

## *2008 Financial Overview*

**Lundin**

*Geoff Turbott, Vice President Finance & CFO  
January 2008*

## 2008 Margin Netback



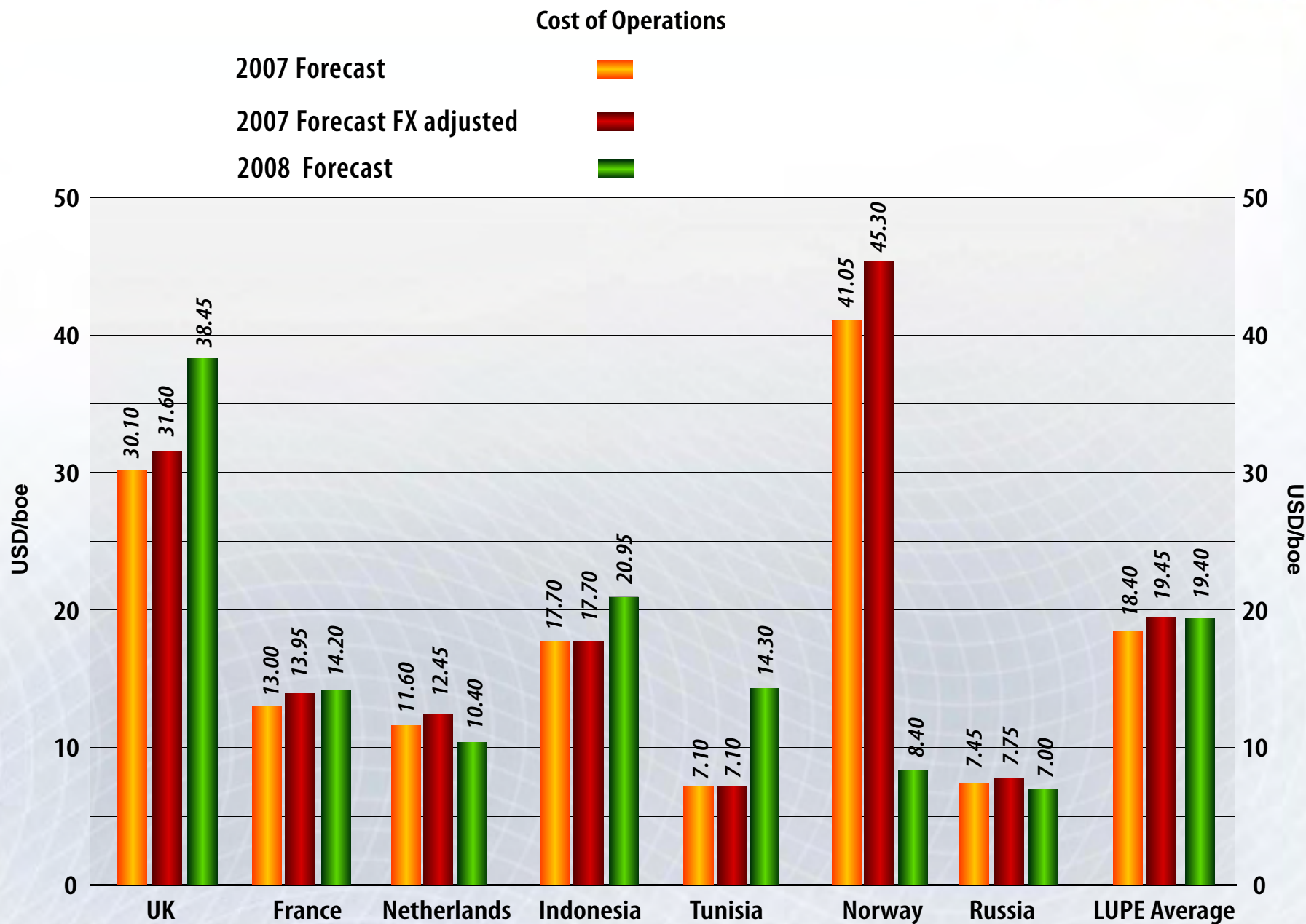
	2008 Forecast	2007 Forecast
<b>Production (mmboe)</b>	<b>13.70</b>	<b>12.70</b>
<b>Revenue</b>	<b>74.50</b>	<b>64.25</b>
<b>Cost of operations</b>	<b>-19.40</b>	<b>-18.40</b>
<b>Tariffs</b>	<b>-2.40</b>	<b>-2.30</b>
<b>Production taxes</b>	<b>-5.55</b>	<b>-4.35</b>
<b>Stock movements</b>	<b>-0.40</b>	<b>-1.50</b>
	<b>46.75</b>	<b>37.70</b>
<b>Depletion</b>	<b>-13.25</b>	<b>-11.85</b>
<b>Write-offs</b>	<b>0.00</b>	<b>-4.40</b>
<b>Margin Netback</b>	<b>33.50</b>	<b>21.45</b>

## 2008 Revenue Netback



	Forecast 2008 USD/boe	Forecast 2007 USD/boe
Revenue	85.00	72.65
Sales differential Russia	-5.55	-4.10
Government take	-3.15	-3.55
Quality differential UK	-1.00	-1.00
Gas price differential	-2.65	-1.65
Inventory movement	0.40	1.05
Tariff receipts and other income	1.45	0.85
<b>Effective sales price per barrel</b>	<b>74.50</b>	<b>64.25</b>

# 2008 Cost of Operations



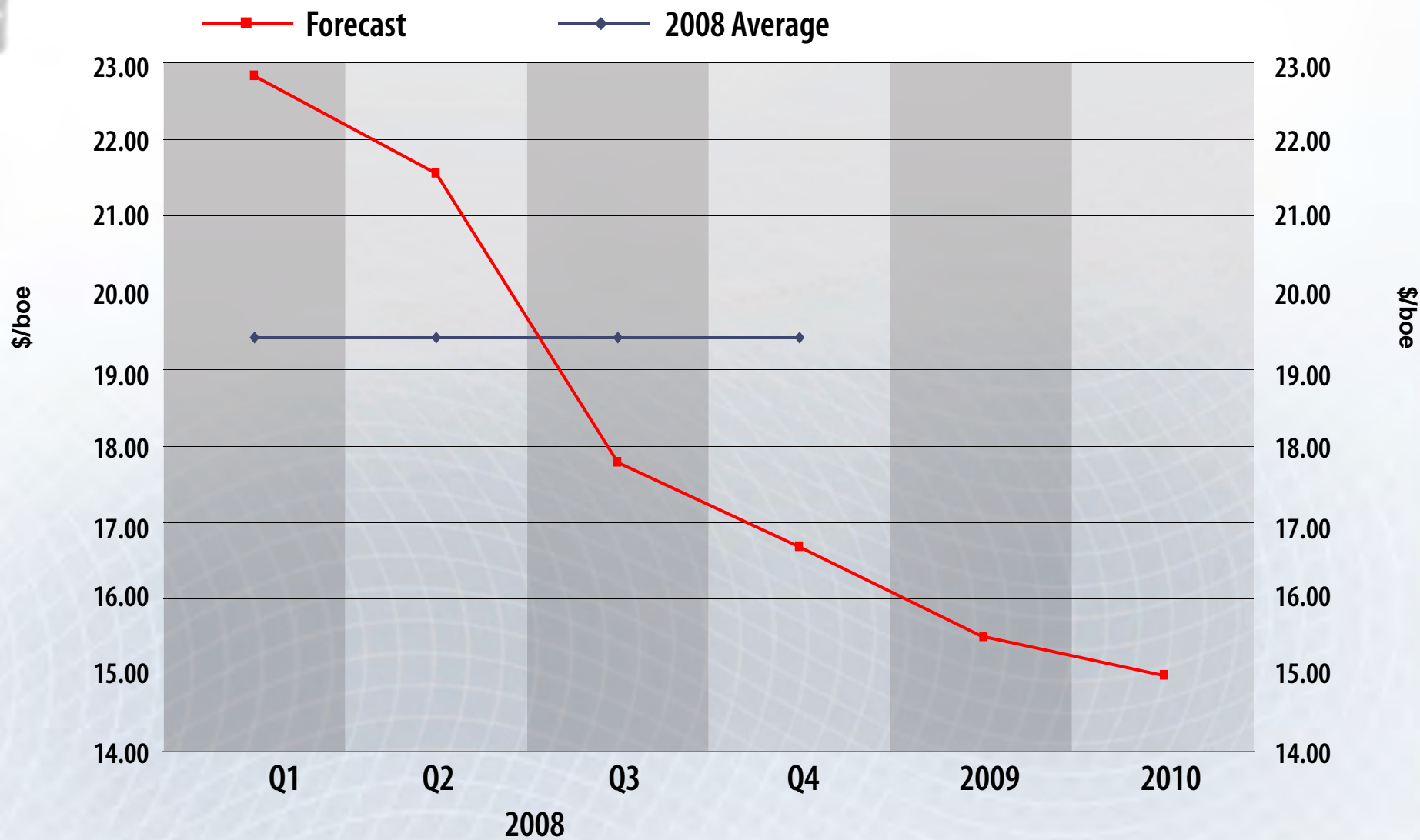
## 2008 UK Operating Costs Reconciliation



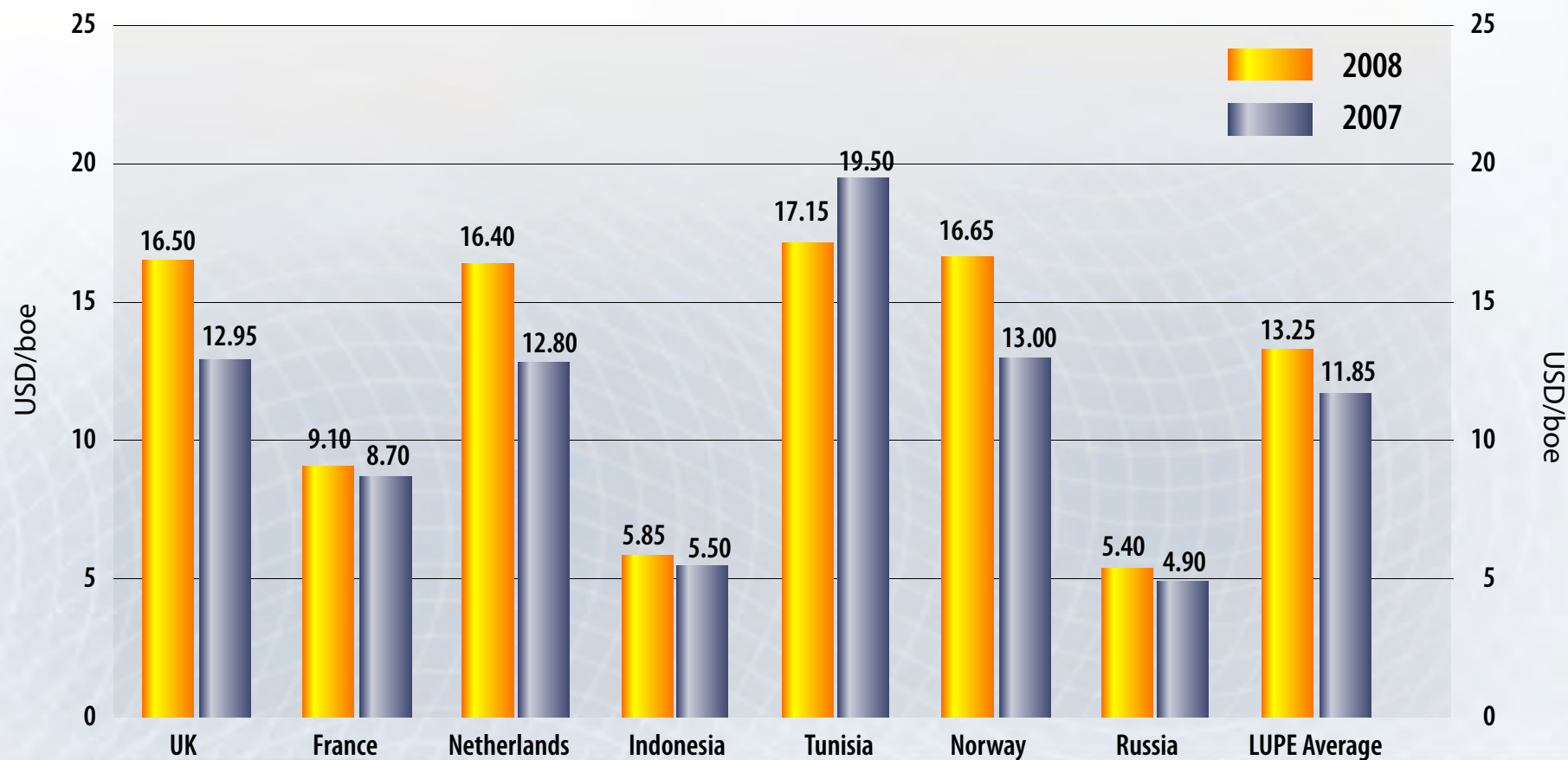
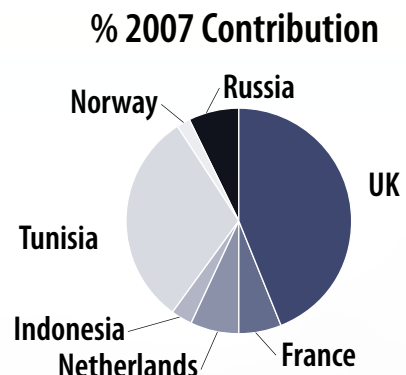
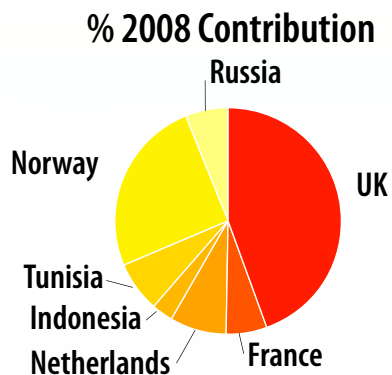
### ➔ OPEX increases from 30.10 USD/boe in 2007 to 38.45 USD/boe in 2008

	USD/boe
➔ 2007 Opex	30.10
➔ Exchange Rate (+5%)	1.45
➔ Increased Costs (+5%)	1.50
➔ Lower Production (-14%)	5.40
➔ 2008 Opex	38.45

## 2008-2010 Cost of Operations



# 2008 Depletion



## 2008 Production & Sales Taxes



Country	Cost USD/boe	%
Russia	29.15 *	91%
France	3.85	7%
Tunisia	1.90	2%
<b>Total</b>	<b>5.55</b>	<b>100%</b>

\* Mineral Resource Extraction Tax 15.40  
 Export Duty 13.75  
 29.15

Assume Russia sales split: 65% Domestic  
 35% Export



## Russia Fiscal Structure

The Lundin logo is displayed in a stylized, italicized font within a black rectangular box.

- **MRET**
  - ➔ Sliding Scale Coefficient
  - ➔  $419 \text{ RUR/tonne} \times [(\text{Urals USD/bbl} - 9) \times \text{RUR/USD}/261]$
  - ➔ Set Monthly
  
- **Export Duty**
  - ➔  $(\text{Oil Urals Price} - 25) \times 0.65 + 4 \text{ USD/bbl}$
  - ➔ Set for two month terms based on the first two months of the previous three months
  
- **Corporate Tax** ➔ 24%

**2008 Netback**

	USD/boe
<b>Margin</b>	<b>33.50</b>
<b>G&amp;A</b>	<b>-1.85</b>
<b>Financial Items, net</b>	<b>-1.90</b>
<b>Profit Before Tax</b>	<b>29.75</b>
<b>Tax</b>	<b>-16.40</b>
<b>Profit After Tax</b>	<b>13.35</b>
<b>Operating Cashflow</b>	<b>42.05</b>
<b>EBITDA</b>	<b>44.90</b>

➤ 2008 effective rate of tax	55%
➤ Current tax charge	4.70 USD/boe
➤ Deferred tax charge	11.70 USD/boe

## Norwegian Tax Considerations



➔ Corporate Tax Rate	28%
➔ Special Petroleum Tax Rate	50%
➔ Total Tax Rate	<hr/> 78%

## Norwegian Tax Considerations



Example	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total
Capital Expenditure	1200						1200
Corporation Tax 28% Depletion	200	200	200	200	200	200	1200
Corporation Tax Value	56	56	56	56	56	56	336
Special Petroleum Tax 50% Depletion	200	200	200	200	200	200	1200
Uplift 30%	90	90	90	90	0	0	360
	290	290	290	290	200	200	1560
Special Petroleum Tax Value	145	145	145	145	100	100	780
Total Tax Value	201	201	201	201	156	156	1116

### Tax Recovery of Capital Expenditure 93%

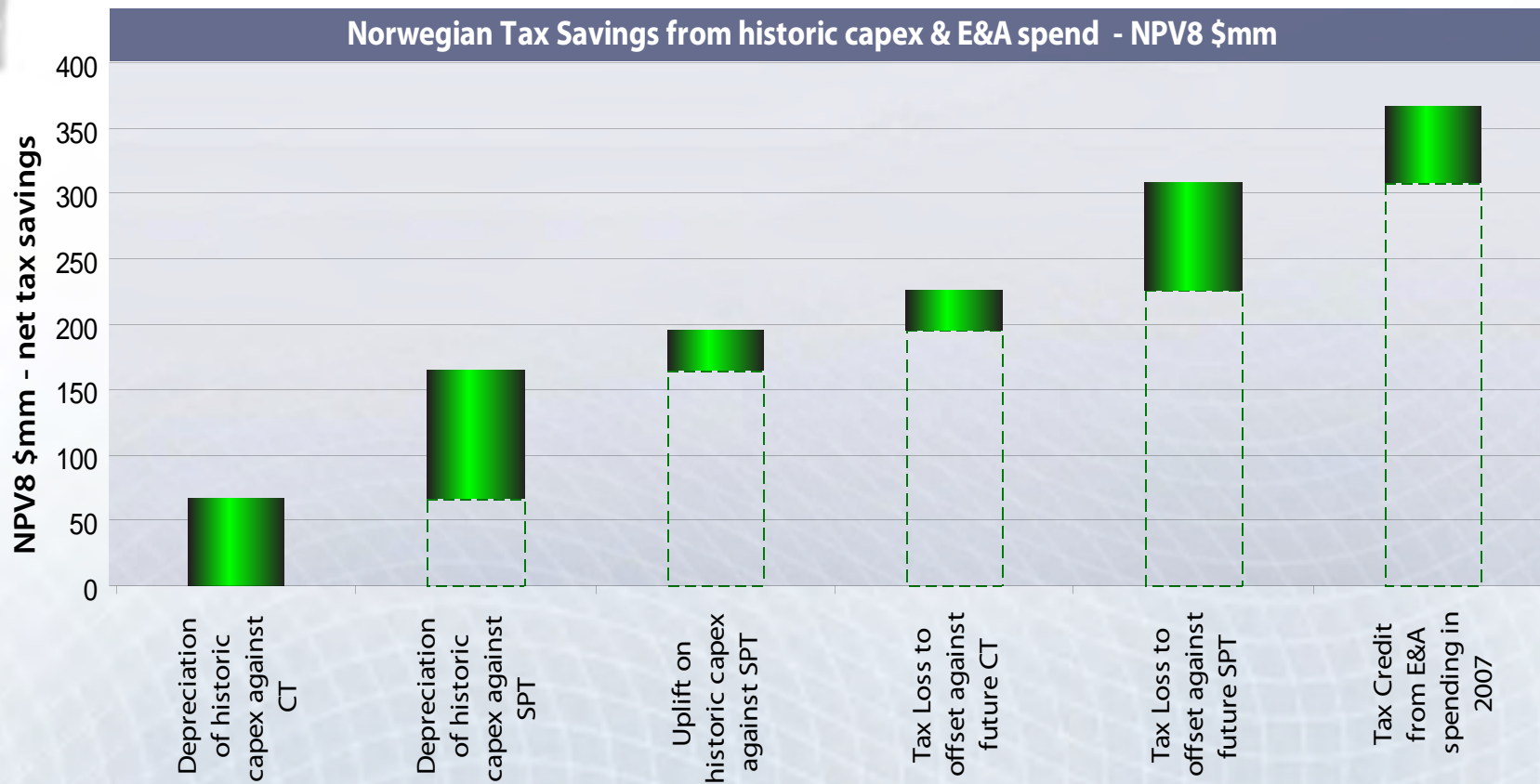
*Deductions are claimed each year*

*Amounts carried forward until sufficient profits are generated to utilise losses.*

### Exploration expenditure *Deducted 100% in year of expenditure*

*Cash tax refund where exploration expenditure exceeds taxable profit.*

# Norwegian Tax Considerations



## Sensitivities



### **+/- 1 USD per barrel** **MUSD**

<b>Profit</b>	<b>5</b>
<b>Cashflow</b>	<b>7</b>
<b>EBITDA</b>	<b>10</b>

### **10% movement in USD exchange rate** **MUSD**

<b>Profit</b>	<b>20</b>
<b>Cashflow</b>	<b>30</b>
<b>EBITDA</b>	<b>35</b>

## 2008 Forecast Expenditure



	MUSD
➤ Capital expenditure	375
➤ Exploration expenditure	350
➤ General and admin expenses	17



## Liquidity



	MUSD
<b>Secured Revolving Borrowing Base Facility</b>	<b>850</b>
<b>Unsecured Corporate Facility</b>	<b>150</b>
<b>Total Credit Facility</b>	<b>1000</b>
<b>Loan Drawn @ 31 December 2007</b>	<b>418</b>
<b>Approx. Cash Balances @ 31 December 2007</b>	<b>70</b>
<b>Net Debt Position @ 31 December 2007</b>	<b>348</b>

- ➔ *Excludes MUSD 16.1 debt in Russian subsidiary where we have acquired the receivable*

## Hedging as at 30 January 2008



➤ **Oil** → **No Hedges**

➤ **Interest rate**

Hedged amount	Interest rate	Expires
USD 200,000,000	3.75%	1/2012

➤ **Currency** → **No Hedges**