

2006 Financial Forecasts



2006 Forecast Revenue per Barrel Calculation



36,000 boe per day 13.1 MMboe

USD

Assume forecast sale price per barrel (Dated Brent) 55.00

Government take -3.80

Gas price differential -1.00

Quality differential UK -1.15

Inventory movement -0.70

Effective sale price per barrel 48.35

Hedging effects (5 mbopd @ 53.19 & 5 mbopd @ 61.40) 0.65

Tariff receipts and other operating income 1.75

Effective Revenue per Barrel 50.75

2006 Forecast Net back Calculation



USD per boe

Revenue 50.75

Cost of operations -12.80

Tariff, royalties, stock movements -1.85

Depletion -8.85

Operating margin 27.25

General and admin expenses -1.00

Financial items -0.25

Profit before tax 26.00

Tax -13.00

Net profit after tax 13.00

Assumptions

- Budget interest rate : 4%
- Budget exchange rates : GBP 1 : USD 1.76
Euro 1 : USD 1.27
USD 1 : NOK 6.50

2006 Forecast Tax



	USD per boe
Current corporation tax	11.65
Deferred corporation tax	(0.25)
Current petroleum tax	1.30
Deferred petroleum tax	0.30
Forecast tax charge per barrel	13.00

Forecast Expenditure 2006



	MMUSD
Capital expenditure	206
Exploration expenditure	103
General and admin expenses	13
Fixed assets	4
Financial items	3
Working capital movements	-16

2006 Forecast Net Back Calculation



	MMUSD
Revenue	50.75
Operating cost	-14.65
Current taxes	-12.95
Operating cashflow per barrel	23.15

2006 EBITDA



	MMUSD
Revenue	50.75
Operating cost	-14.65
G & A	-1.00
EBITDA per barrel	35.10

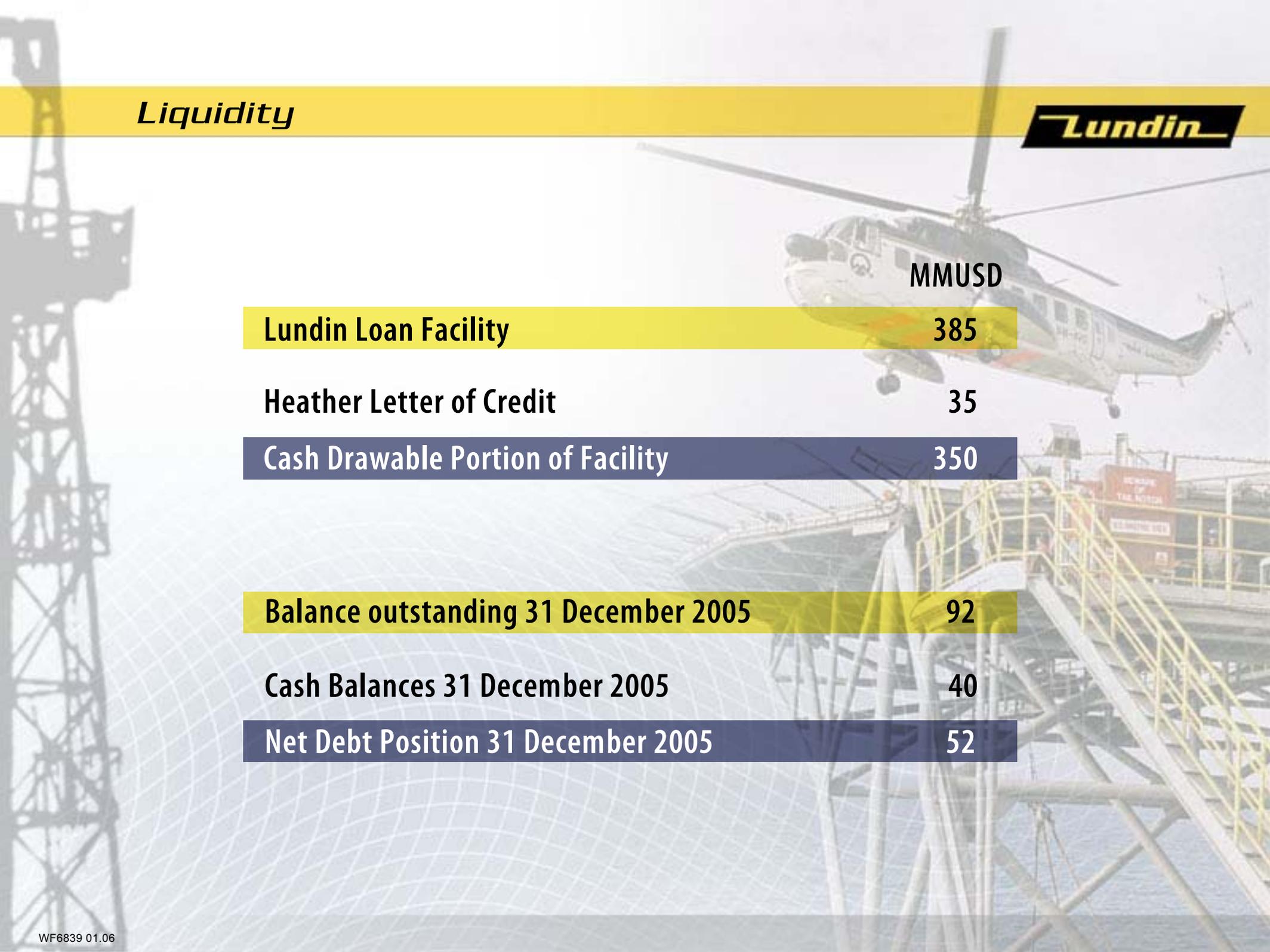
+/- 1 USD per barrel	MUSD
Profit	3.5
Cashflow	4.0
EBITDA	7.0

10% movement in USD exchange rate

Profit	3
Cashflow	13
EBITDA	17

85% of UK and France operating costs hedged

Lundin has provided an oil price sensitivity indicating how much the profit will be affected by a USD 1.00 movement. The sensitivity is based upon a specific production profile for the year and is calculated over a USD 15.00 range and averaged back to a movement per USD 1.00 because the change to the profit from a movement in oil price is not linear.



	MMUSD
Lundin Loan Facility	385
Heather Letter of Credit	35
Cash Drawable Portion of Facility	350
Balance outstanding 31 December 2005	92
Cash Balances 31 December 2005	40
Net Debt Position 31 December 2005	52

➤ Oil price

Quantity	Price USD	Period	Trade date
5,000 boepd	53.19 Dated Brent	Cal 06	03/05
5,000 boepd	61.40 Dated Brent	Cal 06	12/05

➤ Interest rate

Hedged amount	Interest rate	Expires	Trade date
USD 65,000,000 reducing semi-annually	3.49%	12/06	10/02
USD 40,000,000	2.32%	3/07	3/04

➤ Currency

Hedged amount	Average rate	Period	Trade date
GBP 36 million	GBP:USD 1.76	Cal 06	07/05
Euro 14.4 million	Euro:USD 1.27	Cal 06	09/05
CHF 10 million	USD:CHF 1.30	Cal 06	11/05