

LUNDIN PETROLEUM – PRESS RELEASE



Lundin Petroleum AB (publ)
Hovslagargatan 5
SE-111 48 Stockholm
Tel: +46-8-440 54 50, Fax: +46-8-440 54 59, E-mail: info@lundin.ch

Company registration number 556610-8055

NASDAQ OMX Stockholm : LUPE
Toronto Stock Exchange (TSX): LUP

Visit our website: www.lundin-petroleum.com

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LUNDIN PETROLEUM AB ("LUNDIN PETROLEUM") IS PLEASED TO PROVIDE AN UPDATE ON ITS FORECAST FOURTH QUARTER 2012 FINANCIAL PERFORMANCE.

During the fourth quarter of 2012 Lundin Petroleum achieved a production rate of 35,900 barrels of oil equivalent per day (boepd) resulting in production for the full year of 35,700 boepd. The average Brent oil price for the fourth quarter of 2012 was USD 111.67 per barrel.

The profitability of the fourth quarter of 2012 will be negatively impacted by certain exploration costs and asset impairment charges. These items are non-cash charges which will impact profitability but will have no impact on operating cash flow or EBITDA.

Exploration Costs

During the fourth quarter of 2012, exploration costs of MUSD 135 will be expensed. In Norway, the costs of drilling the Albert prospect on PL519 of MUSD 37 and drilling of the Juksa prospect and associated license costs on PL490 of MUSD 50 have been expensed resulting in an after tax charge to the income statement of MUSD 19. In Malaysia, the costs of drilling the Merawan Batu prospect and associated license costs on PM308B of MUSD 36 have been expensed. Other exploration costs amounting to MUSD 12 have also been expensed in the quarter.

Asset Impairment

Lundin Petroleum commenced production from the Gaupe field, offshore Norway, on 31 March 2012. Following poor performance from the field, the 2P reserves have been reduced based on the conservative assumption that no further production wells will be drilled resulting in an impairment charge of MUSD 206. This charge is offset by a release of deferred taxes of MUSD 161 resulting in a net charge to the income statement of MUSD 45. Poor reservoir performance from the onshore Russian assets has led to an impairment charge of MUSD 32. The net charge to the income statement is MUSD 28 after adjustment for deferred taxes.

The net debt position of Lundin Petroleum at 31 December 2012 amounted to MUSD 335. This low net debt position combined with strong operating cash flow generation and the USD 2.5 billion credit facility means that Lundin Petroleum is well placed to meet the funding requirements of its ongoing developments and exploration programme.

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).

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

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), productions 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.