Lundin Petroleum

Press Release

Stockholm 23 January 2018

Lundin Petroleum announces its 2018 budget and production guidance

Lundin Petroleum AB (Lundin Petroleum) is pleased to announce its 2018 development, appraisal and exploration budget which totals USD 1.05 billion and represents an 11 percent decrease on 2017 capital expenditure. The production guidance for 2018 is between 74 to 82 thousand barrels of oil equivalent per day (Mboepd).

2018 Production Guidance

The average production in 2017 was 86.1 Mboepd, which was 15 percent above the mid-point of the original guidance and above the revised 2017 production guidance. Lundin Petroleum's production guidance for 2018 is between 74 to 82 Mboepd with approximately 75 percent of the production contribution from the Edvard Grieg field.

Development Budget

The 2018 development expenditure is budgeted at USD 800 million. With respect to committed development projects, 2017 was the peak year of capital expenditure leading up to Johan Sverdrup first oil and 2018 development expenditure is 16 percent below the 2017 level.

1. Approximately 80 percent of the 2018 budgeted development expenditure relates to the non-operated Johan Sverdrup field (WI 22.6%) with 2018 being the peak year in terms of facilities installation for Phase 1 of the project. From inception and up to year end 2017, Lundin Petroleum's net capital expenditure on Phase 1 amounted to USD 1.6 billion. The project is ahead of schedule with over 65 percent complete at year end 2017 and is on schedule for first oil in late 2019. The project is achieving significant cost reductions compared to the PDO estimate, with 25 percent savings to date excluding foreign exchange rate impacts, and further cost savings are anticipated with continued good progress on the project. The submission and approval of the PDO for Phase 2 of the project is scheduled for the second half of 2018 and the 2018 expenditure budget includes commencement of Phase 2 development activities including commitment to long lead equipment items.

2. The operated Edvard Grieg field (WI 65%) commenced production in late 2015 and the planned development drilling programme within the PDO has continued through 2016 and 2017 with 11 wells out of the planned 14 wells having been completed to date. The 2018 expenditure relates substantially to the drilling of the remaining three development wells with the jack-up drilling rig being demobilised in mid-2018 on completion of the planned programme.

3. Budgeted expenditure for the non-operated Alvheim and Volund fields (WI 15% and WI 35% respectively) involves the drilling of two infill wells one on each of the fields with drilling scheduled in the second half of 2018.

Appraisal Budget

The pre-tax appraisal budget for 2018 is USD 135 million.

The appraisal programme involves two operated appraisal wells in the Utsira High area in the Norwegian North Sea. One appraisal well at Luno II (WI 50%) which on success would lead to development planning and one horizontal appraisal well and testing at Rolvsnes (WI 50%), which has the potential to de-risk the significant potential in the larger basement high area. Both Luno II and Rolvsnes are possible subsea tie-back development opportunities to the Edvard Grieg facilities. Additionally, an extended well test will be conducted at the Alta oil discovery (WI 40%) in the southern Barents Sea, which involves drilling of a horizontal production well and producing to a tanker for up to two months, to reduce the uncertainty around the recovery mechanism and provide the basis for development studies.

The 2018 appraisal budget also includes expenditure on front end engineering design (FEED) and PDO studies for Johan Sverdrup Phase 2.

Exploration Budget

The pre-tax exploration budget for 2018 is USD 115 million with a total of eight planned exploration wells.

Four wells are planned to be drilled in the southern Barents Sea. One well on the Svanefjell prospect in PL659 (WI 20%) and one well on the Shenzhou prospect in PL722 (WI 20%). The remaining two wells will be drilled in the southeastern area on licences that were awarded in the 23rd licensing round, with one well targeting the deeper horizons of the Korpfjell prospect in PL859 (WI 10%) and one well targeting the shallow horizons of the large Gjøkåsen prospect in PL859 (WI 15%).

Four wells are planned to be drilled in the Norwegian North Sea on the Lille Prinsen prospect in PL167 (WI 20%) in the Utsira High, on the Frosk prospect in PL340 (WI 15%) in the Alvheim area which is currently drilling, on the Rungne prospect in PL825 (WI 30%) and on the Mandal High prospect in PL860 (WI 40%) where the Company has recently acquired a position through a series of transactions. The acquisition of PL825 and PL860 are subject to certain government and seller bank approvals.

Lundin Petroleum is one of Europe's leading independent oil and gas exploration and production companies with operations focused on Norway and listed on NASDAQ Stockholm (ticker "LUPE"). Read more about Lundin Petroleum's business and operations at www.lundin-petroleum.com

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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 08.00 CET on 23 January 2018.

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.