

11 January 2007

## **LUNDIN PETROLEUM CAPITAL EXPENDITURE BUDGET OF OVER USD 500 MILLION IN 2007**

**Lundin Petroleum AB ("Lundin Petroleum") is pleased to announce the details of its USD 520 million exploration and development capital expenditure budget for 2007. In addition Lundin Petroleum announces an increase in 2007 annualised daily production to over 41,000 barrels of oil equivalent per day (boepd). This is a 40% increase compared to 2006 production.**

The development budget is USD 290 million with a major focus on projects in the United Kingdom, Norway, Russia and France.

1. United Kingdom - Development drilling will resume on the Broom field (working interest ("WI") 55%) with a further infill well in the second half of 2007. Drilling will continue on the Heather field (WI 100%) with a well to test the productivity of the undeveloped Triassic reservoir in the first half of 2007. The redevelopment of the Thistle field (WI 99%) will continue with the reactivation of the Thistle platform drilling rig, 3D seismic acquisition and major facilities investment.
2. Norway - The development of the Alvheim project (WI 15%) is progressing as planned with first production expected in the second quarter of 2007 at a forecast production rate of 85,000boepd (13,000boepd net to Lundin Petroleum). Development drilling will continue through mid 2008. The development plan approval for the Volund field (WI 35%) is expected shortly and development work will commence in 2007 for the subsea tie-back to the Alvheim field with first oil production expected in 2009.
3. Russia - Development drilling will continue on the Ashirovskoye field (WI 50%) in Orenburg and the Sotchemyu Talyu field in Komi (WI 50%) with over ten new development wells planned in 2007.
4. France - Four new infill development wells will be completed on the Villeperdue field (WI 100%) and two further development wells in other Paris Basin fields.

In 2007 there will be a major investment in exploration drilling with a budget of USD 230 million. The budget includes the drilling of 19 exploration wells targeting 1.4 billion barrels of unrisked oil equivalent reserve potential. This represents eight times the existing proven and probable reserves of Lundin Petroleum. The major areas of focus for exploration drilling will be United Kingdom, Norway, Russia, Sudan and Indonesia.

1. United Kingdom - Five exploration wells on different licences will be drilled of which three will be operated by Lundin Petroleum. The wells will target net unrisked reserve potential of approximately 100 million barrels of oil equivalent (mmboe).
2. Norway - Three exploration wells will be drilled in 2007. The well on PL338 (WI 50%) operated by Lundin Petroleum will target the Luno prospect. The net unrisked reserve potential of the Norway exploration programme is approximately 130 mmboe.
3. Russia - Two exploration wells are planned to be drilled on the Lagansky Block (WI 70%), offshore Russia in the Caspian Sea targeting net unrisked reserves of over 600 mmboe.
4. Sudan - Three exploration wells are planned to be drilled in Block 5B (WI 24.5%) in the Muglad Basin targeting net unrisked reserves in excess of 500 mmboe.
5. Indonesia - Five exploration wells will be drilled on the Salawati Basin and Island production licences (WI 25.9% and 14.5%) in addition to an exploration well on the Blora licence, onshore Java (WI 43.3%) targeting net unrisked reserve potential of 40 mmboe.

The 2007 development and exploration programme will be funded from internally generated funds and bank facilities.

*Ashley Heppenstall President & CEO of Lundin Petroleum comments " 2007 will be a very exciting year for Lundin Petroleum with our largest ever capital investment program. Our investment in development projects will take our production up from approximately 29,000 boepd in 2006 to 50,000 boepd by the end of 2007. We are fully committed to continued investment in our production facilities and an aggressive exploration program. We believe in sustained high oil prices and that proactive investment in existing infrastructure and exploration is the way to generate increases to shareholders value".*

*Lundin Petroleum is a Swedish independent oil and gas exploration and production company with a well balanced portfolio of world-class assets in Albania, Ethiopia, France, Indonesia, Ireland, Netherlands, Nigeria, Norway, Russia, Sudan, Tunisia, United Kingdom and Venezuela. The Company is listed at the Nordic Exchange, Sweden (ticker "LUPE"). Lundin Petroleum has existing proven and probable reserves of 146.1 million barrels of oil equivalent (mmboe) as at 1 January 2006.*

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