

17 January 2012

LUNDIN PETROLEUM CAPITAL EXPENDITURE BUDGET OF USD 960 MILLION IN 2012

Lundin Petroleum AB (Lundin Petroleum) is pleased to announce the details of its USD 960 million development, appraisal and exploration budget for 2012. The budget represents a 40 percent increase on the forecast 2011 capital expenditure.

The development budget for 2012 is USD 500 million with a major focus on development activities in Norway.

1. The development of the Luno field (WI 50%) will commence in 2012 with net expenditure forecast at close to USD 200 million.
2. The Brynhild field (WI 70%) plan of development was approved in November 2011. The development involves the drilling of 4 production- and water injection wells and the installation of a subsea system for the tieback of the Brynhild field to the Haewene Brim FPSO located at the Shell operated Pierce field in the United Kingdom. The Brynhild field is forecast to commence production in late 2013 at a plateau production rate of 8,400 boepd, net.
3. The Gaupe field (WI 40%) development is substantially complete. The development wells have been successfully completed and the modifications to the Armada platform are substantially complete. First production from the Gaupe field is now forecast at the end of first quarter 2012 due to the recent bad weather in the North Sea which has delayed pipe laying activities.
4. There will be further development activity in 2012 on both the Alvheim field (WI 15%) and Volund field (WI 35%) with new production wells to be drilled.

In the France Paris Basin the redevelopment of the Grandville field will be completed with the drilling of a further six development wells.

The exploration and appraisal budget for 2012 is USD 460 million with a major focus on Norway which accounts for USD 360 million of this amount. The work programme involves the drilling of 24 exploration and appraisal wells in Norway, Malaysia, France and the Netherlands.

1. Norway

Six appraisal wells will be drilled in 2012 five of which will appraise the Avaldsnes/Aldous Major South discovery in PL501 (WI 40%) and PL265 (WI 10%). An appraisal well will also be drilled on the Apollo discovery in PL338 (WI 50%)

Eight exploration wells will be drilled in 2012 of which six will be operated by Lundin Petroleum. Three of the wells will be drilled in the Greater Luno Area on PL544 (WI 70%), PL359 (WI 40%) and PL338 (WI 50%). Three wells will be drilled in Quadrant 8 in the Southern Norwegian North Sea on PL495 (WI 60%), PL453 (WI 35%) and PL440S (WI 18%). One exploration well will be drilled in the Barents Sea in PL533 (WI 20%) and in the More Basin in PL519 (WI 40%).

2. Malaysia

Five exploration wells will be drilled in Malaysia of which two will be drilled offshore Sabah, in licences SB307/308 (WI 42.5%) and SB303 (WI 75%), and three offshore Peninsular Malaysia on licences PM308A (WI 35%) and PM308B (WI 75%).

3. France

Two explorations wells will be drilled in the Paris Basin targeting conventional resources on Val des Marais and Est Champagne (WI 100%)

4. Netherlands

Three explorations wells will be drilled on non operated licences (with working interests between 1.2% and 7.75%).

Ashley Heppenstall, President & CEO of Lundin Petroleum comments; "Our organic exploration driven growth strategy has been very successful with the major Avaldsnes discovery in Norway and additional discoveries in Malaysia. We are continuing with our aggressive exploration program in 2012 with a continued focus on Norway and Malaysia. I am confident that our exploration portfolio will continue to deliver successful results. We are moving forward with our Norwegian development programme which will double our production by the end of 2015".

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 at the NASDAQ OMX, Stockholm (ticker "LUPE") and at the Toronto Stock Exchange (TSX) (Ticker "LUP"). Lundin Petroleum has proven and probable reserves of 211 million barrels of oil equivalent (MMboe).

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The above information has been made public in accordance with the Securities Market Act and/or the Financial Instruments Trading Act.

FORWARD-LOOKING STATEMENTS

Certain statements made and information contained herein constitute "forward-looking information" (within the meaning of applicable Canadian securities legislation). Such statements and information (together, "forward-looking statements") relate to future events, including the Company's future performance, business prospects or opportunities. Forward-looking statements include, but are not limited to, statements with respect to estimates of reserves and or resources, future production levels, future capital expenditures and their allocation to exploration and development activities, future drilling and other exploration and development activities, ultimate recovery of reserves or resources are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

All statements other than statements of historical fact may be forward-looking statements. Statements concerning proven and probable reserves and resource estimates may also be deemed to constitute forward-looking statements and reflect conclusions that are based on certain assumptions that the reserves and resources can be economically exploited. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions) are not statements of historical fact and may be "forward-looking statements". Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. No assurance can be given that these expectations and assumptions will prove to be correct and such forward-looking statements should not be unduly relied upon. These statements speak only as on the date of this news release and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable laws. These forward-looking statements involve risks and uncertainties relating to, among other things, operational risks (including exploration and development risks), production costs, availability of drilling equipment and access, reliance on key personnel, reserve estimates, health, safety and environmental issues, legal risks and regulatory changes, competition, geopolitical risk, financial risks. These risks and uncertainties are described in more detail under the heading "Risk Factors" and elsewhere in the Company's 2010 annual report. Readers are cautioned that the foregoing list of risk factors should not be construed as exhaustive. Actual results may differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements included in this new release are expressly qualified by this cautionary statement.

RESOURCES

The recovery and production estimates of the Company's resources provided herein are only estimates and there is no guarantee that the estimated resources will be recovered or produced. Actual 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 these resources.