Lundin Petroleum announces its 2017 budget and updated reserves and contingent resources

Lundin Petroleum AB (Lundin Petroleum) is pleased to announce its 2017 development, appraisal and exploration budget which totals USD 1.3 billion. Lundin Petroleum is also pleased to announce that as at 31 December 2016 its proved plus probable working interest reserves (reserves) are 743.5 million barrels of oil equivalents (MMboe) and its best estimate contingent resources (contingent resources) are 267 MMboe.

Reserves and contingent resources

Lundin Petroleum's reserves as at 31 December 2016 are 743.5 MMboe[1,2] and reflect a positive reserves revision of 55.3 MMboe, excluding acquired reserves. The average production in 2016 was 72,600 barrels of oil equivalent per day, in line with the mid-point of the 2016 revised production guidance.

End 2015	**685.3**
- Produced	-26.6
- Sales / + Acquisitions	+29.5
+ revisions	+55.3
End 2016	**743.5**
Reserves replacement[3]	**208%**

The main reason for the increase in reserves as at year end 2016 relates to Lundin Petroleum's two biggest assets, the Edvard Grieg and Johan Sverdrup fields, both located on the Utsira High in the Norwegian North Sea. The reserves upgrade on Edvard Grieg is driven by drilling results to date which indicate more oil-in-place in the western flank of the field than originally foreseen. Lundin Petroleum plans to drill a well to further appraise this part of the field in the first half of 2017. The upgrade of reserves in the Johan Sverdrup field reflects better understanding of the reservoir, in particular the waterflood performance characteristics following the acquisition and evaluation of additional core data. Further reserves increases have been attributed to the Alvheim field, offshore Norway, as the result of the identification of further infill drilling targets, and also at the Bertam field, offshore Malaysia, due to reservoir outperformance. 96 percent of the reserves relate to Norway and oil accounts for 93 percent of Lundin Petroleum's reserves.

The reserves are based upon a third party independent audit conducted by ERCE. The reserves have been calculated using 2007 Petroleum Resources Management System (SPE PRMS), Guidelines of the Society of Petroleum Engineers (SPE), World Petroleum Congress (WPC), American Association of Petroleum Geologists (AAPG) and Society of Petroleum Evaluation Engineers (SPEE).

The contingent resources[4] as at 31 December 2016 are 267 MMboe of which Norway represents 249 MMboe with the contingent resource position in Norway growing by 47 MMboe during the year. The majority of the contingent resource additions during 2016 are associated with the Johan Sverdrup field with resources being assigned to infill drilling opportunities as well as water alternating gas injection potential. Contingent resources have also been added from the Neiden discovery in the southern Barents Sea as well as from re-assessing the

[1] 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.

[2] The reserves were calculated using a nominal Brent oil price of USD 55 per barrel in 2017, 62 in 2018, 69 in 2019, 74 in 2020, 77 in 2021 and increasing by 2 percent per year thereafter.

[3] As per industry standards the reserves replacement ratio is defined as the ratio of reserve additions to production during the year, excluding sales and acquisitions.

[4] Contingent resources are estimated by Lundin Petroleum's management.

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resource potential within the fields in the Paris Basin in France. Further contingent resources have been added from newly identified infill drilling opportunities on the Alvheim and Volund fields in the Norwegian North Sea as well as on the Bertam field in Malaysia. These contingent resource additions have been offset by the write down of all contingent resources for the Sabah and Tembakau gas discoveries in Malaysia and for the Morskaya oil discovery in the Russian Caspian Sea as detailed in the separate press release dated 19 January 2017.

The 2017 production guidance will be provided on 13 February 2017 prior to Lundin Petroleum's Capital Market Day presentation.

Development Budget

The 2017 development expenditure is budgeted at USD 1,095 million. With respect to committed development projects the 2017 capital budget represent the peak year of capital expenditure up to Johan Sverdrup first oil.

Approximately 99 percent of the 2017 budgeted development expenditure, corresponding to USD 1,085 million, relates to development projects in Norway with some minor expenditure items on the non-Norwegian assets. Most of the expenditure in Norway relates to the ongoing development activity on Phase 1 for Johan Sverdrup, continued development drilling at Edvard Grieg and further infill wells on Alvheim and Volund.

1. Between 70 and 80 percent of development expenditure in Norway for 2017 relates to the non-operated Johan Sverdrup field (WI 22.6%) with 2017 being the peak year in terms of construction activity and thus also in capital expenditure. From inception and up to year end 2016 Lundin Petroleum's net capital expenditure on Phase 1 amounted to USD 900 million. Construction has commenced on all elements of the Phase 1 with the first steel jacket scheduled to be installed offshore during the summer of 2017 and the remaining three jackets to be installed in 2018. The riser and drilling platform topsides are scheduled to be installed in 2018 and the processing and living quarter topsides are scheduled to be installed in 2019. The pre-drilling of development wells commenced in 2016 with eight production wells completed so far and a further six water injection wells scheduled to be drilled during 2017. The project remains on schedule for first oil in late 2019 and given the current market environment and optimisation efforts, the project is achieving significant cost reductions compared to the PDO estimate.

2. The Lundin Norway operated Edvard Grieg field (WI 65%) commenced production in November 2015 and is currently producing from four wells with water injection support from two wells. The 2017 expenditure relates substantially to the drilling of production and water injection wells. Five development wells are planned to be drilled in 2017 with the development drilling programme continuing into 2018 to complete the planned drilling programme of a total of 14 production and water injection wells.

3. Net budgeted expenditure for 2017 on the non-operated Alvheim and Volund fields (WI 15% and WI 35% respectively) involves the drilling of four infill wells, two at Volund and two at the Alvheim field. The first Volund infill well is currently drilling.

4. The Lundin Petroleum operated Bertam oil field in Malaysia (WI 75%) commenced production in 2015 and is currently producing from 12 production wells. The 2017 net expenditure involves certain facilities improvement works on the Bertam field.

5. Net budgeted expenditure for 2017 on the continental European business units in France and the Netherlands mainly relates to maintenance of the production facilities and pipelines in France as well as one development well offshore the Netherlands.

Appraisal Budget

The pre-tax appraisal budget for 2017 is USD 125 million, and is substantially allocated to Norway. The appraisal programme involves two operated appraisal wells on Alta (40% WI) and Gohta (40% WI) respectively. One further appraisal well is planned to be drilled in the south western part of the Edvard Grieg field which is targeting gross unrisked resources of upto 30 MMboe and will spud at the end of the first quarter 2017.

The 2017 appraisal budget also includes expenditure on development concept studies for Johan Sverdrup Phase 2. Development concept selection for Phase 2 is expected in the first half of 2017 and FEED is expected to commence thereafter.

Exploration Budget

The 2017 budgeted expenditure on exploration activity is USD 85 million.

Substantially all of the exploration budget for 2017 relates to activity in Norway with a total of five exploration wells planned. The operated Filicudi well in PL533 (WI 35%) in the southern Barents Sea is currently drilling ahead. One further operated exploration well is planned in the southern Barents Sea on PL609 (WI 40%) on the Loppa High targeting the Børselv prospect and the well is subject to partner approval. One non-operated exploration well is planned in the Barents Sea targeting the multi-billion barrel Korpfjell prospect on PL859 (15% WI). Two non-operated wells are planned to be drilled in the Norwegian North Sea with one well targeting the Volund West prospect and one well targeting the Tonjer prospect, exploring the northern extension of Johan Sverdrup.

Alex Schneiter, President & CEO of Lundin Petroleum comments:

"I am very pleased with Lundin Petroleum's performance during 2016 which was a transformational year with record high production and record low operating costs per barrel. Despite record production we still managed to achieve a healthy reserves replacement ratio of over 200 percent with both of our main assets, Edvard Grieg and Johan Sverdrup, increasing in reserves. The capital budget continues to be dominated by the Johan Sverdrup project with the 2017 budget representing a peak year of construction activity, and therefore expenditure. Our appraisal and exploration programme is more exciting than ever with some large structures being tested in the Barents Sea. The appraisal on the southwestern area of the Edvard Grieg field has the potential to prove up additional development potential which would further extend the plateau production period for the field whilst the purpose of the Alta and Gotha appraisal wells is to take us one step closer to sanctioning both these large discoveries as commercial projects."

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 743.5 million barrels of oil equivalents (MMboe) as at 31 December 2016.

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