

# *Financial Results - First Nine Months 2008*

**Lundin**



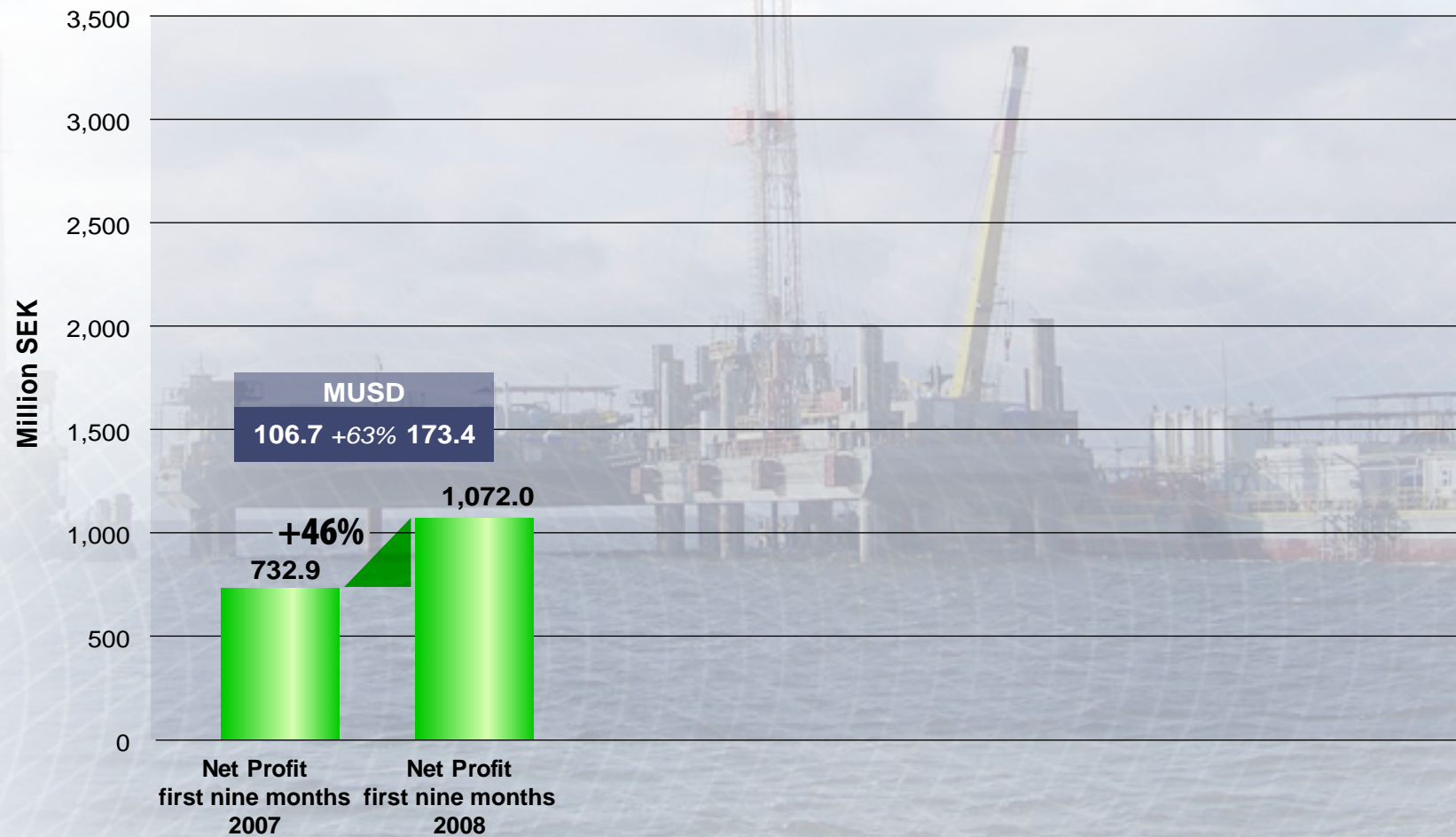
*C. Ashley Heppenstall, President & CEO  
Geoffrey Turbott, Vice President Finance & CFO*

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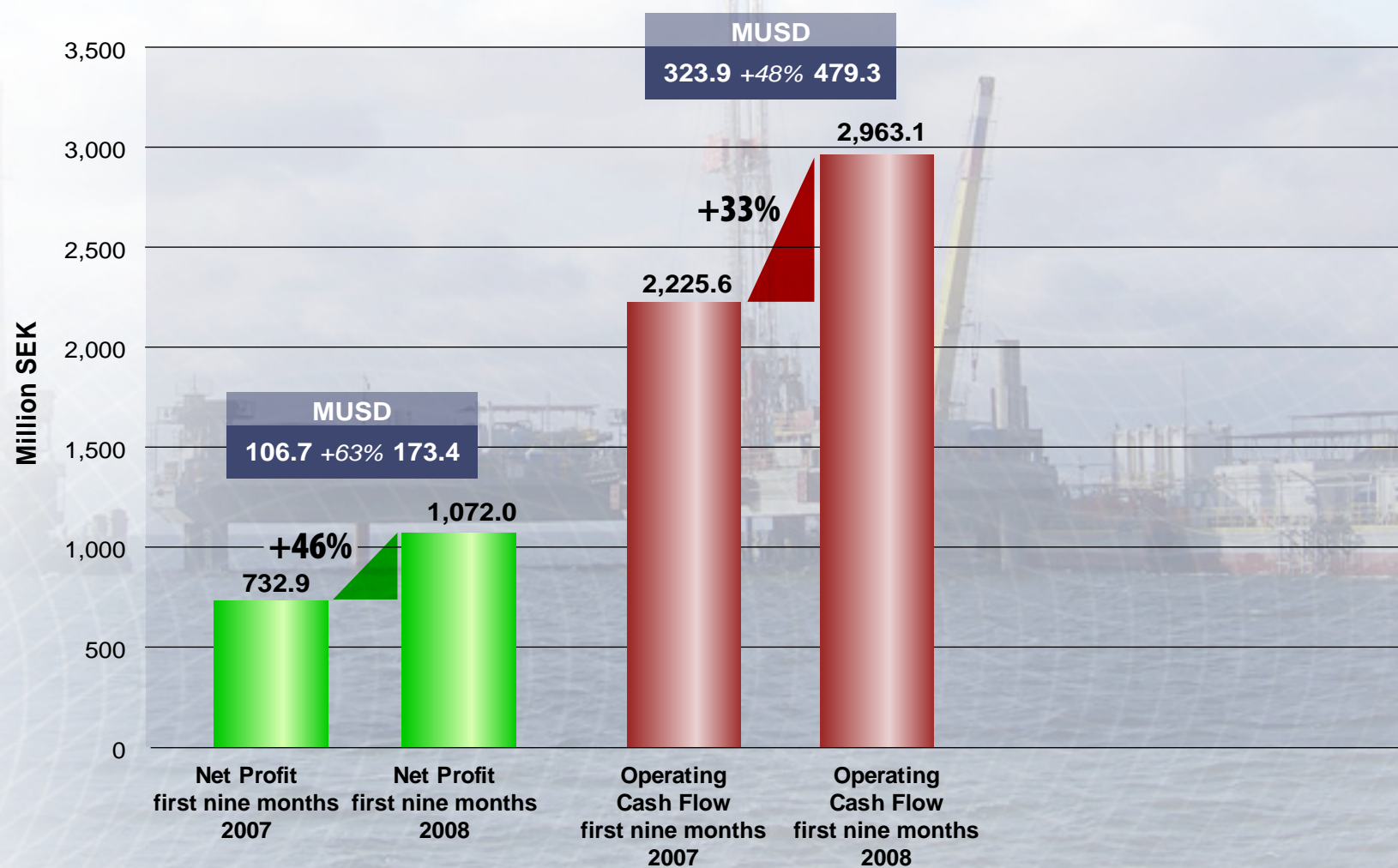
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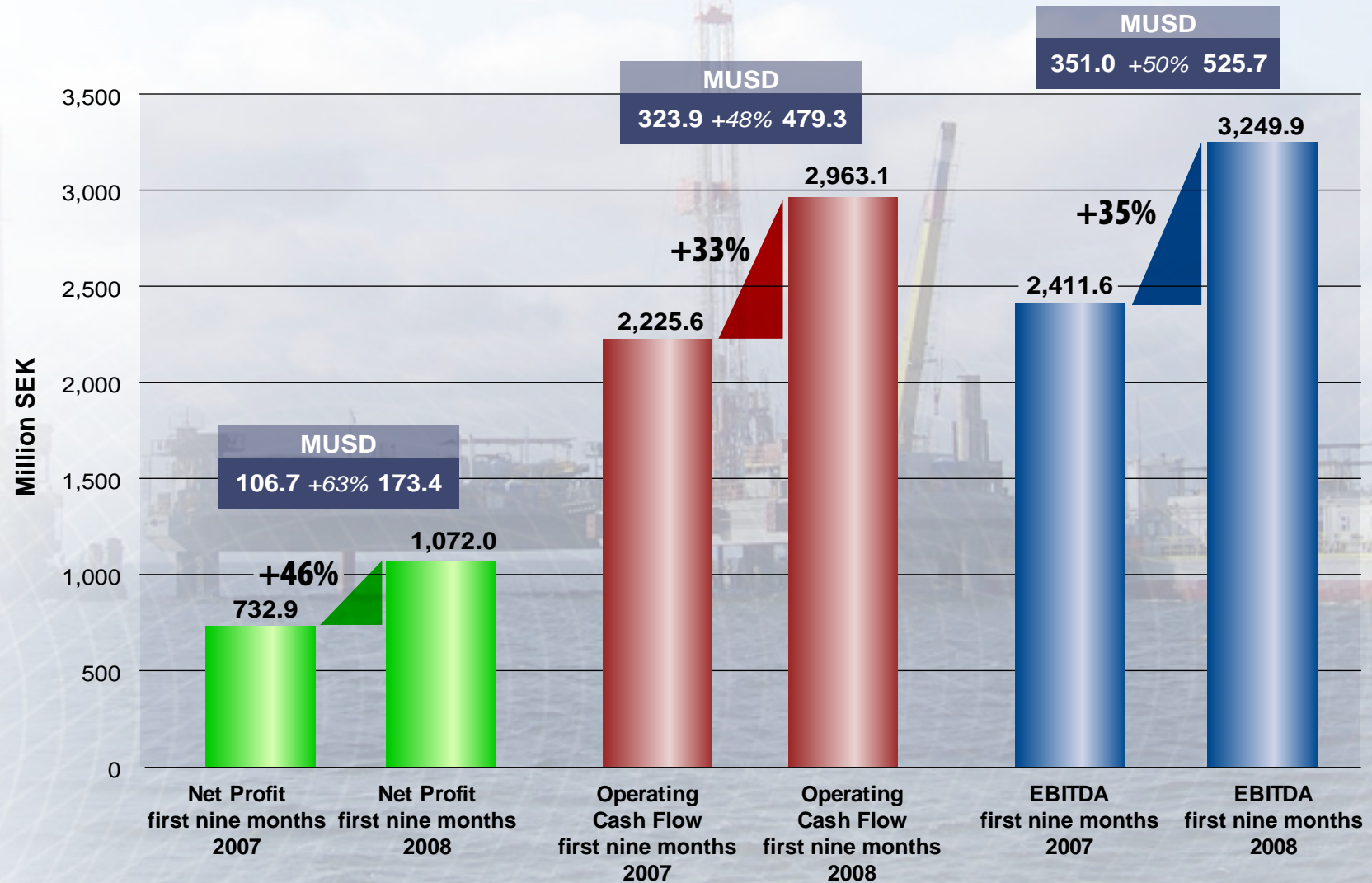
# Financial Results - First Nine Months 2008



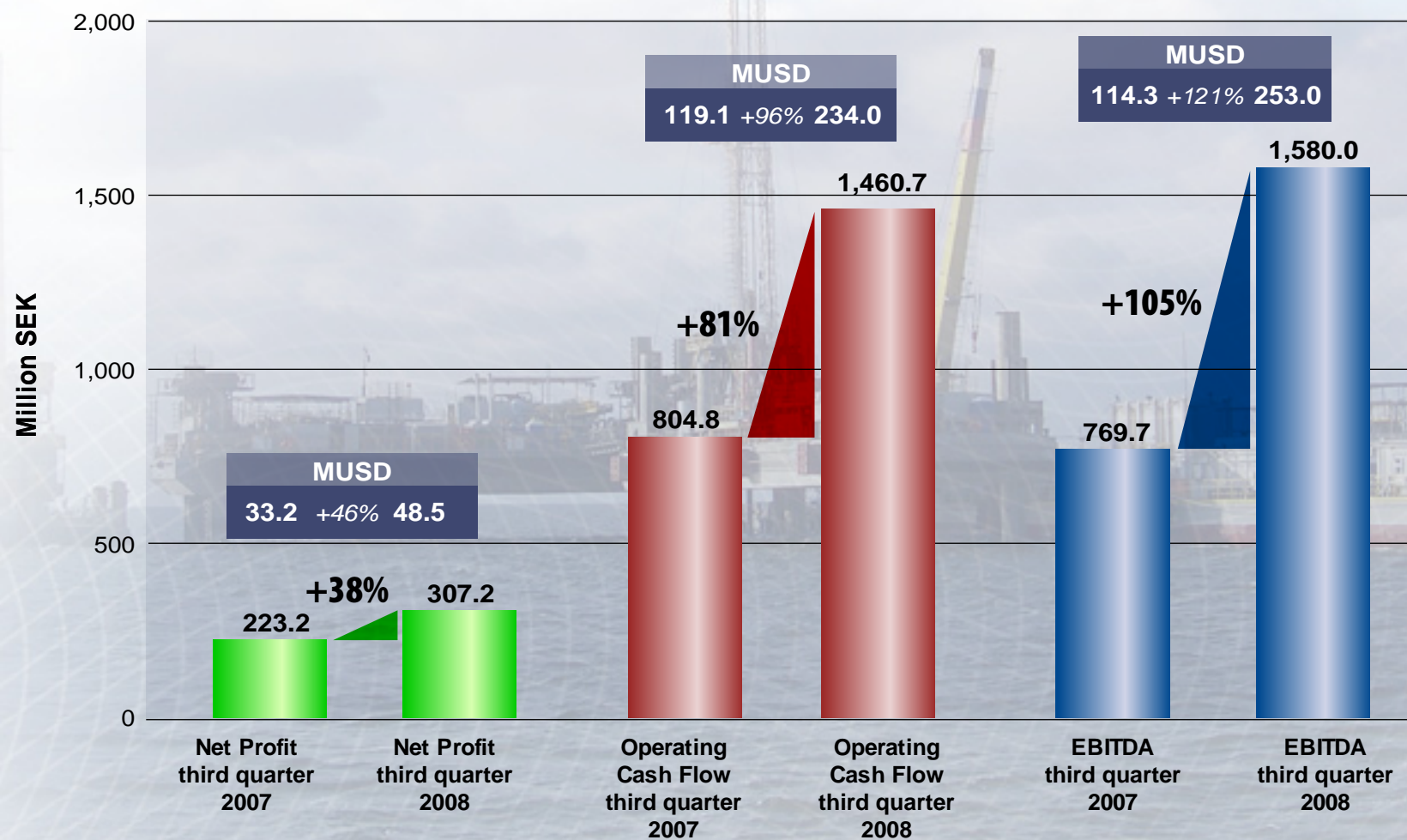
# Financial Results - First Nine Months 2008



# Financial Results - First Nine Months 2008



# Financial Results - Third Quarter 2008



## Financial Performance - First Nine Months 2008



	First nine months 2008	Third quarter 2008
<p>➔ <b>Production</b> <i>(after minority interest)</i></p>	30,700 BOEPD	37,900 BOEPD
<p>➔ <b>Cost of Operations</b> <i>(including minority interest)</i></p>	USD 22.08/BBL	USD 19.27/BBL
<p>➔ <b>Exploration Costs</b></p>	284 MSEK	96 MSEK
<p>➔ <b>Foreign Exchange Loss</b></p>	246 MSEK	404 MSEK

## Cost of Operations - First Nine Months 2008



	MMBOE		USD/boe	=	MUSD
<b>Actual First Nine Months 2008</b>	8.59	X	22.08	=	189.7
<b>Forecast First Nine Months 2008</b>	9.97	X	20.44	=	203.7
<b>% Change to Forecast First Nine Months 2008</b>	-13.8%		8.0%		-6.9%

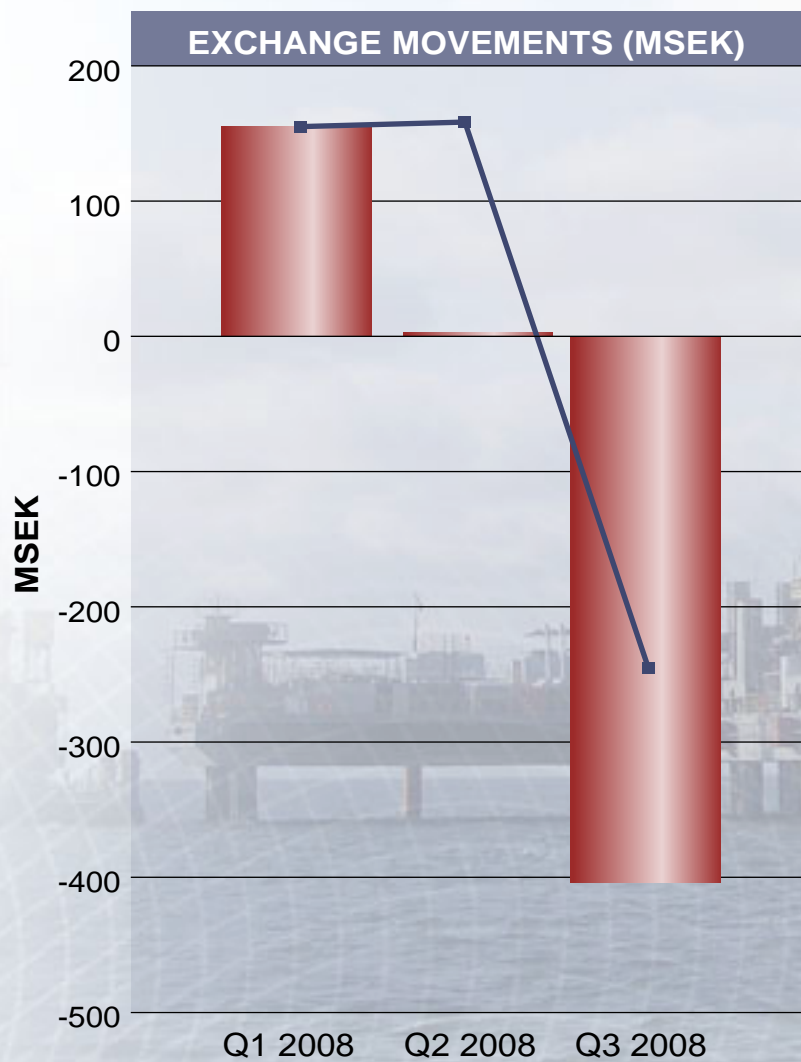


## Exploration Costs - First Nine Months 2008

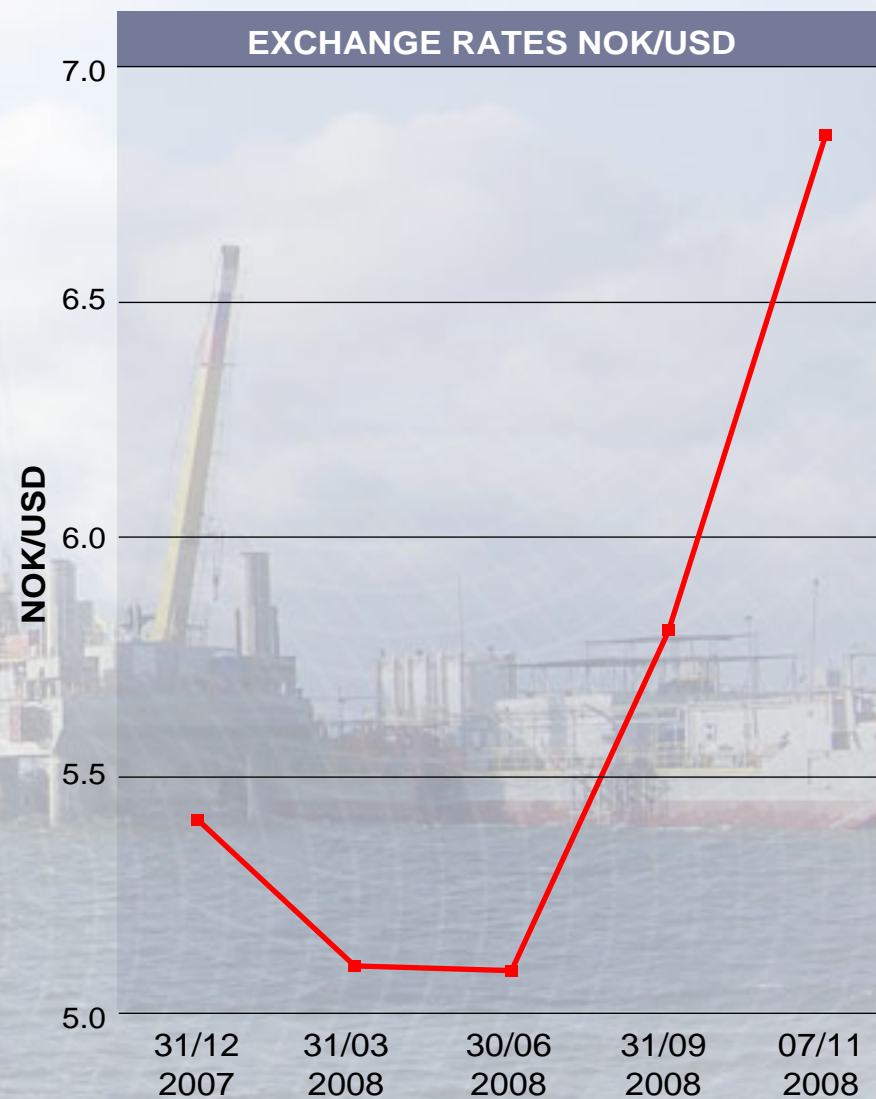


	Actual MSEK	Actual MUSD
UK 12/17 B-1 Ridgewood well	46.4	7.5
Sudan 5B Nyal-1 well	44.6	7.2
Sudan 5B Wan Machar-1 well	76.5	12.4
UK Torphins well	82.6	13.4
Other	34.0	5.5
<b>Exploration costs</b>	<b>284.1</b>	<b>46.0</b>

# Exchange Movements



— Cumulative movement  
 ■ Quarterly movement



## Taxation - First Nine Months 2008



➤ Effective rate of tax	50%
➤ <i>Excluding PetroFalcon transactions &amp; Jotun sale</i>	54%
➤ Effective rate of cash tax	18%
➤ Current tax charge	393 MSEK (7.41 USD/boe)
➤ Deferred tax charge	664 MSEK (12.51 USD/boe)

## Forecast Year End 2008 Norwegian Tax Position



### MNOK

- Corporation tax loss 580 (160 at 28%)
- Special petroleum tax loss 860 (430 at 50%)
- Undepreciated capital expenditure 1,700 (1,325 at 78%)
- Capital expenditure uplift 360 (180 at 50%)

# Revenue Netback Reconciliation - First Nine Months 2008



[USD/boe]

	Actual first nine months 2008	CMD - Jan 08 Forecast 2008
Average Brent oil price	111.11	85.00
Sales differential Russia	-8.54	-5.75
Gas price differential	-3.62	-2.80
Other	0.94	-0.40
<b>Sales price achieved</b>	<b>99.89</b>	<b>76.05</b>
Adjustment sales to production boe	0.64	0.35
Government take	-5.39	-3.15
UK quality difference	-1.10	-1.00
Inventory movements	0.09	0.40
Tariff receipts & other income	1.53	1.85
<b>Effective sales price per boe produced</b>	<b>95.66</b>	<b>74.50</b>

## Netback - First Nine Months 2008 [USD/boe]



	Actual first nine months 2008
<i>Average Brent oil price</i>	111.11
Revenue	95.66
Cost of operations	-22.08
Tariffs	-2.76
Production taxes	-8.29
Stock movements / overlift	0.68
Cash Margin	63.21
Depletion	-12.94
Exploration costs	-5.35
Margin Netback	44.92
Other	-4.86
Tax	-19.92
Profit after Tax	20.14

## Netback - First Nine Months 2008 [USD/boe]



	Actual first nine months 2008
<i>Average Brent oil price</i>	111.11
Revenue	95.66
Cost of operations	-22.08
Tariffs	-2.76
Production taxes	-8.29
Stock movements / overlift	0.68
Cash Margin	63.21
Current tax charge	-7.41
Operating Cash Flow Netback	55.80

## Balance Sheet - 30 September 2008



	30 Sep 2008	31 Dec 2007
➤ Fixed Assets	21,818	18,241
➤ Net Current Assets (excluding cash)	-34	-224
➤ Net Bank Debt	3,345	2,197
➤ Shareholder Equity	11,417	9,706
➤ Net Debt/Equity Ratio	29%	23%

*numbers in million SEK*



## Finance facilities of USD 1 billion:

- **USD 850 million secured revolving borrowing base facility**
  - ➔ Seven year period expiring end 2014
  - ➔ Syndicated to 19 international banks
  
- **USD 150 million unsecured facility**
  - ➔ Three year period expiring end 2010
  - ➔ Syndicated to 5 international banks
  - ➔ Undrawn at 30 September 2008

## *Liquidity - Borrowing Base Determination*



- Availability amount recalculated every six months
- Based upon banks oil price and economic parameters
- Utilising cashflows from 2P reserves
- Borrowing base amounted to USD 1.1 billion at 1 July 2008
- Availability limited by facility size of USD 850 million

## Liquidity - Borrowing Base Determination



- Availability amount recalculated every six months
- Based upon banks oil price and economic parameters
- Utilising cashflows from 2P reserves
- Borrowing base amounted to USD 1.1 billion at 1 July 2008
- Availability limited by facility size of USD 850 million
  
- Currently recalculating borrowing base availability from 1.1.09
- Banks long term oil price assumes falling to USD 50 per barrel
- Borrowing availability still in excess of facility size

## Liquidity at 30 September 2008



MUSD

➤ Cash balances	120
➤ Shares in Revus Energy ASA	70
➤ Availability under banking facilities	360
➤ Available funds	<hr/> 550

## First Nine Months 2008 - Key Highlights

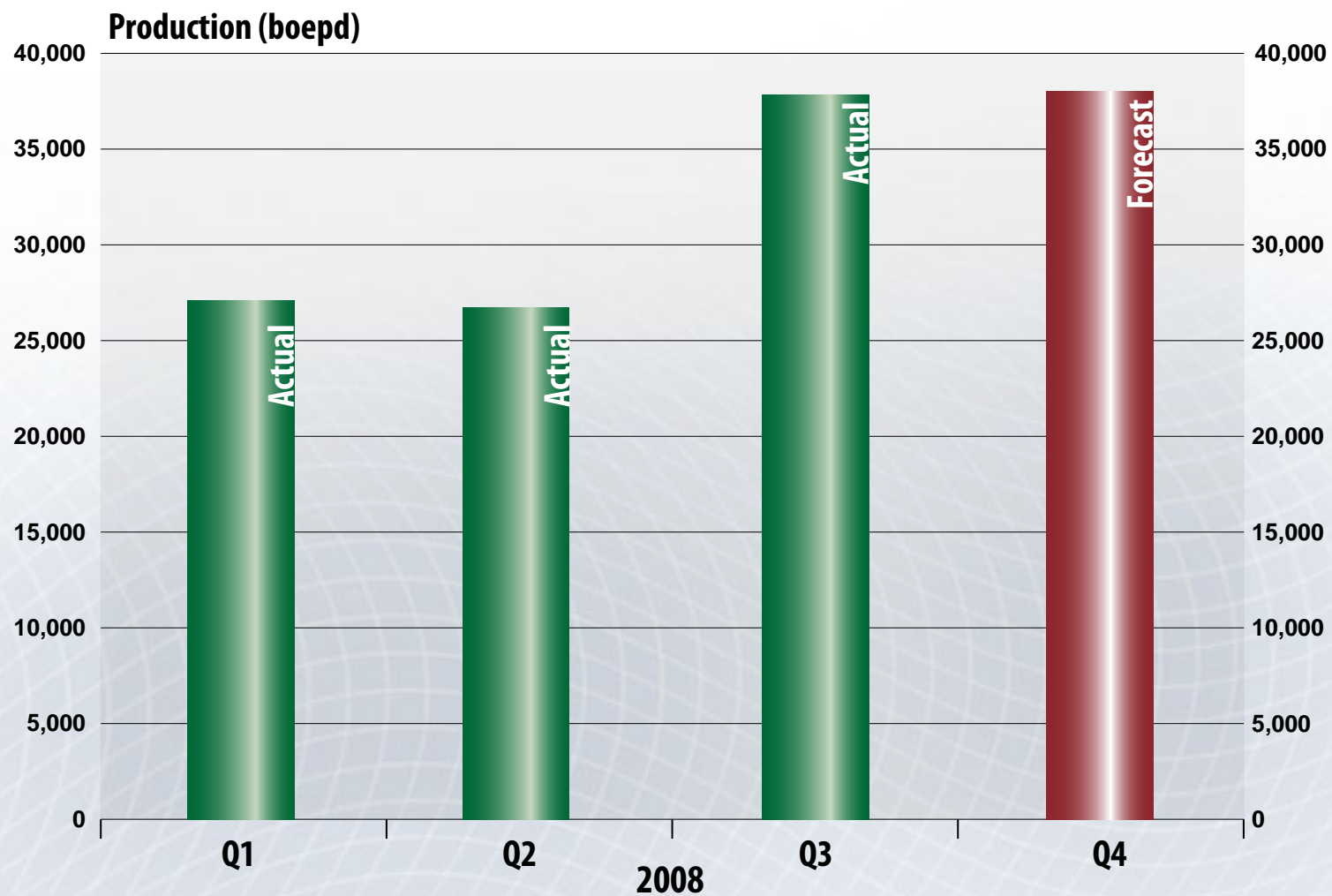


- **First nine months 2008 average production 30,700 boepd**
- **Third quarter 2008 average production 37,900 boepd**
  - ➔ Alvheim third quarter production 11,500 boepd
  - ➔ Broom third quarter production 7,400 boepd
- **Second quarter to third quarter 2008 production increase of 41%**
- **Exploration success**
  - ➔ Russia: Morskaya-1 discovery on the Lagansky Block in the Caspian Sea – appraisal planned in 2009
  - ➔ Norway: Pi North discovery – combined Pi South and Pi North development likely to be a viable commercial project - planning for a PDO submission
  - ➔ France: Pays du Saulnois - Vaxy prospect drilled. Analysis ongoing
  - ➔ France: Ferrieres - Dordive prospect drilled. Discovery announced, awaiting production test
- **Appraisal success in Norway**
  - ➔ Nemo discovery successfully appraised – planning for a PDO submission
  - ➔ Luno appraisal well ongoing

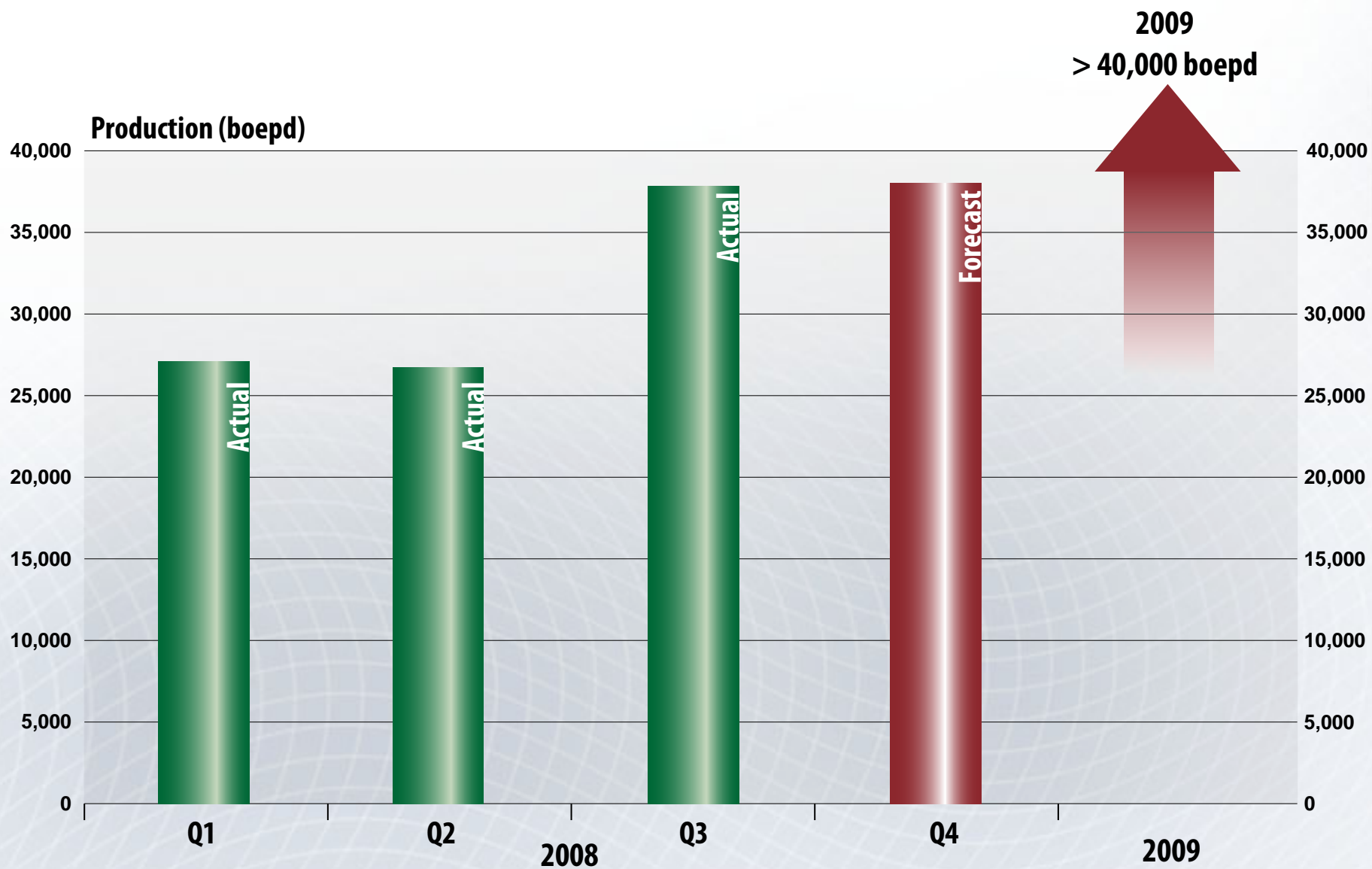
## Production Forecast 2008



➔ Average 2008 Production Forecast: 32,500 boepd



# Production Forecast 2008



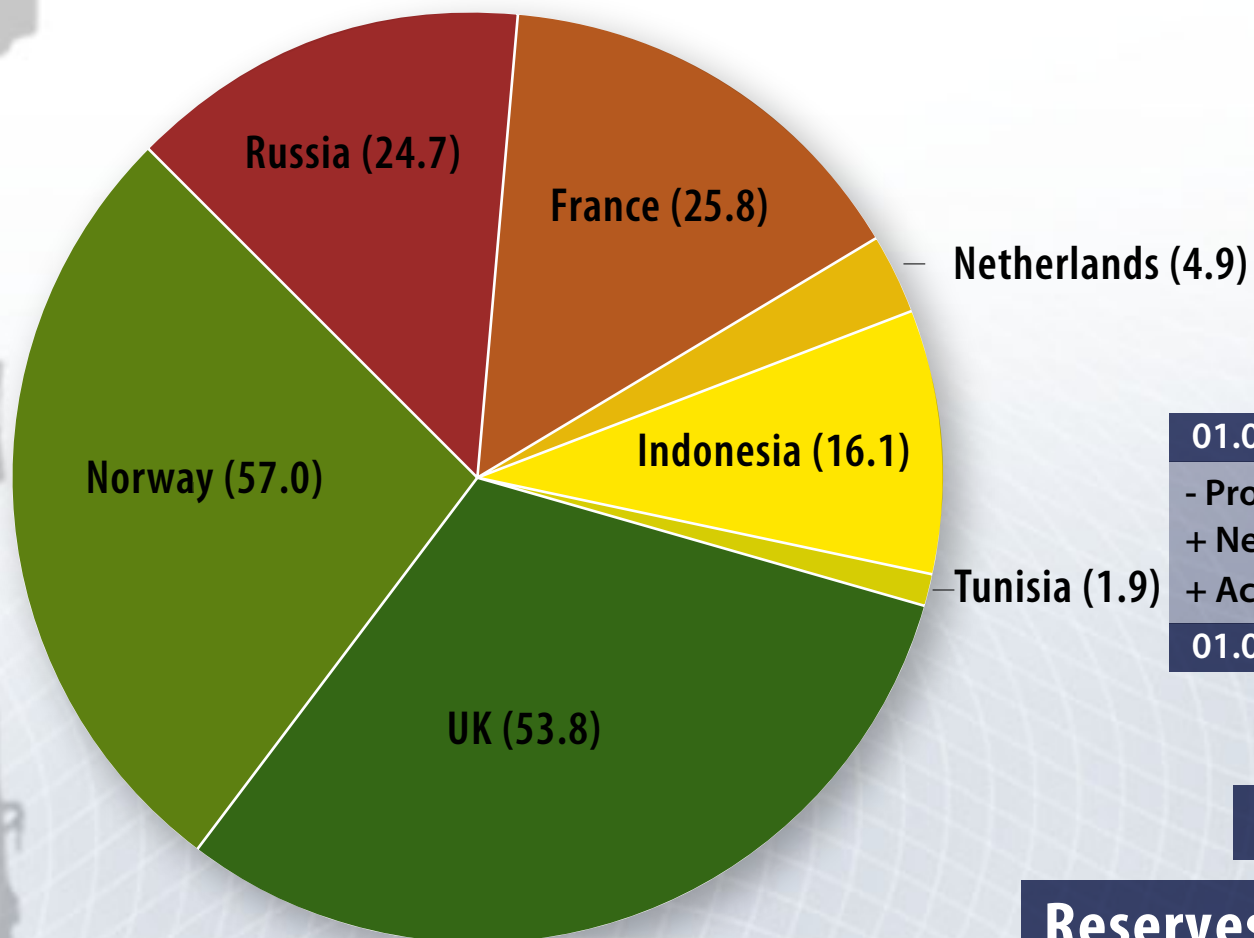
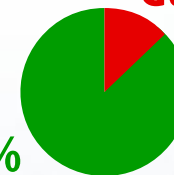
# Proven & Probable Reserves - 1 January 2008



**Total 184.2 MMboe**

**Gas 14.7%**

**Oil 85.3%**



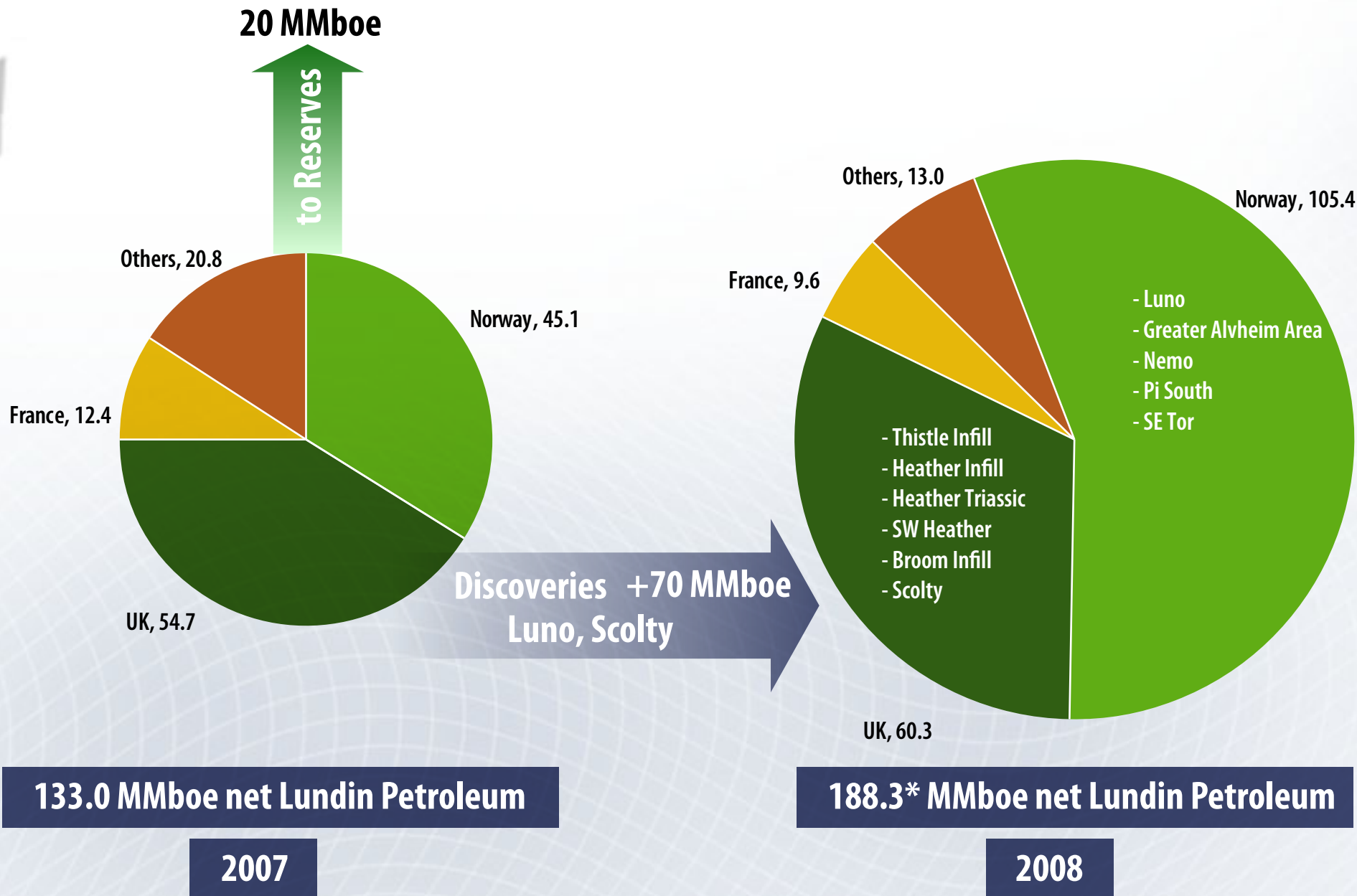
	mmboe
01.01.2007	176.4
- Produced (forecast)	-12.4
+ New reserves	18.4
+ Acquisitions	1.8
01.01.2008	184.2

**Increase in Reserves 12%**

**Reserves Replacement Ratio 148%**



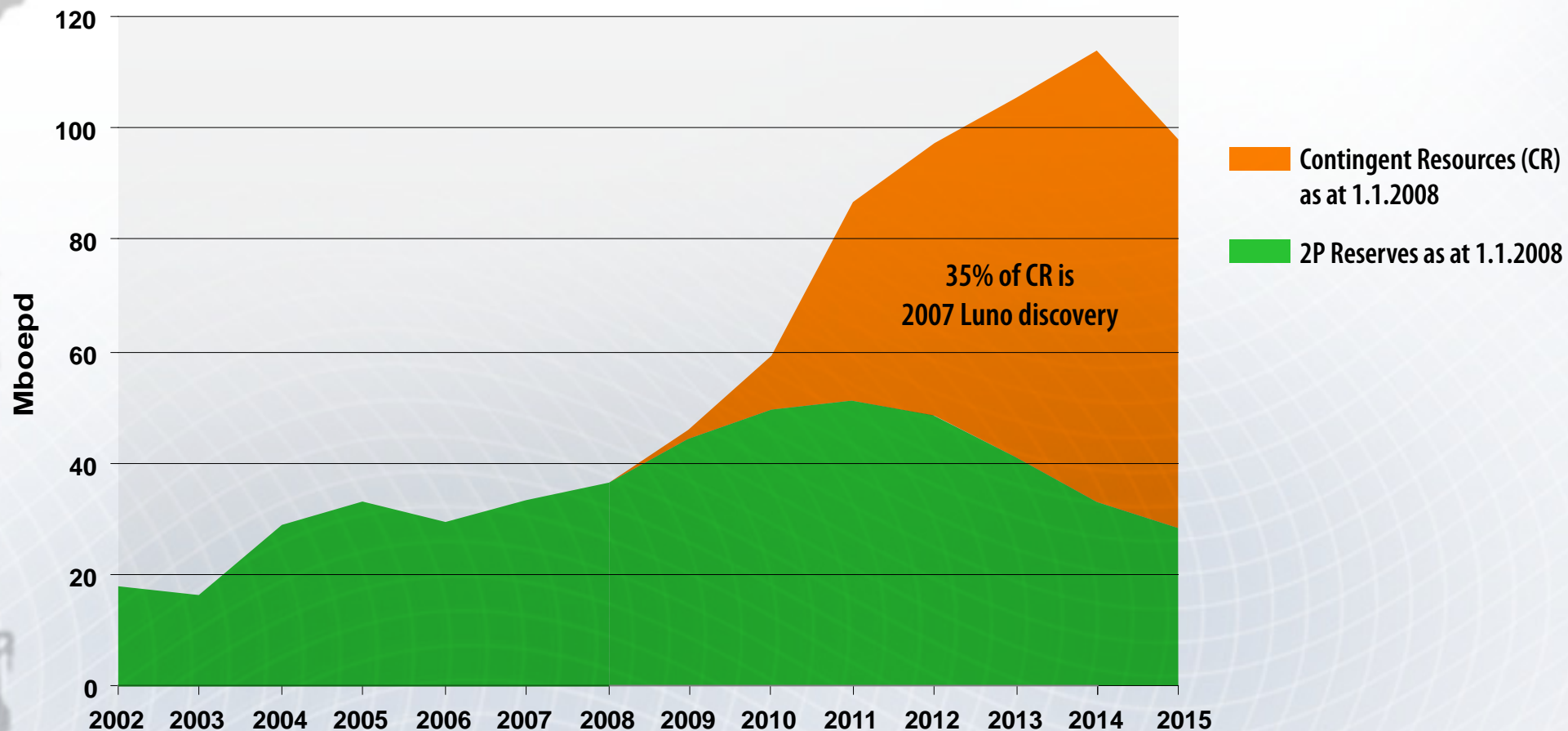
# Contingent Resources - 1 January 2008



# Production Profile based upon 2008 Resource Position



➤ Existing resources have the potential to triple existing production



- excludes any future exploration success or acquisitions
- excludes 2008 exploration discoveries in Russia and Norway

## Potential Reserves Additions - 1 January 2009



Norway	Gross Resource	Lundin Equity	Comments
➔ Luno	65 - 190 MMboe	50%	From CR*
➔ Nemo	20 - 30 MMboe	50%	From CR
➔ Pi	19 - 32 MMboe	40%	From CR & exploration
United Kingdom			
➔ Thistle	10 - 20 MMboe	99%	From CR
➔ Peik	10 - 16 MMboe	41%	2P upgrade
France			
➔ Rhetian fields	4 - 8 MMboe	100%	From CR

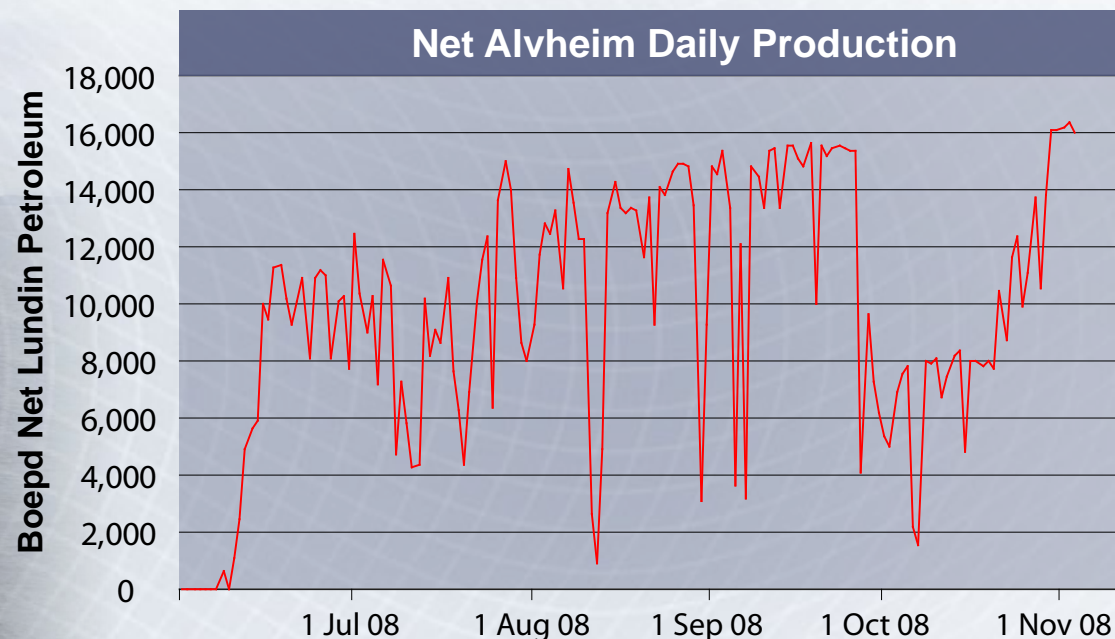
**Net to Lundin Petroleum: 68 - 157 MMboe additional potential**

\* CR - Contingent Resources

## Alvheim First Oil - 8 June 2008



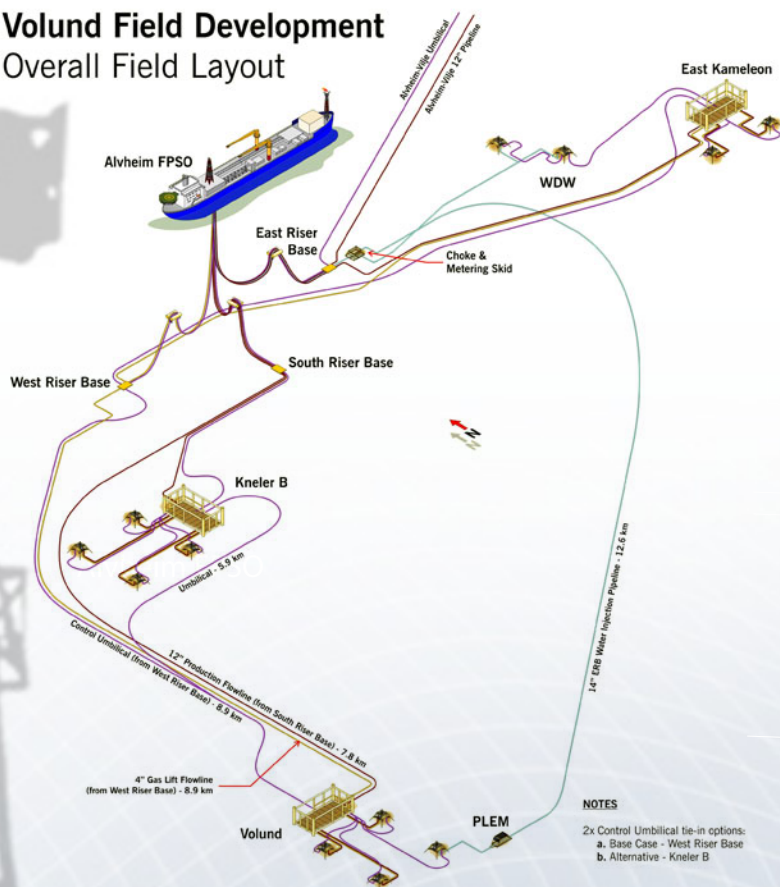
- Alvheim - working interest 15%
- Gas compression commenced July 2008
- Development drilling - 8 production wells completed
- Plateau production expected shortly >90,000 gross
- 13 liftings to date
- Reserves 215 MMboe gross
- Third quarter cost of operations USD 6.0/bbl



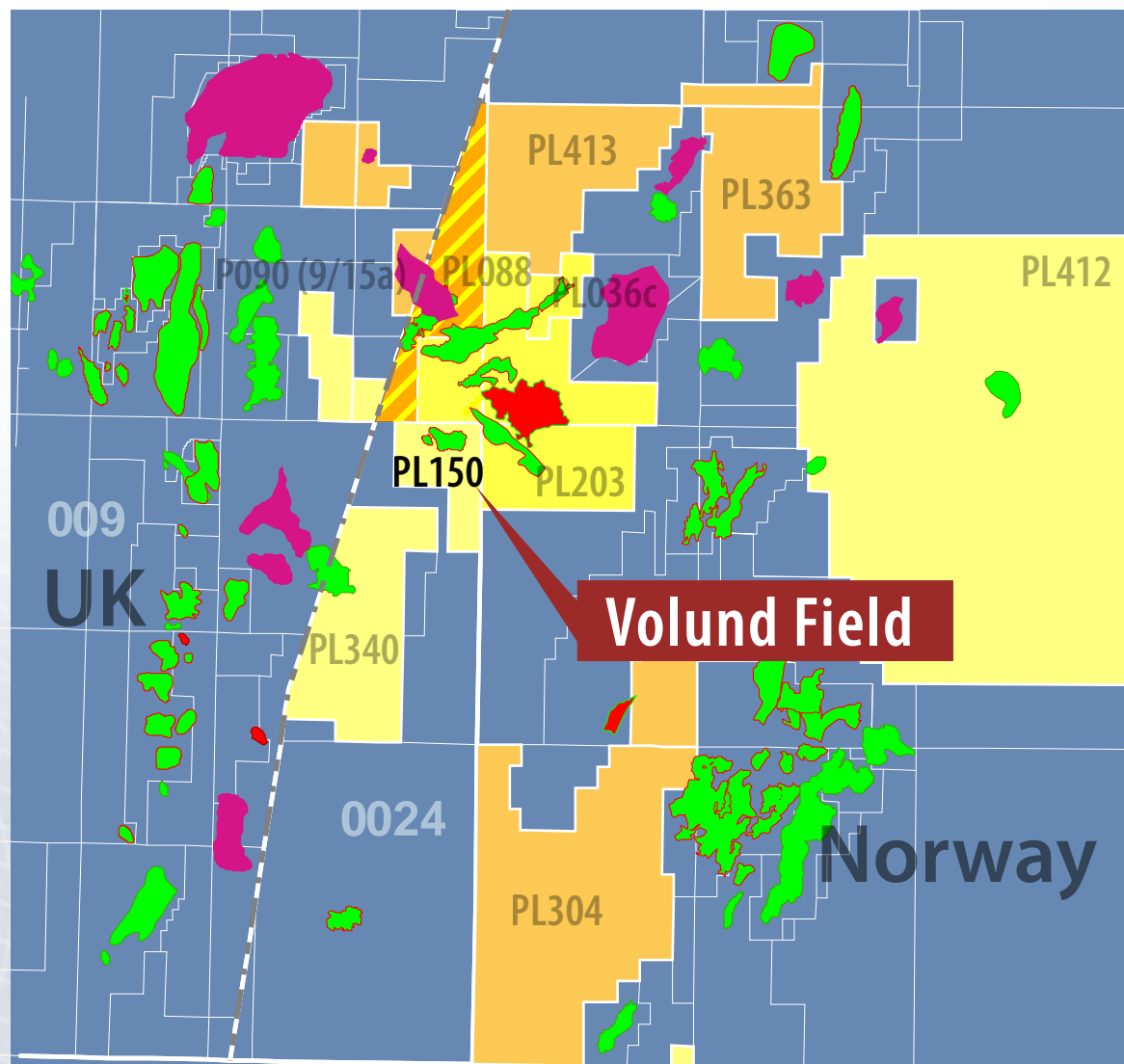
# Greater Alvheim Area - Volund Development



## Volund Field Development Overall Field Layout



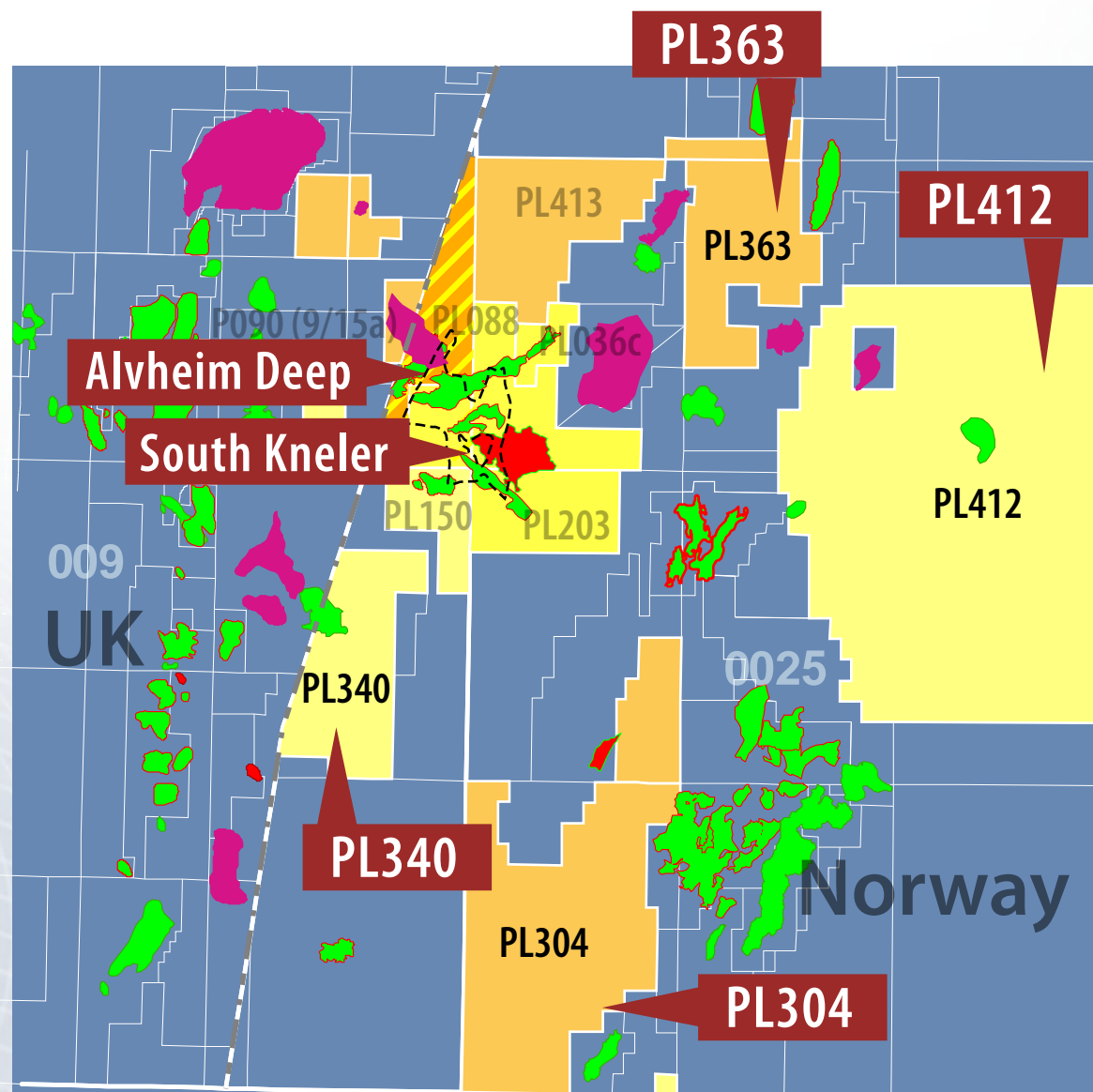
- Subsurface work substantially complete
- Drilling to commence early 2009
- Field expected onstream in 2H 2009
- Plateau production: 23,000 boepd gross
- Reserves: 17.5 MMboe
- Estimated operating cost Life of Field: USD 9/boe
- Lundin Petroleum: 35%



## Greater Alvheim Area - Exploration



- **PL340 (15%)**
  - ➔ Marihone prospects A/B 39 MMbbls - drilling 3Q 09
  - ➔ Padde prospect 42 MMbbls
  - ➔ Frosk prospect 6 MMbbls
- **PL363 (60%)**
  - ➔ Mon prospect 123 MMbbls - drilling 3Q 2009
  - ➔ Monster prospect 50 MMbbls
- **South Kneler (15%)**
  - ➔ 30 MMbbls - drilling 2009/2010
- **Alvheim Deep (15%)**
  - ➔ 950 bcf - drilling 2010
- **PL304 (50%)**
  - ➔ Aegis prospect 104 MMbbls - drilling Q1 2009
  - ➔ Buhund prospect 87 MMbbls
- **PL412 (30%)**
  - ➔ Hugin South prospect 86 MMbbls - drilling Q2 2009
  - ➔ Hugin West prospect 36 MMbbls
  - ➔ Hugin Central prospect 19 MMbbls
  - ➔ Hugin prospect 19 MMbbls

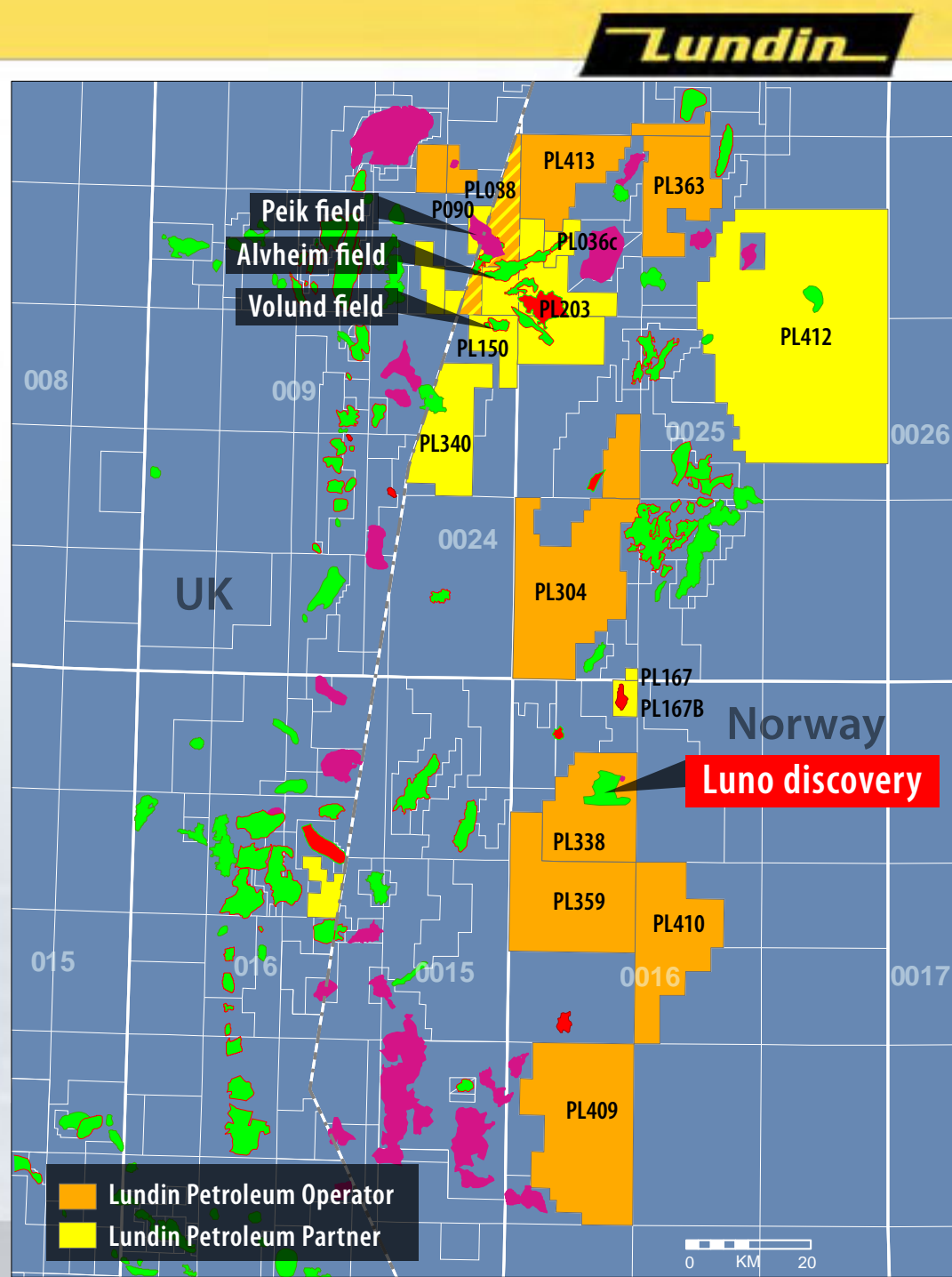


All numbers are gross unrisks

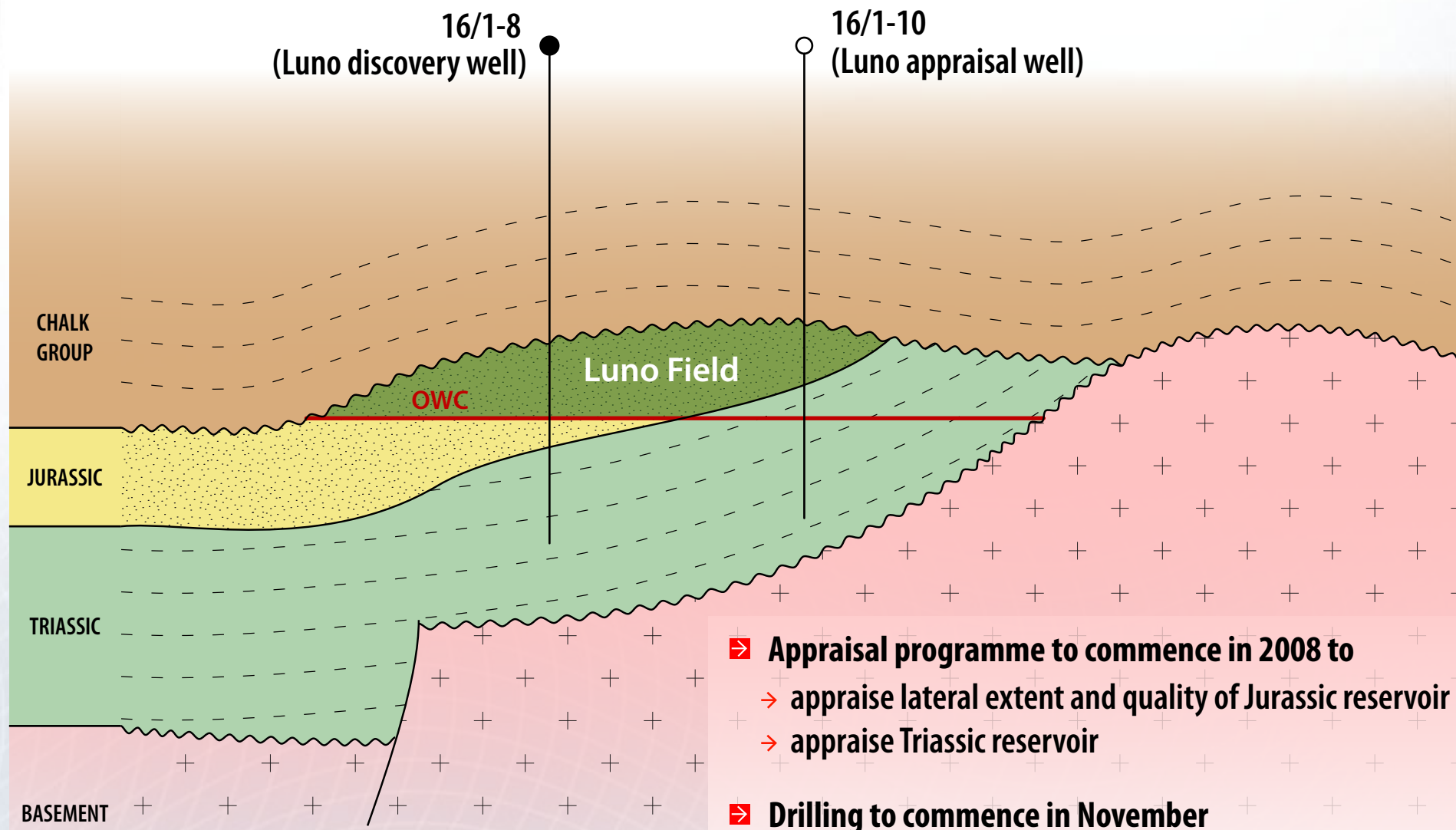
## Greater Luno area

- **Discovered in 2007**
- **Lundin Petroleum interest: 50% (Operator)**
  - ➔ Revus 30%, RWE 20%
- **Discovery 16/1-8**
  - ➔ Largest discovery in Norwegian North Sea in the last decade
  - ➔ Light oil in Jurassic reservoir
  - ➔ Upside in Triassic
  - ➔ New play concept proven
  - ➔ Significant working interest in adjoining acreage
- **Contingent Gross Resources**

Discovery	MMBOE
Luno Jurassic	65 - 190
Luno Triassic upside	not disclosed



# Schematic Illustration of Luno Discovery



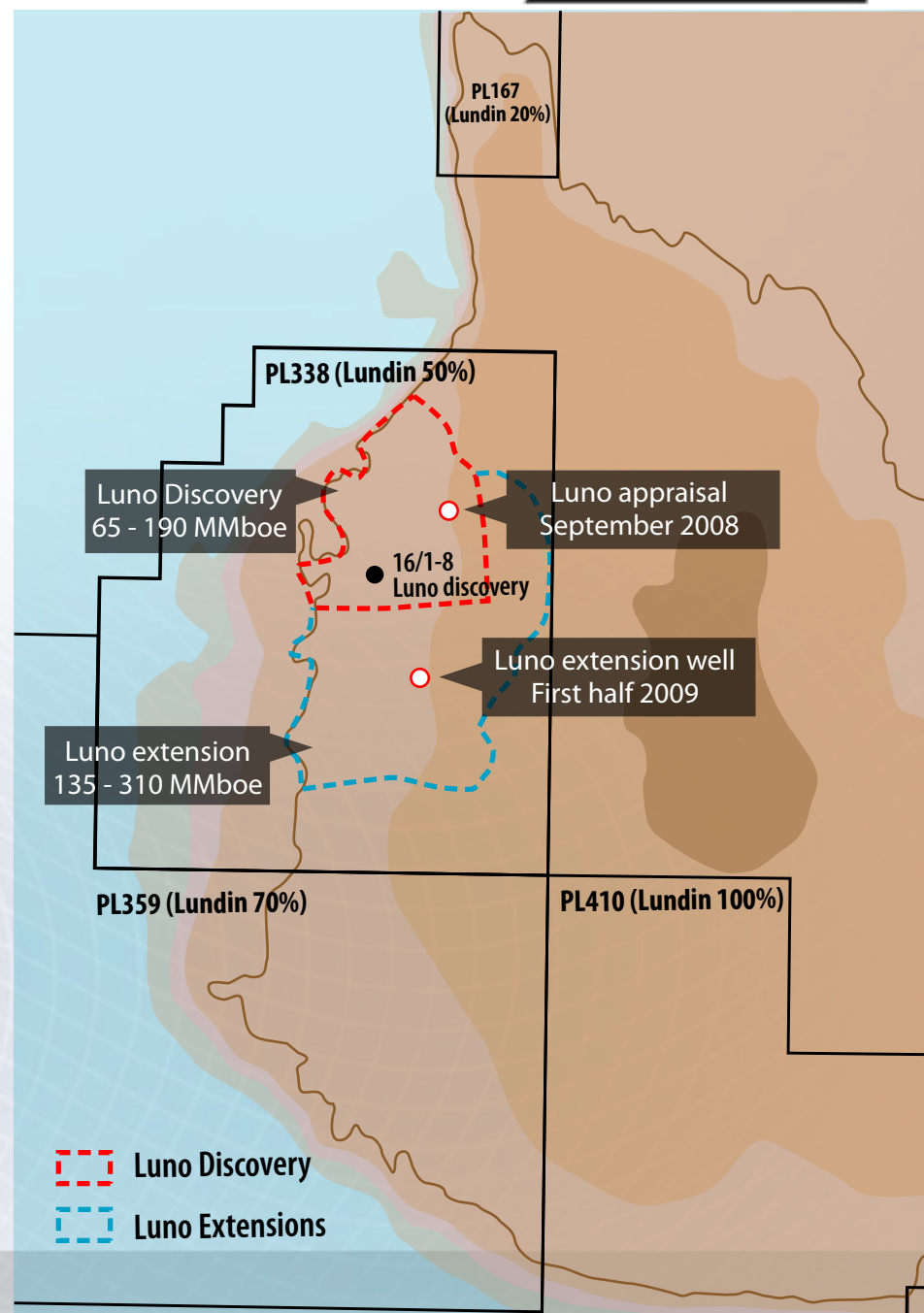
- **Appraisal programme to commence in 2008 to**
  - ➔ appraise lateral extent and quality of Jurassic reservoir
  - ➔ appraise Triassic reservoir
- **Drilling to commence in November**



## Major New Upside from Luno Extensions



- **Luno extensions (sub-basins)**
  - ➔ Exploration well to be drilled in first half 2009
- **Prospective resources in extensions**
  - ➔ 135 - 310 MMboe
- **Total Resource Potential in Luno and Luno Extensions 200-500 MMboe**



## Further Exploration Potential in Greater Luno Area



### ➤ Seismic

- ➔ 3D sea bottom seismic acquired in August 2008
- ➔ Additional 3D seismic to be acquired in 2009

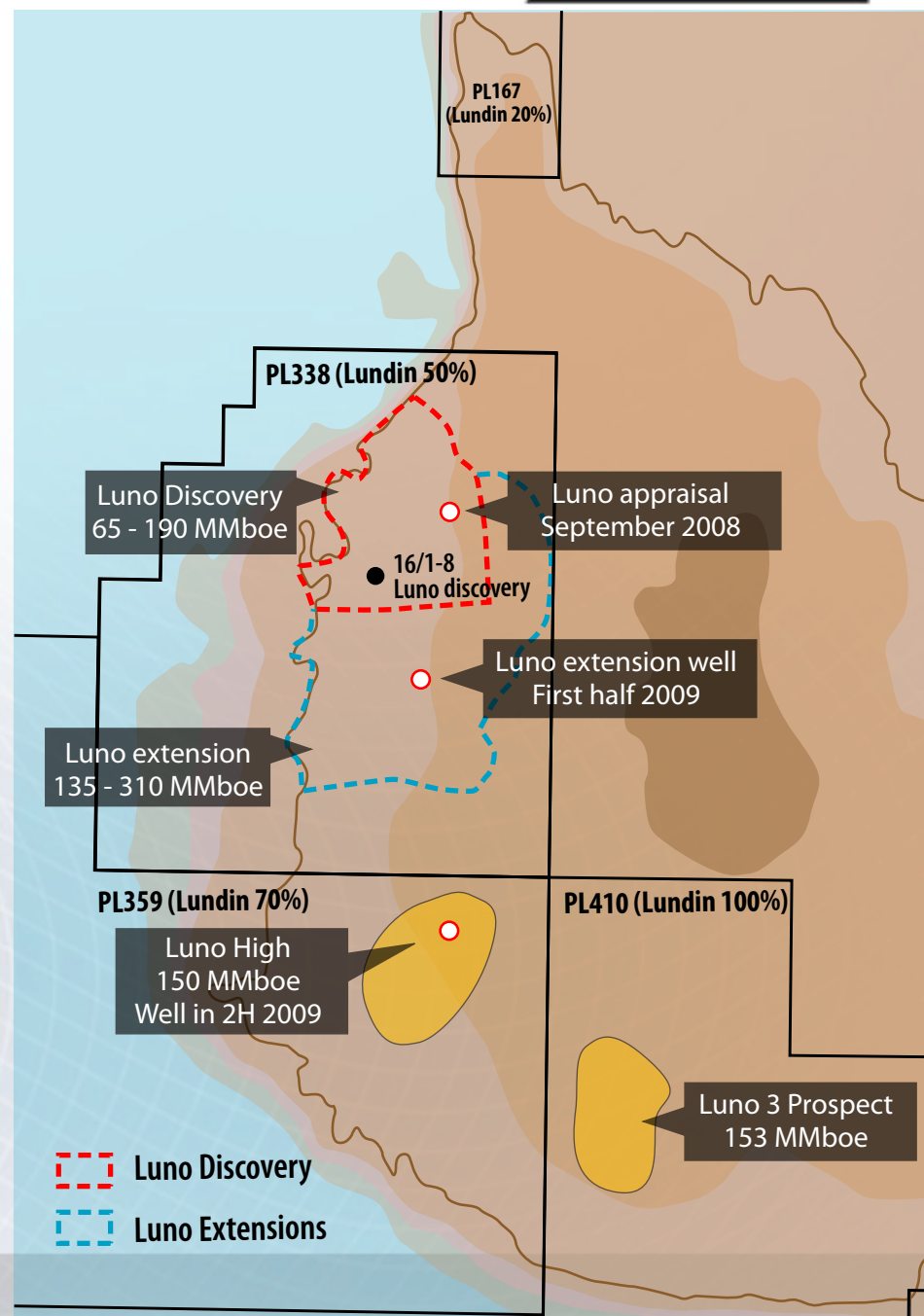
### ➤ PL 359 (70%)

- ➔ Exploration well to spud in 2009
  - Well is targeting Luno High in the north east corner of the licence
  - Site survey planned in September 2008

### ➤ PL 410 (100%)

- ➔ Exploration well, potential drilling in 2009

**TOTAL RESOURCE POTENTIAL  
IN LUNO AREA:  
500-800 MMBOE GROSS**

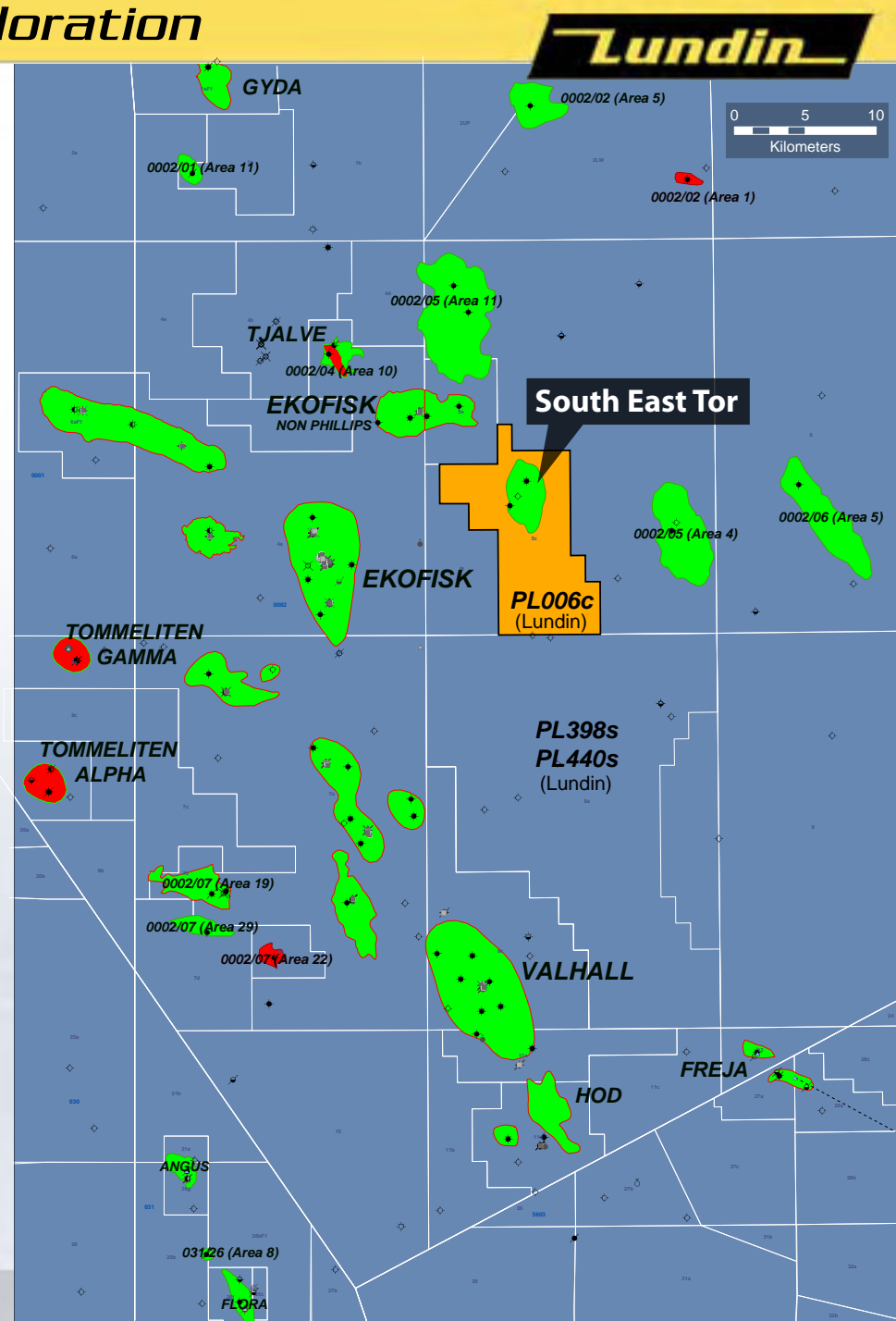


## SE Tor Appraisal and Hyme Exploration

- ➔ **Lundin Petroleum interest: 75% (operator)**
  - ➔ **Noreco 25%**
- ➔ **SE Tor discovery**
  - ➔ Discovery well 2/5-3 (1972) found light oil in two formations
  - ➔ Each formation tested rates in excess of 4,300 bbl/d
- ➔ **SE Tor appraisal/Hyme exploration well**
  - ➔ Noreco pay first 220 MNOK
  - ➔ Rig name: Maersk Gallant
  - ➔ Spud date: November 2008

### ➔ Gross Resources

	MMBOE
SE Tor	20 - 25 (contingent resources)
Hyme	38 (prospective resources)



# Peik

# Lundin

➔ Lundin Petroleum interest: Norway 50%, UK 33.3% (operator)

➔ UK: Bow Valley 66.7%

➔ Norway: Marathon 50% (Centrica)

➔ Discovered in 1985

➔ Cross Border field: 53% UK-47% Norway

➔ HPHT gas condensate

➔ 1 well on either side of the border tested

➔ 2P gross reserves 27 MMboe

➔ Based on Total's technical work

➔ 2 well subsea development tied back to host platform

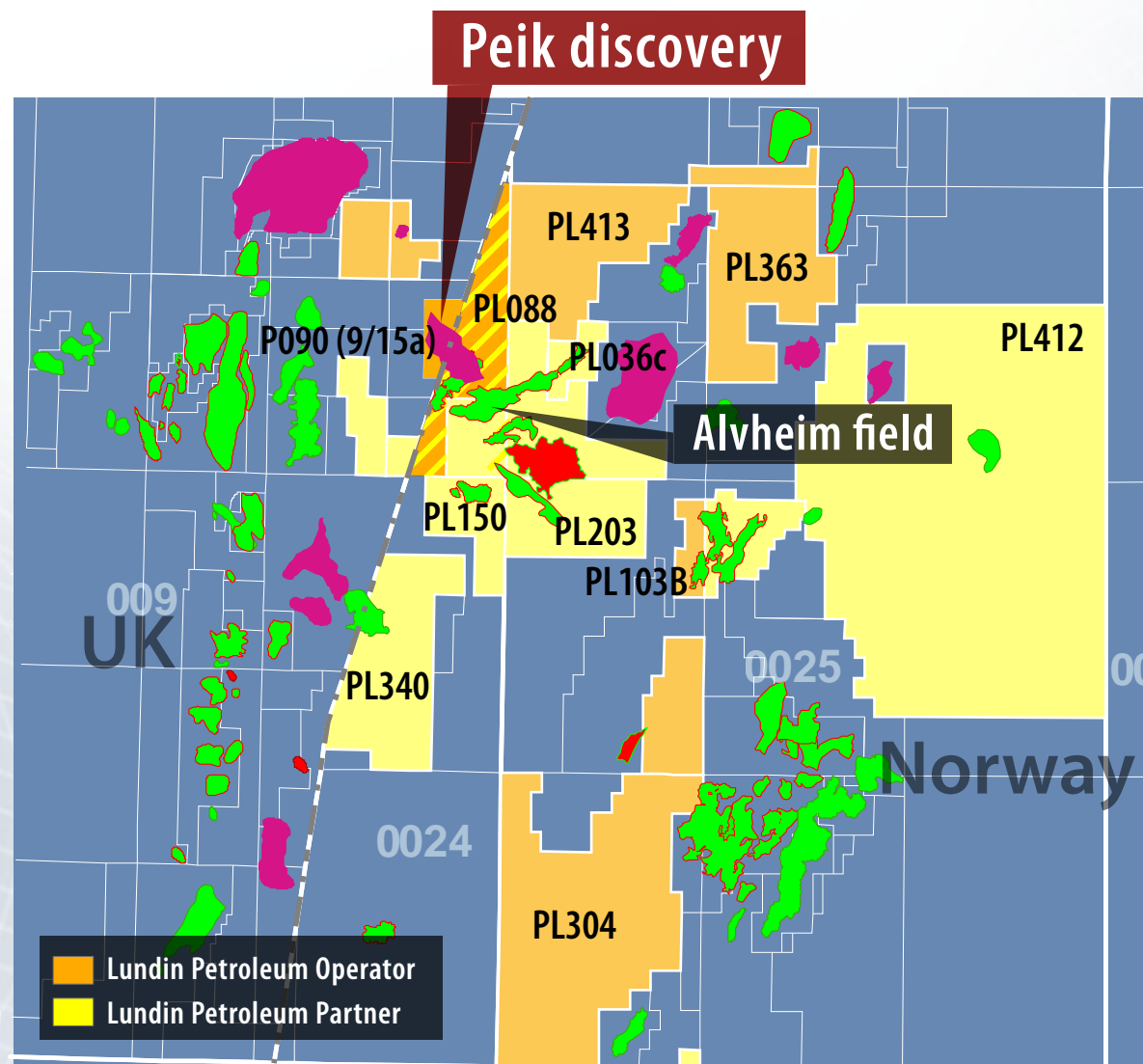
➔ Working towards PDO in 2009

➔ No need for further appraisal

➔ Potential for increasing 2P reserves to approx. 40 MMboe

➔ 3 well development

➔ Host platform selection ongoing



## Norway - Exploration / Appraisal Success



### PL 148

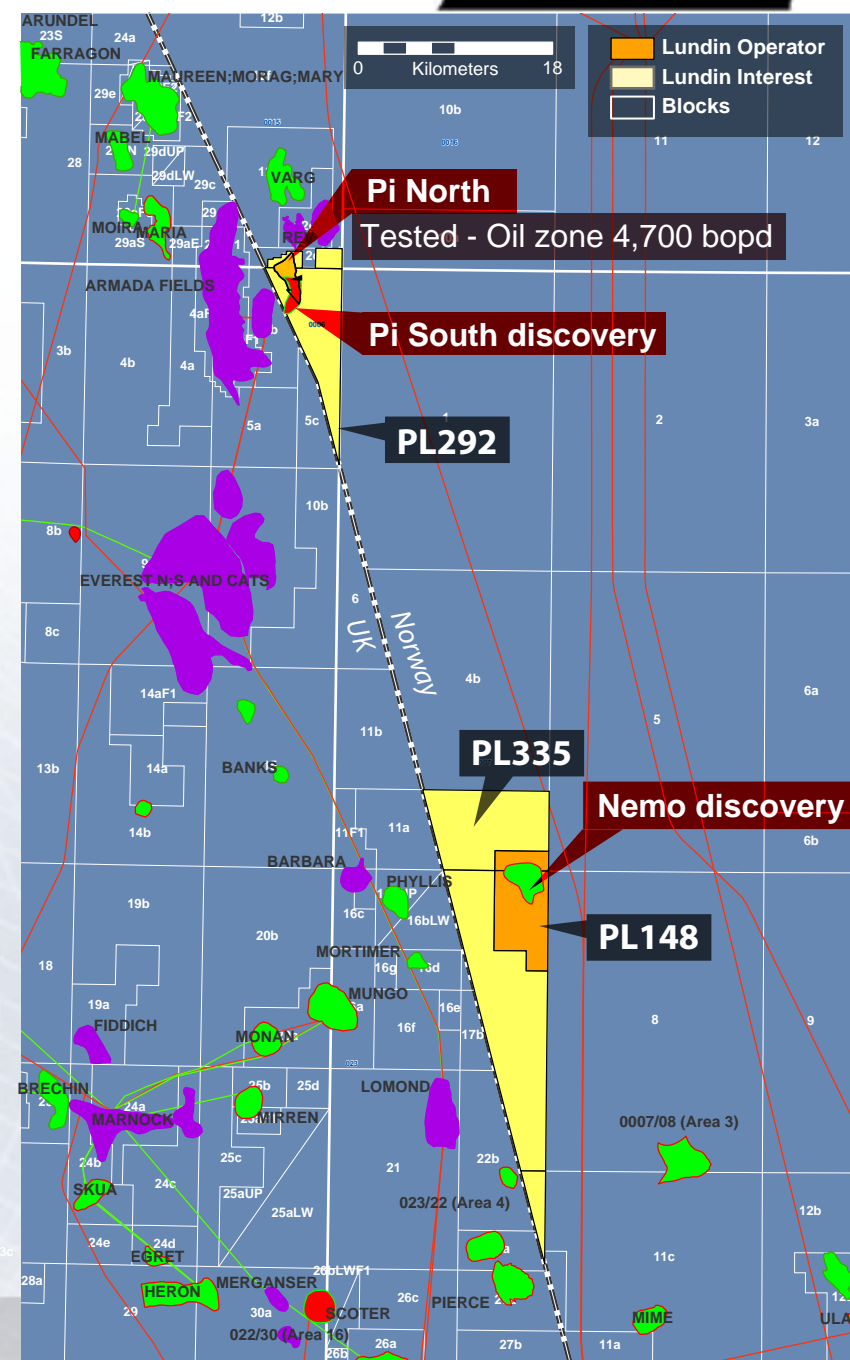
- ➔ Lundin Petroleum interest: 50% (operator)
  - ➔ Noreco 20 %, Talisman 30%
- ➔ PDO targeted in 2009
- ➔ Contingent Gross Resources

Field	MMBOE
Nemo	20

### PL 292

- ➔ Lundin Petroleum interest: 40%
  - ➔ BG 60% (Operator)
- ➔ PDO targeted in 2009
- ➔ Contingent Gross Resources

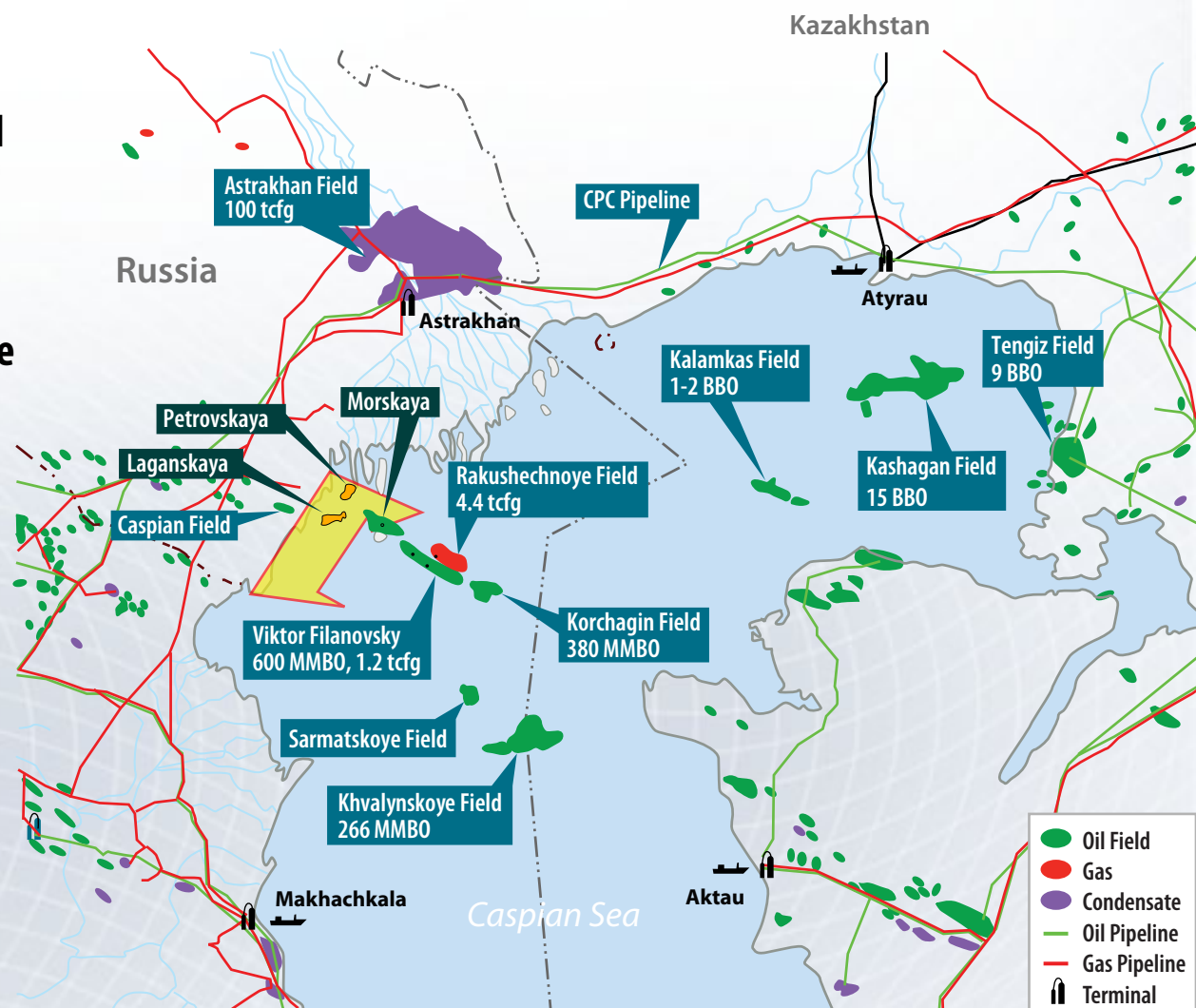
Field	MMBOE
Pi (combined North & South)	19 - 32



## Russia - Lagansky Block



- **Morskaya major oil discovery 2Q 2008**
- **Laganskaya well completed**
  - ➔ Small hydrocarbon shows, potential structure updip
- **Petrovskaya prospect to be drilled in 2009 targeting gross prospective resources of 300 MMboe**
- **Local partner Gazprom through option agreement**

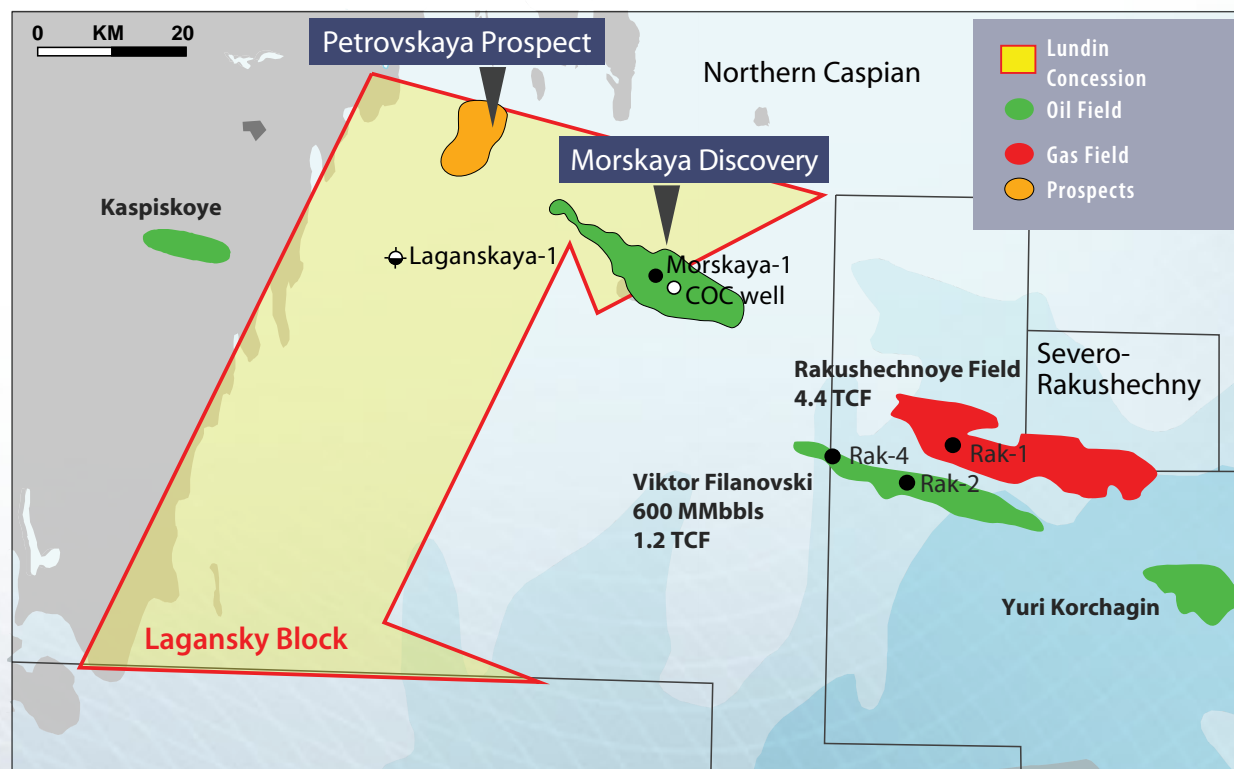


## Russia - Morskaya Discovery



### ➔ Morskaya-1 discovery

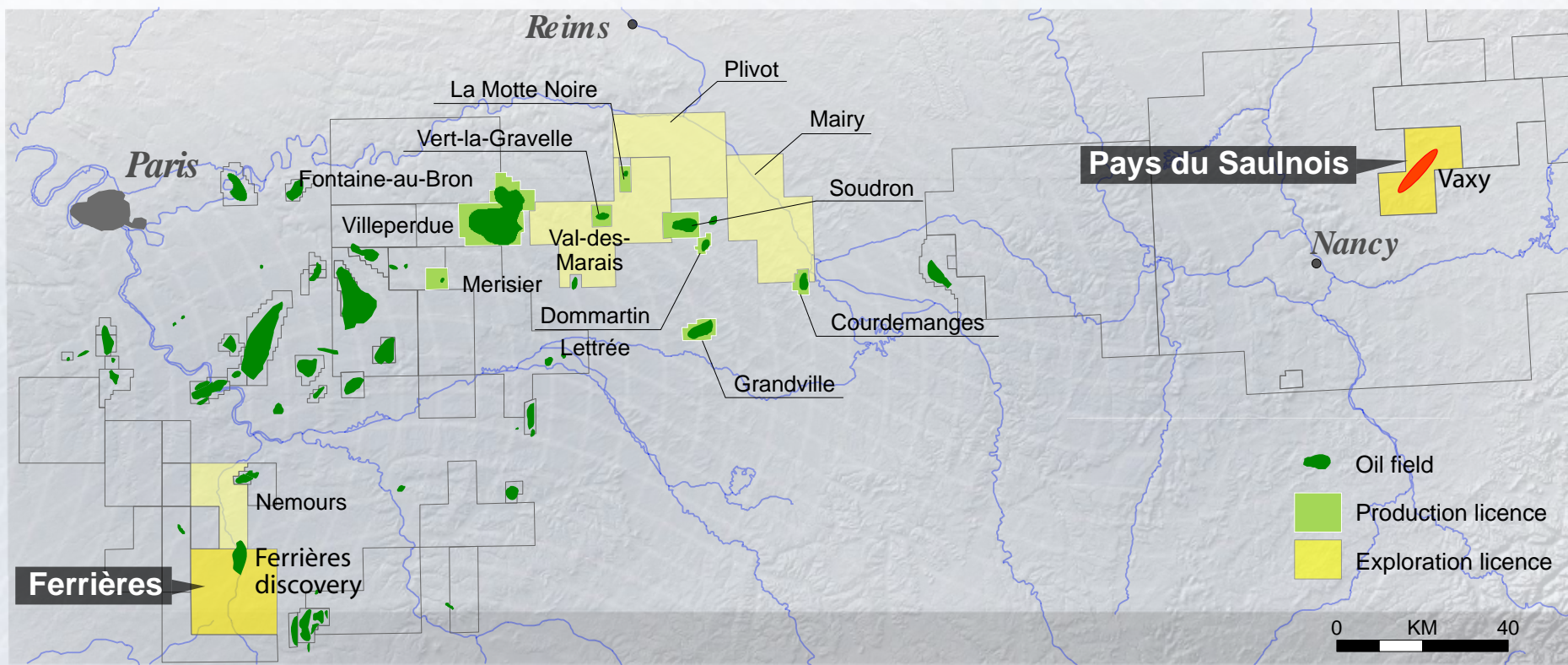
- ➔ Large structure with areal extent of 130 km<sup>2</sup>
- ➔ Tested two horizons with combined flow rate of 2,500 bopd, restricted by choke size
- ➔ Estimated flow rates for horizontal development wells of 4,000 (Aptian) to 8,000 bopd (Neocomian)
- ➔ Gross resource range on block: 110 - 450 MMbo.  
Mid case 230 MMbo
- ➔ 3D seismic ongoing
- ➔ Additional Morskaya well to be drilled in 2009



## France - Production

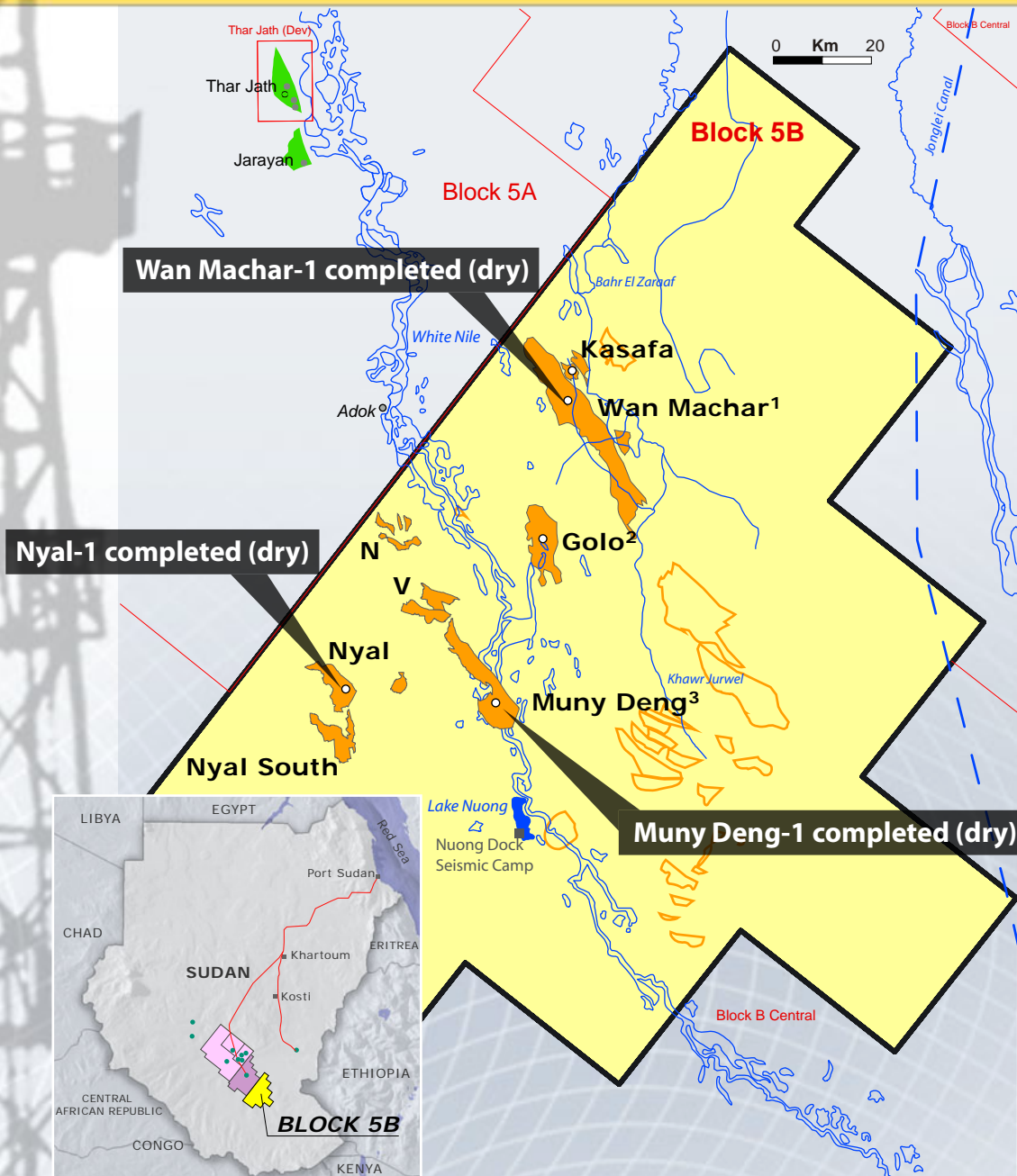


- **2P reserves: 25.8 MMboe**
- **2008 production forecast: 3,900 boepd**
- **Exploration success in third quarter**
  - ➔ Ferrières - oil discovery, awaiting testing. Pre-drill resources 14 MMboe (gross)
  - ➔ Vaxy - possible hydrocarbon discovery. Potential testing programme. Pre-drill resources 89 MMboe (gross)





# Exploration: Sudan Block 5B



- ➔ Over 1,280 km of seismic acquired since 2006
- ➔ 3 well exploration programme completed in 3Q 2008
- ➔ Studies ongoing - questions in relation to source rock maturity and migration in the southern Muglad Basin

Current Partners 5B interest

Lundin Petroleum	24.5%	} Joint operators (WNPOC)
Petronas Carigali	39.1%	
Sudapet	13.7%	
ONGC Videsh Ltd	23.5%	

NilePet to take 10% interest in block

## First Nine Months 2008 - Work Programme & Budget



### ➤ Capital Expenditure

USD 276 million

- ➔ Alvheim facilities and wells
- ➔ Volund facilities
- ➔ Thistle facilities
- ➔ Broom infill well
- ➔ Singa gas field development

### ➤ Exploration Expenditure

USD 256 million

- ➔ Russia, Lagansky drilling and seismic
- ➔ Sudan block 5B drilling and seismic
- ➔ Norway drilling and seismic
- ➔ UK drilling and seismic
- ➔ Malaysia, Cambodia, Vietnam, Congo and others – seismic

### ➤ Total Spend

USD 532 million

### ➤ Operating Cash Flow

USD 479 million

➤ Capital and exploration expenditure programmes substantially funded from internally generated funds

### Capital Programme

- **Norway - Volund project:**
  - ➔ Facilities substantially complete
  - ➔ Drilling in 2009
  
- **Indonesia - Singa project**
  - ➔ 51% complete
  - ➔ First gas in 2009
  
- **United Kingdom - Platform re-development delays**
  
- **Likely capital expenditure budget USD 200-250 million**
  - ➔ 30-40% reduction on 2008

# Exploration and Appraisal Activity 2008-2009



Country	Licence	Prospect	Gross Unrisked MMboe	Net Interest	Operator	Likely Drilling Schedule 2008				Likely Drilling Schedule 2009			
						Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Norway	PL292	Pi North	19-32	40%	BG	Discovery							
	PL338	Luno appraisal	65-190 <sup>(1)</sup>	50%	Lundin								
	PL006c	Hyme	38	75%	Lundin								
	PL006c	SE Tor appraisal	20-25	75%	Lundin								
	PL304	Aegis	104	50%	Lundin								
	PL338	Luno extension	135-310	50%	Lundin								
	PL412	Hugin South	86	30%	Noreco								
	PL363	Mon	123	60%	Lundin								
	PL340	Marihone A/B	39	15%	Marathon								
	PL359	Luno High	150	70%	Lundin								
	PL476	Frusalen	35	30%	DNO								
	PL410	Luno 3	153	100%	Lundin								
	PL203	S. Kneler	30	15%	Marathon								
Russia	Lagansky	Morskaya	110-450	70%	Lundin								
	Lagansky	Langaskaya	106	70%	Lundin								
	Lagansky	Petrovskaya	300	70%	Lundin								
	Lagansky	Morskaya appraisal		70%	Lundin								
Sudan	Block 5B	Wan Machar	1542	24.5%	WNPOC								
	Block 5B	Muny Deng	159	24.5%	WNPOC								
	Block 5B	Nyal	176	24.5%	WNPOC								
France	Ferrieres	Ferrieres	14	65%	Lundin								
	Pays de Saulnois	Vaxy	89	50%	Lundin								
Indonesia	Salawati Island/Basin		34 <sup>(2)</sup>	-	PetroChina								
Vietnam	Block 06/94	Tuong Vi	159	33.3%	Pearl								
Congo	Marine XI	Sendji	73	18.75%	Soco								
	Marine XI	Viodo appraisal	17-45	18.75%	Soco								
Kenya	Block 9	Bogal	350	30%	CNOC								



Drilled

<sup>2</sup> Net Unrisked MMBOE<sup>1</sup> + Luno Triassic

## *Strong Liquidity*



- **Strong operational cash flow**
  - USD 480 million in first nine months 2008
  - Alvheim cash flow tax sheltered
- **Cash and available bank lines of greater than USD 500 million**
- **Bank financing availability not in question**
- **No refinancing requirements**
- **Strong financial flexibility**

## Acquisition/Investment Opportunities



- **Revus holding 9.2%**
  - ➔ Wintershall offered 110 NOK/share for Revus
  
- **Lundin Petroleum share buy back programme**
  - ➔ Acquired 4.5 million shares to date
  - ➔ Reviewing options going forward
  
- **Continue to review numerous opportunities at attractive asset values**

# Lundin Petroleum

