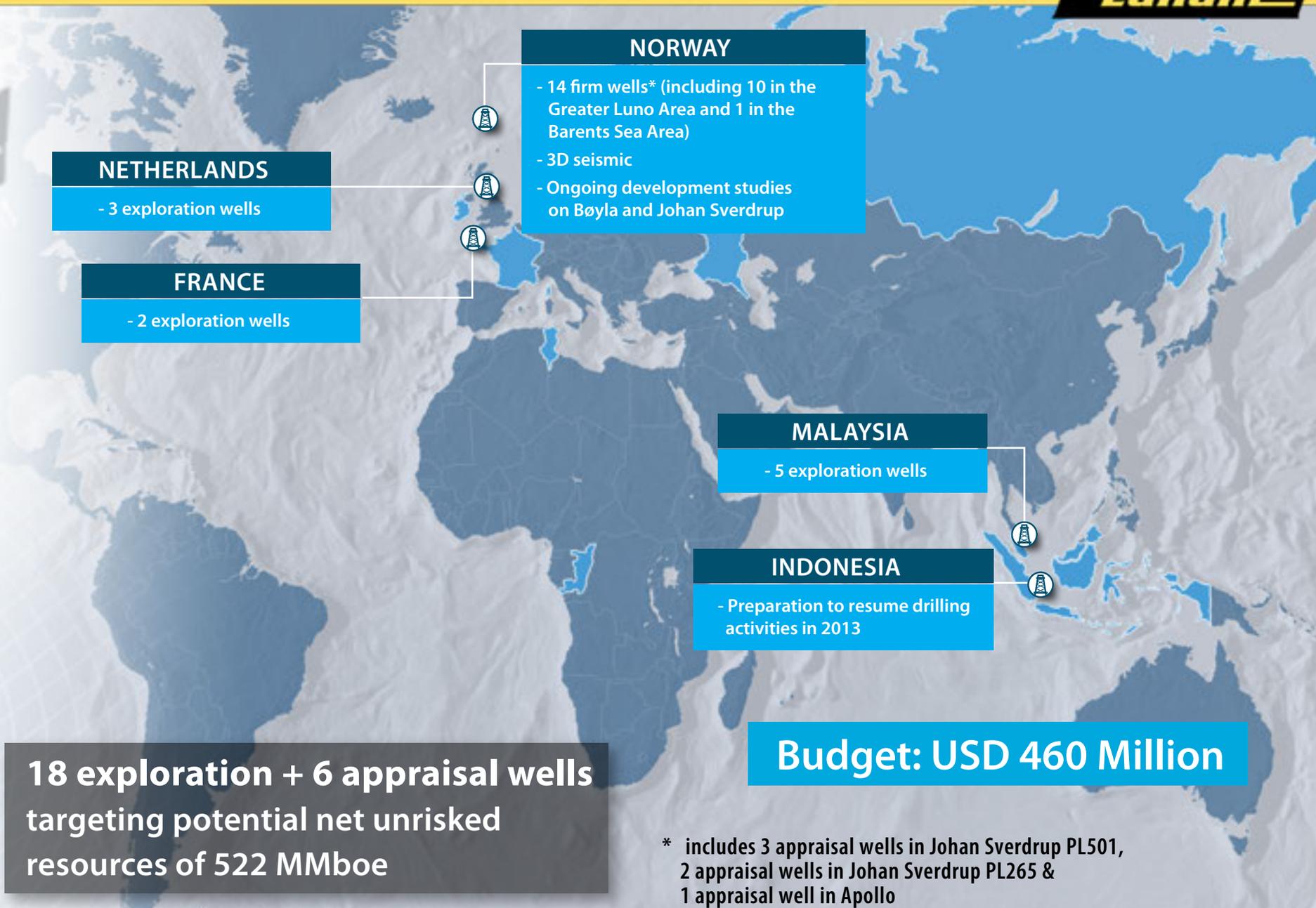
## Luno Development Project



- Execution starting Jan 2012
- 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 for platform - contract awarded to Kvaerner
  - ➔ Marine installations
  - ➔ Topside
  - ➔ Design capacity
    - Oil: 90 000 bopd (with Draupne: > 120 000 bopd)
    - Gas: 2 MSm<sup>3</sup>/d (with Draupne: 4 MSm<sup>3</sup>/d)
  - ➔ Prepared for coordinated development with a Draupne platform development
- Export pipelines
  - ➔ Oil export pipeline to Grane
  - ➔ Gas export pipeline



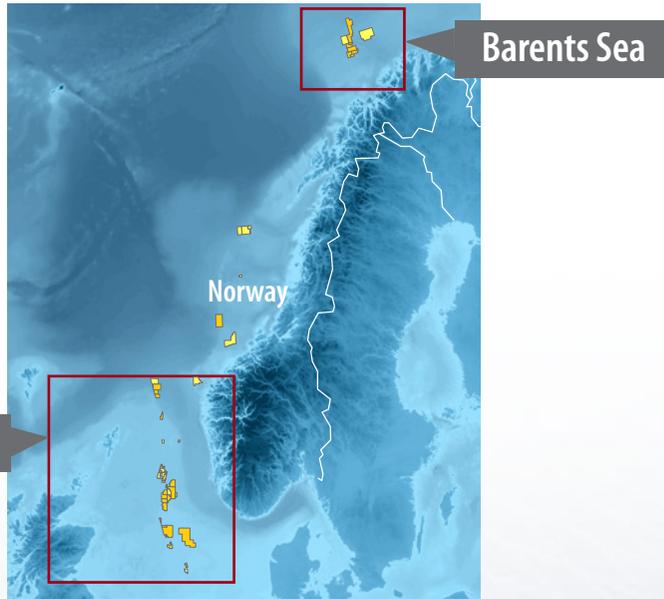
# Exploration Licence Activity 2012



# Norway 2012 Drilling Programme



- 2012 Norway exploration budget: MUSD 364
- 8 exploration & 6 appraisal wells in 2012 in 4 core areas

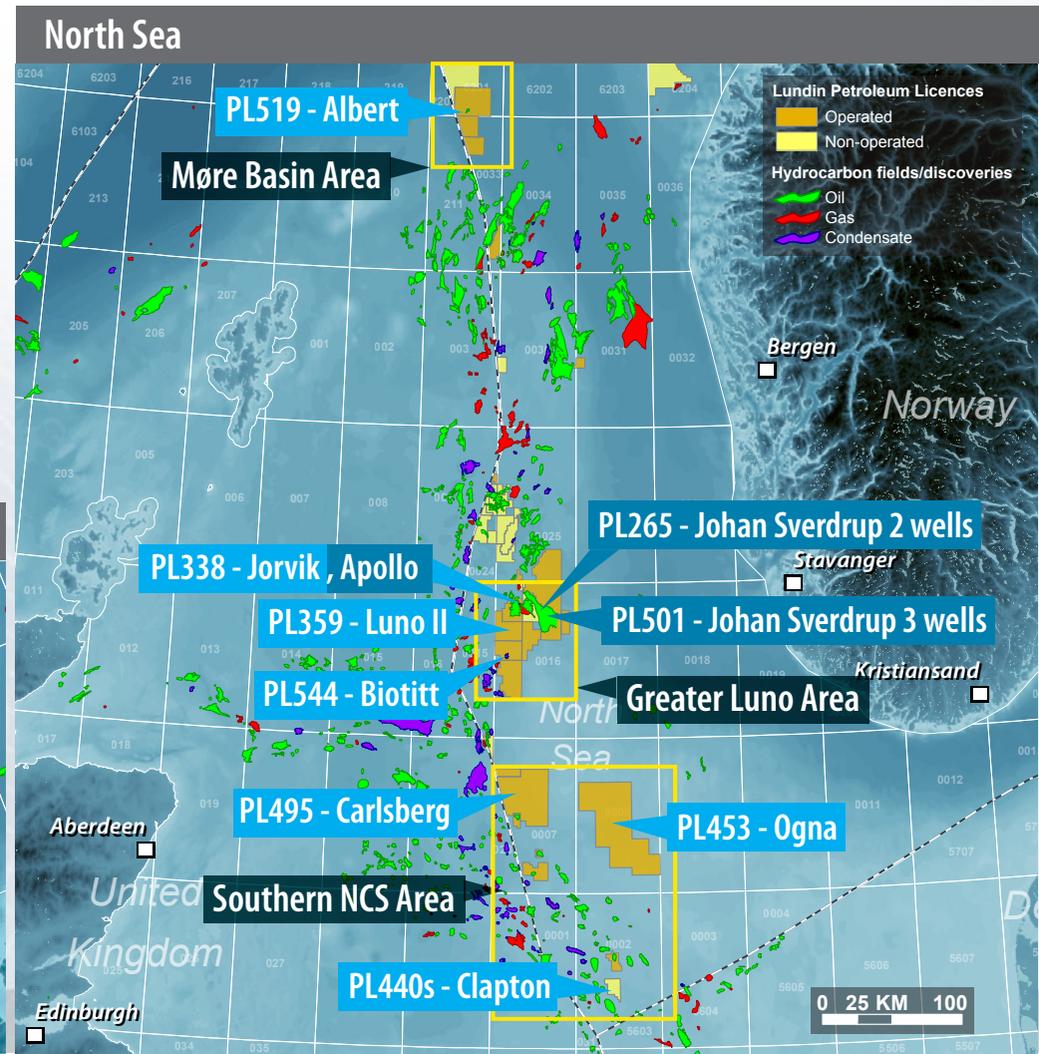
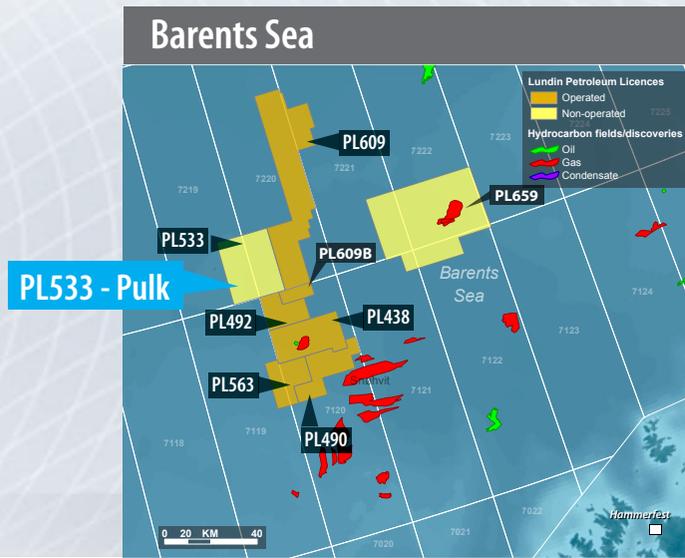


North Sea

Barents Sea

2012 Exploration (Drilling)

2012 Appraisal (Drilling)



## Johan Sverdrup - A New Giant in Norway



- PL501 licence operated by Lundin Petroleum (40%)

➔ Partners: Statoil 40%, Maersk 20%

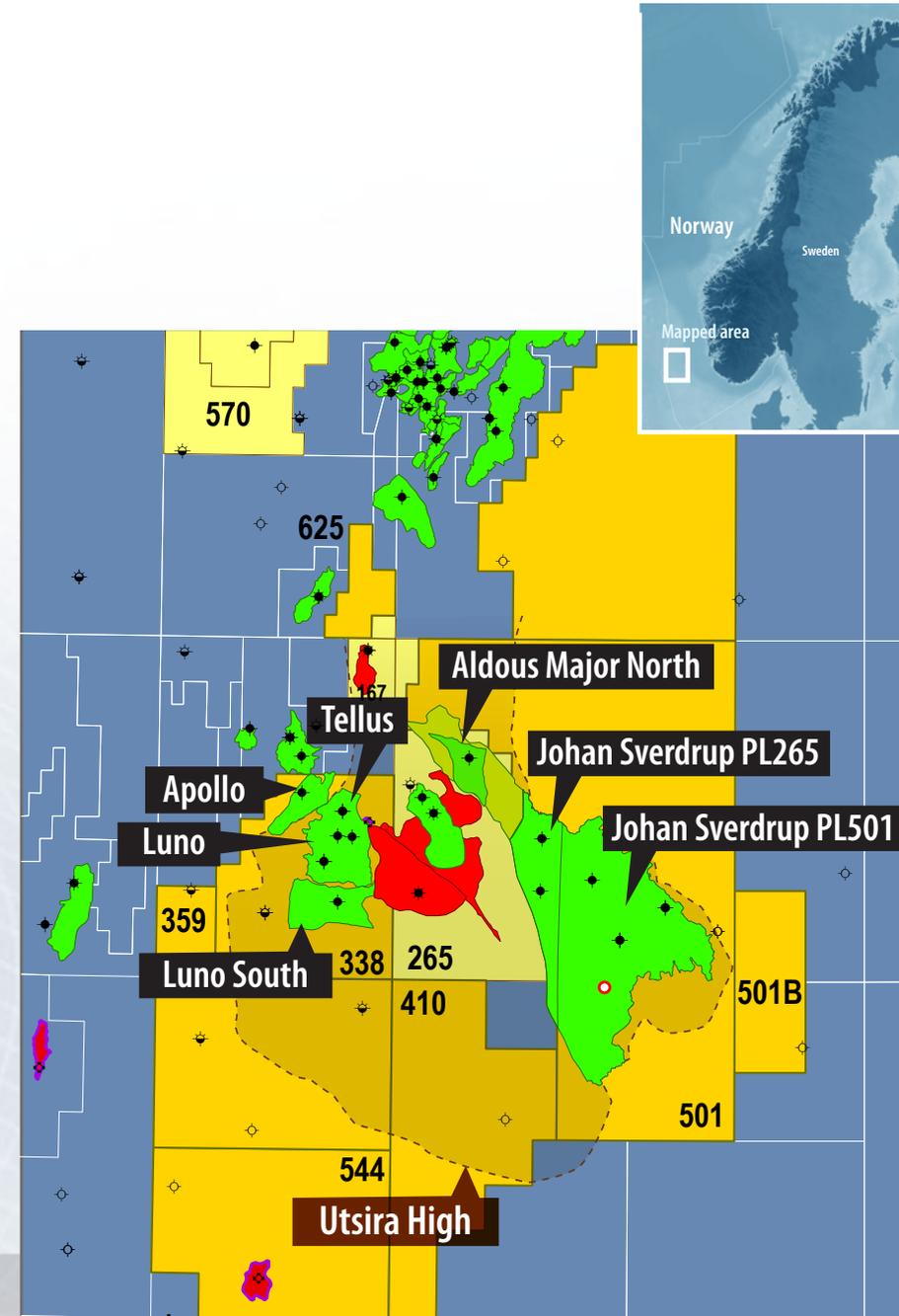
**➔ Gross contingent resources end 2011  
on block 800 - 1,800 MMbo**

- PL265 licence operated by Statoil (40%)

➔ Partners: Petoro 30%,  
Det Norske 20%,  
Lundin Petroleum 10%

**➔ Gross contingent resources end 2011  
on block 900 - 1,500 MMbo<sup>(1)</sup>**

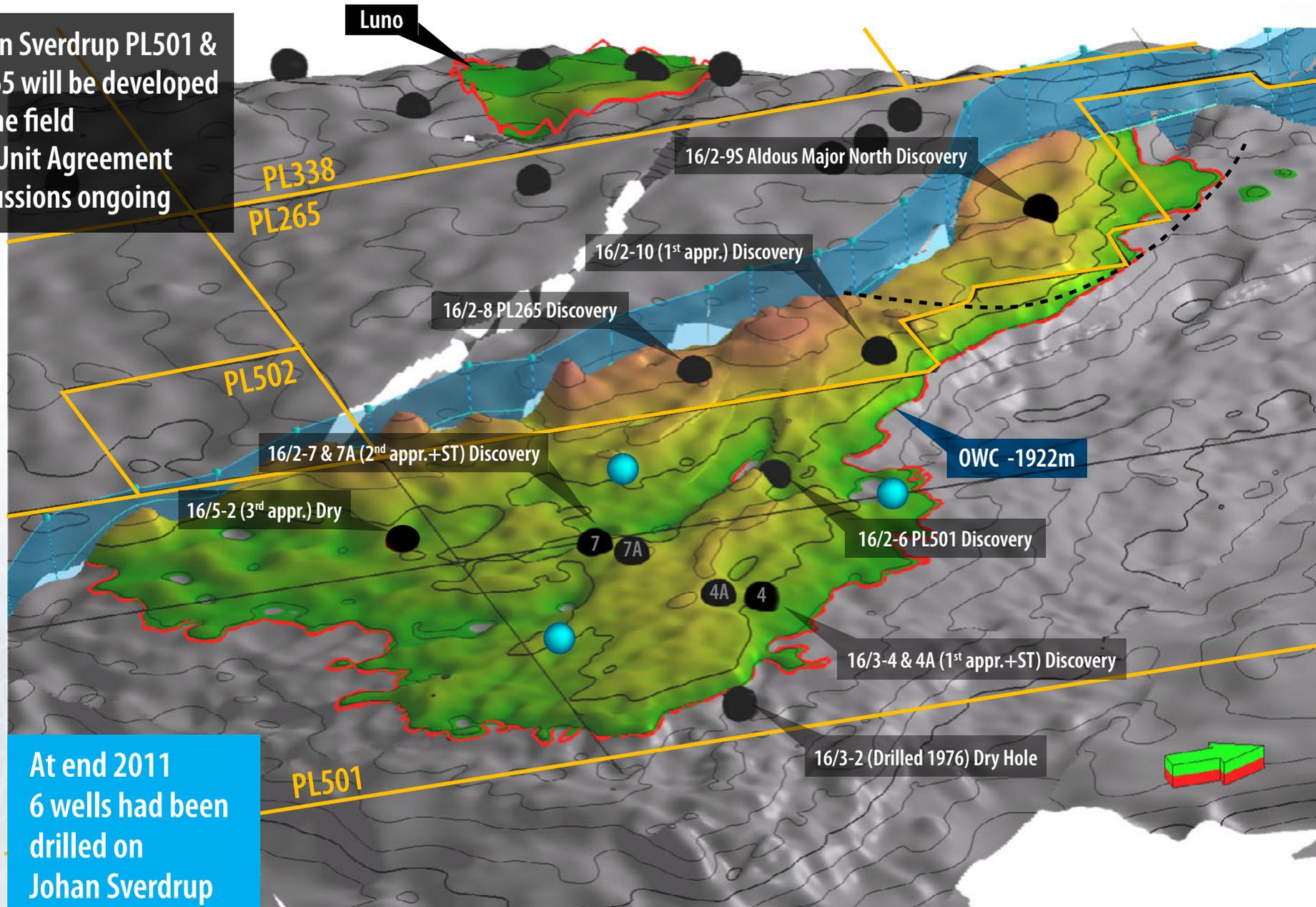
**1,700 - 3,300  
MMbo**



# Johan Sverdrup Further Appraisal Programme



- ➔ Johan Sverdrup PL501 & PL265 will be developed as one field
- ➔ Pre-Unit Agreement discussions ongoing



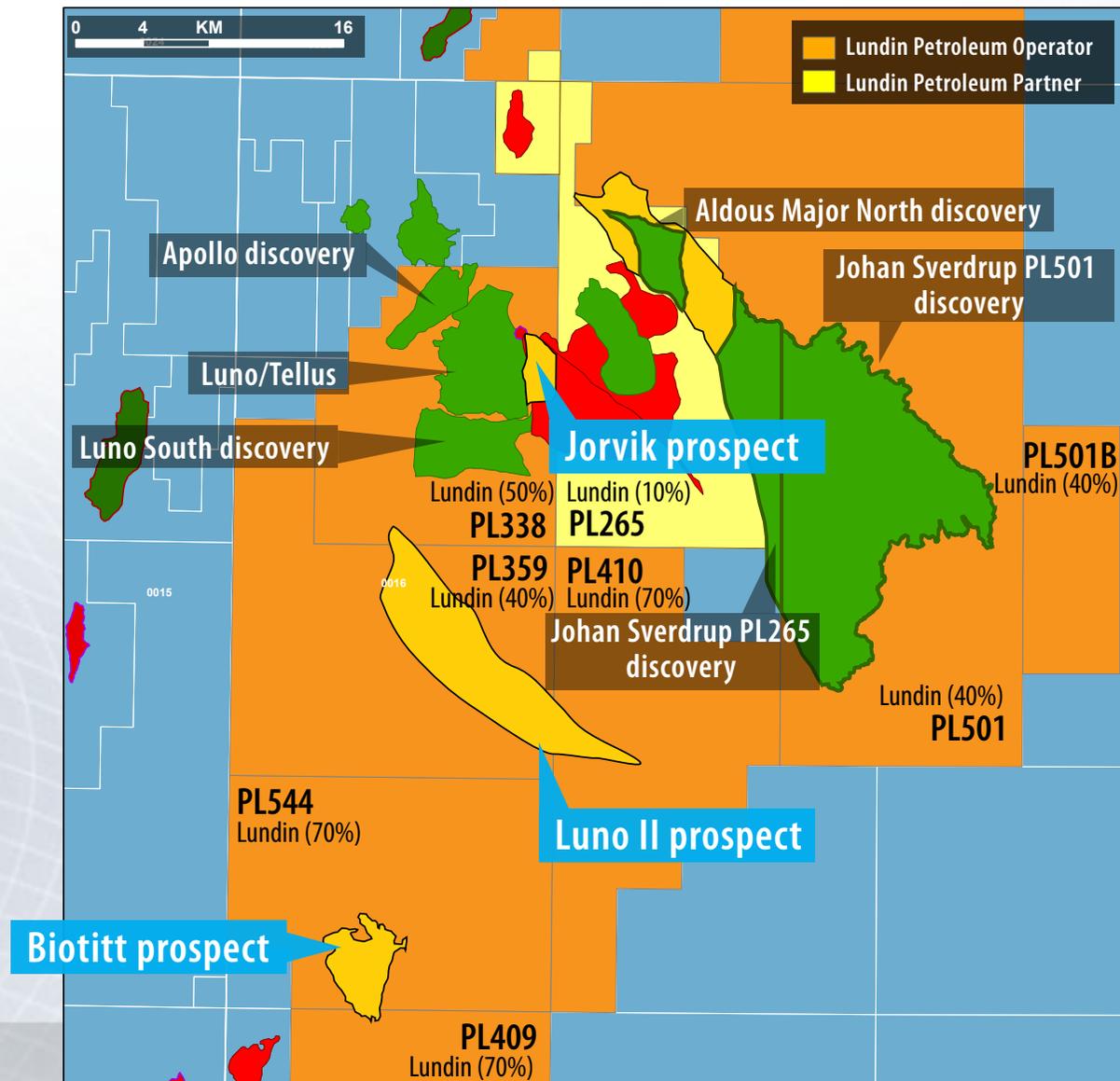
At end 2011  
6 wells had been  
drilled on  
Johan Sverdrup

# Greater Luno Area Exploration



## 2012 Exploration Drilling

- ➔ **PL359 (Lundin 40% operated)**  
**Luno II prospect**  
→ Gross unrisks prospective resources: 139 MMboe
- ➔ **PL544 (Lundin 70% operated)**  
**Biotitt prospect**  
→ Gross unrisks prospective resources: 124 MMboe
- ➔ **PL338 (Lundin 50% operated)**  
**Jorvik prospect**  
→ Gross unrisks prospective resources: 46 MMboe
- ⇒ **Targetting a total of 166 MMboe net unrisks prospective resources**

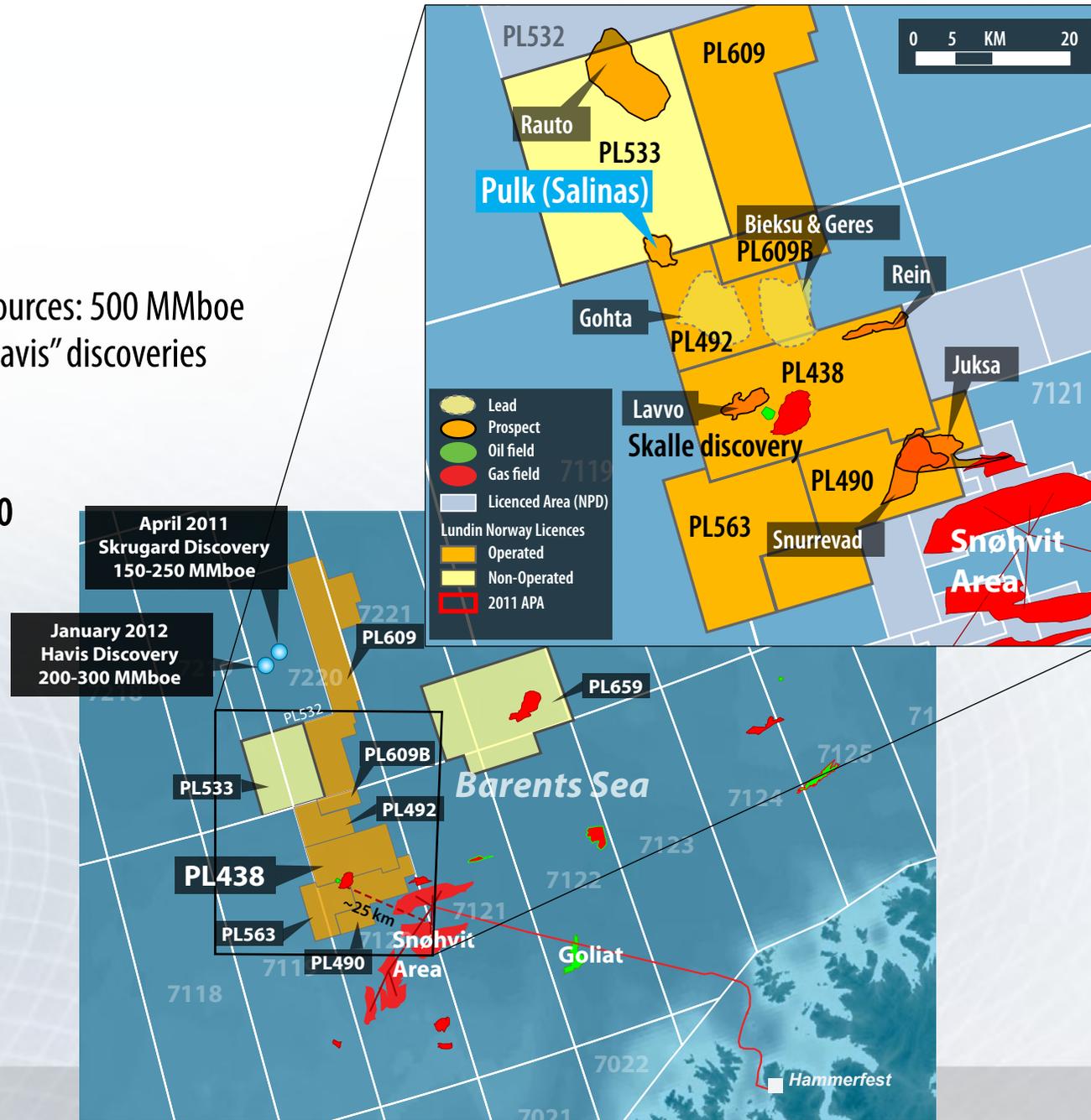


# Barents Sea Area

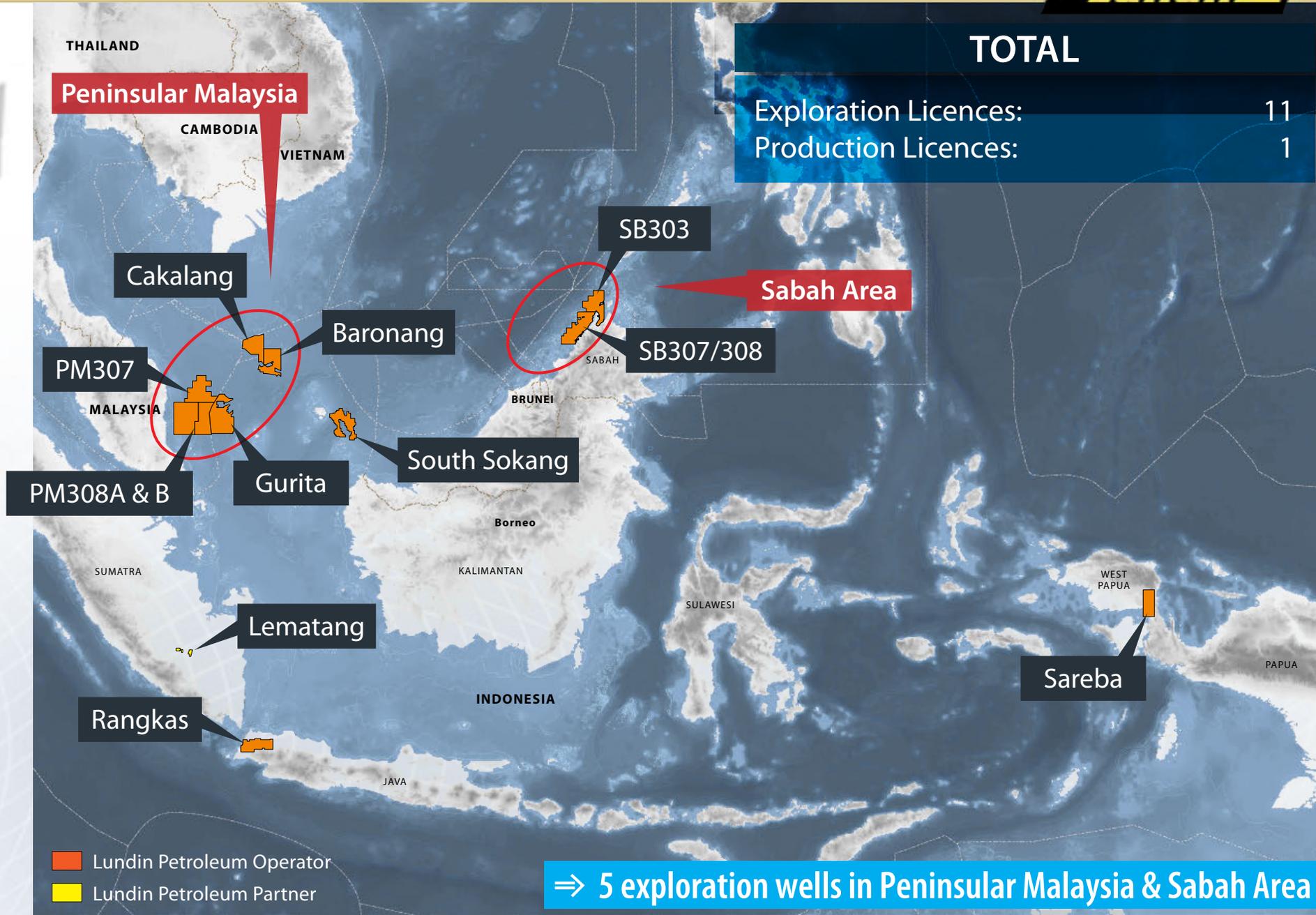


## 2012 Exploration Drilling

- **PL533 (Lundin 20%)  
Pulk (Salinas) prospect**
  - ➔ Gross unrisked prospective resources: 500 MMboe
  - ➔ On trend with "Skrugard and Havis" discoveries play type
  
- **Further drilling in 2013 in PL490**



# South East Asia - 2012 Exploration Drilling



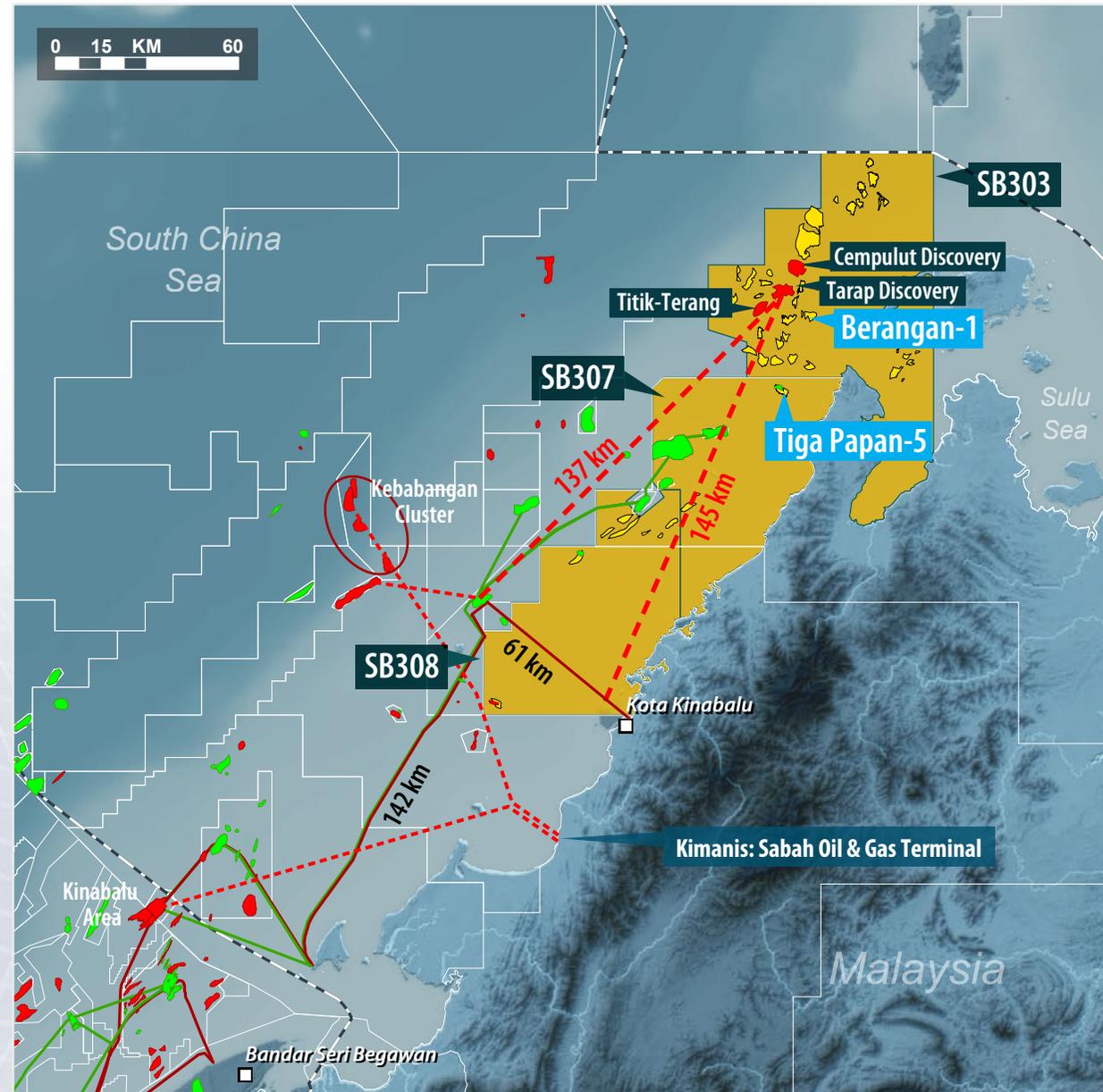
## Malaysia - Sabah Area



- ➔ 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
  - ➔ Gross unrisks prospective resources: 21 MMboe
  - ➔ Existing discovery
- ➔ SB303 (Lundin 75% operated)  
Berangan prospect
  - ➔ Gross unrisks prospective resources: 28 MMboe



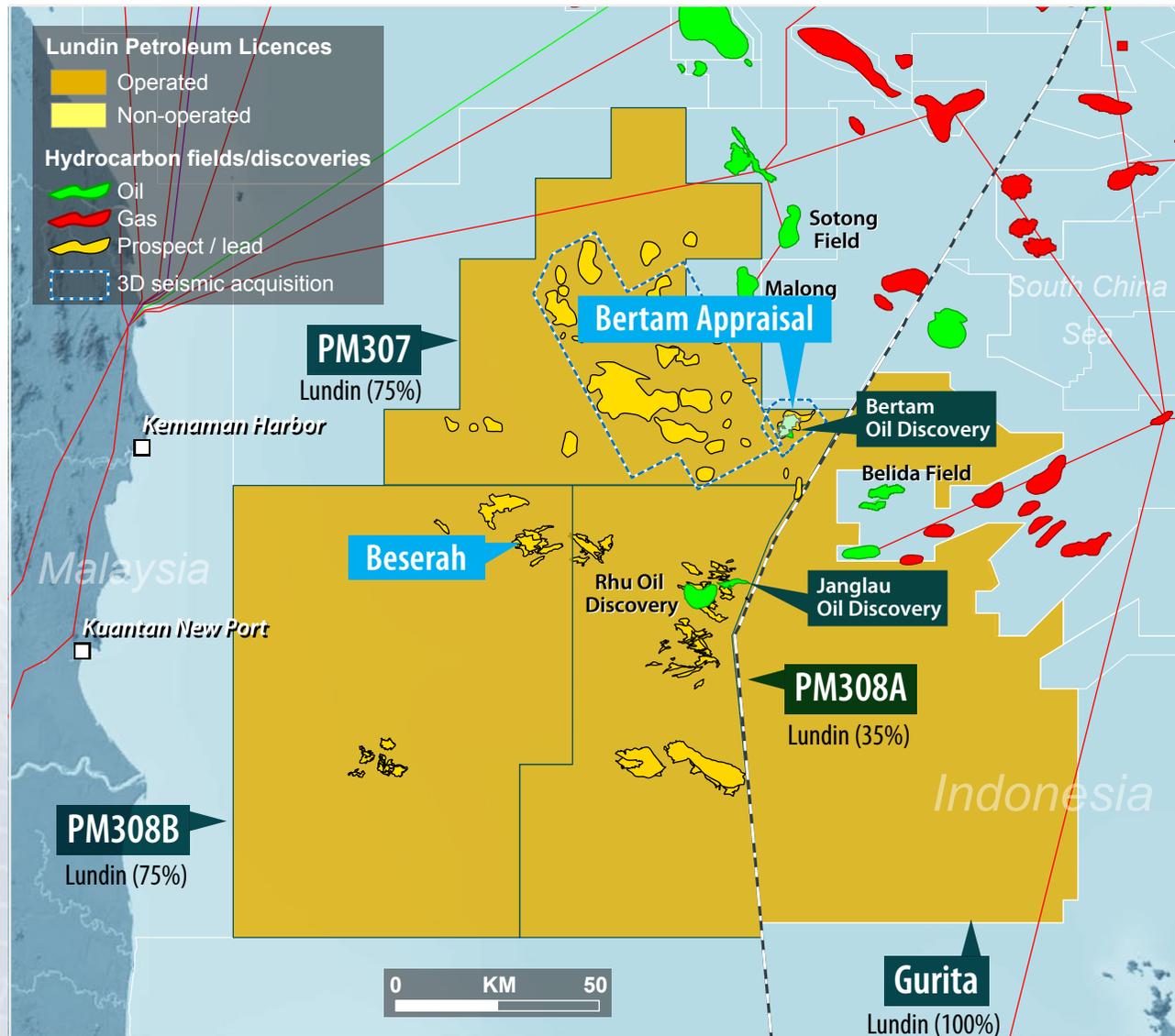
# Peninsular Malaysia



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

## 2012 Drilling Campaign

- **PM308B (Lundin 75% operated)**  
**Beserah prospect**
  - ➔ Gross unrisked prospective resources: 46 MMboe
- **PM308A (Lundin 35% operated)**
  - ➔ 2 exploration wells
  - ➔ Final location to be determined





### ➤ Exploration focus to continue

- 24 wells. Budget ~USD 460 million
- 5 well appraisal programme in the Johan Sverdrup discovery
- 8 exploration wells in Norway
- Drilling to continue in the Barents Sea
- 5 exploration wells in Malaysia

### ➤ Development activity to increase

- Luno development plan submitted
- Further development drilling on Alvheim and Volund
- Brynhild being developed

### ➤ Production to increase

- Production guidance 32-38,000 boepd. Mid point 5% increase over 2011
- Gaupe onstream
- Production to double by 2015

### ➤ Strong balance sheet and operating cash flow to fund continued growth

# Disclaimer



## 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 unduly relied upon. These statements speak only as on the date of this news release 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 and access, reliance on key personnel, reserve estimates, health, safety and environmental issues, legal risks and regulatory changes, competition, geopolitical risk, financial risks. These risks and uncertainties are described in more detail under the heading "Risk Factors" 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 included in this new release 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").

## 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 an associated chance of discovery and 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.

