

# LUNDIN PETROLEUM – PRESS RELEASE

Lundin Petroleum AB (publ)

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Company registration number 556610-8055

NASDAQ OMX Stockholm : LUPE

Toronto Stock Exchange (TSX): LUP

Stockholm 4 May 2011

## Lundin Petroleum AB –Financial report for the three months period ended 31 March 2011

### HIGHLIGHTS

#### First Quarter 2011

- Production of 33,500 boepd up 24% from first quarter 2010
- Profit after tax of MUSD 53.4 up 293% from first quarter 2010
- EBITDA of MUSD 238.4 up 101% from first quarter 2010
- Operating cash flow of MUSD 193.6 up 61% from first quarter 2010
- Net debt reduced below MUSD 300 down from MUSD 410 at year end
- Two exploration successes – Caterpillar and Tellus discoveries in Norway
- Ten Norwegian licences awarded in the 2010 Norwegian licensing round, six as operator
- Operated licence awarded in Barents Sea in the 21<sup>st</sup> Norwegian licensing round
- Operated Gurita block awarded in the Natuna Sea, offshore Indonesia

#### *Comments from C. Ashley Heppenstall, President and CEO*

I am pleased to report that during the first three months of 2011 Lundin Petroleum has continued to deliver better than expected results. During the first quarter of 2011, our production averaged 33,500 barrels of oil equivalent per day which was above our most optimistic forecast. The positive production numbers were primarily as a result of the performance from our offshore Norwegian Alvheim and Volund fields, and coupled with Brent oil prices averaging over USD 105 per barrel has resulted in record operating cash flow and EBITDA for our company. Cost of operations from our Norwegian fields of less than USD 4 per barrel has also had a positive impact on our financial performance.

Our future production growth will come from various Norwegian developments which will collectively double our current production to over 60,000 boepd within the next five years. As previously stated, the capital cost of these projects will be funded from a combination of internally generated cash flow and bank borrowings without the requirement for additional equity funding.

Our exploration work programme in Norway for 2011 involves the drilling of ten exploration and appraisal wells. The first two wells in the Greater Alvheim and Greater Luno areas have resulted in two new oil discoveries. It is likely that the development of both discoveries will be fast tracked with Caterpillar likely being developed in conjunction with the Bøyla field through the Alvheim FPSO and Tellus being incorporated into the Luno field development.

I am very excited with our progress at Lundin Petroleum. Production is outperforming forecast and will increase further from our pipeline of development projects particularly Luno. We have created significant shareholder value with our Norwegian exploration successes and I am confident this will continue with our ongoing exploration activity.

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**Listen to President & CEO Ashley Heppenstall and CFO Geoffrey Turbott comment on the report at the web cast presentation 4 May at 8.00 CET.**

**The presentation and slides will be available on [www.lundin-petroleum.com](http://www.lundin-petroleum.com) following the presentation. Please dial in to listen to the presentation on the following telephone number: + 44 (0) 203 043 24 36.**

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To view the whole report see attached document.

Visit our website: [www.lundin-petroleum.com](http://www.lundin-petroleum.com)

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### 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.*