Lundin Petroleum

Press Release

Stockholm 19 January 2017

Update on fourth quarter 2016 financial results

During the fourth quarter of 2016 Lundin Petroleum AB (Lundin Petroleum) achieved a quarterly record average production rate of 83,400 barrels of oil equivalent per day (boepd) resulting in an average production rate for the full year of 72,600 boepd. The average Brent oil price for the fourth quarter of 2016 was USD 49.33 per barrel.

The profitability for the fourth quarter of 2016 will be negatively impacted by certain expensed exploration costs and impairment charges, as well as a foreign currency exchange loss mainly related to the revaluation of loan balances. These items are largely non-cash charges and will have no impact on operating cash flow or EBITDA.

Exploration Costs

During the fourth quarter of 2016, pre-tax exploration costs of MUSD 46 will be charged to the income statement. Exploration costs incurred in Norway during the fourth quarter amounted to MUSD 44 and mainly related to the exploration well on the Neiden prospect in PL609 as well as to a number of Norwegian exploration licences in the process of relinquishment. The total after tax exploration cost will amount to a charge of MUSD 11.0.

Impairment Costs

Lundin Petroleum has decided to remove from its contingent resources the gas discoveries in the Sabah region offshore East Malaysia and the Tembakau gas discovery in PM307 offshore Peninsular Malaysia as well as the Morskaya oil discovery in the Russian Caspian Sea. Whilst these discoveries will remain in the portfolio of Lundin Petroleum, management considers it unlikely that any of these discoveries can be commercialised within a reasonable timeframe and therefore deems it prudent to no longer carry these resources on its books. The net contingent resource write down in Malaysia amounts to 60.6 million barrels of oil equivalents (MMboe) and the net contingent resource write down in the Morskaya oil discovery amounts to 110.1 MMboe. The updated Lundin Petroleum net contingent resource position as at 31 December 2016, which will be released in a separate press release on 19 January 2017, will therefore exclude the resources associated with these discoveries.

As a consequence of writing down the contingent resources associated with these discoveries, Lundin Petroleum will incur a non-cash impairment charge in the fourth quarter of 2016 of USD 632 million with a corresponding tax credit of USD 83 million resulting in a negative impact on the fourth quarter net results of USD 549 million.

Net Debt and Foreign Exchange

The net debt position of Lundin Petroleum at 31 December 2016 amounted to USD 4.1 billion resulting in available liquidity of USD 0.9 billion within its USD 5.0 billion reserve-based lending facility.

Lundin Petroleum will recognise a net foreign exchange loss of approximately MUSD 216 in its income statement for the fourth quarter of 2016. The Norwegian Krone weakened against the US Dollar by approximately seven percent during the fourth quarter of 2016 and the foreign exchange loss mainly relates to the revaluation of loan balances at the prevailing exchange rates at the balance sheet date.

Mike Nicholson, CFO of Lundin Petroleum comments:

"I am very pleased that Lundin Petroleum begins 2017 in a strong financial position. The combination of a robust production performance, excellent cash flow generation in addition to the solid support we receive from our group of 28 international banks under our USD 5 billion reserve-based lending facility, means that we have the spare liquidity headroom required to fund our ongoing development and appraisal projects as well as an active exploration programme. The foreign exchange and impairment charges do not impact the cash flow generation of the Company given that these are largely non-cash accounting charges."

Lundin Petroleum is a Swedish independent oil and gas exploration and production company with a well balanced portfolio of worldclass 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 743.5 million barrels of oil equivalents (MMboe) as at 31 December 2016.

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

This information is information that Lundin Petroleum AB is required to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the contact persons set out above, at 07.30 CET on 19 January 2017.

Forward-Looking Statements

Certain statements made and information contained herein constitute "forward-looking information" (within the meaning of applicable 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 relied upon. These statements speak only as on the date of the information 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), productions costs, availability of drilling equipment, reliance on key personnel, reserve estimates, health, safety and environmental issues, legal risks and regulatory changes, competition, geopolitical risk, and financial risks. These risks and uncertainties are described in more detail under the heading “Risks and Risk Management” and elsewhere in the Company’s 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 are expressly qualified by this cautionary statement.