

# MATERIAL CHANGE IN RESERVES AND RESOURCE DATA

**January 31, 2011**

Lundin Petroleum AB (“Lundin Petroleum” or “Company”) has oil and gas resources in France, the Netherlands, Indonesia, Tunisia, Norway, Russia, Congo (Brazzaville) and Malaysia.

In its 2009 Annual Report, Lundin Petroleum disclosed Proved plus Probable reserves, contingent resources and prospective resources. Proved and Probable reserves were independently audited by Gaffney Cline and Associates (“GCA”) according to the 2007 Petroleum Resource Management System (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).

Lundin Petroleum has reviewed its resource base as per 31 December 2010 and GCA has independently audited the reserves, contingent resources and prospective resources attributable to Lundin Petroleum 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”).

This report describes the changes between Lundin Petroleum’s disclosure in the 2009 Annual Report and the latest audited reserves and resource estimates. Since Lundin Petroleum disclosed its end 2009 reserves and resources on a Barrel of Oil Equivalent (boe) basis, the reconciliation is done on a boe basis only. Lundin Petroleum’s end 2010 oil and gas reserves in barrels of light medium oil and standard cubic feet of natural gas have been disclosed in the Company’s NI 51-101 F1 report dated January 31 2011.

## ***Proved plus Probable Reserves***

The table below shows a reconciliation between Lundin Petroleum’s end 2009 Proved plus Probable Gross Reserves and the end 2010 Proved plus Probable Gross Reserves. Gross Reserves in this context are Lundin Petroleum’s net working interest reserves.

MMboe (2)	End 2009 Proved plus Probable Reserves	2010 Production	End 2010 Proved Plus Probable Reserves	Acquisition (+) / Divestment (-)	Net Increase (+) / Decrease (-)
France	21.9	-1.2	22.3	-	+1.6
Indonesia	13.7	-0.9	4.3	-7.5	-1.0
Netherlands	3.4	-0.8	3.6	-	+1.0
Norway	120.9	-6.6	139.2	-	+24.9
Russia	16.9	-1.3	16.7	-	+1.1
Tunisia	0.3	-0.4	0.5	-	+0.6
United Kingdom	78.8	-0.8	-	-78.0	-
<b>Total</b>	<b>255.9</b>	<b>-11.9</b>	<b>186.7</b>	<b>-85.5</b>	<b>28.3 (1)</b>

- (1) Numbers might not add up exactly due to rounding.
- (2) GCA does not audit reserves as barrels of oil equivalent (boe) directly. GCA audits oil and gas reserves separately. Lundin has converted gas volumes to oil equivalent volumes using the conversion factor 6,000 scf gas = 1 boe.

Reserves in France have increased due to additional drilling in the Villeseneux field, recompleting wells in the Soudron Dogger formation and an update of the Grandville development, scheduled for 2011. In all three fields, Lundin Petroleum has a 100% working interest.

In Indonesia, Lundin Petroleum divested the Salawati Island and Basin assets in 2010. Reserves in Indonesia are now only related to the Singa gas field (working interest 25.88%). No liquid reserves are carried. Singa came on stream in April 2010. However, plateau production was not reached because of facilities constraints, which are expected to be remedied in 2011. Singa reserves are calculated until the end of license in April 2017 and the production delay has resulted in a decrease of reserves.

Reserves in the Netherlands are related to gas production in a number of onshore and offshore assets in which Lundin Petroleum has small working interest percentages. Main reserves increases are related to additional infill potential in the K4BK5A unit (working interest 2.03%), the successful infill well in the Slootdorp concession (working interest 7.23%) and the inclusion of reserves for two small discoveries in the Gorredijk concession (working interest 7.75%).

In Norway, the main reserves increase is as a result of the successful appraisal of the offshore Luno oil field (working interest 50%) early 2010. Furthermore the continued development drilling in the Alvheim oil field (working interest 15%) and the resulting production performance has resulted in an increase in reserves. A third contribution to reserves came from the Gaupe oil and gas field (working interest 40%). A plan of development was approved in 2010 and the final optimised plan caused the reserves to increase.

The gains in reserves in Norway were partially offset by a small reserves decrease in the Volund oil field (working interest 35%) after incorporating the results of development drilling in the latest geological and simulation models. Furthermore the Peik gas /condensate field (working interest 50%) development was put on hold due to low gas prices. Reserves were therefore moved to Contingent Resources, contingent on a better gas price environment.

Russian oil reserves in the Komi republic (working interest 50%) increased slightly due to use of a higher oil price in determining the end of field life. End 2009 reserves were calculated using an oil price of \$65/bbl without price and cost escalation. End 2010 reserves are calculated using an oil price of \$85/bbl with price and cost escalating by 2% per annum.

In Tunisia, Lundin Petroleum operates the Oudna oil field (working interest 40%). Previously it was estimated that the field would reach its economic limit in 2010. Due to better field performance and sustained higher oil prices, abandonment is now forecasted for 2012, resulting in increased reserves.

In April 2010 Lundin Petroleum divested all its United Kingdom assets to a newly formed London Stock Exchange-listed company Enquest Plc. Lundin Petroleum does not have a remaining interest in Enquest Plc.

## **Contingent Resources**

In its 2009 Annual Report Lundin Petroleum disclosed end 2009 Contingent Resource estimates for its oil and gas properties. These estimates were prepared in line with the PRMS by Lundin Petroleum. Although these estimates were prepared by experienced personnel, they were not prepared or audited by a qualified reserves evaluator or auditor as described in NI 51-101.

Lundin Petroleum's end 2010 Contingent Resource estimates per asset have been independently audited by GCA as a qualified reserves evaluator in accordance with NI 51-101 and the COGE Handbook.

The table below discloses Lundin Petroleum's end 2010 Contingent Resource estimates at the "2C" or "Best" estimate level as defined in the COGE Handbook.

The recovery and production estimates of the Company's contingent resources provided herein are only estimates and there is no guarantee that the estimated contingent resources will be developed or recovered. Actual contingent resources may be greater than or less than the estimates provided here. There is no certainty that it will be commercially viable for the Company to produce any portion of the contingent resources on any of its properties.

### **SUMMARY OF CONTINGENT RESOURCES (1) (2)**

as at 31st December 2010

	<u>Contingent Resources</u> <u>LIGHT MEDIUM OIL</u> <u>Gross mmbbl (4)</u>	<u>Contingent Resources</u> <u>NATURAL GAS</u> <u>Gross bcf</u>	<u>Contingent Resources</u> <u>TOTAL RESOURCES</u> <u>Gross mmboe</u>
<b>Best Estimate (3)</b>			
France	7.3	0.0	7.3
Indonesia	0.0	11.6	1.9
Norway	122.4	115.4	141.6
Russia	105.0	30.5	110.1
	<u>234.7</u>	<u>157.5</u>	<u>260.9</u>

**NB Lundin has no NGLs in its Contingent Resource base.**

- (1) These volumes are arithmetic sums of multiple estimates of contingent resources, which statistical principles indicate may be misleading as to volumes that may actually be recovered. Readers should give attention to the estimates of individual classes of resources and appreciate the differing probabilities of recovery associated with each class as explained.
- (2) Contingent Resources are defined in the COGE Handbook as 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. It is also appropriate to classify as Contingent Resources the estimated discovered recoverable quantities associated with a project in the early evaluation stage.

- (3) Best estimate is a classification of estimated resources described in the COGE Handbook as being considered to be the best estimate of the quantity that will be actually recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50% probability that the quantities actually recovered will equal or exceed the best estimate.
- (4) “Gross” means the Company’s working interest share in the contingent resources
- (5) GCA advises that there is always a risk that accumulations containing contingent resources might not be developed and achieve commercial production. The Contingent Resources reported herein are “Unrisked” in this respect.

In France, the contingencies which currently prevent the classification of these contingent resources as reserves are related to field development studies and the results of approved development drilling.

In Indonesia, the contingent resources are dependent on extending the current Production Sharing Agreement beyond April 2017.

In Norway, the contingencies are related to finalisation of development plans, appraisal drilling and in the case of the Peik gas/condensate field, improved economic conditions.

No reserves are currently attributed to the Morskaya discovery in the Lagansky License in the Russian part of the Caspian Sea. Lundin Petroleum currently holds a 70% working interest. Under the Russian foreign strategic investment law, the Morskaya discovery is deemed to be strategic and therefore requires a Russian state owned company interest of at least 51%. Lundin Petroleum is in discussions with several state owned companies.

The following table reconciles Lundin Petroleum’s end 2009 disclosure with the audited end 2010 Contingent Resource estimates.

MMboe	End 2009 Best Estimate	End 2010 Best Estimate	Acquisition (+) / Divestment (-)	Net Increase (+) / Decrease (-)
France	9.6	7.3	-	-2.3
Indonesia	4.3	1.9	-4.3	+1.9
Norway	44.6	141.6	-	+97.0
Russia	163.3	110.1	-	-53.2
Tunisia	7.9	-	-7.9	-
Congo Brazzaville	1.4	-		-1.4
United Kingdom	54.3	-	-54.3	-
<b>Total</b>	<b>285.4</b>	<b>260.9</b>	<b>-66.5</b>	<b>+42.0</b>

In France, contingent resources decreased as a result of technical reviews.

In Indonesia, the contingent resources decreased as a result of the divestment of the Salawati Island and Basin assets in 2010. Contingent resources increased as a result of inclusion of gas resources in the Singa field post the current end of licence date.

In Norway, the contingent resources increased as a result of the inclusion of the 2010 Avaldsnes and Apollo discoveries as well as the movement of the Peik field from reserves to contingent resources. This was partially offset by the movement of Luno gas resources to reserves.

In Russia, the contingent resources in the Morskaya field have been reduced after shooting and interpreting 3D seismic.

The Tunisia contingent resources were related to the Birsa field. In 2010 the Birsa concession was divested.

Appraisal drilling in the Viodo field in Congo Brazzaville was disappointing, which resulted in removing contingent resources associated with the possible development of this field.

In April 2010, Lundin Petroleum divested all its United Kingdom assets to a newly formed London Stock Exchange-listed company Enquest Plc. Lundin Petroleum does not have a remaining interest in Enquest Plc.

### ***Prospective Resources***

In its 2009 Annual Report, Lundin Petroleum disclosed that it had in aggregate 1,736 MMboe of unrisks Prospective Resources as defined in the PRMS. This estimate was based on Lundin Petroleum's internal assessment as documented in the Lundin Petroleum Prospect Book. Although these estimates were prepared by experienced personnel, they were not prepared or audited by a qualified reserves evaluator or auditor as described in NI 51-101.

Since it is not practical to audit all of Lundin Petroleum's prospects, only the volumes of those prospects that Lundin Petroleum is intending to drill in the near future have been independently audited by GCA as a qualified reserves evaluator in accordance with NI 51-101 and the COGE Handbook. The table below discloses Lundin Petroleum's end 2010 Prospective Resource estimates at the "Low", "Best" and "High" estimate level as defined in the COGE Handbook.

The recovery estimates of the Company's prospective resources provided herein are only estimates and there is no guarantee that the estimated prospective resources will be discovered and subsequently recovered or produced. Actual prospective resources may be greater than or less than the estimates provided here. There is a risk that prospective resources will not be discovered, which is expressed in a chance of success ("COS").

		Light and Medium Oil			Natural Gas			Natural Gas Liquids			Total Resources			COS (7)
		Gross mmbbl (5)			Gross bcf			Gross mmbbl			Gross mmboe			
		Low (2)	Best (3)	High (4)	Low	Best	High	Low	Best	High	Low	Best	High	
<b>Norway</b>														
PL265	Aldous Major South	16	25	36	-	-	-	-	-	-	16	25	36	39%
PL265	Aldous Major North	11	18	26	-	-	-	-	-	-	11	18	26	39%
PL505	Earb South	-	-	-	47	96	175	4	8	20	12	24	49	18%
PL519	Albert	8	42	112	9	170	366	-	-	-	10	70	173	26%
PL340S	Caterpillar	1	2	3	-	-	-	-	-	-	1	2	3	50%
PL338	Tellus	12	20	32	-	-	-	-	-	-	12	20	32	40%
PL533/492	Pulk - Cretaceous	6	16	28	7	23	42	-	-	-	7	20	35	19%
PL533/492	Pulk - Deep	(6)	82	(6)	-	-	-	-	-	-	(6)	82	(6)	14%
PL438	Skalle - Kolumule	21	38	90	-	-	-	-	-	-	21	38	90	41%
PL438	Skalle - Knurr, Sto & Tubaen	(6)	25	(6)	-	-	-	-	-	-	(6)	25	(6)	41%
PL490	Juksa	8	50	251	-	-	-	-	-	-	8	50	251	31%
PL490	Snurrevad	7	66	355	-	-	-	-	-	-	7	66	355	18%
PL544	Biotitt	48	78	114	27	51	79	-	-	-	53	87	127	29%
PL453S	Oleidar	20	55	98	-	-	-	-	-	-	20	55	98	22%
<b>Malaysia</b>														
SB303	SB303-B	6	52	188	7	24	72	-	-	-	7	56	200	20%
SB303	SB303-A	15	31	53	17	38	68	-	-	-	18	37	64	30%
PM308A	PM308A-A - Tertiary	5	15	44	-	-	-	-	-	-	5	15	44	26%
PM308A	PM308A-A - Basement	2	13	51	-	-	-	-	-	-	2	13	51	9%
PM308A	PM308A-B - Tertiary	2	10	42	-	-	-	-	-	-	2	10	42	24%
PM308A	PM308A-B - Basement	1	10	43	-	-	-	-	-	-	1	10	43	8%
PM308B	PM308B-A - Tertiary	4	19	88	0	2	10	-	-	-	4	19	90	18%
<b>Congo</b>														
Marine XI	Lideka East	5	12	23	-	-	-	-	-	-	5	12	23	23%
Marine XIV	Makouala	2	8	17	-	-	-	-	-	-	2	8	17	32%

- (1) Prospective Resources are defined in the COGE Handbook as 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 an associated change of discovery and a chance of development. Prospective Resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub classified based on project maturity.
- (2) Low estimate is a classification of estimated resources described in the COGE Handbook as being considered to be a conservative estimate of the quantity that will actually be recovered. It is likely that the actual remaining quantities recovered will exceed the low estimate. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the low estimate.
- (3) Best estimate is a classification of estimated resources described in the COGE Handbook as being considered to be the best estimate of the quantity that will be actually recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50% probability that the quantities actually recovered will equal or exceed the best estimate.
- (4) High estimate is a classification of estimated resources described in the COGE Handbook as being considered to be an optimistic estimate of the quantity that will actually be recovered. It is unlikely that the actual remaining quantities recovered will exceed the high estimate. If probabilistic methods are used, there should be at least a 10% probability that the quantities actually recovered will equal or exceed the high estimate.
- (5) "Gross" means the Company's working interest share in the prospective resources
- (6) Not evaluated
- (7) GCA has audited Lundin's estimates of volumes and, as a matter of course, has made its own estimate of COS for each prospect. In accordance with the NI 51-101 requirements, the volumes shown in this table are those that have been audited by GCA. The COS percentages shown in this table are Lundin's own estimates.

## Glossary

bcf	Billions of cubic feet
boe	barrels of oil equivalent
COS	chance of success
mmbbl	millions of barrels
mmboe	millions of barrels of oil equivalent
NGL	Natural Gs Liquids
scf	standard cubic feet