Lundin Energy

Press Release

Stockholm 21 January 2022

Lundin Energy announces total resource additions of 200 percent of 2021 production

Lundin Energy AB (Lundin Energy) is pleased to announce that as at 31 December 2021, its proved plus probable net reserves (2P reserves) are 639 million barrels of oil equivalent (MMboe[1,2]) and its proved plus probable plus possible net reserves (3P reserves) are 799 MMboe. 2P reserves plus best estimate net contingent resources (total resources) are 1,019 MMboe, with a total resource replacement ratio[3] for 2021 of 202 percent.

Lundin Energy's 2P reserves include a positive revision of 39 MMboe, and the 3P include a positive revision of 44 MMboe compared to year end 2020. The best estimate net contingent resources (2C resources) as at 31 December 2021 are 380 MMboe, which is an increase of 105 MMboe from year end 2020. The total resources as at 31 December 2021 are 1,019 MMboe, which reflects additions of 144 MMboe from year end 2020, including asset acquisitions.

	2P Reserves	3P Reserves	Total Resource (2P + 2C)
End 2020	**670.9**	**826.0**	**946.4**
- Produced[4]	71.0	71.0	71.0
- Sales/+ Acquisitions	-	-	+ 136.9
+ Revisions / Discoveries	39.3	44.4	6.9
End 2021	**639.1**	**799.4**	**1,019.2**
Replacement Ratio[3,5]	**55%**	**63%**	**202%**

The increase in 2P reserves relates primarily to the Edvard Grieg and Solveig fields. The Edvard Grieg reservoir continues to outperform and together with a successful infill well campaign, reserves have increased by 17 percent. The gross ultimate recovery for Edvard Grieg is now 379 MMboe, which is an increase of over 100 percent since the PDO. Drilling results and early production performance on the Solveig phase 1 development has resulted in an increase of 20 percent in 2P reserves. Overall, the Greater Edvard Grieg Area has a gross ultimate recovery of 450 MMboe with a 97 percent replacement ratio of its production in 2021.

The Johan Sverdrup field continues to exceed expectations, with high uptime, increased processing capacity, excellent reservoir performance and well productivities. The Company's 2P reserves at year end 2021 includes for the first time a contribution from eight infill wells (previously contingent resources), extending the plateau production period. The Company recognises that there is upside reserve potential in several parts of the field which will be realised through further infill drilling, optimized reservoir management and increased facilities capacity. The technical work to define this upside will be completed by mid 2022.

In October 2021, Lundin Energy announced the acquisition of a further 25 percent working interest in the Wisting oil discovery located in the Southern Barents Sea, taking the total working interest to 35 percent. Equinor, the operator of Wisting, is targeting a PDO by end 2022, to benefit from the temporary tax incentives established by the Norwegian Government in June 2020. The transaction adds 2C resources of 131 MMboe.

Based on 2021 exploration results on Iving and further evaluation of the stranded assets in the Barents Sea, Lundin Energy has concluded that these should be excluded from the 2C contingent resources as of year end 2021.

[1] BOE's 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 the value equivalency at the wellhead.
[2] The reserves were calculated using a nominal Brent oil price of USD 75 in 2022, 71 in 2023, 69 in 2024, 70 in 2025, 71 in 2026, 73 in 2027, 74 in 2028, 76 in 2029, 77 in 2030, 79 in 2031 and increasing by 2 percent per year thereafter.
[3] Total resource replacement ratio is the sum of 2P reserves revisions and 2C Contingent resources revisions including assets transactions divided by the yearly production.
[4] Reserves are measured in saleable quantities (saleable oil, natural gas liquids and dry gas converted to oil equivalents), which may differ from production volumes provided in corporate reports which are given in wellhead production quantities (oil and rich gas converted to oil equivalents).
[5] As per industry standards the reserves replacement ratio is defined as the ratio of reserves additions to production during the year, excluding the effect of acquisitions and dispositions.

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The reserves estimates have been audited by ERCE, a third-party independent reserves auditor, and have been calculated using the 2018 Petroleum Resource Management System (SPE PRMS) Guidelines of the Society of Petroleum Engineers (SPE), World Petroleum Congress (WPC), American Association of Petroleum Geologists (AAPG) and Society of Petroleum Evaluation Engineers (SPEE). The contingent resource estimates associated with the Edvard Grieg, Alvheim area, Johan Sverdrup, Solveig and Rolvsnes assets have been audited by ERCE. For the other assets, the contingent resource volumes are based on management estimates.

Daniel Fitzgerald, COO of Lundin Energy, commented:
"2021 has been another year of great performance with resource additions of over 140 MMboe representing a resource replacement ratio of over 200%. The Edvard Grieg area has continued to increase its reserves base and is now more than double the size compared to the original PDO estimates, and I am convinced that we will continue to grow in this area. We have many exciting opportunities and projects being worked through the course of 2022 and are planning to sanction three projects in the Edvard Grieg area in late 2022, as well as planning for the next phase of infill drilling on Edvard Grieg.

"Johan Sverdrup is truly a world class asset and we are only just starting to see the potential from this field. We have included infill wells into the 2P reserves base for the first time which extends the plateau production period and we still see significant opportunities to continue to not only grow the reserves, but to accelerate production and extend the plateau."

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