

Financial Overview

Lundin

➤ **GEOFF TURBOTT**
Chief Financial Officer &
Finance Vice President

Forecast Revenue per Barrel Calculation



40,000 boe per day 14,600,000 boe

USD

Assume forecast sale price per barrel 34.00

Government take -2.00

Gas price differential -0.50

Quality differential UK -0.50

Inventory movement -0.25

Effective sale price per barrel 30.75

Hedging effects (6,000 @ 29.00) -0.75

Tariff receipts and other operating income 3.25

Effective Revenue per Barrel 33.25

Forecast Net back Calculation for 2005



	USD per boe
Revenue	33.25
Operating cost	-13.00
Depletion	-8.00
Operating Margin	12.25
General and admin expenses	-0.75
Financial items	-0.50
Profit before tax	11.00
Tax	-4.00
Net Profit after Tax	7.00

Assumptions

- Budget interest rate : 3.6%
- Budget exchange rates :
GBP 1 : USD 1.85
Euro 1 : USD 1.30
USD 1 : NOK 6.15

Forecast Tax 2005



	USD per boe
Current corporation tax	2.30
Deferred corporation tax	1.40
Current petroleum tax	0.20
Deferred petroleum tax	0.10
Forecast tax charge per barrel	4.00

Forecast Net Back Calculation for 2005



Revenue	33.25
Operating cost	-13.00
Current taxes	-2.50
Operating cashflow per barrel	17.75

+/- 1 USD per barrel

Profit	5.5
Cashflow	6.9

10% movement in USD exchange rate

		Hedged
Profit	6	-4
Cashflow	16	20

85% of operating costs hedged

Forecast Expenditure 2005



	MMUSD
Capital expenditure	196
Exploration expenditure	32
General and admin expenses	10
Fixed assets	6
Financial items	10
Working capital movements	3

MMUSD

Lundin Loan Facility 385

Heather Letter of Credit 35

Cash Drawable Portion of Facility 350

*Borrowing base facility whereby Lundin can draw 2/3 of NPV of assets.
Current drawable value is in excess of cash drawable portion of facility.*

Balance outstanding 31 December 2004 205

Cash Balances 31 December 2004 40

Net Debt Position 31 December 2004 165

Oil price

Quantity	Price USD	Period	Trade date
3,000 boepd	28.40 Dated Brent	Cal 05	11/3/04
3,000 boepd	29.60 Dated Brent	Cal 05	19/4/04

Interest rate

Hedged amount	Interest rate	Expires	Trade date
USD 85,000,000 reducing semi-annually	3.49%	12/06	22/10/02
USD 40,000,000	2.32%	3/07	11/3/04

Currency

Hedged amount	Average rate	Trade date
GBP 35 million	GBP:USD 1.88	Cal 05 12/01/05
Euro 13 million	Euro:USD 1.33	Cal 05 12/01/05
NOK 35 million	USD:NOK 6.14	Cal 05 12/01/05
CHF 10 million	USD:CHF 1.15	Cal 05 12/01/05

- **Currently report under Swedish GAAP**
- **IFRS implemented from 1 January 2005**
- **Transition period 1 January 2004**
- **Only material change is recording of employee stock options**
- **Report on IFRS in 2004 year end press release**