

Lundin Petroleum AB (publ)

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FINANCIAL UPDATE

Lundin Petroleum AB (“Lundin Petroleum”) is pleased to provide an update on its forecast fourth quarter 2008 financial performance and the status of its bank borrowing facilities.

During the fourth quarter of 2008 Lundin Petroleum achieved a production rate of 34,800 barrels of oil equivalent per day (boepd). Fourth quarter production was negatively impacted by a 35 day planned shutdown on the Thistle field, offshore United Kingdom, lower production in Russia due to high export taxes and flowline repairs on the Alvheim field, offshore Norway. The average Brent oil price for the fourth quarter of 2008 was USD 54 per barrel which negatively impacted sales for the fourth quarter of 2008 compared to previous periods in 2008.

The profitability of the fourth quarter of 2008 will be positively impacted by the gain on sale of shares in Revus Energy ASA (Revus). Approximately 4.2 million Revus shares acquired at an average price of 57 NOK per share were sold at a price of NOK 110 per share. No tax will be recorded on the sale due to the availability of unrecorded tax losses.

The profitability of the fourth quarter of 2008 will be negatively impacted by the following one-off items. These items are all non-cash which will impact profitability but will have no impact on cash flow.

- **Foreign exchange losses.** The strengthening of the US dollar against the Norwegian Kroner during the fourth quarter of 2008 has resulted in material non-cash losses due to the revaluation of US dollar debt into the Norwegian Kroner denominated accounts. The value of the Norwegian assets has not been revalued upwards as a result of the currency movement.
- **Exploration Costs.** During the fourth quarter of 2008 the exploration costs associated with the drilling of the Laganskaya exploration well in the Russian Caspian Sea have been expensed due to the likelihood that the field will not be commercial. In Sudan the costs of the unsuccessful Muny Deng exploration well have been expensed and in addition due to the disappointing 2008 exploration drilling campaign all historical exploration costs in Sudan will be expensed.
- **Asset Impairment.** Lundin Petroleum recently announced a 26 percent increase in proven and probable reserves at 1 January 2009. The net increase in reserves included downward revisions in reserves in Tunisia due to below forecast reservoir performance and in the Kalmykian and Orenberg onshore Russian properties where lower oil prices are such that planned development activity is unlikely to materialize. These revaluations in reserves have resulted in the write down of the carrying value of these assets. In addition the value of the Salawati Island assets in Indonesia has been partially written down as a result of lower oil price assumptions.

Lundin Petroleum as at 31 December 2008 had net borrowings of approximately USD 495 million under a USD 850 million borrowing base facility provided by 19 international banks. In addition, Lundin Petroleum has an undrawn USD 150 million unsecured corporate loan facility. The banking syndicate has unanimously agreed to a revised calculation of availability under the borrowing base loan using revised oil price assumptions which reflect the current market environment. The calculated value under the borrowing base facility is approximately USD 1.1 billion which is well in excess of the USD 850 million loan amount.

Ashley Heppenstall, President and CEO of Lundin Petroleum comments: *"The lower oil price coupled with the effects of one-off non-cash items will negatively impact our fourth quarter profitability. However Lundin Petroleum still continues to generate strong operating cash flow at today's oil price. Our 2009 capital expenditure programme will be substantially funded from cash flow and we maintain adequate liquidity from available bank lines".*

Information in relation to the above financial issues will be included in a detailed corporate presentation to be released on the Lundin Petroleum website on Friday, 30 January 2009.

Lundin Petroleum is a Swedish independent oil and gas exploration and production company with a well balanced portfolio of world-class assets in Europe, Africa, Russia and the Far East. The Company is listed at the Nordic Exchange, Sweden (ticker "LUPE"). Lundin Petroleum has existing proven and probable reserves of 217.5 million barrels of oil equivalent (mmboe) as at 1 January 2009.

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