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LUNDIN PETROLEUM ANNOUNCES A 40% INCREASE IN CAPITAL SPENDING FOR 2005

Lundin Petroleum AB ("Lundin Petroleum") is pleased to announce details of its USD 228 million exploration and development capital budget for 2005 (compared to forecast capital expenditures of USD 161 million in 2004).

The development budget is approximately USD 200 million with major focus in the following countries:

1. Norway - The development of the Alvheim project offshore Norway (working interest, wi 15%) which received development plan approval in 2004. The Alvheim project is to be developed using a floating production, storage and offloading vessel ("FPSO") and is expected to come onstream in early 2007 at a forecast gross production rate of 85,000 boepd (or 13,000 boepd net to Lundin Petroleum).
2. United Kingdom - Following the successful development of the Broom project in 2004, the development of the North Terrace satellite field (wi 55%) will commence in 2005 with the drilling and completion of the first of at least two development wells. On the Heather Field (wi 100%) the platform rig will be reactivated to drill further production wells and carry out further workover activity. On the Thistle Field (wi 99%) the facilities will be upgraded in preparation for further workover and drilling activity.
3. Tunisia - The Oudna development project (wi 50%) will commence in 2005 with the drilling of a production well. The plan is to put this well on a long term production test prior to the repositioning of the Lundin Petroleum owned and operated Ikdam FPSO (wi 50%) in 2006 from the Isis Field.

Lundin Petroleum expects to produce in excess of 40,000 boepd in 2005 at an average net operating cost of USD 10.04 per barrel. This compares to 28,923 boepd produced in 2004 at an average net operating cost of USD 13.75 per barrel.

The 2005 exploration budget is USD 32 million and will involve the drilling of exploration wells in Indonesia, France and Norway as well as the commencement of seismic acquisition in Albania.

Lundin Petroleum's President and CEO, Ashley Heppenstall, comments: "Lundin Petroleum is currently producing close to 40,000 boepd which was our objective by the end of 2004. Our 2005 production will average in excess of 40,000 boepd for the year. Our development capital budget for 2005 is focused on new projects in Norway, United Kingdom, Tunisia and Indonesia which will increase our production to over 50,000 boepd within the next two years. In tandem our exploration activity will focus on high potential wells in Indonesia and Norway which if successful will have a material impact on Lundin Petroleum's reserves."

Lundin Petroleum is a Swedish independent oil and gas exploration and production company with a well balanced portfolio of world-class assets in Albania, France, Indonesia, Iran, Netherlands, Norway, Sudan, Tunisia and Venezuela. The Company is listed on the Attract 40-list at Stockholm Stock Exchange, Sweden (ticker "LUPE").

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