

8 January 2008

## **LUNDIN PETROLEUM CAPITAL EXPENDITURE BUDGET OF USD 725 MILLION IN 2008**

**Lundin Petroleum AB ("Lundin Petroleum") is pleased to announce the details of its USD 725 million exploration and development capital expenditure budget for 2008.**

In 2008 Lundin Petroleum will continue its major investment programme in exploration activities with a budget of USD 350 million. The work programme will involve drilling 13 exploration wells and three appraisal wells. The exploration wells (excluding Vietnam and Congo) will target 1.2 billion barrels of net unrisked oil equivalent reserve potential and 360 million barrels of net risked oil equivalent reserve potential. This compares to Lundin Petroleum's current certified proven and probable reserves of 184.2 million barrels of oil equivalent (MMboe). The major areas of focus for exploration drilling will be Norway, Russia, Sudan, United Kingdom, Vietnam and Congo.

1. Norway. Three exploration wells and at least three appraisal wells will be drilled of which four will be operated by Lundin Petroleum. The exploration wells will be drilled in PL 304 (working interest ("WI") 50%), PL 292 (WI 40%), PL340 (WI 15%) and the appraisal wells on the Luno discovery in PL 338 (WI 50%), on the Nemo discovery in PL 148 (WI 50%) and the South East Tor discovery in PL 006c (WI 75%).
2. Russia. Two exploration wells will be drilled on the Lagansky Block (WI 70%) offshore Russia in the Caspian Sea.
3. Sudan. At least four exploration wells will be drilled in Block 5B (WI 24.5%) in the Muglad Basin.
4. United Kingdom. One exploration well will be drilled on P1107 close to the Scolty discovery (WI 40%).
5. Vietnam. One exploration well will be drilled on Block 06/94 (WI 33.3%), offshore Vietnam.
6. Congo. One exploration well will be drilled on Block Marine XI (WI 18.75%), offshore Congo.

Drilling rigs have been secured for all planned 2008 exploration and appraisal activities with the exception of Congo.

The development budget for 2008 is USD 375 million with a major focus on projects in Norway, United Kingdom and Indonesia.

1. Norway. The development of the Alvheim project (WI 15%) is ongoing with first production at the end of March 2008. Plateau production is forecast at a rate of 90,000 boepd (14,500 boepd net to Lundin Petroleum). The development of the Volund field (WI 35%) is ongoing with first oil in 2009 at a forecast plateau rate of 23,000 boepd (8,000 boepd net to Lundin Petroleum).
2. United Kingdom. The redevelopment of the Thistle field (WI 99%) is ongoing with the reactivation of the Thistle platform drilling rig to be completed in 2008. Development drilling is ongoing on the Broom field (WI 55%).
3. Indonesia. The development of the Singa field (WI 25.88%) is ongoing with first gas in 2009, at a forecast rate of 48 mmscfd (2,000 boepd net to Lundin Petroleum).

The exploration and development budgets will be funded from operating cash flow and existing bank facilities.

Ashley Heppenstall President & CEO of Lundin Petroleum comments: "I am now confident that our exploration drilling programmes in Russia and Sudan will commence in 2008 which will allow us to test the exciting prospectivity of these areas. In tandem we will continue to invest heavily in our Norwegian exploration programme as well as appraising last year's Luno discovery. The Alvheim field in Norway will come onstream in 2008 followed by Volund in 2009 which will ensure that our production growth continues to be sustained."

*Lundin Petroleum is a Swedish independent oil and gas exploration and production company with a well balanced portfolio of world-class assets in Europe, Africa, Russia and the Far East. The Company is listed at the Nordic Exchange, Sweden (ticker "LUPE"). Lundin Petroleum has existing proven and probable reserves of 184,2 million barrels of oil equivalent (MMboe) as at 1 January 2008.*

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