

## First quarter 2015 financial update

### **Lundin Petroleum AB (Lundin Petroleum) will expense pre-tax exploration costs of approximately MUSD 45 and a net foreign exchange loss of approximately MUSD 204 for the first quarter of 2015.**

The profitability for the first quarter of 2015 will be impacted by certain expensed exploration costs as well as a foreign currency exchange loss, mainly related to the revaluation of loan balances. These items are largely non-cash charges and will have no impact on the reported operating cash flow or EBITDA for the period.

#### **Exploration Costs**

During the first quarter of 2015 Lundin Petroleum will incur pre-tax exploration costs of approximately MUSD 45 which will be charged to the income statement offset by a tax credit of approximately MUSD 35. The exploration costs mainly relate to two exploration wells drilled in Norway during the first quarter of 2015. The Gemini well in PL338C was announced as dry and the Zulu well in PL674BS as a gas discovery. Following further analysis, the Zulu discovery has been concluded as non-commercial and the associated costs will therefore be expensed.

#### **Foreign Exchange Loss**

Lundin Petroleum will recognise a largely non-cash foreign exchange loss in its income statement for the first quarter of 2015 of approximately MUSD 204. This foreign exchange loss mainly relates to the revaluation of loan balances at the prevailing exchange rates at the end of the reporting period. The US Dollar strengthened significantly against the Euro during the first quarter of 2015 resulting in a foreign exchange loss on the US Dollar denominated external loan which is borrowed by a subsidiary using Euro as functional currency. This foreign exchange loss was partly offset by a smaller foreign exchange gain relating to the strengthening of the Norwegian Krone against the Euro in the first quarter of 2015, generating a foreign exchange gain on an intercompany loan balance denominated in Norwegian Krone.

Mike Nicholson, Chief Financial Officer of Lundin Petroleum comments:

*“Whilst Lundin Petroleum has generated a largely non-cash foreign exchange loss driven primarily by the impact of a stronger US Dollar on our intra group loan balances, we must recognise that a strong US Dollar is positive for the Company. The majority of our revenues are earned in US Dollars, and the value of the assets of the Company is predominantly US Dollar driven. In addition, a strong US Dollar is beneficial in terms of lowering the cost of funding our non US dollar denominated expenditures.”*

*Lundin Petroleum is a Swedish independent oil and gas exploration and production company with a well balanced portfolio of world-class assets primarily located in Europe and South East Asia. The Company is listed on NASDAQ Stockholm (ticker "LUPE"). Lundin Petroleum has proven and probable reserves of 187.5 million barrels of oil equivalent (MMboe).*

For further information, please contact:

Maria Hamilton  
Head of Corporate Communications  
maria.hamilton@lundin.ch  
Tel: +41 22 595 10 00  
Tel: +46 8 440 54 50  
Mobile: +41 79 63 53 641

or

Teitur Poulsen  
VP Corporate Planning & Investor Relations  
Tel: +41 22 595 10 00

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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.