

# *Financial Results & Update - First Quarter 2007*

**Lundin**



*May 2007*

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## Financial Results - First Quarter 2007



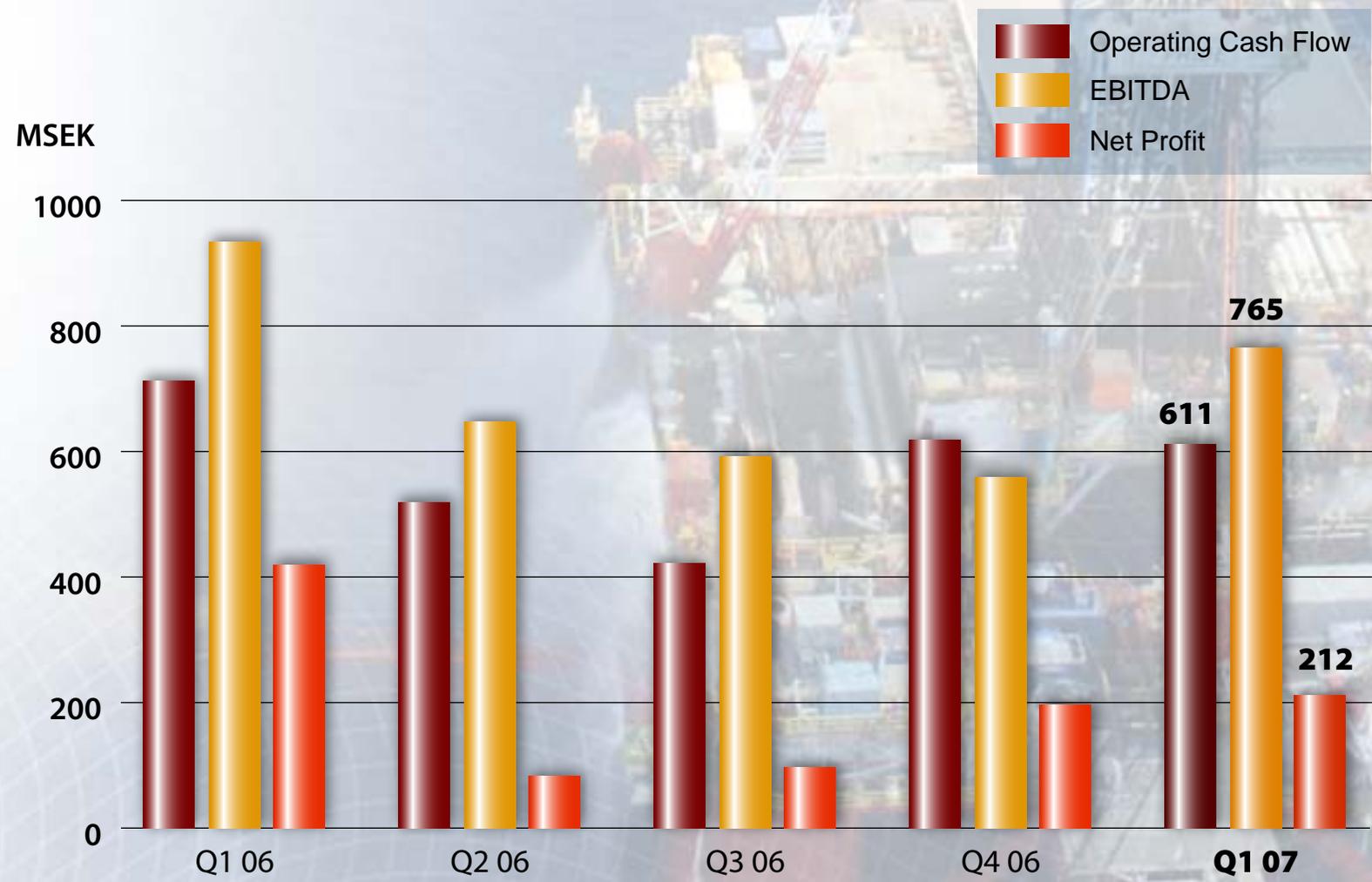
	First Quarter 2007 MSEK	First Quarter 2007 MUSD
➤ Net Profit	212	30
➤ Operating Cashflow	611	87
➤ EBITDA	765	109

- ➔ **Production 39,900 boepd**
- ➔ **Cost of operations USD 14.88 per barrel**
- ➔ **Effective tax rate 53%**

# Production - First Quarter 2007



# Financial Performance - First Quarter 2007

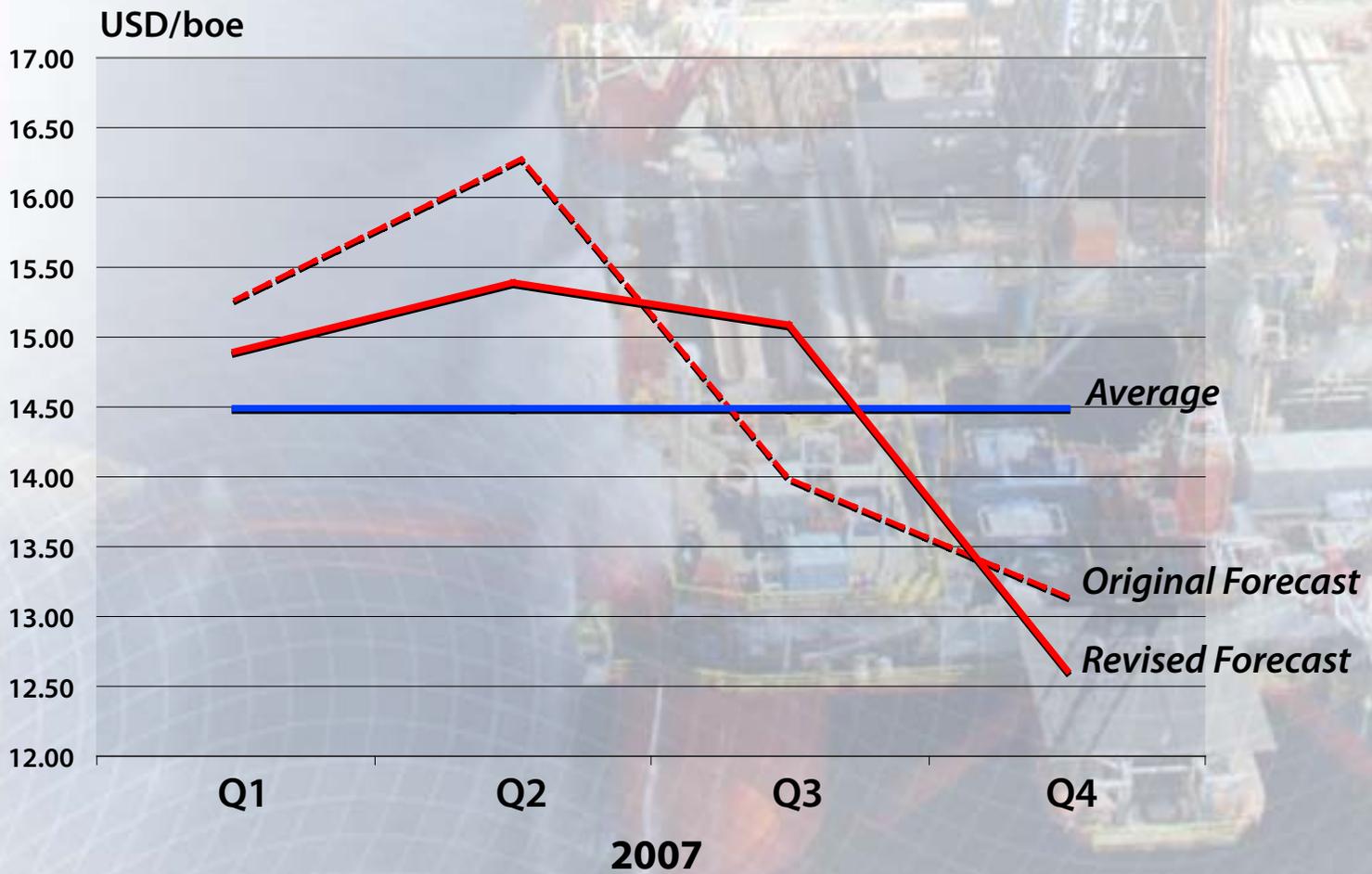


## Margin Netback USD/boe - First Quarter 2007



	First Quarter 2007 Actual (USD/boe)	Original 2007 Forecast (USD/boe)
Production (MMboe)	3.6	15.4
Brent oil price	57.75	55.00
Revenue	52.77	49.15
Cost of operations	-14.88	-14.55
Tariffs	-1.40	-1.60
Production & sales taxes	-3.65	-3.15
Stock movements	-1.00	-0.25
	31.84	29.60
Depletion	-11.80	-10.75
Write off	-1.43	-
<b>Margin Netback</b>	<b>18.61</b>	<b>18.85</b>

# Cost of Operations 2007



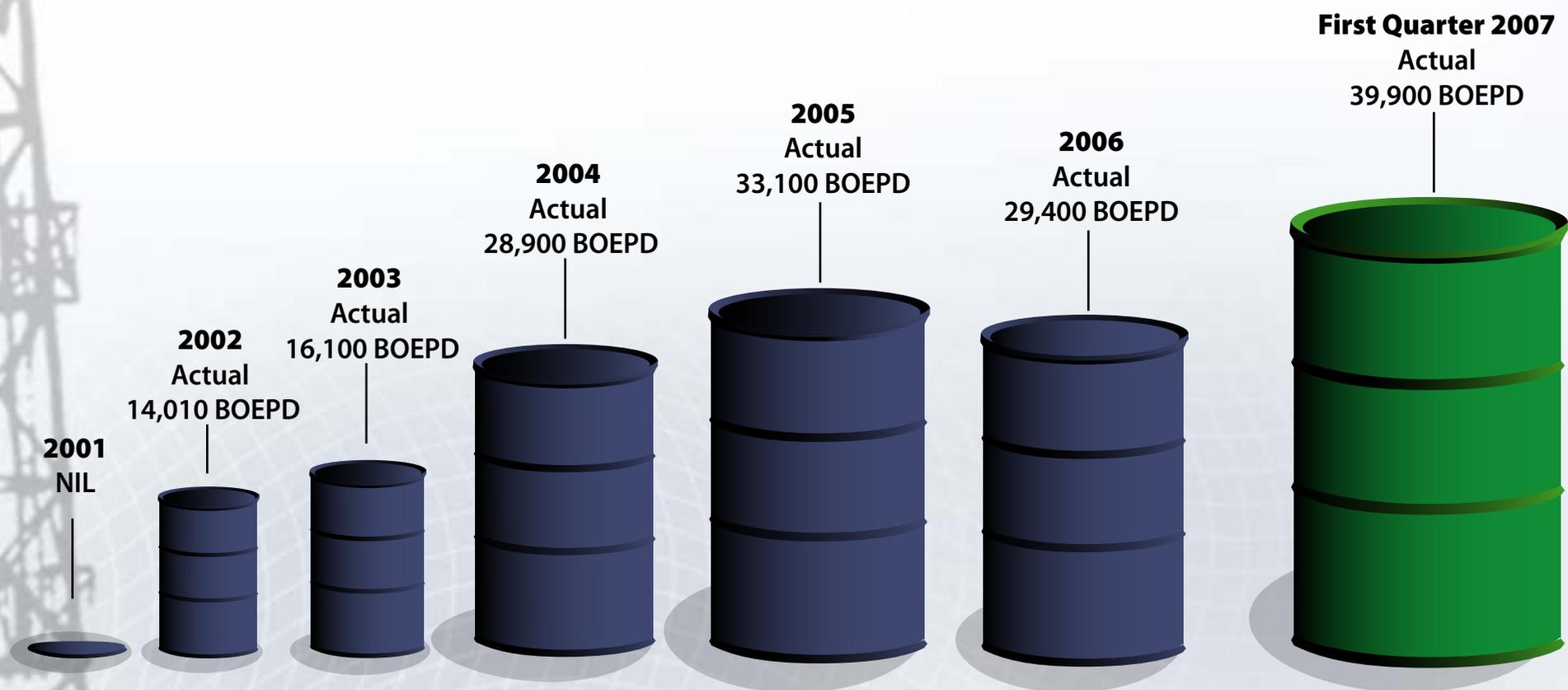
## Balance Sheet - 31 March 2007



	31 Mar 2007	31 Dec 2006
➔ Fixed Assets	17,298	16,188
➔ Net Current Assets (excluding cash)	19	(45)
➔ Net Bank Debt	1,645	1,094
➔ Shareholder Equity	11,054	10,568
➔ Net Debt/Equity Ratio	15%	10%

*numbers in million SEK*

# Production History



## Production

- Above forecast
- Outperformance in Oudna, Tunisia and Broom, United Kingdom
- Underperformance in Aquitaine Basin, France and Heather, United Kingdom

## Development

- Alvheim production delayed to third quarter 2007
- Volund development plan approval
- Singa, Indonesia gas sales agreement signed
- Villeperdue field development drilling successfully completed

## Exploration

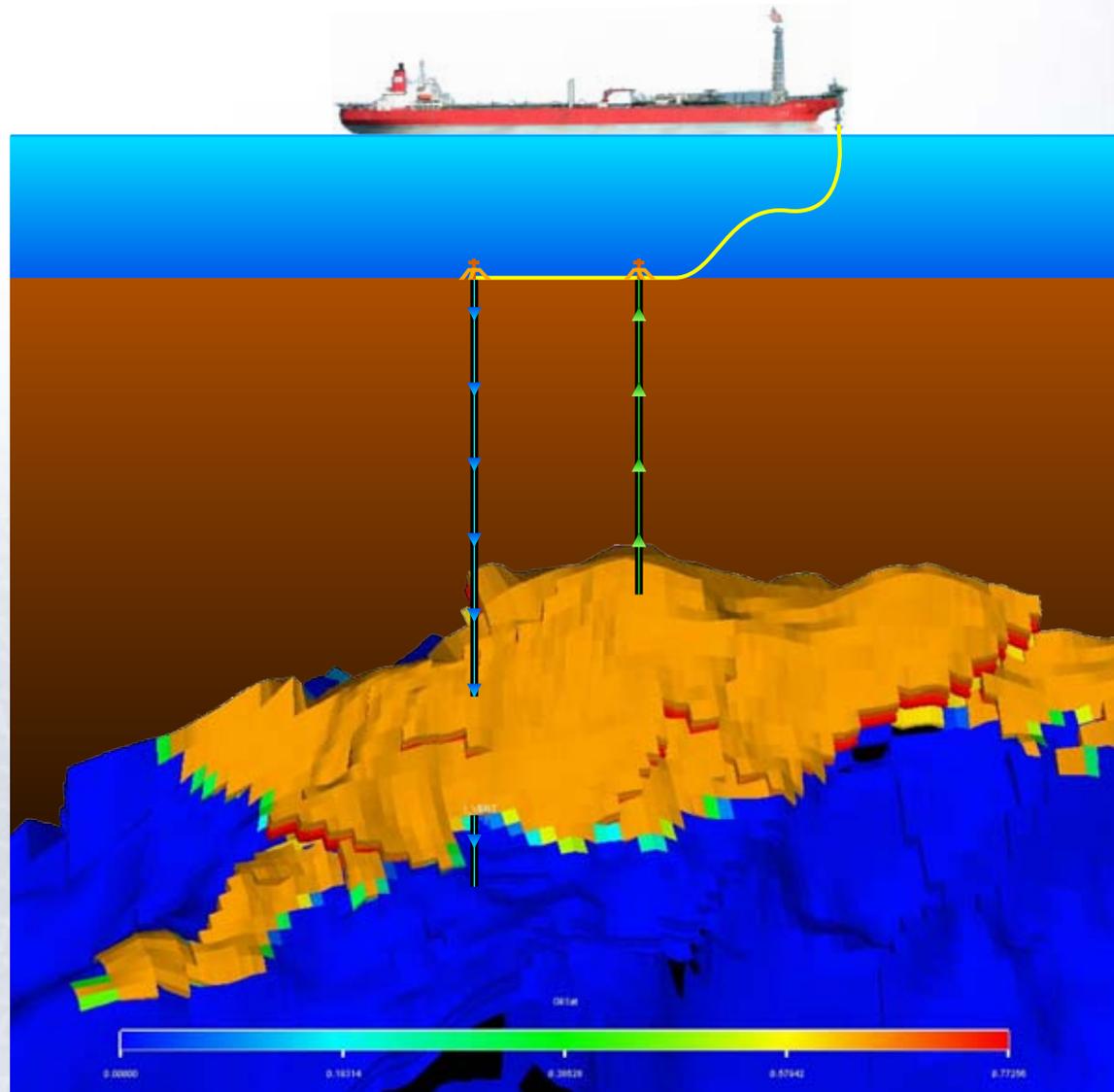
- P1089/P1295 well drilled in the United Kingdom - dry hole
- Tengis well in Blora concession in Indonesia spudded - May 2007
- Preparations for Norway, Russia and Sudan exploration programmes ongoing

**Rationale for the proposed transaction was to:**

- **Crystallise the value of the North Sea business with its substantial resources base and exciting organic growth potential**
- **The transaction was withdrawn due to an inability to realise our perceived value**
- **Lundin Petroleum will now continue to invest in its North Sea assets to realise maximum value to its shareholders**

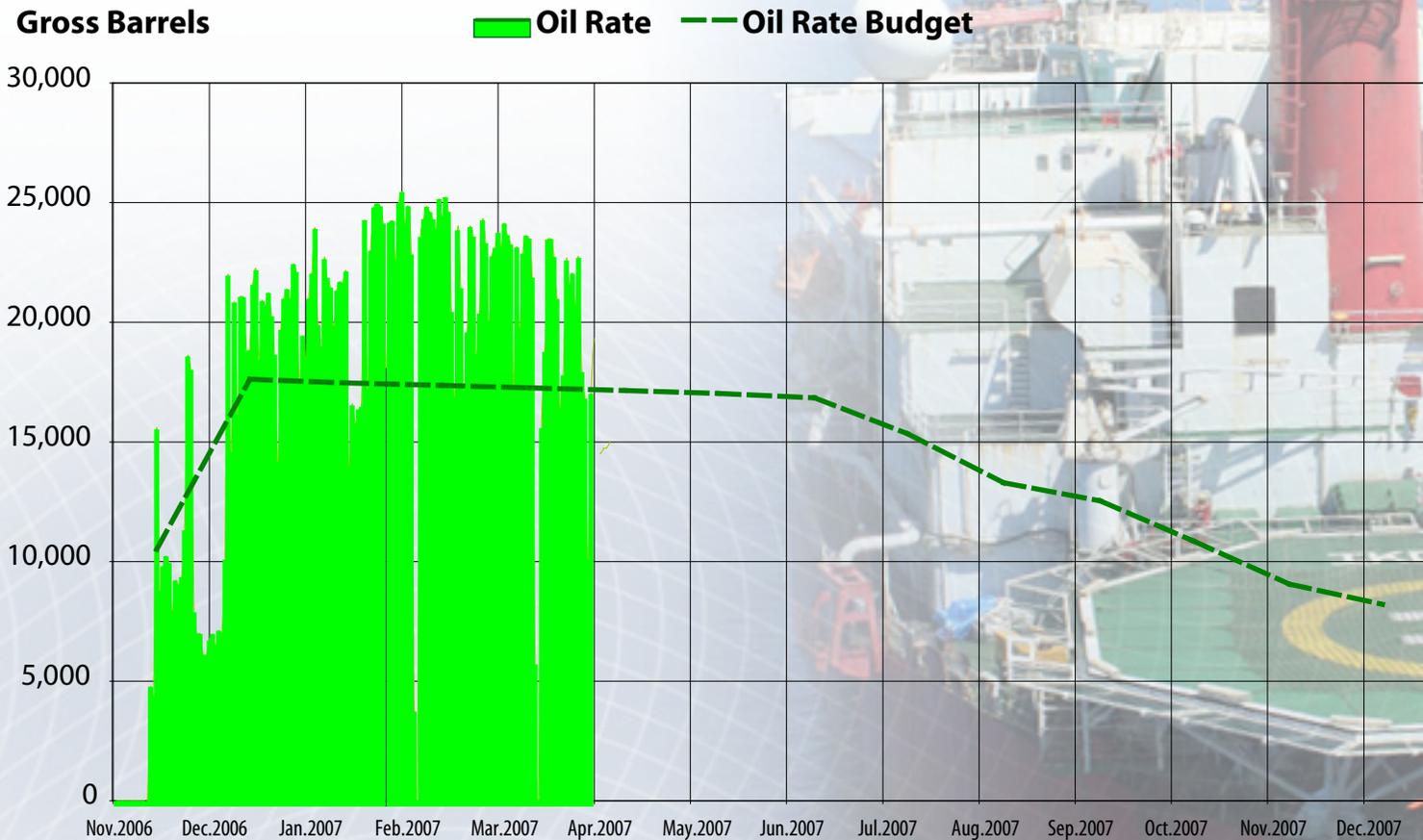
## Oudna field, Tunisia

- Lundin Petroleum 40% (operator)  
Atlantis 40%  
ETAP 20% back-in right exercised  
13 March 2007
- Production forecast for 2007  
of >14,000 bopd (gross)



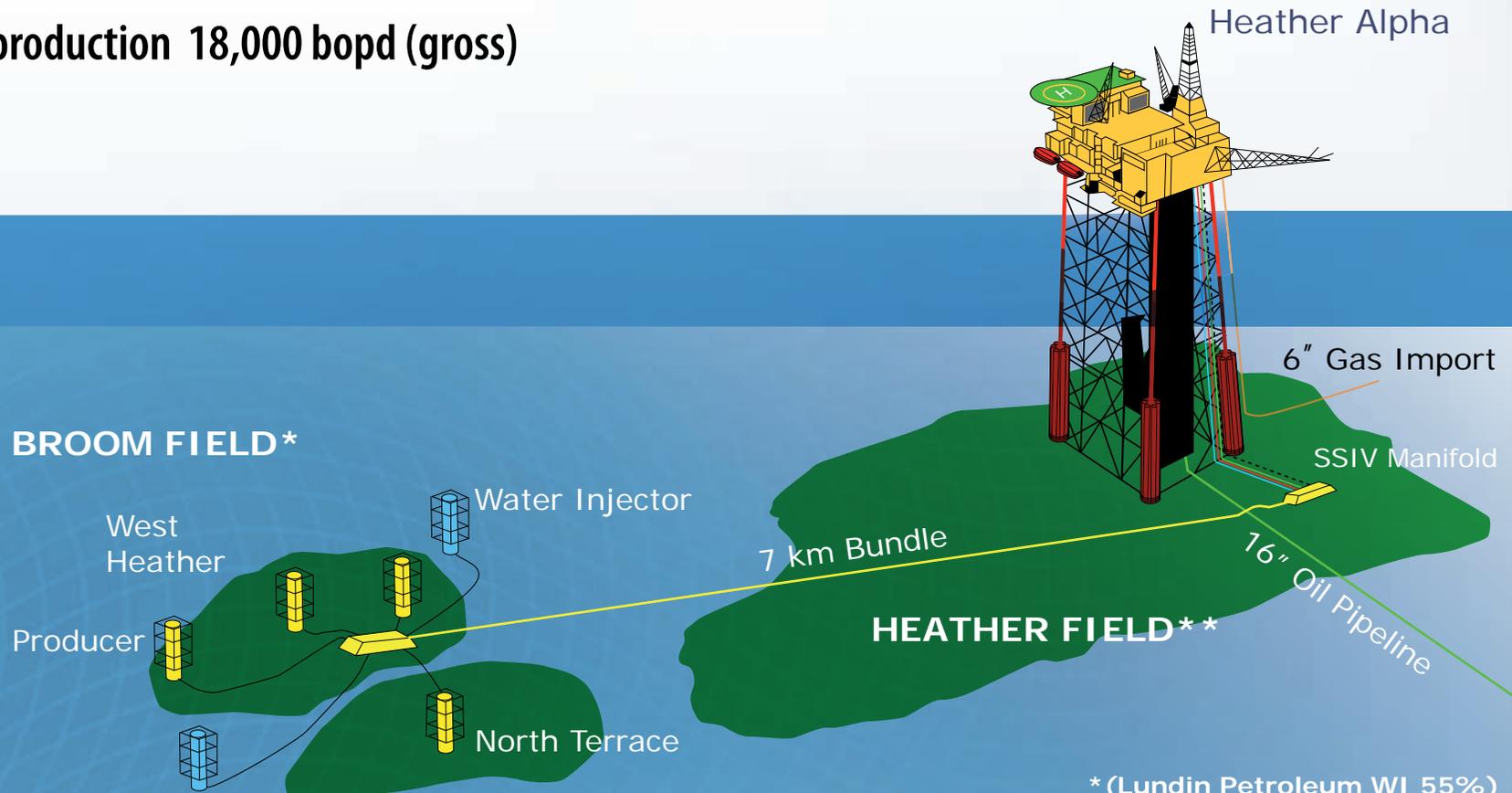
## Oudna field, Tunisia

- Average production for 2007 forecast at >14,000 bopd (gross)
- Average for first quarter 2007: 21,000 bopd (gross)



## Broom field, United Kingdom

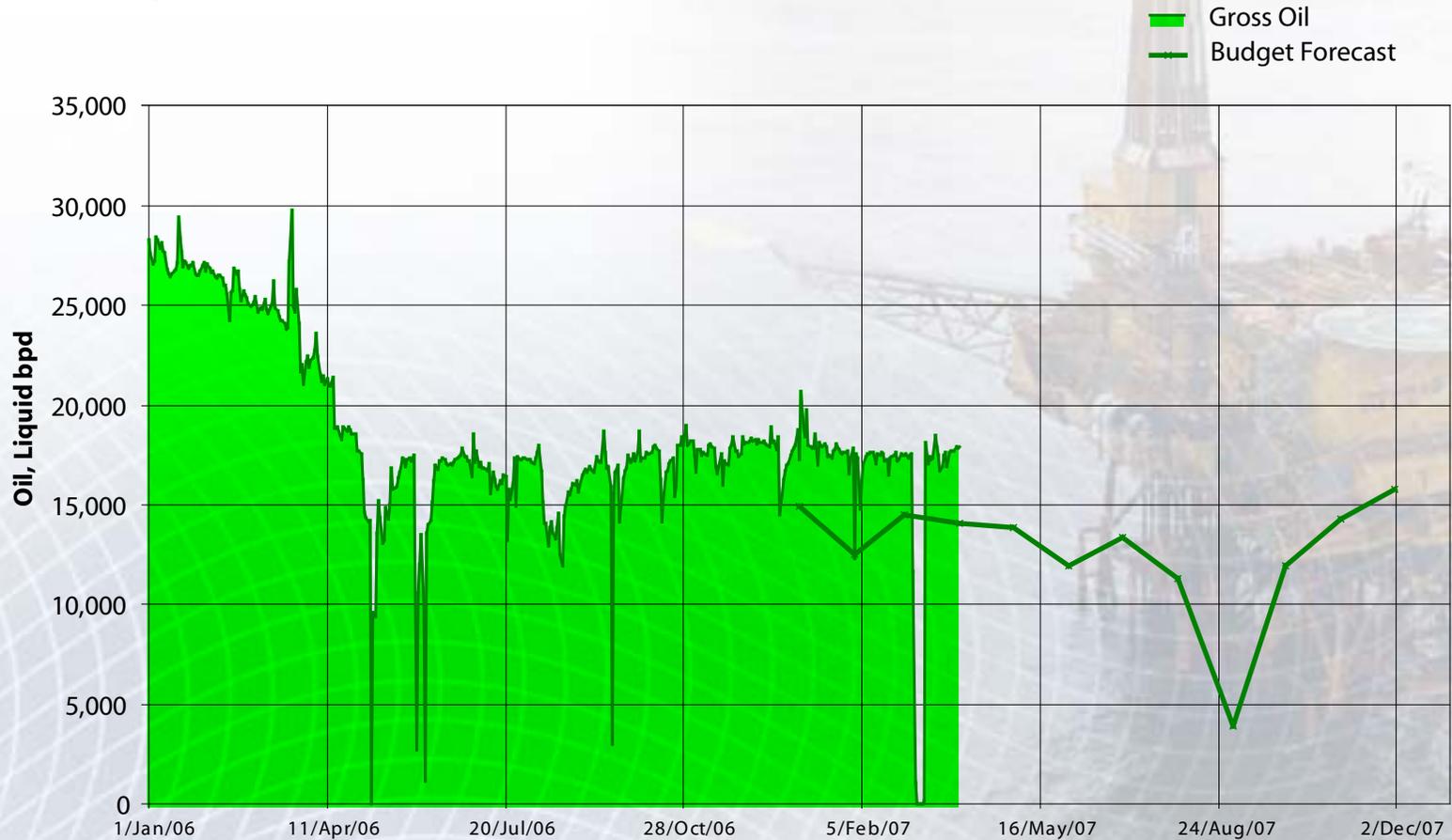
- ➔ First oil August 2004
- ➔ Remaining reserves 34 MMbbls
- ➔ Current production 18,000 bopd (gross)



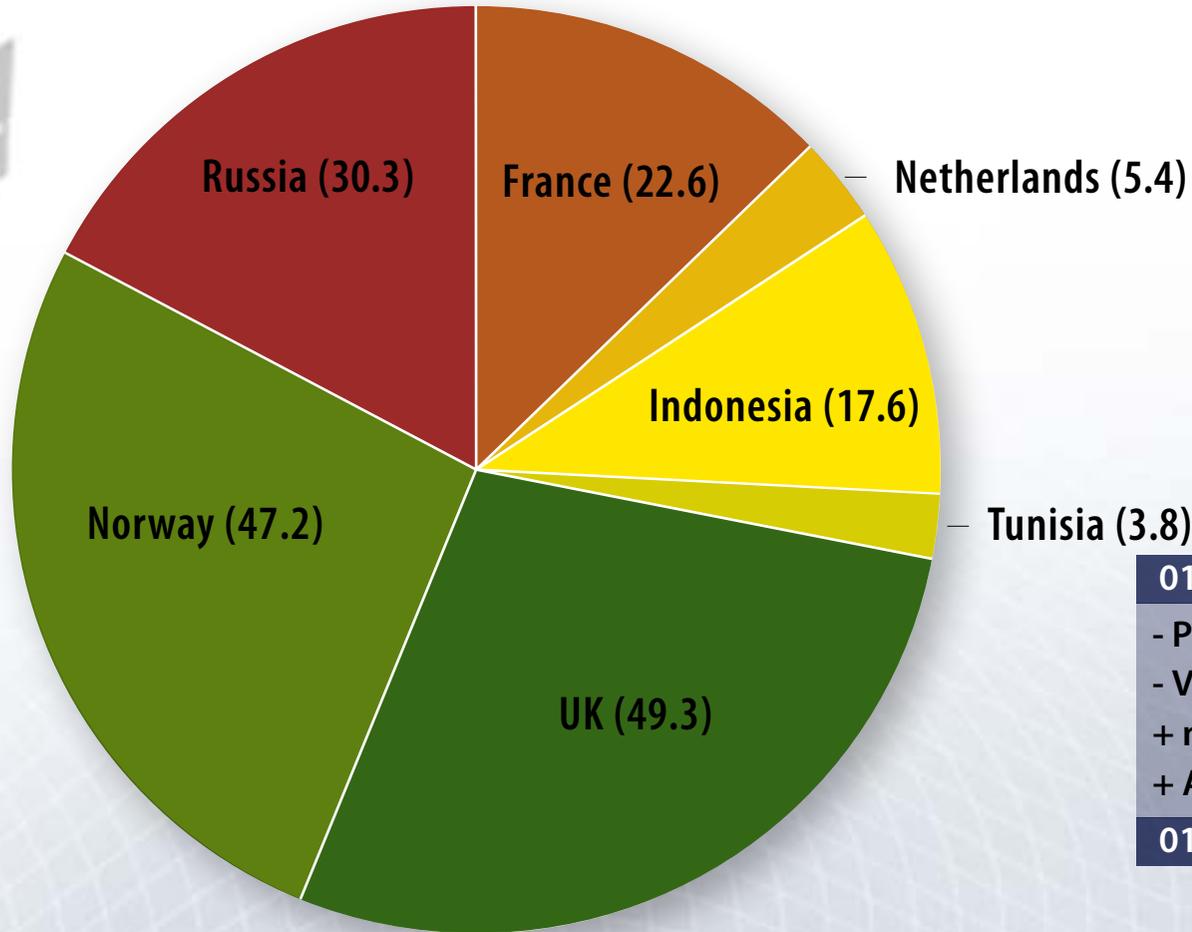
\* (Lundin Petroleum WI 55%)  
\*\* (Lundin Petroleum WI 100%)

## Broom field, United Kingdom

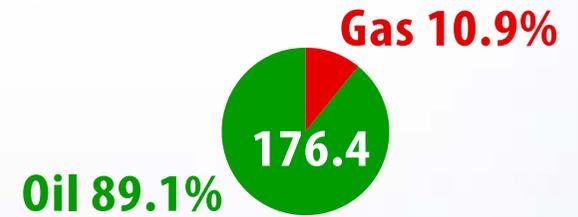
- Production recovery from 2Q 2006
- Oil production ahead of forecast



# 2007 Proven & Probable Reserves



**Total 176.4 MMboe**



	mmboe
01.01.2006	146.1
- Produced (excl Russia)	-9.8
- Venezuela Mixed Enterprise	-4.4
+ new reserves (excl Acquisitions)	12.0
+ Acquisitions	32.5
01.01.2007	176.4



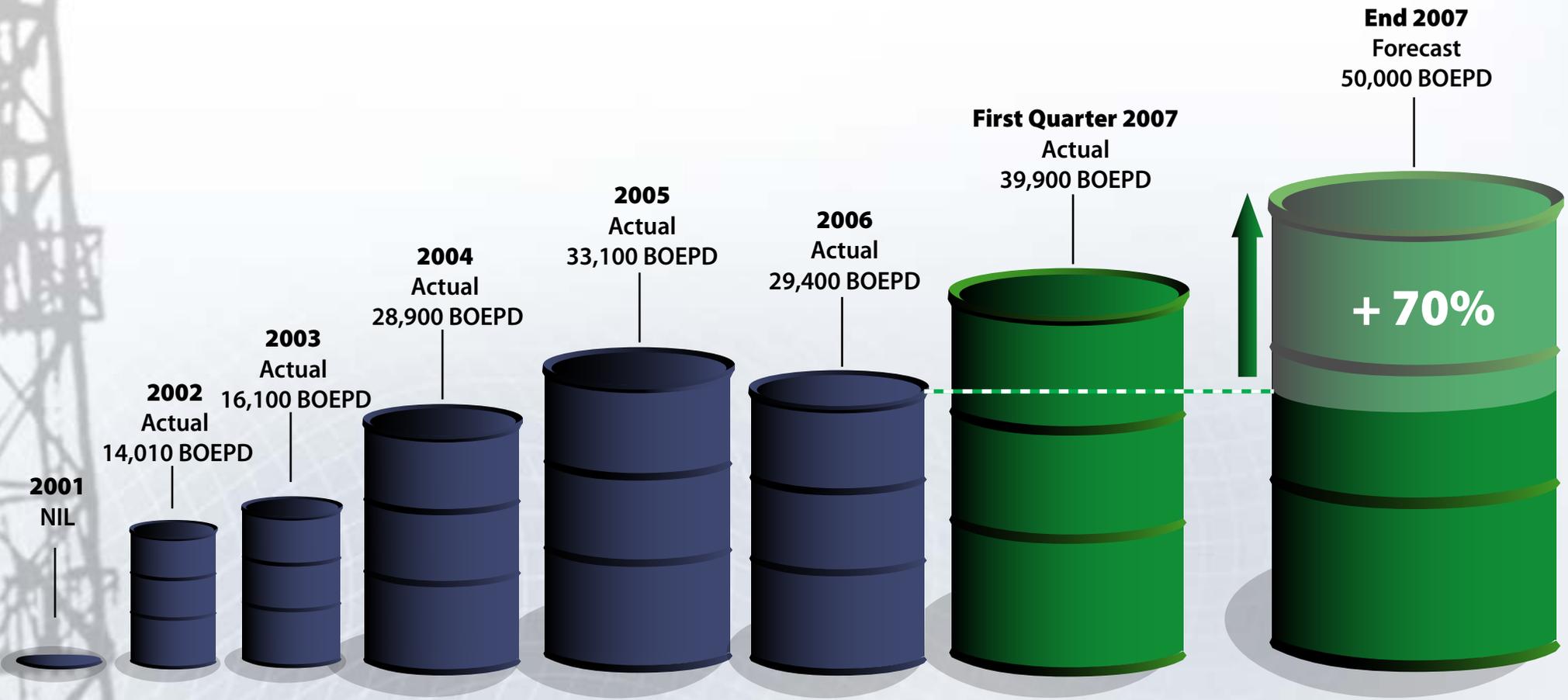
**Increase in Reserves 29%**

**Reserves Replacement Ratio 122%**

# Production Development



**Production Increase  
70%**





## Development

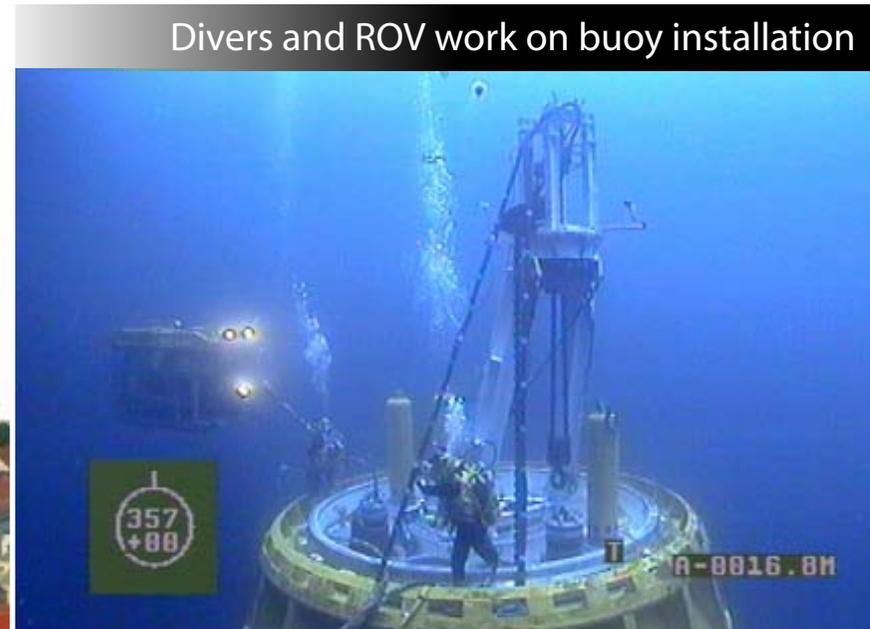
- **Norway** - Alvheim field, onstream 2007  
- Volund field, onstream 2009
- **UK** - Broom field, infill drilling  
- Heather field, infill drilling  
- Thistle field, redevelopment
- **Russia** - Ashirovskoye field, Orenburg  
- Sotchemyu-Talyu field, Komi Republic
- **France** - Villeperdue field, infill drilling
- **Indonesia** - Singa field development, onstream 2009

Ongoing development drilling

## Alvheim Status

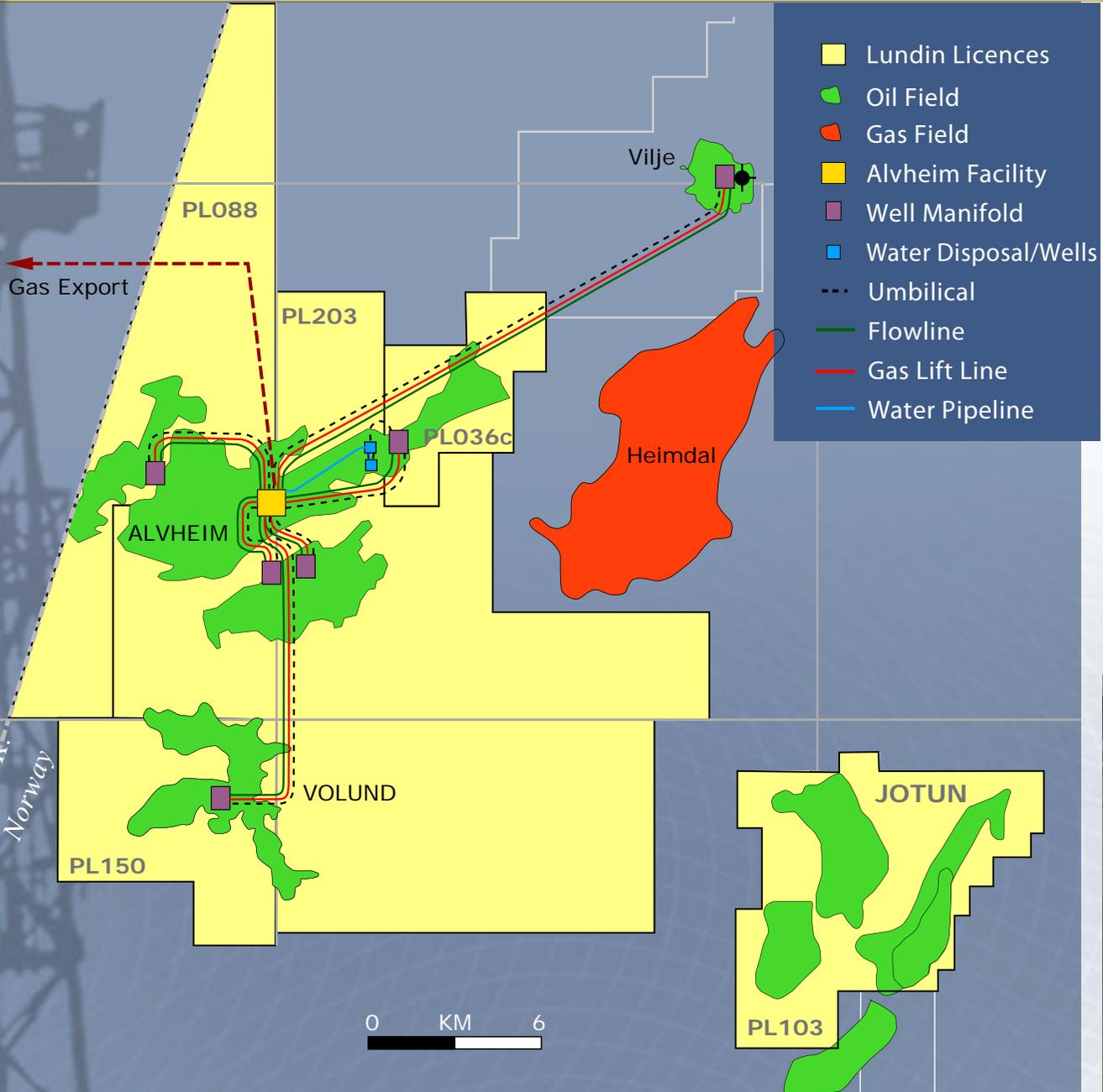


- ➔ Development drilling - good results
- ➔ Topsides installation - delays
- ➔ Subsea installation completed
- ➔ Buoy installed offshore and ready for hook up into turret



Alvheim FPSO topsides installation in Norway

# Norway - Volund Development



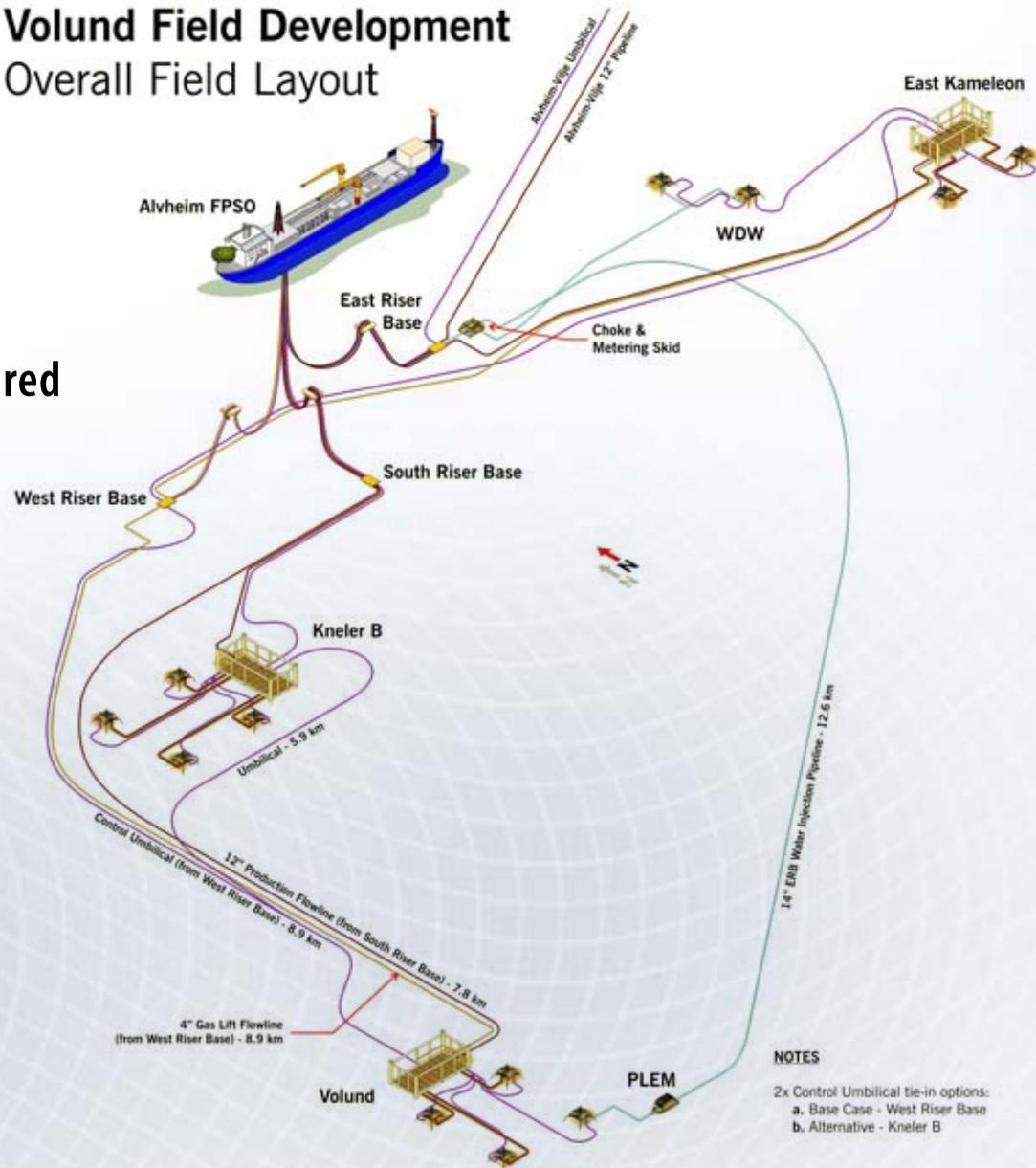
## ➔ Volund (35%)

- ➔ Operator - Marathon
- ➔ 2P reserves 48.6 MMboe gross
- ➔ Exploration discovery in 2004
- ➔ Plan of development approved in 2007
- ➔ Development tie-back to Alvheim
- ➔ First production 23,000 bopd gross in 2009

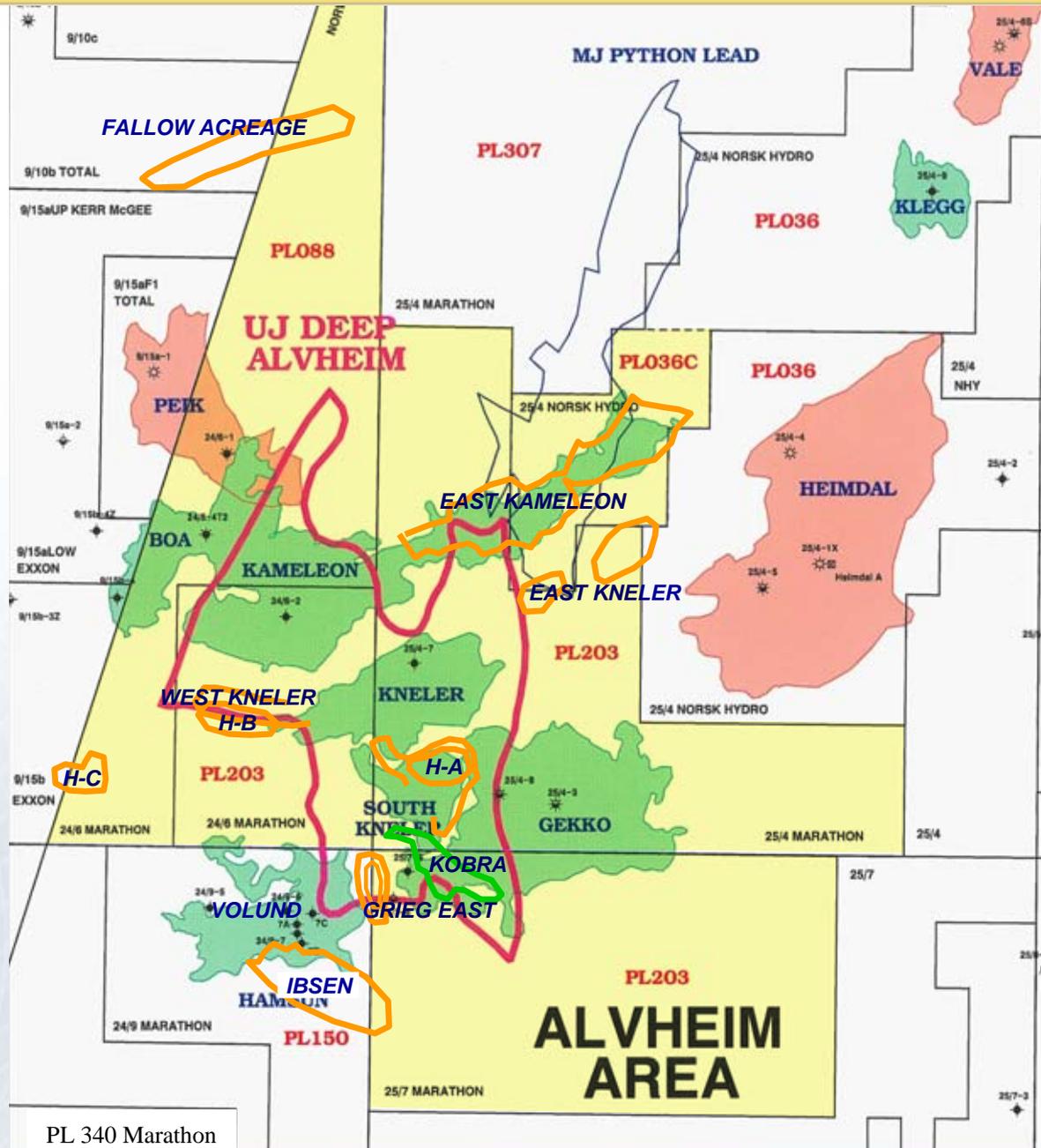


- Estimated Capex NOK 2.8 billion gross (USD 9 per barrel)
- Contracts awarded and drilling rig secured
- Subsea development
  - ➔ 4 slot manifold same as Alvheim
  - ➔ 3 oil producers
  - ➔ Water injection
  - ➔ 1 production riser
  - ➔ Some topside installation

## Volund Field Development Overall Field Layout



# Greater Alvheim Area - Upside Potential



## ➤ 2P Reserves

- ➔ Alvheim Field (15%) 28.5 MMboe:  
Boa, Kameleon, Kneler
- ➔ Volund Field (35%) 17 MMboe

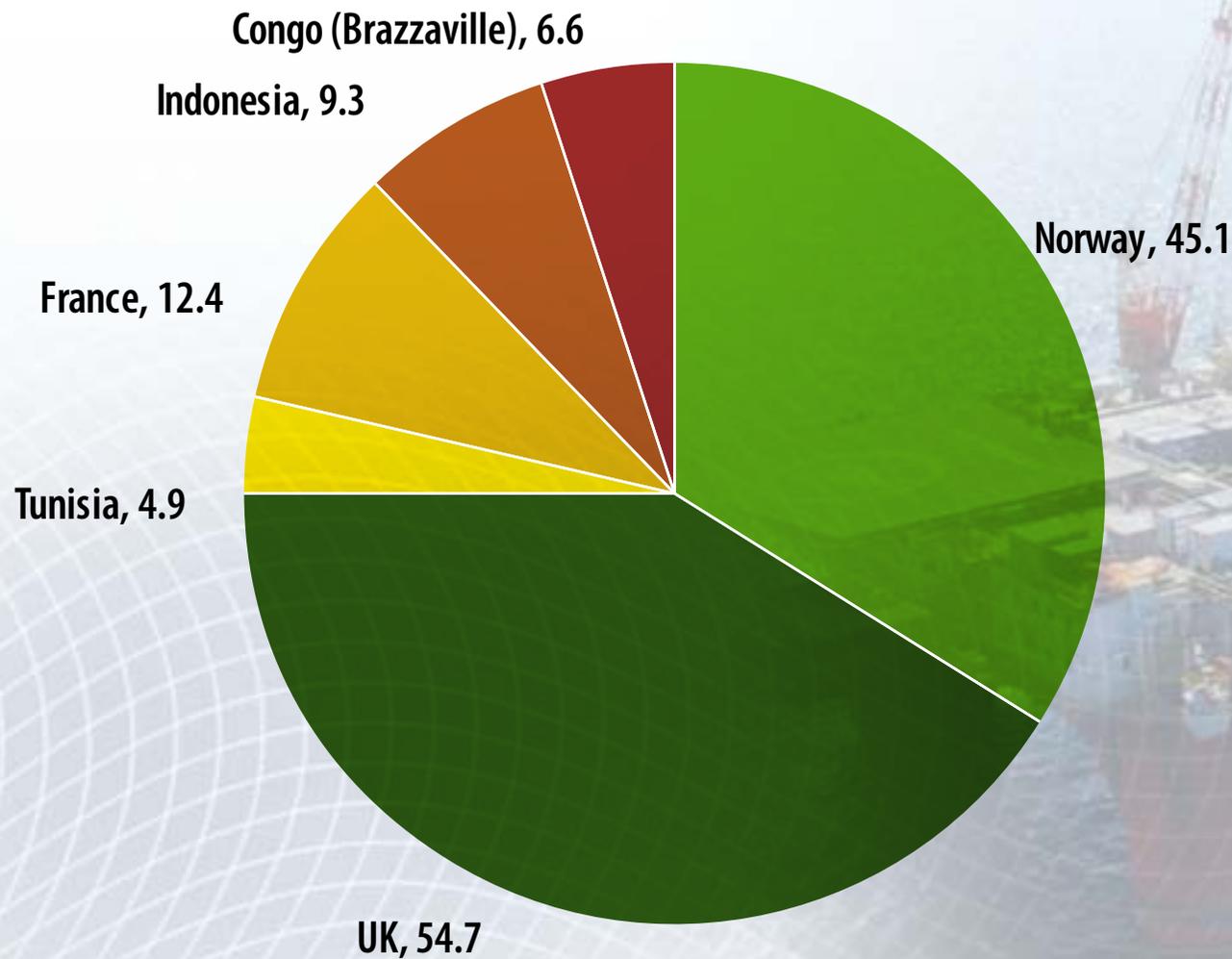
## ➤ Contingent Resources 6.9 MMboe:

- ➔ East Kameleon branch wells (15%)
- ➔ Gekko (15%)
- ➔ Kobra (15%)
- ➔ PL340 (15%)

## ➤ Prospective Resources Unrisked 67.2 MMboe:

- ➔ South Kneler
- ➔ Alvheim Deep
- ➔ Hermod A
- ➔ East Kneler
- ➔ West Kneler + H-B
- ➔ Python
- ➔ Grieg East + Ibsen N (35%)
- ➔ Ibsen (35%)
- ➔ PL340 (15%)

**133 MMboe net Lundin Petroleum**



## Value Creation

- 409 MMboe produced – STOIP 846 MMboe
- No drilling since 1990
- No active reservoir management since 1990's
- Water injection critical
- Lundin Petroleum commitment to Thistle regeneration in May 2006
- Contingent Resources assumes 2.5% recovery increase from infill and workovers
  - ➔ Adds resources of 25.6 MMbbls with capex of USD 9.1/boe

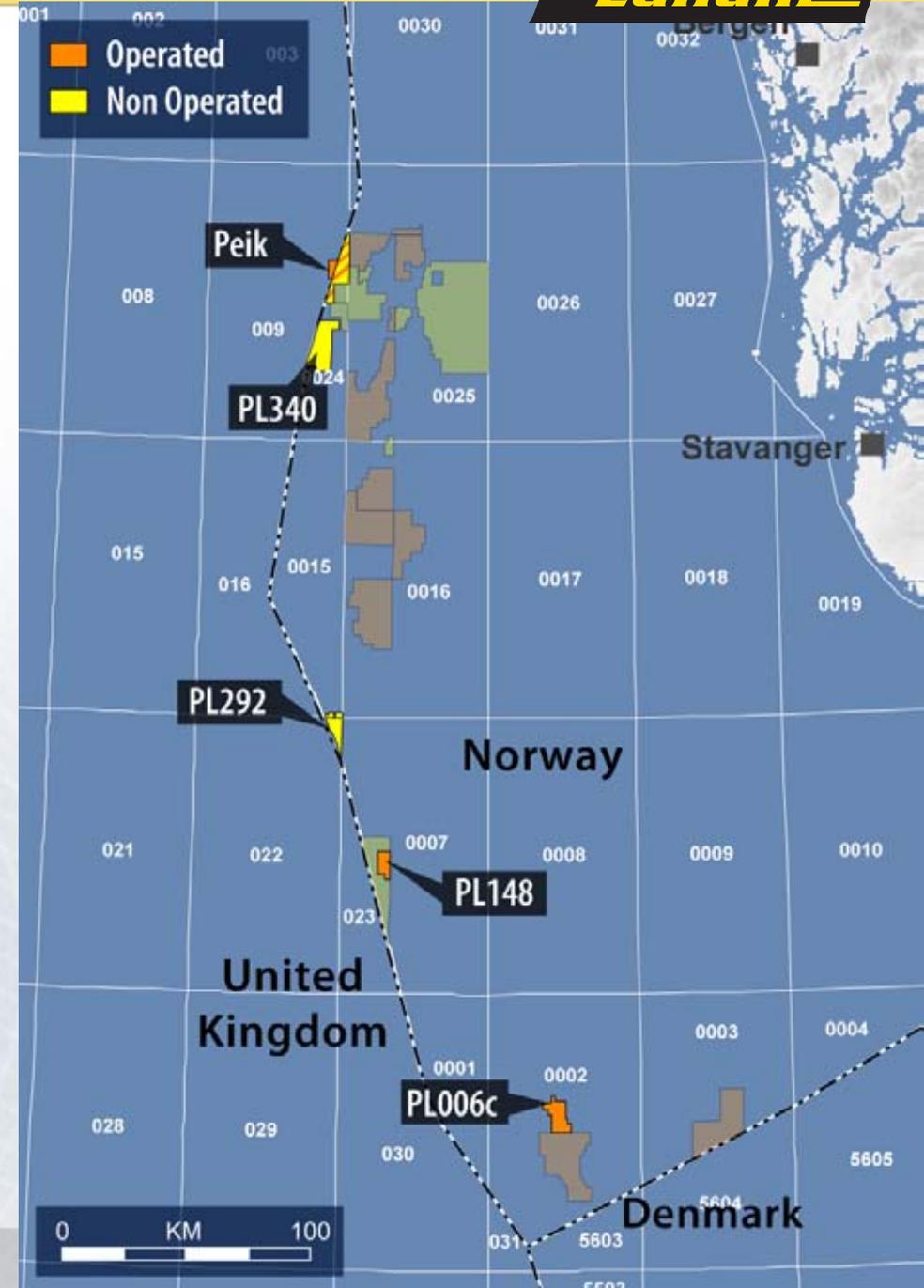
## Ongoing Projects

- 3D seismic
- Rig reactivation
- Direct oil export
- Process debottlenecking
- Potential third party business (combined potential resources of up to 100 MMboe)

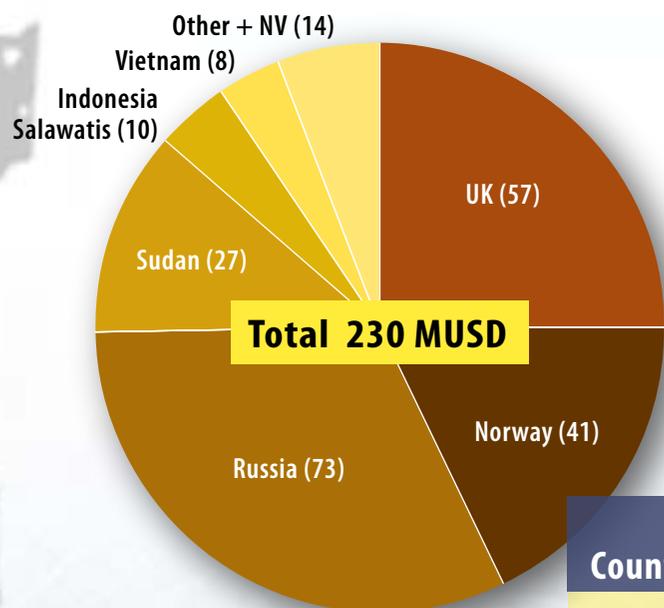
# Norwegian Undeveloped Discoveries



- **PL006c: South East tor**
  - ➔ 75% interest (operator)
  - ➔ gross resources: 22.5 mmboe
  
- **PL148 7/7-2: Nemo**
  - ➔ 50% interest (operator)
  - ➔ gross resources: 20.6 mmboe
  - ➔ Appraisal drilling in Q3 2007
  
- **PL292: Phi South**
  - ➔ 40% interest
  - ➔ gross resources: 10.9 mmboe
  
- **PL340**
  - ➔ 15% interest
  - ➔ gross resources: 11.0 mmboe
  
- **Peik (UK/NCS)**
  - ➔ 40% interest
  - ➔ gross resources: 27.0 mmboe



# USD 230 Million Exploration Work Programme - 2007



Country	Wells	Area	Unrisked Prospective Resource Potential MMboe Net Lundin
UK	5	PL1301, PL1129, PL1107/1109 PL1399, PL1089/1295	100
Norway	3	PL335, PL338, PL292	140
Russia	2	Lagansky	600
Sudan	3	Block 5B	500
Indonesia	6	Salawati Island/Basin 5 wells Blora Licence	30
	<b>19</b>		<b>~1.4 billion barrels</b>

# 2007 Exploration Drilling Activity Update



- ➔ 1.4 billion boe unrisked prospective resources targeted in 2007
- ➔ Exploration budget of USD 230 MM in 2007
  - ➔ Unrisked finding cost USD 0.16 /boe
  - ➔ Risked finding cost USD 0.58 /boe

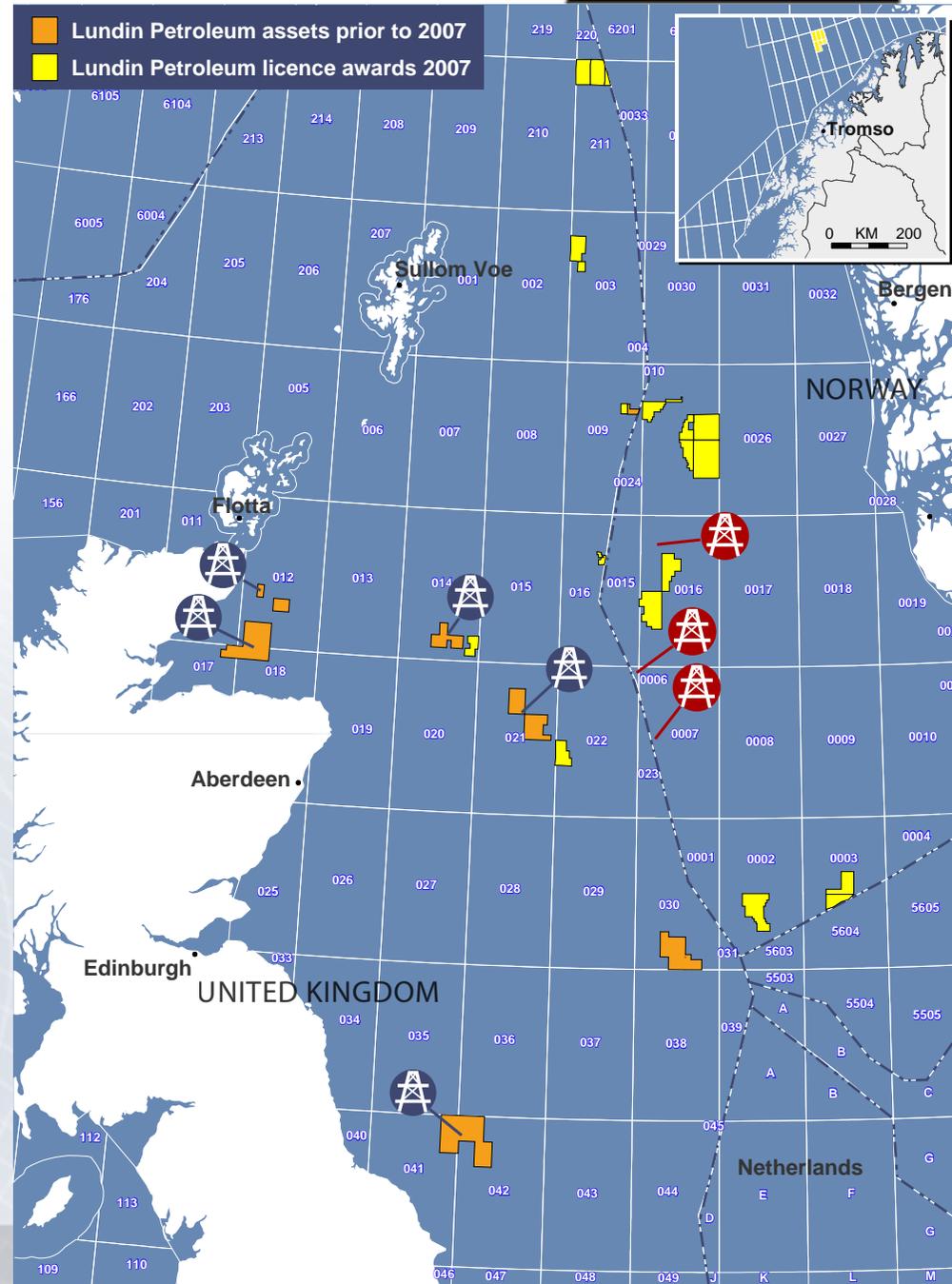
Country	Licence	Net Interest	Operator	Contracted Rig	Likely Drilling Schedule 2007			
					Q1	Q2	Q3	Q4
<b>Norway</b>	PL338	50%	Lundin	Bredford Dolphin			██████████	
	PL335	18%	BG	Maersk Giant			██████████	
	PL292	40%	BG	Maersk Giant				██████████
<b>UK</b>	P1399	15%	Endeavour	Galaxy II				Likely postponed to 2008 ▶
	P1129	25%	Lundin	Galaxy II			██████████	
	P1301	30%	Lundin	Galaxy II			██████████	
	P1109 & P1107	40%	Lundin	Galaxy II				██████████
	P1089 & P1295	10%	OilExCo	Sedco 712	██████████			
<b>Indonesia</b>	Salawati Basin	25.93%	PetroChina Int.	Land rig	██████████ 2 wells			██████████
	Salawati Island	14.51%	JOB Pertamina Petrochina	Land rig		██████████ 2 wells		
	Blora Licence	43.29%	Lundin	Land rig		██████████		
<b>Russia</b>	Lagansky	70%	Lundin	Land rig*			██████████	██████████
<b>Sudan</b>	Block 5B	24.5%	Petronas	Land rig**			██████████ 3 wells	

\* Jack up pontoon mounted    \*\* Modular floater mounted

# Lundin NCS and UKCS Licences (49)



- ➔ 8 wells in 2007
- ➔ Unrisked net reserve potential 237 MMboe
- ➔ Rigs secured
- ➔ North Sea exploration business managed from Norway



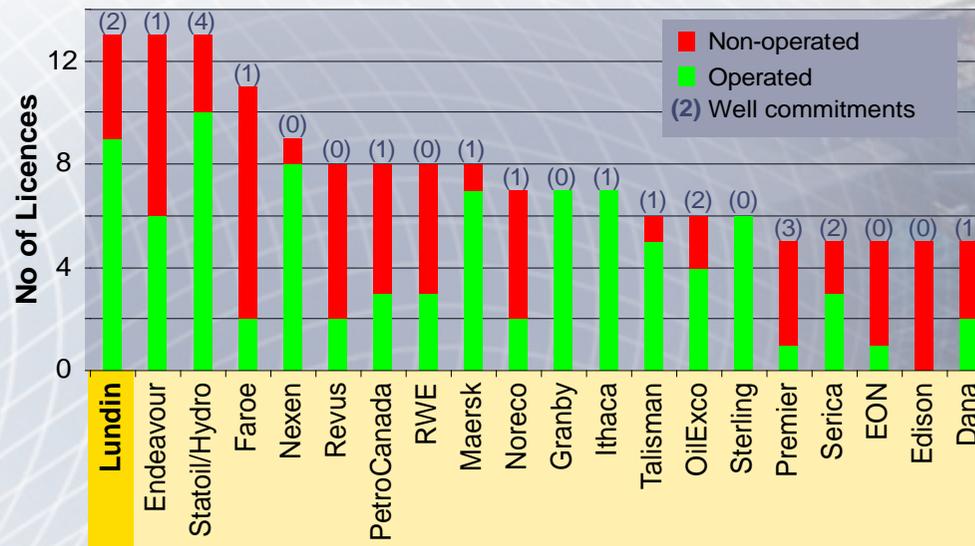
# APA 2006 and UK 24th Round Awards



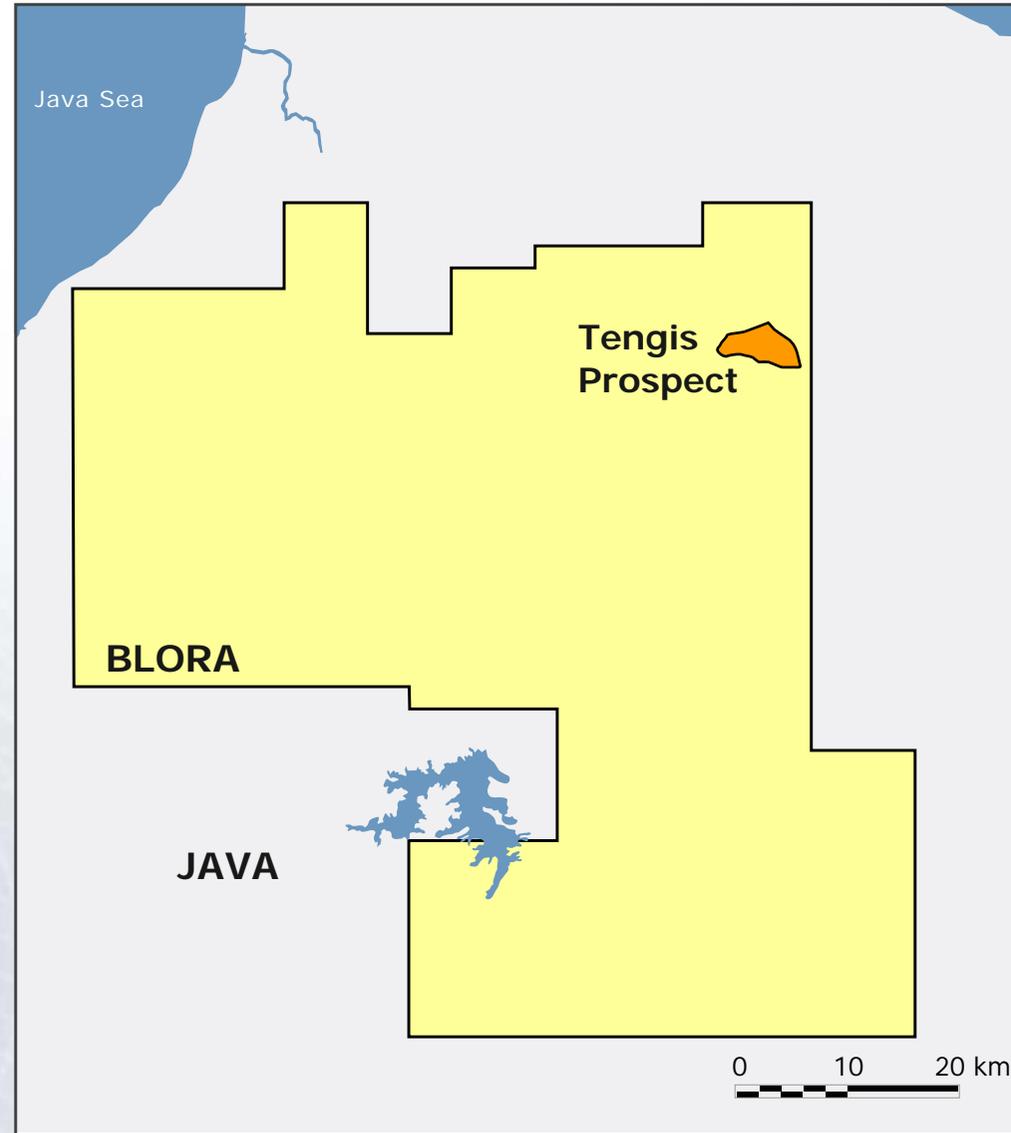
- ➔ Norway APA 2006 - 7 licences awarded
- ➔ UK 24th Round 2006 - 6 licences awarded
- ➔ Lundin Petroleum awards risked resource potential of 164 MMboe

	UK	Norway	
Prospects	29.3	64.1	
Leads	23.3	46.9	
<b>Total</b>	<b>52.6</b>	<b>111.0</b>	<b>163.6</b>

## ➔ Awards from APA 2006 & UK 24th Rounds



# Indonesia - Tengis Exploration Well

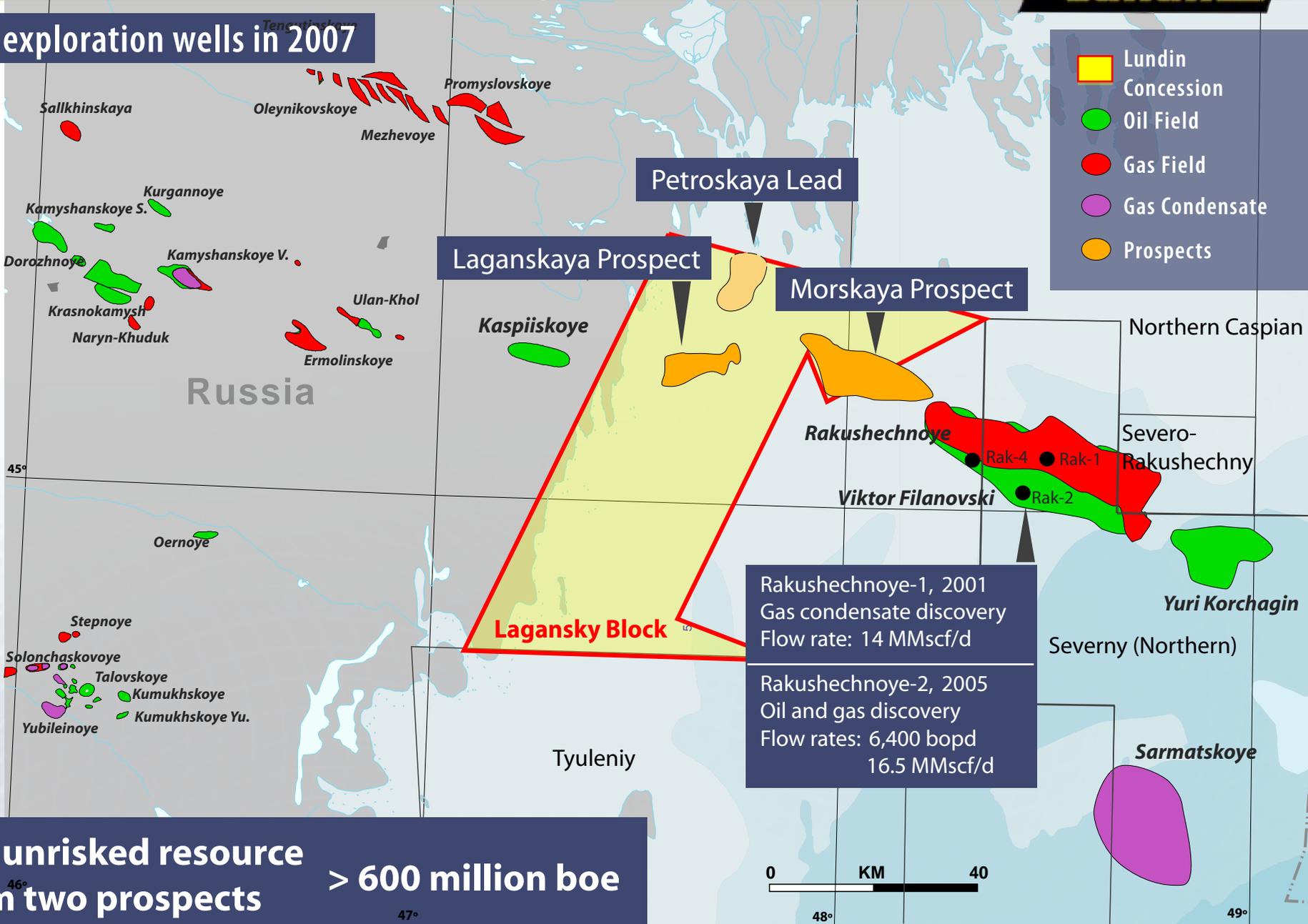


- ➔ **Tengis-1 exploration well on the Blora PSC Central Java**
- ➔ 43% working interest and operator
- ➔ Target depth 2,700 metres
- ➔ Drilling rig Apex Indo Rig No. 8
- ➔ Reservoir target - Oligocene sandstone
- ➔ Gross unrisks resource potential of 50 MMboe

# Russia Exploration - Lagansky Block



➔ 2 exploration wells in 2007



Rakushechnoye-1, 2001  
Gas condensate discovery  
Flow rate: 14 MMscf/d

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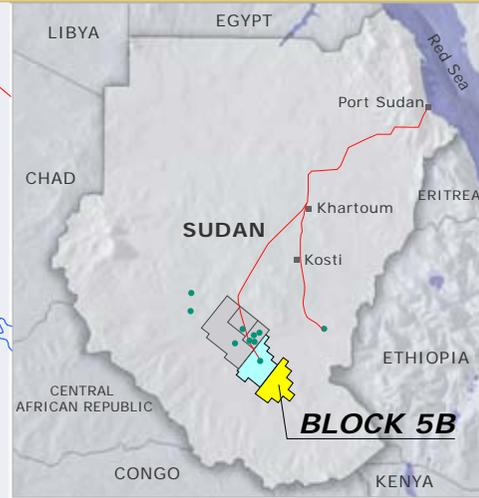
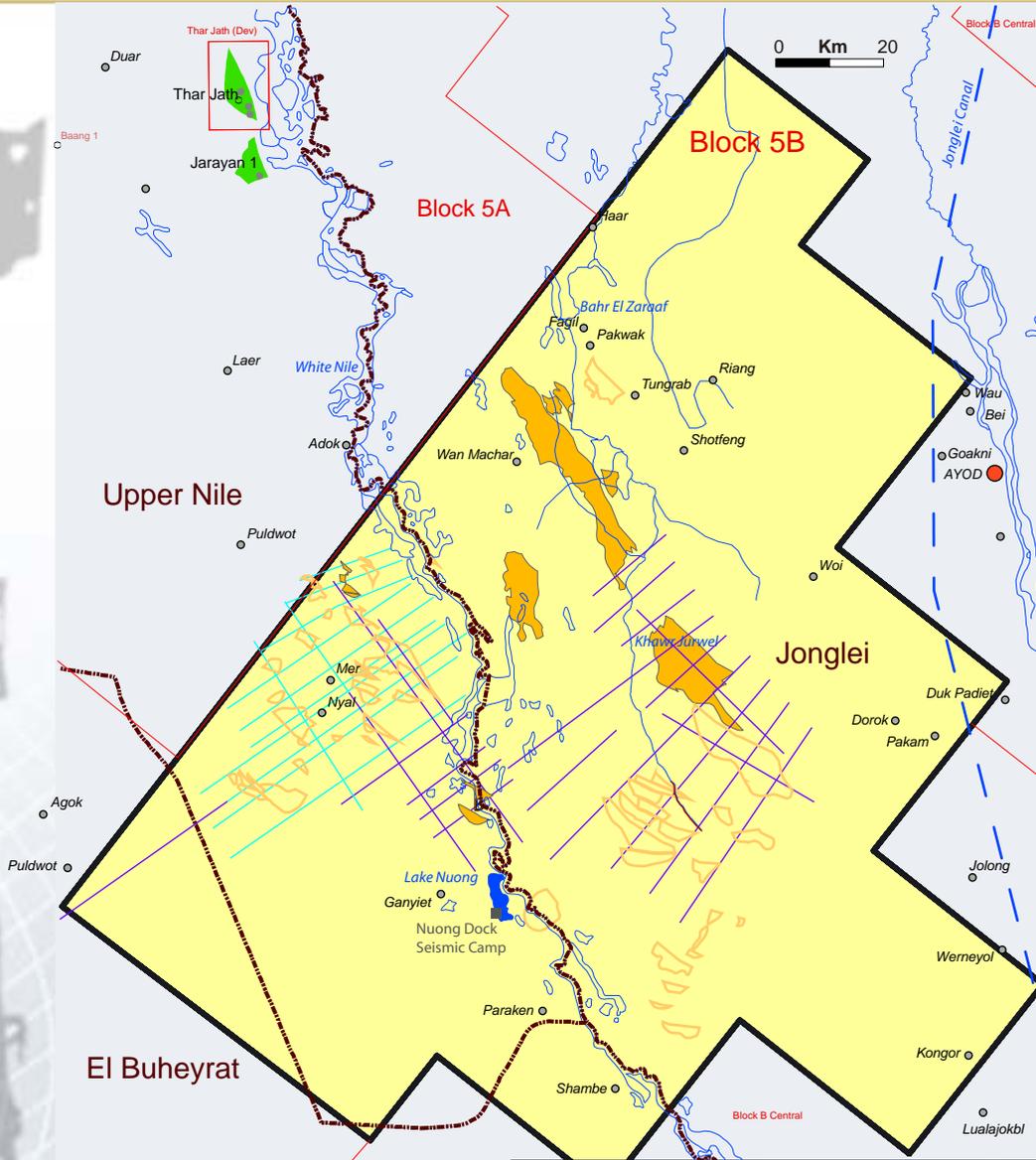
Rakushechnoye-2, 2005  
Oil and gas discovery  
Flow rates: 6,400 bopd  
16.5 MMscf/d

**Net unrisked resource from two prospects > 600 million boe**

# Russia - Lagansky Block



# Sudan - Block 5B



- ➔ 1500 km 2D seismic survey programme  
Over 900 km of seismic acquired since 2006
- ➔ 3 exploration wells in 2007

Partners	5B interest	
Lundin Petroleum	24.5%	} Joint operators (WNPOC)
Petronas Carigali	39.0%	
Sudapet	13.0%	
ONGC Videsh Ltd	23.5%	

**Net unrisks resource from three prospects > 500 million boe**

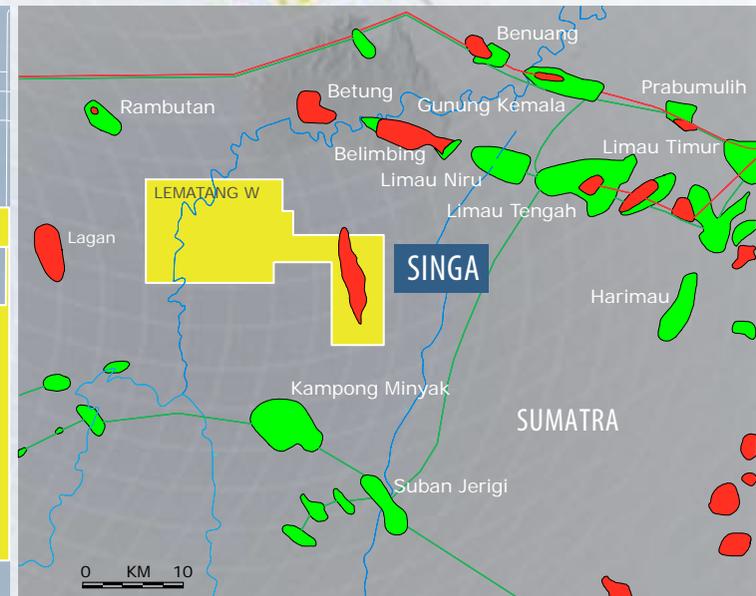
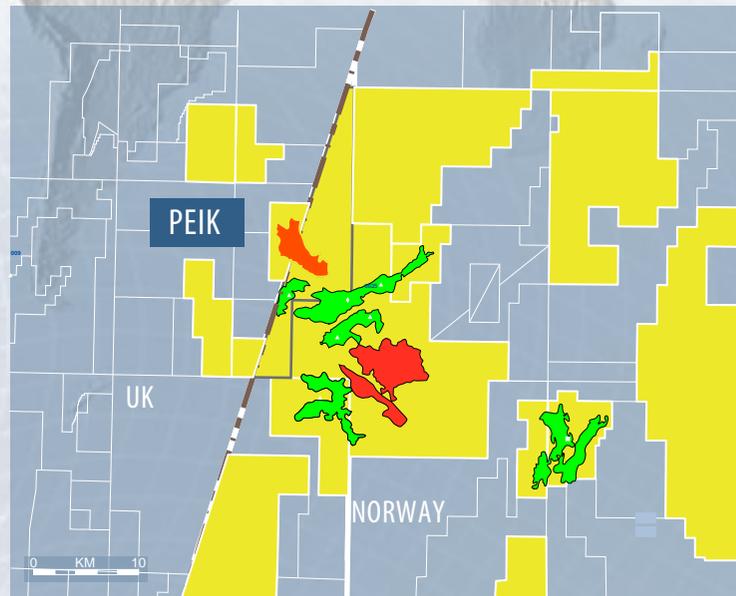
# Sudan - Block 5B



# Assets Acquired – First Quarter 2007



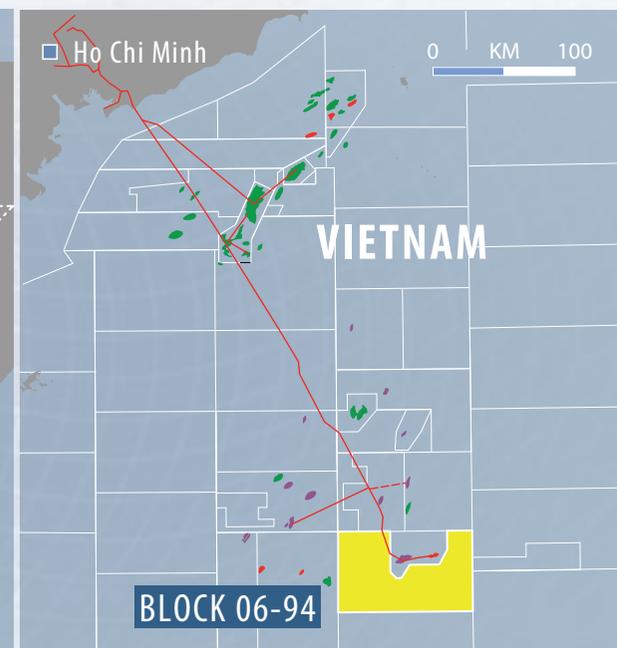
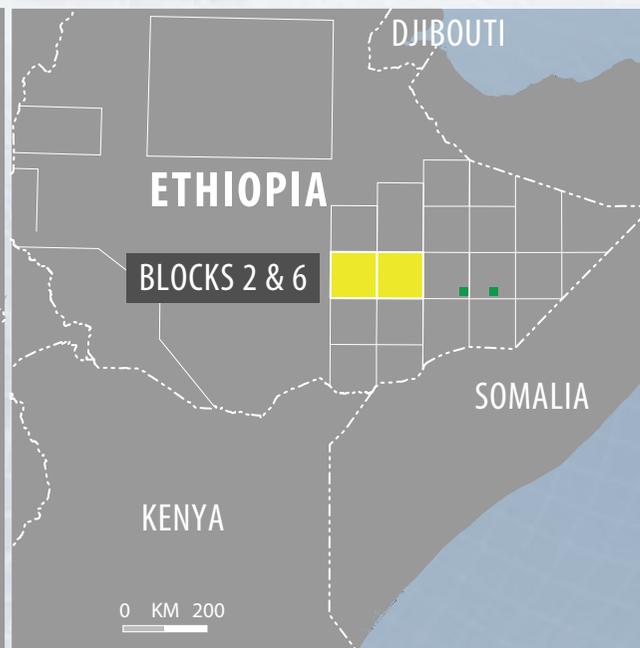
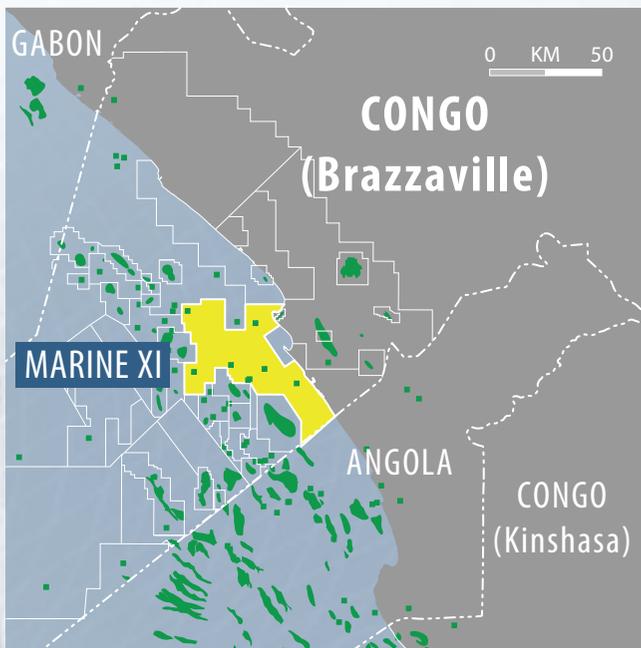
- Singa gas field – Indonesia
  - 10% additional working interest
  - total working interest 25.88%
- Peik gas/condensate field – UK/Norway
  - 50% working interest in Norway
  - 33.33% working interest in United Kingdom



# 2007 New Ventures



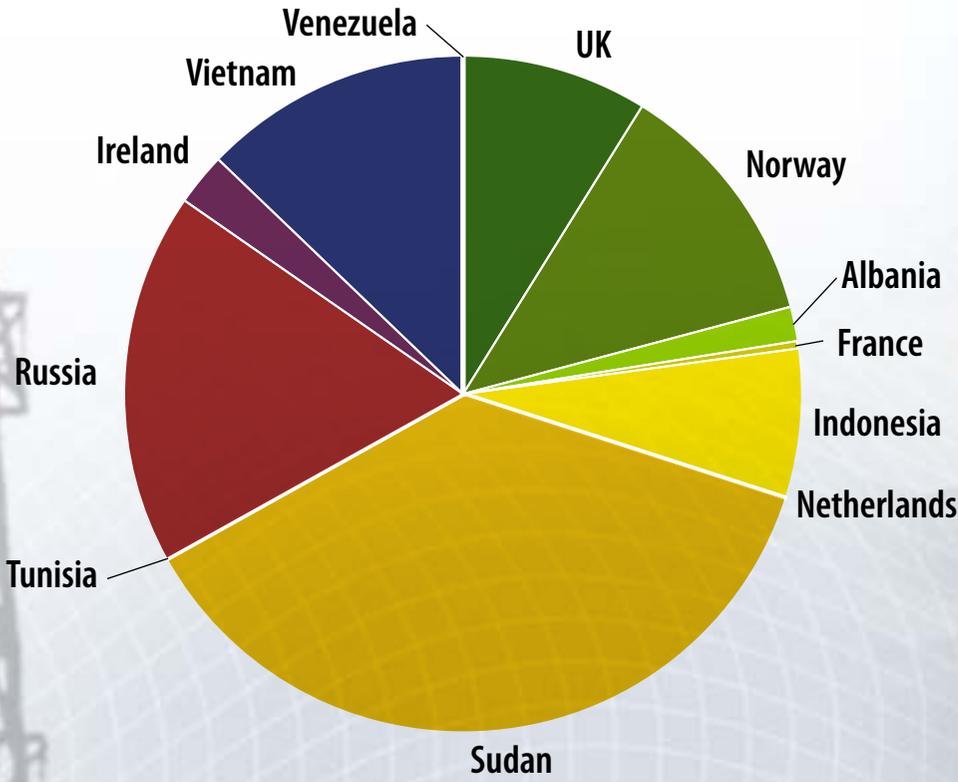
➔ Signed 3 PSC in First Quarter 2007



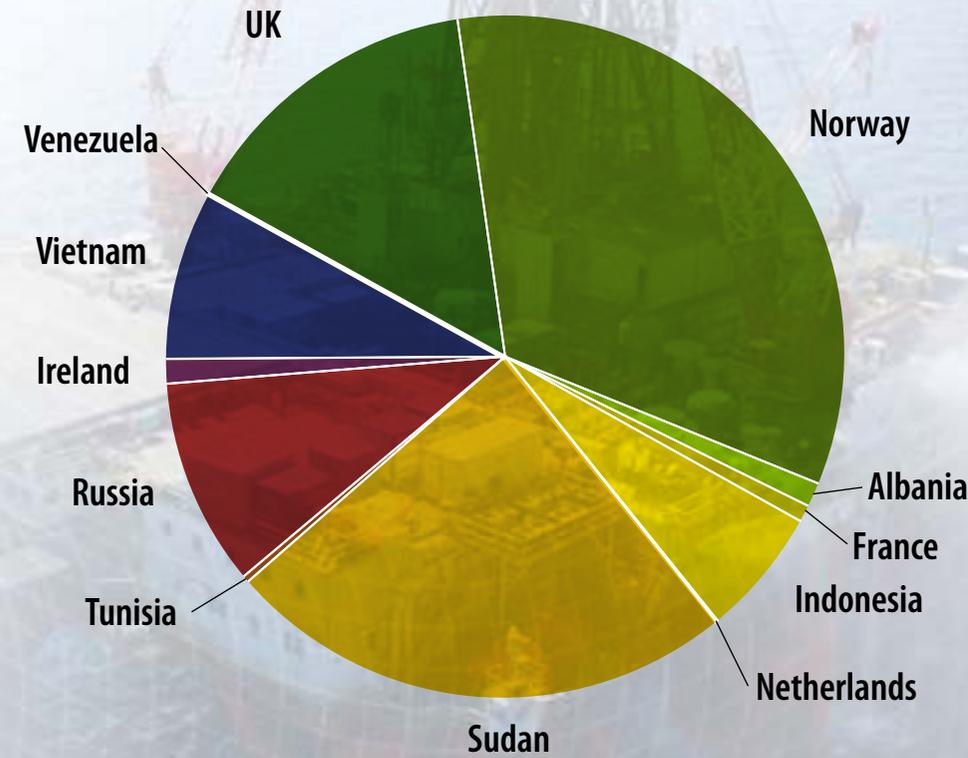
# Prospective Resources - Net Unrisked Resources



2006 Prospective Resources - 3.4 bn boe net unrisked

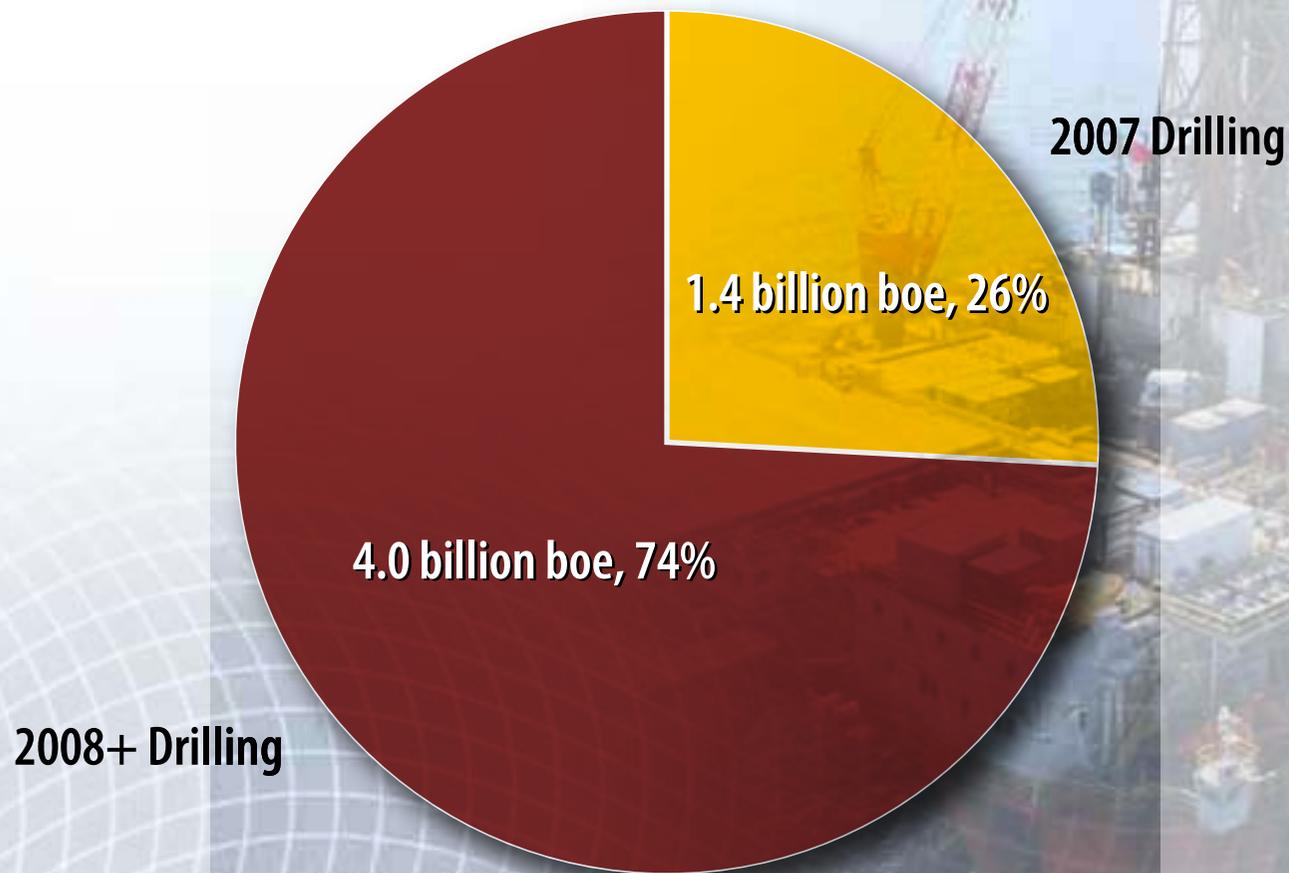


2007 Prospective Resources - 5.4 bn boe net unrisked



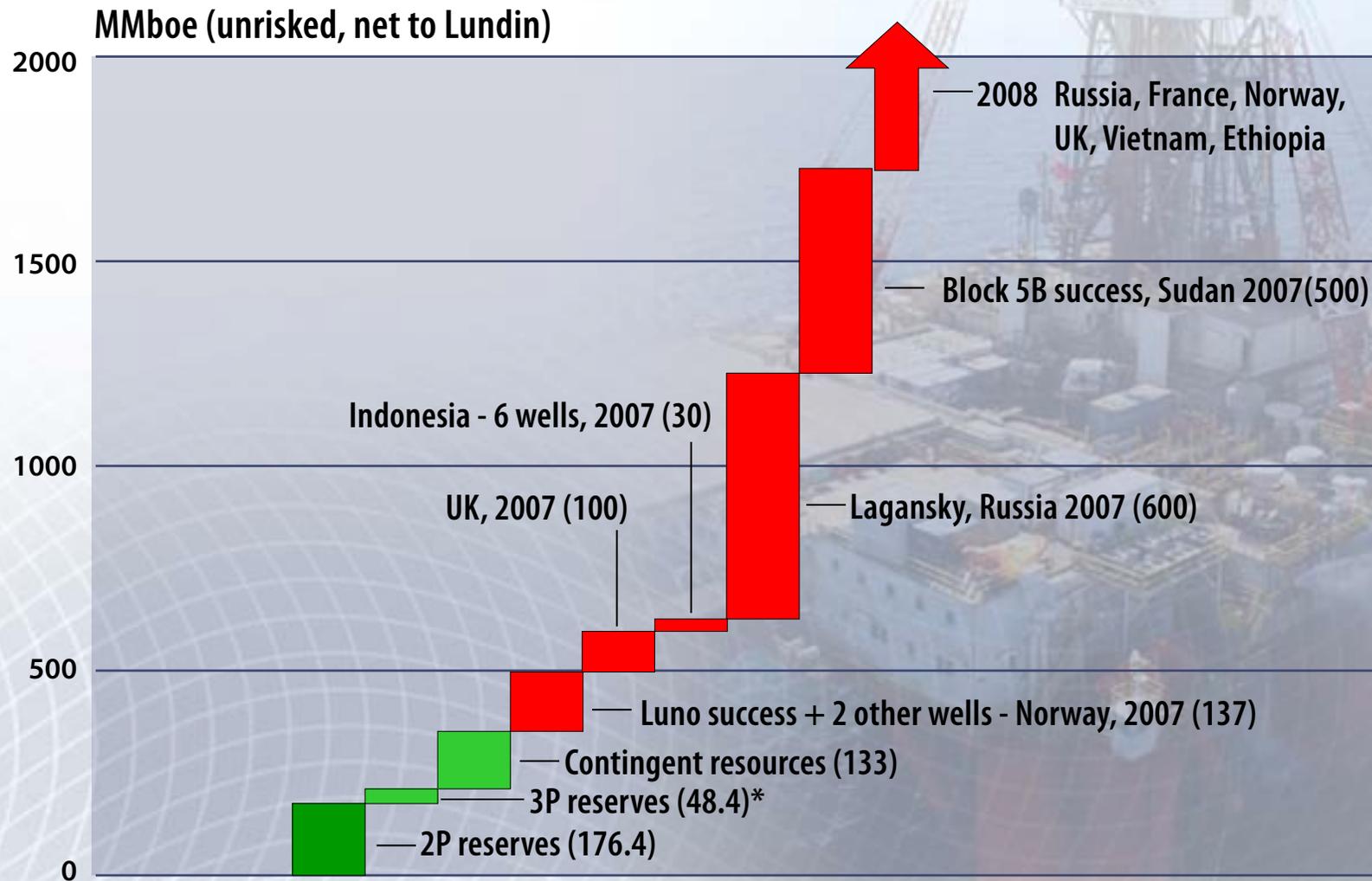
2006 Net Unrisked Resources 3.4 bn boe  
2007 Net Unrisked Resources 5.4 bn boe } 55.2% Increase

# Overall Prospective Resources 2007 & Beyond (net unrisked)\*



\* Includes the licence awards from the Norwegian APA 2006 and UK 24th licensing rounds  
Excludes prospective resources from Congo and Ethiopia

# Exploration Upside Potential



\* excludes 3P reserves from Russia

# Questions

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