Lundin Petroleum

Press Release

Stockholm 29 January 2016

Lundin Petroleum announces its 2016 budget and updated reserves and contingent resources

Lundin Petroleum AB (Lundin Petroleum) is pleased to announce its 2016 development, appraisal and exploration budget which totals USD 1.08 billion and represents a 26 percent decrease on 2015 capital expenditure. Lundin Petroleum is also pleased to announce that as at 31 December 2015 its proven and probable working interest reserves ("reserves") are 685 million barrels of oil equivalents (MMboe) and its best estimate contingent resources ("contingent resources") are 386 MMboe. The production guidance for 2016 is between 60,000 to 70,000 barrels of oil equivalents per day (boepd).

Reserves, contingent resources and 2016 production guidance

Lundin Petroleum's reserves as at 31 December 2015 are 685 MMboe[1][2] and represent an increase of 292 percent compared to the reserves position a year earlier.

End 2014	**187.5**
- Produced	-11.8
- Sales / + Acquisitions	-0.8
+ revisions	+510.4
End 2015	**685.3**
Reserves increase	**292%**
Reserves replacement	**4329%**

The main reason for the increase in reserves as at year end 2015 relates to Johan Sverdrup resources being included as reserves for the first time. There are further reserves increases from the successful appraisal of the Edvard Grieg field during 2015 as well as positive reserves revisions to the Volund field partially offset by a negative reserves revision on the Brynhild field. Reserves as at 31 December 2015 assume closure of the Singa sale in Indonesia. 95 percent of the reserves relate to Norway and oil accounts for 96 percent of Lundin Petroleum's reserves.

The reserves are based upon a third party independent audit conducted by ERCE. The reserves have been calculated using 2007 Petroleum Resources Management System (SPE 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's production guidance for 2016 is between 60,000 to 70,000 boepd with approximately 80 percent of the production contribution relating to production from Norway.

The contingent resources as at 31 December 2015 are 386 MMboe. The contingent resource additions during 2015 relate to the Luno II North and Rolvsnes in the Utsira High in the Norwegian North Sea. Lundin Petroleum divested certain of its contingent resources during 2015 with the farm-out of a 20 percent working interest in the gas discoveries in SB303 offshore east Malaysia, the farm-out of a 75 percent working interest in SE Tor gas discovery offshore Norway and the sale of the Indonesia business.

Development Budget

The 2016 expenditure on development projects is budgeted at USD 935 million which represents a 12 percent decrease on 2015 development expenditure.

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[1] BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf : 1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

[2] The reserves were calculated using a Brent oil price in real 2016 terms of USD 50 per barrel in 2016, 62 in 2017, 66 in 2018, 72 in 2019, and 75 thereafter.

Lundin Petroleum AB
Registration No 556610-8055
Hovslagargatan 5
SE-111 48 Stockholm
Tel. +46 8 440 54 50
Fax. +46 8 440 54 59
www.lundin-petroleum.com
E-mail: info@lundin.ch

In excess of 95 percent of the 2016 budgeted development expenditure, corresponding to USD 905 million, relates to development projects in Norway with the majority of the balance being spent on the Bertam development in Malaysia. Most of the expenditure in Norway relates to the ongoing development activity on Phase 1 for Johan Sverdrup and continued development drilling at Edvard Grieg with further infill wells on Alvheim also budgeted for. The development budget in Malaysia relates to one additional development well being drilled on the Bertam oil field.

1. The Edvard Grieg field (WI 50% and operated by Lundin Petroleum) commenced production on 28 November 2015 and is currently producing ahead of expectations from three wells with well productivity potential in excess of 85,000 boepd achieved at the time the third well was brought onstream. The 2016 net expenditure is budgeted at USD 130 million and relates substantially to the drilling of producing and water injection wells. The development drilling programme includes 14 production and water injection wells and is expected to be completed in early 2018.

2. The 2016 net expenditure for the non-operated Johan Sverdrup field (WI 22.6%) is budgeted at USD 705 million. Construction of the steel jacket for the riser platform and the topside for the drilling platform commenced last year. The construction of the other three steel jackets and the three remaining topsides will commence during 2016. The riser and drilling platforms are scheduled to be installed in 2018 and the processing and living quarter platforms are scheduled to be installed in 2019. The pre-drilling of development wells will commence during the second quarter 2016 and is expected to continue until 2019 when 17 production and water injection wells will have been completed. The project is on schedule for first oil in the fourth quarter of 2019 and given the current market environment and optimisation efforts, the project is achieving significant cost reductions compared to the PDO estimate.

3. Net budgeted expenditure for 2016 on the non-operated Alvheim and Volund fields (WI 15% and WI 35% respectively) is USD 55 million which involves the completion of one currently drilling infill well on Alvheim and the drilling of two further infill wells in relation to the Viper/Kobra development within the Alvheim field.

4. The 2016 net expenditure for the non-operated Ivar Aasen field (WI 1.385%) is budgeted at approximately USD 15 million and involves the completion and installation of the Ivar Aasen topside as well as continued development drilling.

5. The Bertam oil field in Malaysia (WI 75% and operated by Lundin Petroleum) commenced production on 5 April 2015 and is currently producing from 11 production wells. The 2016 net expenditure is budgeted at USD 30 million and involves the drilling of a long-reach horizontal production well from the Bertam wellhead platform targeting additional resources in the northeast of the field as identified by the Bertam-3 appraisal well which was drilled late in 2015.

6. Net budgeted expenditure for 2016 on the continental European business units in France and the Netherlands amounts to approximately USD 5 million which involves the drilling of two offshore development wells in the Netherlands as well as certain investment in facilities and pipelines in France and the Netherlands.

Exploration Activity

The 2016 budgeted expenditure on exploration and appraisal activity is USD 145 million which is a 64 percent decrease on 2015 exploration and appraisal expenditure.

The pre-tax exploration budget for 2016 is USD 105 million with a focus on Norway, which accounts for approximately 70 percent of the budget. The exploration programme involves the drilling of four exploration wells in Norway and Malaysia in addition to re-entering the Neiden exploration well in the southern Barents Sea. Two non-operated onshore wells in the Netherlands will also be drilled during 2016.

1. Norway

The pre-tax budgeted net exploration expenditure for 2016 is approximately USD 75 million. Two wells will be drilled in Norway during 2016. The Fosen prospect in PL544 (WI 40%), which is currently drilling, and the Filicudi prospect in PL533 (WI 35%) which is still being considered by the partnership and would be drilled during the second half of 2016. The 2016 budget also includes re-entering the Neiden well drilled in PL609 (WI 40%) where, due to time-constraints, the main reservoir target was not reached during the 2015 drilling operations. Including the Neiden re-entry the 2016 drilling campaign is targeting net unrisked prospective resources of 250 MMboe. Lundin Petroleum has limited remaining exploration and appraisal drilling rig commitments and is therefore able to take advantage of the current favourable market conditions for drilling rigs. The Company is currently tendering for a rig for its southern Barents Sea drilling programme, with an anticipated start of drilling operations mid-year 2016.

2. Malaysia

The budgeted net exploration expenditure for 2016 is USD 30 million involving the drilling of two operated exploration wells on SB307/308 (WI 85%) targeting the Bambazon and Maligan prospects. The Bambazon well has already been completed and the Maligan well is ongoing targeting net unrisked prospective resources of 94 MMboe.

Appraisal Activity

The pre-tax appraisal budget for 2016 is approximately USD 40 million, entirely allocated to Norway. The appraisal programme involves the re-entry of the successful 2015 Alta-3 appraisal well in PL609 (WI 40%) in the southern Barents Sea to deepen the well and to perform a production test.

The 2016 appraisal budget also includes expenditure on field development studies for Phase 2 of the Johan Sverdrup field (WI 22.6%), development studies for the Luno II discovery in PL359 (WI 50%) and a development feasibility study for Alta and Gohta in PL609.

Alex Schneiter, President & CEO of Lundin Petroleum comments:

"2016 will be a transformational year for Lundin Petroleum with production guidance being between 60,000 and 70,000 boepd. Our capital expenditure will focus on continued development drilling on Edvard Grieg and on the execution of Phase 1 of Johan Sverdrup. Both projects will drive significant production growth in the coming years. I am particularly pleased with the Edvard Grieg performance to date and with the cost reductions we have seen on the Johan Sverdrup project which I expect to continue through 2016 as we finalise the concept selection for Phase 2.

Our 2016 production guidance is about double the average rate achieved in 2015 and will be dominated by the Edvard Grieg performance which so far, I am pleased to say, has outperformed both in terms of facility uptime and well productivity potential. Gross rates achieved have been in excess of 85,000 boepd with three wells at 100 percent facility uptime and this excellent rate provides us with a good indication of the field's potential in terms of production capacity and gives me confidence in reaching the plateau rate of 100,000 boepd by the time the first two water injection wells are completed and the fourth production well comes onstream in the second half of 2016.

Our exploration and appraisal budget will remain focused on our three key growth areas: the southern Barents Sea and the Utsira High in Norway and the Sabah area in Malaysia. Lundin Petroleum is well positioned to take full advantage of significantly reduced rig rates. More than ever in this challenging oil price environment, a strong focus on operational efficiency, production performance and cost discipline will be in the forefront of our minds. This will be key in maintaining a healthy balance sheet. I am convinced that Lundin Petroleum will come out of this latest cycle with a growth story stronger than ever."

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 on NASDAQ Stockholm (ticker "LUPE"). Lundin Petroleum has proven and probable reserves of 685 million barrels of oil equivalents (MMboe) as at 31 December 2015.

For further information, please contact:

Maria Hamilton
Head of Corporate Communications
maria.hamilton@lundin.ch
Tel: +41 22 595 10 00
Tel: +46 8 440 54 50
Mobile: +41 79 63 53 641

or

Teitur Poulsen
VP Corporate Planning & Investor Relations
Tel: +41 22 595 10 00

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