

LUNDIN PETROLEUM – PRESS RELEASE



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LUNDIN PETROLEUM ANNOUNCES INTENTION TO SPIN-OFF ITS UNITED KINGDOM BUSINESS AND DISTRIBUTE SHARES TO ITS SHAREHOLDERS

Lundin Petroleum AB (publ) (Lundin Petroleum) is pleased to announce its intention to spin-off its business in the United Kingdom (UK) into a newly formed UK company called EnQuest PLC (EnQuest), in exchange for shares of EnQuest. The shares of EnQuest received by Lundin Petroleum will then be distributed to Lundin Petroleum shareholders.

Proposed Transaction Structure

EnQuest will acquire the UK oil and gas production, development and exploration assets and operations of both Lundin Petroleum and Petrofac Limited, a London Stock Exchange-listed company. EnQuest was recently incorporated for these transactions and will be an independent oil and gas production and development company whose initial activities will be focussed on the United Kingdom Continental Shelf (UKCS).

Lundin Petroleum will receive fifty-five per cent (55%) of the outstanding shares of EnQuest in consideration for the sale of the UK business and proposes to distribute its EnQuest shares to Lundin Petroleum shareholders. Lundin Petroleum shareholders will continue to hold their shares of Lundin Petroleum and will also receive new shares of EnQuest. The shareholders of Petrofac will hold the remaining forty-five per cent (45%) of the outstanding shares of EnQuest. It is expected that entities associated with the Lundin family will be the largest shareholder in EnQuest. EnQuest will apply for admission and primary listing on London Stock Exchange, with a secondary listing on NASDAQ OMX Stockholm.

The transaction is expected to be completed early in the second quarter of 2010.

Objectives

Lundin Petroleum has been reviewing strategic options in relation to its UK assets with the objective of finding ways to potentially unlock Lundin Petroleum shareholder value. Lundin Petroleum believes that this proposed spin-off will provide exposure to a new UK focussed oil and gas company with a substantial reserve and resource base, financial strength and strong management team.

EnQuest aims to become one of the UK's leading independent oil and gas development and production companies. EnQuest will operate a production biased portfolio with exposure predominantly to the significant and low risk hydrocarbon basin of the UKCS. Management of EnQuest intends to deliver sustainable growth in shareholder value by focussing on the exploitation of its existing reserves, commercialising and developing discoveries, converting its significant contingent resources into reserves and pursuing selective acquisitions. Lundin Petroleum believes that EnQuest offers shareholders a new and exciting investment opportunity.

Following the proposed transaction, Lundin Petroleum will continue to own and operate its remaining portfolio of international oil and gas assets with production in Norway, France, the Netherlands, Russia, Indonesia and Tunisia as well as a diverse portfolio of exploration assets.

This transaction will downsize Lundin Petroleum with even stronger leverage to success in relation to its high potential exploration drilling programme and new deal opportunities.

EnQuest

EnQuest was recently incorporated to acquire the UK assets and operations of Lundin Petroleum and the UK oil and gas exploration and production business of Petrofac. EnQuest will acquire interests in the Heather, Broom, Thistle and Deveron fields and Peik, South West Heather and Scolty discoveries from Lundin Petroleum and interests in the Don Southwest and West Don fields and the Elke discovery from Petrofac. EnQuest intends to pursue a strategy of integrating these operations and assets to benefit from the synergies offered by the complementary licence portfolios of Lundin Petroleum and Petrofac with geographic proximity and strong and experienced teams that will manage all of its assets.

EnQuest believes that its initial assets to be acquired from Lundin Petroleum and Petrofac will offer material organic growth opportunities, driven by the development of low risk near field opportunities rather than exploitation of high risk exploration opportunities.

Based on the 2009 production of Lundin Petroleum and Petrofac, EnQuest's average daily working interest production for the year ended 2009 would have been approximately 13,620 barrels of oil per day (bopd). Gaffney, Cline & Associates (GCA) has certified that as at 1 January 2010, EnQuest had a total of 80.5 MMbbls of net 2P oil and NGL reserves. As at 1 January 2010, GCA has also certified net oil and gas contingent resources for individual assets. The aggregate of the oil contingent resources (2C) on an unrisked basis is 67.5 MMBbl, and of the gas contingent resources (2C) is 30.6 Bcf.** In addition, EnQuest has identified further five exploration opportunities, all of which have been independently reviewed by GCA.

(**GCA warns that there may be a significant risk that accumulations containing contingent resources will not achieve commercial production and that it is inappropriate to aggregate contingent resources.)

The CEO of EnQuest will be Amjad Bseisu, the current Chief Executive of Petrofac's Energy Developments Business Unit. The non-executive Chairman will be Mr. James Buckee and the Chief Operating Officer will be Nigel Hares, both formerly of Talisman Energy of Canada. Messrs. Buckee and Hares were the core of the team which built Talisman Energy over the last twenty years into one of the world's largest independent oil companies, including being closely involved in the 2001 take-over of Lundin Oil AB. Alex Schneider, Executive Vice-President, Chief Operating Officer and Deputy Managing Director of Lundin Petroleum, will be a non-executive director of EnQuest.

A prospectus containing further details on EnQuest and the transaction is expected to be accessible via Lundin Petroleum's website (subject to applicable securities laws) on or around 18 March 2010, for information purposes only. Further information on the UK assets to be acquired by EnQuest from Petrofac is available on Petrofac's website: www.petrofac.com.

EnQuest will apply for admission and the primary listing of its shares on the London Stock Exchange, with a secondary listing on the NASDAQ OMX Stockholm exchange.

Secondary Offering

Certain of Lundin Petroleum's shareholders, entities associated with the Lundin family, as well as certain of Petrofac's largest shareholders (the Selling Shareholders) may sell a portion of their EnQuest shares in a secondary offering to institutional investors only, subject to market conditions. If the Selling Shareholders choose to sell a portion of their shareholdings, they are expected to confirm the price range and the minimum and maximum and/or aggregate number of shares they intend to sell in the secondary offering at the time of publication of the EnQuest

prospectus on or around 18 March 2010. Neither EnQuest nor Lundin Petroleum will receive the proceeds of any sales of EnQuest's shares by the Selling Shareholders.

The Lundin family is expected to sell a minority portion of their EnQuest shares in any secondary offering and have expressed that their current intention is to remain as long term investors in EnQuest. It is expected that entities associated with the Lundin family will be the largest shareholder in EnQuest, regardless of any secondary offering.

Lundin Petroleum Following the Transaction

Following the transaction, Lundin Petroleum's net proven and probable (2P) reserves will be 177.0 million barrels of oil equivalent (MMboe) as per 1 January 2010, a reduction from 255.9 MMboe. The majority of these reserves (120.9 MMboe) are related to assets in Norway. Of the 2P reserves, 16.8 percent relate to gas reserves in the Netherlands, Indonesia and Norway. Some 7.7 percent of these reserves are situated in Indonesia and are produced under production sharing contracts. All quoted reserves numbers relate to working interest reserves.

Lundin Petroleum has given earlier this year a production guidance for the year 2010 of in between 38,000 and 44,000 barrels of oil equivalent per day (boepd). Following the transaction this guidance will be revised to between 29,000 and 33,000 boepd assuming completion of the transaction at the end of the first quarter 2010. The main impact of the production guidance is associated with the loss of production from the United Kingdom for 9 months.

Ashley Heppenstall, President and CEO of Lundin Petroleum, comments: *"The spin-off of our UK assets into EnQuest along with the UK assets of Petrofac creates an exciting new company with a strong balance sheet and with a proven management team. EnQuest already has a substantial reserve base with lots of growth potential. In addition, the UK North Sea is a sector where I believe there are many opportunities for growth given that the large oil and gas companies are no longer focussed on it and many of the smaller independents do not have the critical size to access capital. Lundin Petroleum remains fully committed to its exploration driven organic growth strategy in Norway, Russia and South East Asia"*

Amjad Bseisu, Chief Executive Officer of EnQuest comments: *"EnQuest has a strong background having been formed from the UKCS assets of Lundin Petroleum and Petrofac. We are confident that the combination of these assets along with the employees we have inherited and added provide us with the skills, scale and financial strength to become one of the UK's leading independent oil and gas development and production companies. As a focussed independent company, we will be positioned to devote considerable time and resources in the UKCS. I am excited about the prospects of the Company and the opportunities available to us."*

The spin-off of Lundin Petroleum's UK assets and the listing of the EnQuest shares on London Stock Exchange and NASDAQ OMX Stockholm remain subject to certain conditions, including government confirmation in the UK and the approval of the shareholders of Lundin Petroleum at an extraordinary general meeting (EGM) expected to be scheduled for on or around Monday 22 March 2010. Notice of the EGM and an information circular describing the proposed transactions in more detail are expected to be available on Lundin Petroleum's website on or around Monday 8 March 2010.

Conference call

The Company will hold a conference call **today**, Thursday 4 March 2010 at 11.00 CET (10.00 GMT) where Ashley Heppenstall, President and CEO of Lundin Petroleum will comment on the proposed transaction.

To listen to the presentation and participate in the questions and answer session, please dial:

From Sweden; ++46 (0)8 506 39 537

From UK; +44 (0)203 147 47 52

The slides for the presentation will be posted on Lundin Petroleum's website prior to the conference call, www.lundin-petroleum.com.

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Lundin Petroleum is a Swedish independent oil and gas exploration and production company with a well balanced portfolio of world-class assets in Europe, Russia, South East Asia and Africa. The Company is listed on NASDAQ OMX Stockholm AB (ticker "LUPE"). Lundin Petroleum had proven and probable reserves of 256 million barrels of oil equivalent (MMboe) as at 1 January 2010.

Important Notices

This announcement is not an offer to sell or the solicitation of any offer to buy any EnQuest shares or other securities of EnQuest and Lundin Petroleum (the "Securities") in the United States or in any other jurisdiction. Securities may not be offered or sold in the United States absent registration under the US Securities Act of 1933, as amended or an exemption therefrom. The Securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States unless registered under the Securities Act or an exemption from such registration is available. No money, securities or other consideration from any person inside the United States is being solicited and, if sent in response to the information contained in this announcement, will not be accepted. The EnQuest shares have not been and will not be

registered under the applicable securities laws of Australia, Canada or Japan and may not be offered or sold within Australia, Canada or Japan.

All investment is subject to risk. The value of the EnQuest shares may go down as well as up. Past performance is no guarantee of future returns. Potential investors are advised to seek expert financial advice before making any investment decision.

This announcement contains forward-looking statements, including statements about EnQuest's and Lundin Petroleum's beliefs and expectations. These statements are based on Lundin Petroleum's current plans, estimates and projections, as well as their expectations of external conditions and events. Forward-looking statements involve inherent risks and uncertainties and speak only as of the date they are made. Lundin Petroleum undertakes no duty to and will not necessarily update any of them in light of new information or future events, except to the extent required by applicable law. A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements. These factors include, but are not limited to those discussed under "Risk Factors" in the prospectus expected to be made generally available in connection with the listing of the EnQuest shares.