

LUNDIN PETROLEUM – PRESS RELEASE



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LUNDIN PETROLEUM ANNOUNCES 2013 CAPITAL EXPENDITURE BUDGET OF USD 1.7 BILLION

Lundin Petroleum AB (Lundin Petroleum) is pleased to announce its 2013 development, appraisal and exploration budget which totals USD 1,700 million. 2013 will be the busiest year in the company's history both in relation to exploration and development activities.

The 2013 expenditure on development projects is budgeted at USD 1,100 million which represents approximately a 150 percent increase on forecast 2012 development expenditure. The 2013 budgeted expenditure on exploration activity is USD 460 million which represents approximately 40 percent increase on the forecast 2012 exploration expenditure. The budgeted 2013 appraisal expenditure amounts to USD 150 million against a forecast 2012 appraisal expenditure of approximately USD 150 million.

Development Projects

Substantially all of the 2013 budgeted development expenditure relates to ongoing development projects in Norway.

1. The development of the Edvard Grieg field (WI 50% and operated by Lundin Petroleum) commenced in 2012. The 2013 net expenditure is budgeted at close to USD 550 million which will involve ongoing engineering and construction of the jacket, topside and export pipelines.

2. The development of the Brynhild field (WI 90% and operated by Lundin Petroleum) is progressing well and first production is scheduled to come onstream in the fourth quarter of 2013 at a net plateau rate of 10,800 barrels of oil equivalent per day (boepd). The 2013 net development expenditure is budgeted at approximately USD 470 million which includes topside modification of the Haewene Brim FPSO, subsea facilities construction and installation and the drilling of production and water injection wells.

3. The non-operated Bøyla field (WI 15%) which will be tied back to the Alvheim FPSO received development approval in 2012. The 2013 net development expenditure is budgeted at approximately USD 40 million which predominantly involves engineering, procurement and fabrication of subsea and topside equipment. The field is scheduled to come onstream in the fourth quarter of 2014 at a net plateau rate of approximately 3,000 boepd.

Exploration Activity

The exploration budget for 2013 is USD 460 million with a major focus on Norway which accounts for approximately 70 per cent of this amount. The exploration programme (excluding appraisal) involves the drilling of 18 exploration wells in Norway, Malaysia, Indonesia, France and the Netherlands.

1. Norway

The budgeted net exploration expenditure for 2013 is USD 330 million. A total of ten exploration wells will be drilled in Norway during 2013. A significant proportion of the 2013 exploration expenditure will be focused around the Utsira High Area with six exploration wells targeted in the area, on PL625 (WI 40%), PL338 (WI 50%), PL359 (WI 40%), PL544 (WI 40%), PL501 (WI 40%) and PL410 (WI 70%) all of which are operated by Lundin Petroleum. Two exploration wells will be drilled in the southern North Sea on PL495 (WI 65%) and PL453 (WI 35%) both of which are operated by Lundin Petroleum. One operated exploration well will be drilled in the Barents Sea on PL492 (WI 40%) and one non-operated exploration well will be drilled on PL330 (WI 30%) in the northern part of the Norwegian Sea.

2. South East Asia

The budgeted net exploration expenditure for 2013 is approximately USD 115 million. Three exploration wells will be drilled in Malaysia of which two will be drilled offshore Peninsular Malaysia and one well offshore Sabah. Two exploration wells will be drilled offshore Indonesia; on the Baronang (WI 100%) and Gurita (WI 100%) licences respectively.

Appraisal Activity

The appraisal budget for 2013 is USD 150 million with approximately 95 per cent of the expenditure being spent in Norway. The appraisal programme involves the drilling of 6 appraisal wells in Norway and pre-investment decision work on the Bertam field in Malaysia.

1. Norway

The budgeted net appraisal expenditure for 2013 is USD 140 million with all the appraisal activity taking place on the Johan Sverdrup discovery and on PL338 (WI 50%). Four appraisal wells will be drilled on the Johan Sverdrup discovery in 2013, two on PL501 (WI 40%, operated by Lundin Petroleum) and two on PL265 (WI 10%, operated by Statoil). Two appraisal wells will be drilled on PL338 including one appraisal well in the south eastern section of the Edvard Grieg field.

2. Malaysia

The budgeted net appraisal expenditure for 2013 is USD 10 million relating to assessing the viability of the Bertam field in PM307 (WI 75%) ahead of a final investment decision during 2013. If the Bertam field development moves forward additional development costs will be incurred.

Ashley Heppenstall, President and CEO of Lundin Petroleum comments; *"With an 85% increase in capital expenditure for 2013 this year will be our busiest year ever. I am very pleased that all our Norwegian development projects are on schedule and that we still are on target for a doubling of our current production to in excess of 70,000 boepd by the end of 2015. The appraisal of Johan Sverdrup is progressing well and by the end of 2013 it is likely that at least 18 exploration and appraisal wells will have been drilled on the discovery. Importantly we have secured the rig capacity to execute on our 16 exploration and appraisal well programme in Norway during 2013 and I am confident that this programme will prove-up yet more resources. Our 2013 budget will be fully funded from operating cash flow and existing bank facilities"*

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 at the NASDAQ OMX, Stockholm (ticker "LUPE") and at the Toronto Stock Exchange (TSX) (Ticker "LUP"). Lundin Petroleum has proven and probable reserves of 211 million barrels of oil equivalent (MMboe).

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This information has been made public in accordance with the Securities Market Act (SFS 2007:528) and/or the Financial Instruments Trading Act (SFS 1991:980).

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 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.

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"). Unless otherwise stated, all reserves estimates contained herein are the aggregate of "Proved Reserves" and "Probable Reserves", together also known as "2P Reserves". For further information on reserve and resource classifications, see "Reserves and Resources" in the Company's annual report.

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 a chance of discovery and a 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.