

# *Financial Results - Year End 2006*



*February 2007*

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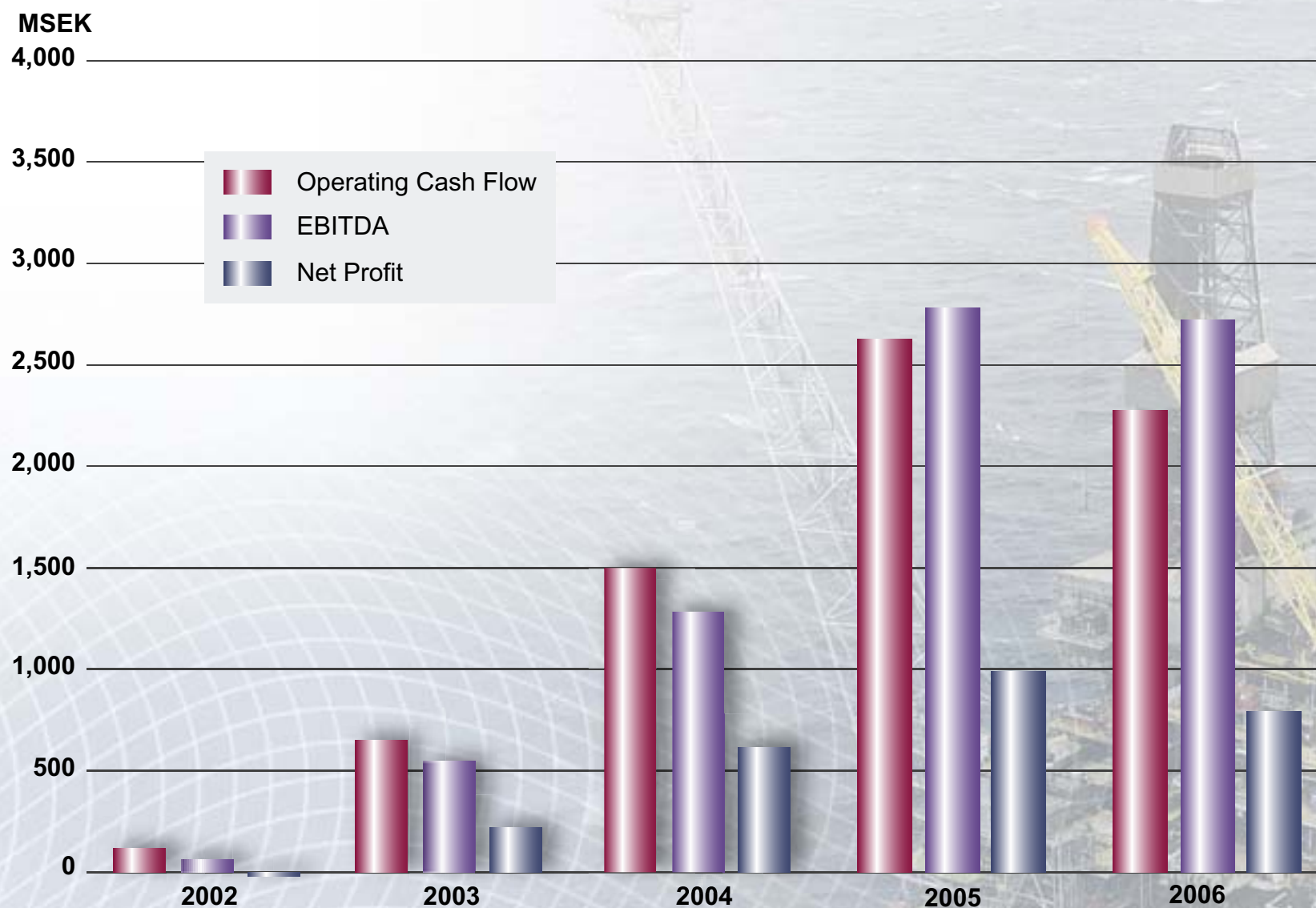
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## Financial Results - Year End 2006



	Year End 2006	Fourth Quarter 2006
➤ <b>Turnover</b> Million SEK	4,415	1,139
➤ <b>Net Profit</b> Million SEK	794	196
➤ <b>Operating Cashflow</b> Million SEK	2,271	618
➤ <b>EBITDA</b> Million SEK	2,732	559

# Financial Performance



## *Financial Highlights*



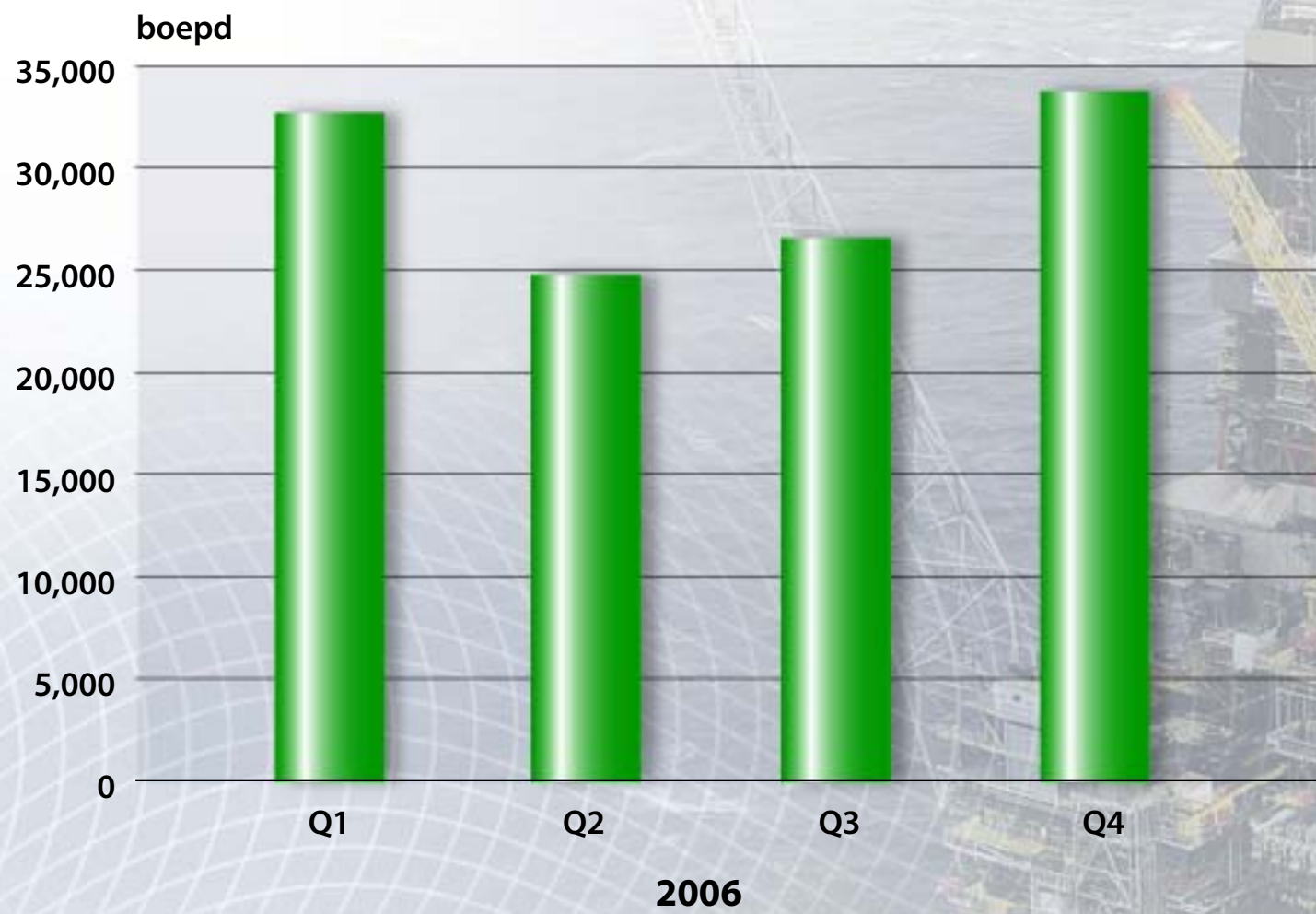
- ➔ **Production for the year 29,400 boepd**
- ➔ **Production for the quarter 33,800 boepd**
- ➔ **End 2006 at 40,000 boepd**
- ➔ **Cost of operations USD 18.49 per barrel for fourth quarter**
- ➔ **Tax rate 57% for 2006**

## 2006 Margin Netback USD/boe

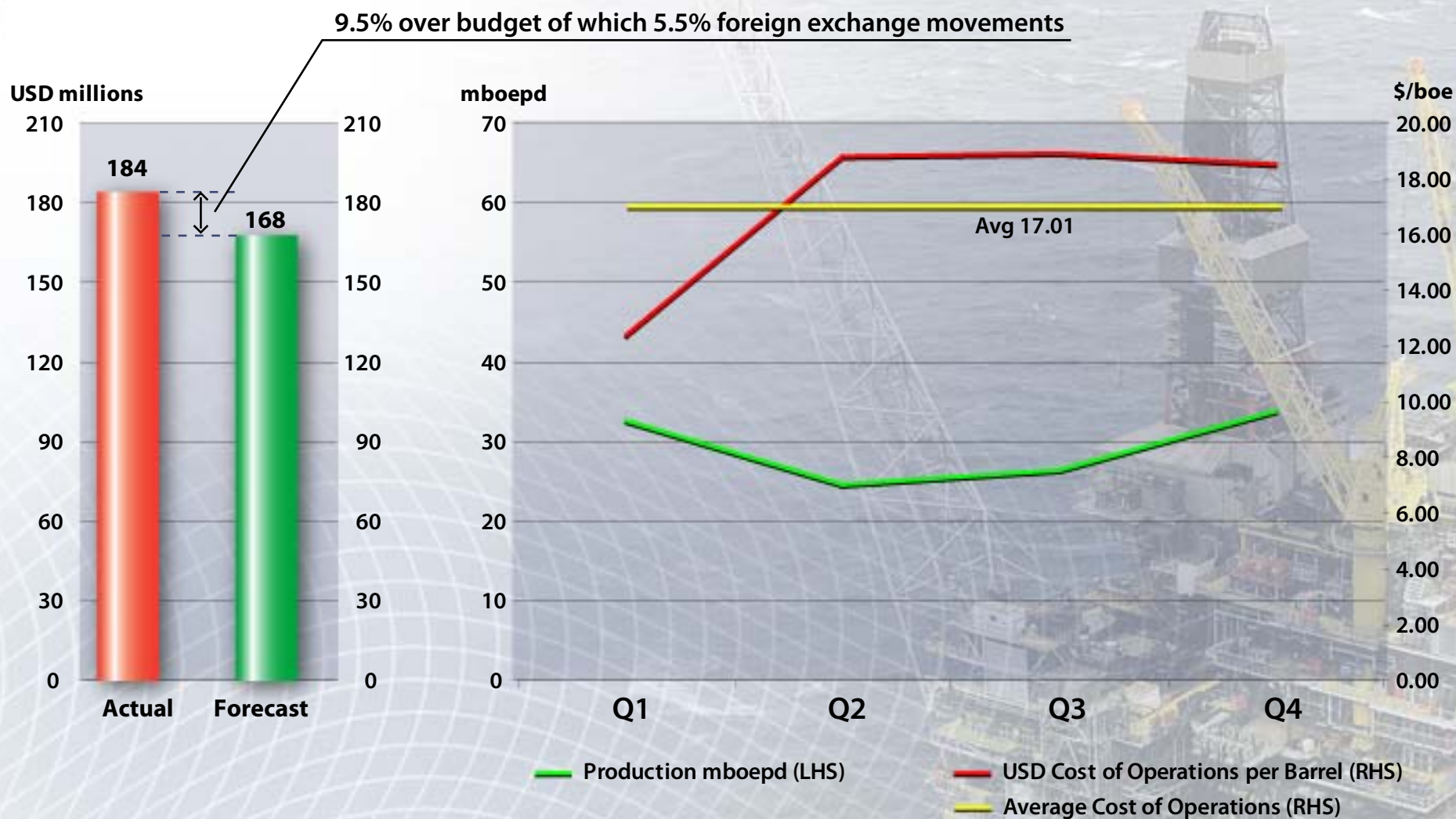


	2006 Actual (USD/boe)
Production (MMboe)	10.8
Brent oil price	65.15
Revenue	55.30
Cost of operations	-17.01
Tariffs	-1.87
Production & sales taxes	-1.94
Stock movements	1.09
	35.57
Depletion	-9.73
<b>Margin Netback</b>	<b>25.84</b>

# Production 2006



# Cost of Operations 2006





- **2006 effective rate of tax 57%**
- **2006 includes increase in deferred tax liability to record the increase in supplemental tax in UK**
- **2007 effective rate of tax 55%**

## Balance Sheet - 31 December 2006



	31 Dec 2006	31 Dec 2005
➔ Fixed Assets	16,188	6,329
➔ Net Current Assets (excluding cash)	(45)	(213)
➔ Net Bank Debt	1,094	347
➔ Shareholder Equity	10,568	3,683
➔ Net Debt/Equity Ratio	10%	9%

*numbers in million SEK*

*...strong financial flexibility*

- **2007 work programme 520 MMUSD**
- **Funded from cash flow and existing bank facility**

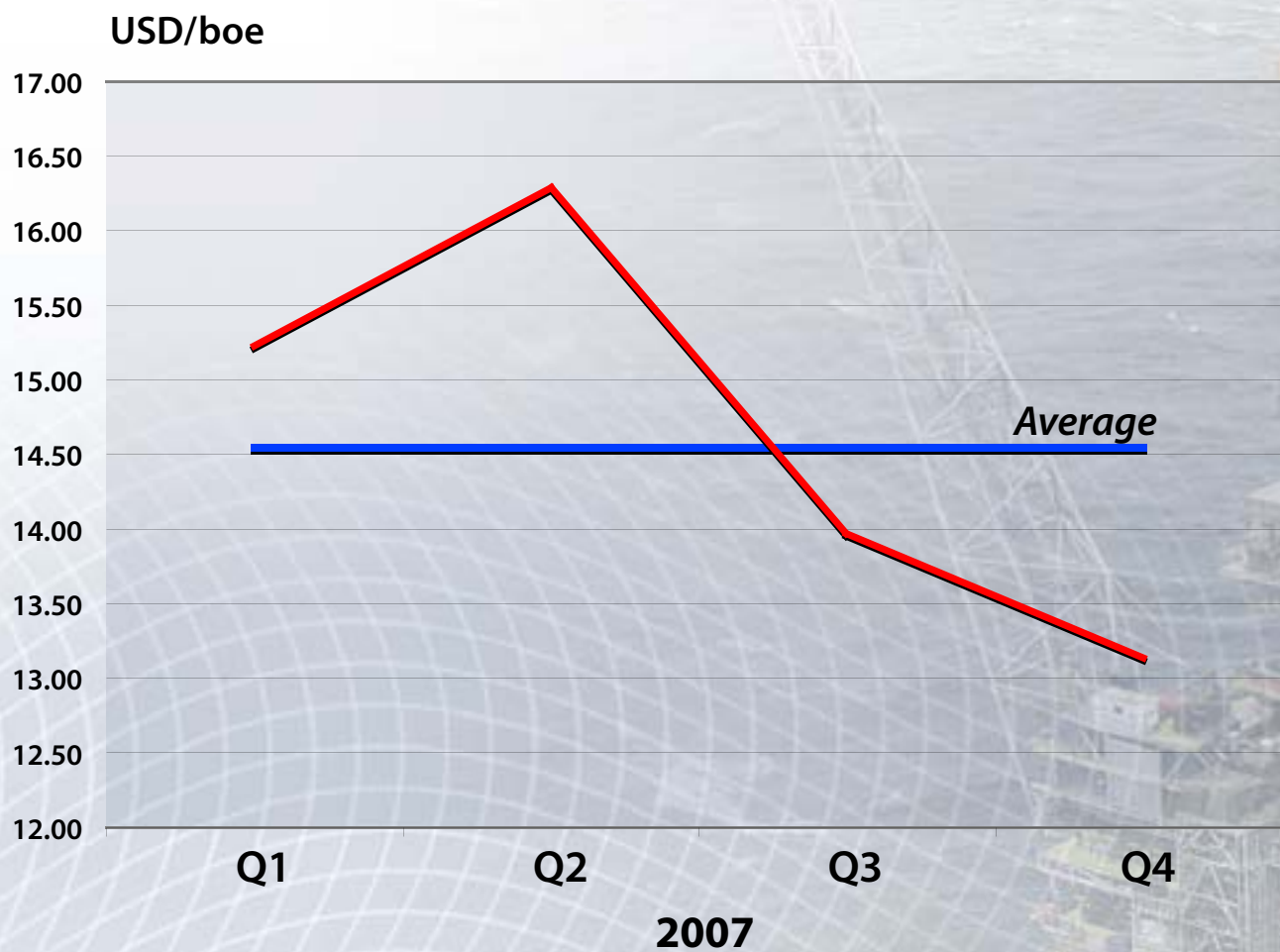
## 2007 Margin Netback USD/boe



	2006 Actual (USD/boe)	2007 Forecast (USD/boe)
Production (MMboe)	10.8	15.4
Brent oil price	65.15	55.00
Revenue	55.30	49.15
Cost of operations	-17.01	-14.55
Tariffs	-1.87	-1.60
Production & sales taxes	-1.94	-3.15
Stock movements	1.09	-0.25
	35.57	29.60
Depletion	-9.73	-10.75
<b>Margin Netback</b>	<b>25.84</b>	<b>18.85</b>

2007 foreign exchange rates assumption: USD/Euro 1.30, USD/GBP 1.90, NOK/USD 6.25

# Cost of Operations 2007



## 2006 - A Year of Consolidation after 4 Years of Growth



### Production

- ➔ **Tunisia** - Oudna producing at > 20,000 bopd
- ➔ **UK** - Facilities problems negatively impacted production forecast

### Development

- ➔ **Norway** - Alvheim development on target for first oil 2Q 2007
- ➔ **Norway** - Volund POD approved

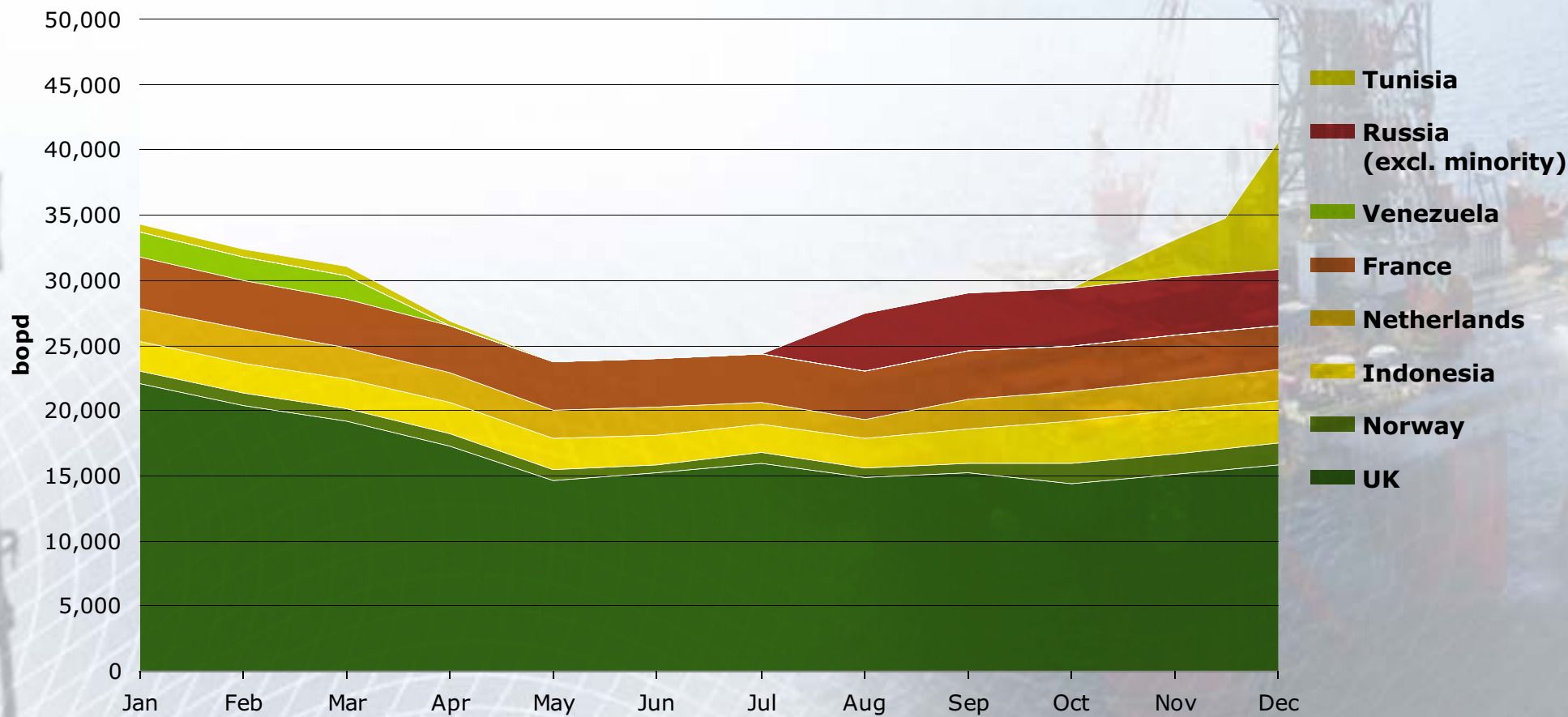
### Exploration

- ➔ **Drilling delays** in Norway, Sudan and Russia
- ➔ **UK** - Acquisition of exploration assets
- ➔ **SE Asia** - Opening of a new ventures office in Singapore
  - Signed new Block 06/94, offshore southern Vietnam
- ➔ **Africa** - New venture focus in Africa with signing of Marine XI Block, offshore Congo and 2 new blocks onshore Ethiopia

### Acquisitions

- ➔ **Valkyries** acquisition in Russia creates a new core area
- ➔ **UK/Norway** - Acquisition of undeveloped Peik gas condensate field
- ➔ **Indonesia** - Acquisition of a further 10% in the Lematang Block (Singa Development)

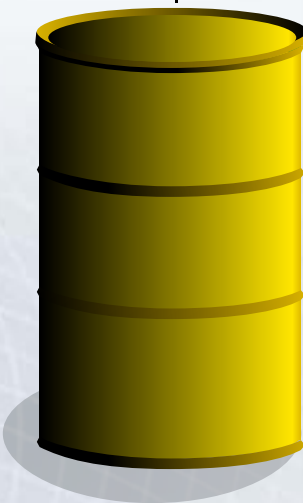
# 2006 Production



# 2006 Production

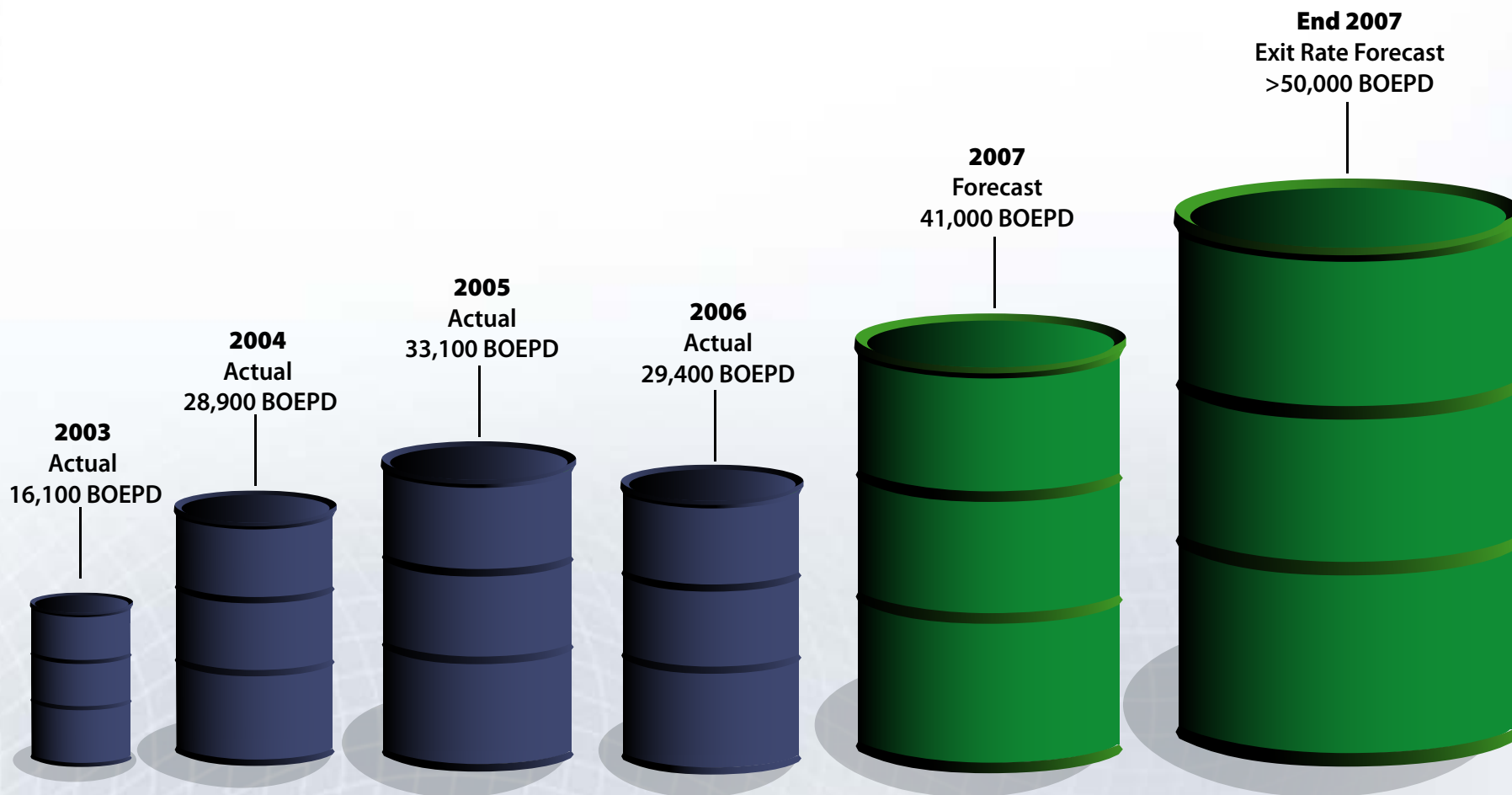


**2006  
Actual  
29,400 BOEPD**





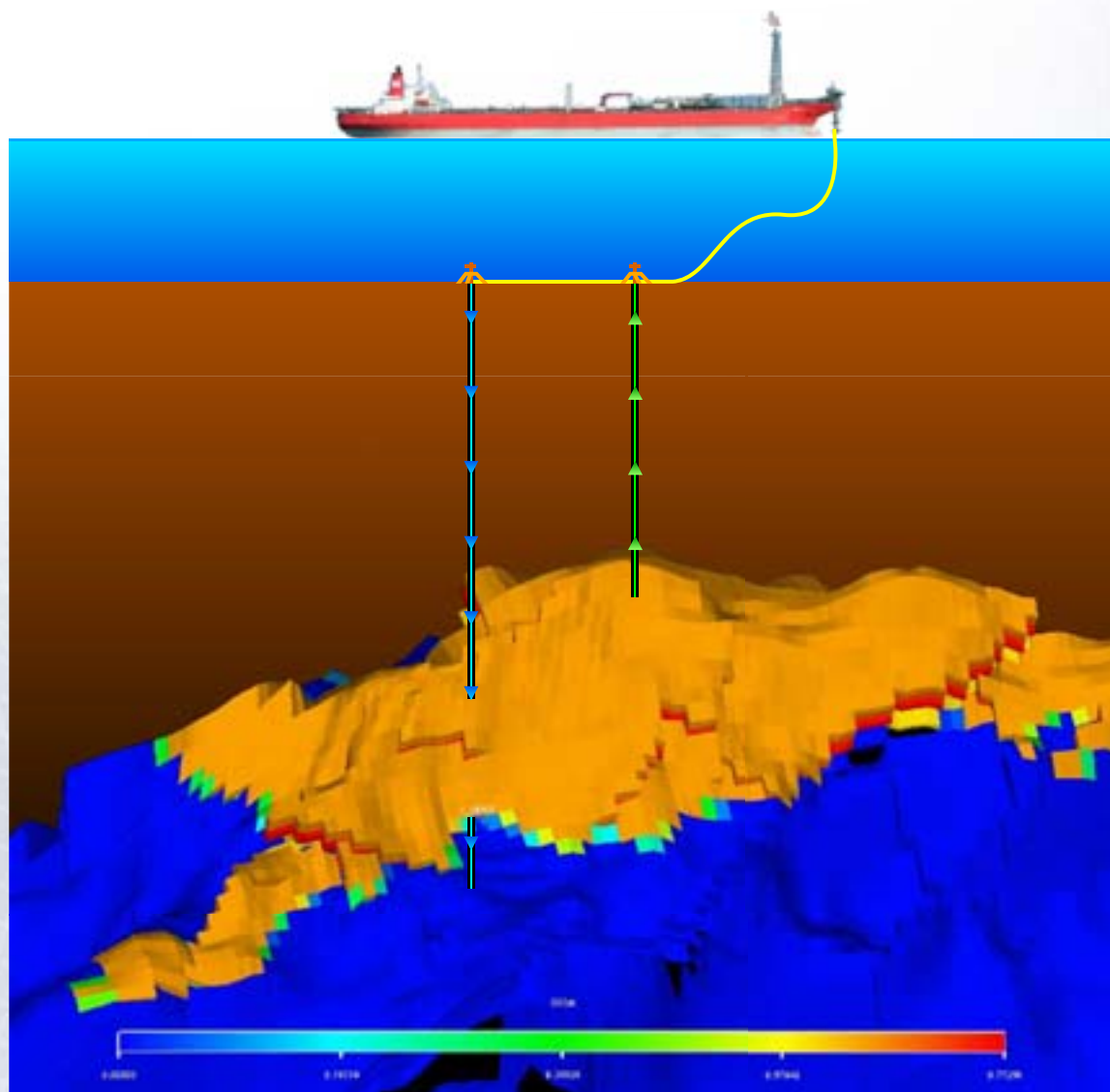
# 2007 Production Forecast



**2006 Year End Production 40,000 boepd**



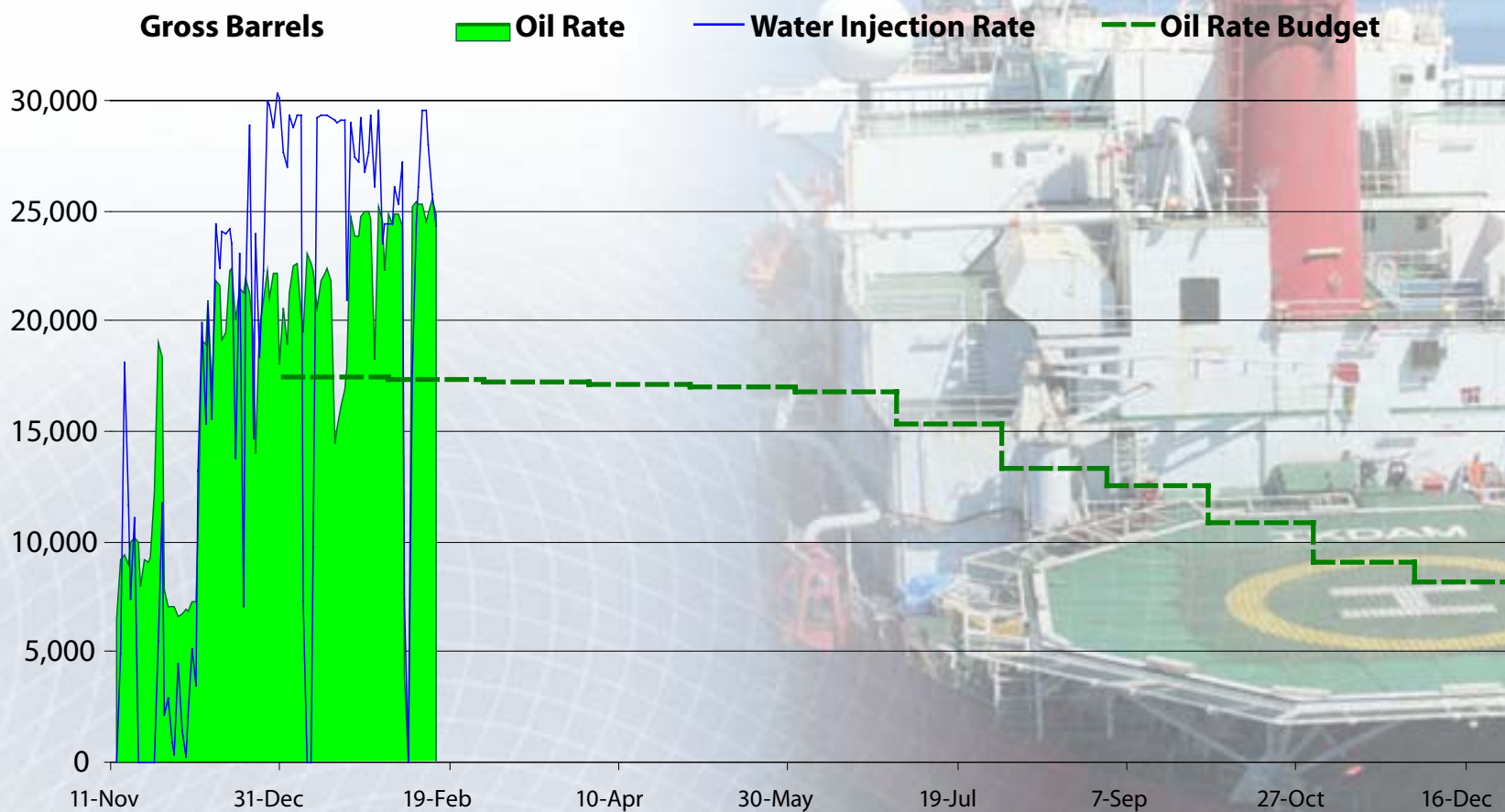
- Tunisia - Oudna field
- Lundin Petroleum 50% (operator)  
Atlantis 50% (Tunisian Govt 20%  
buy in option)
- Original production forecast  
20,000 bopd (gross)



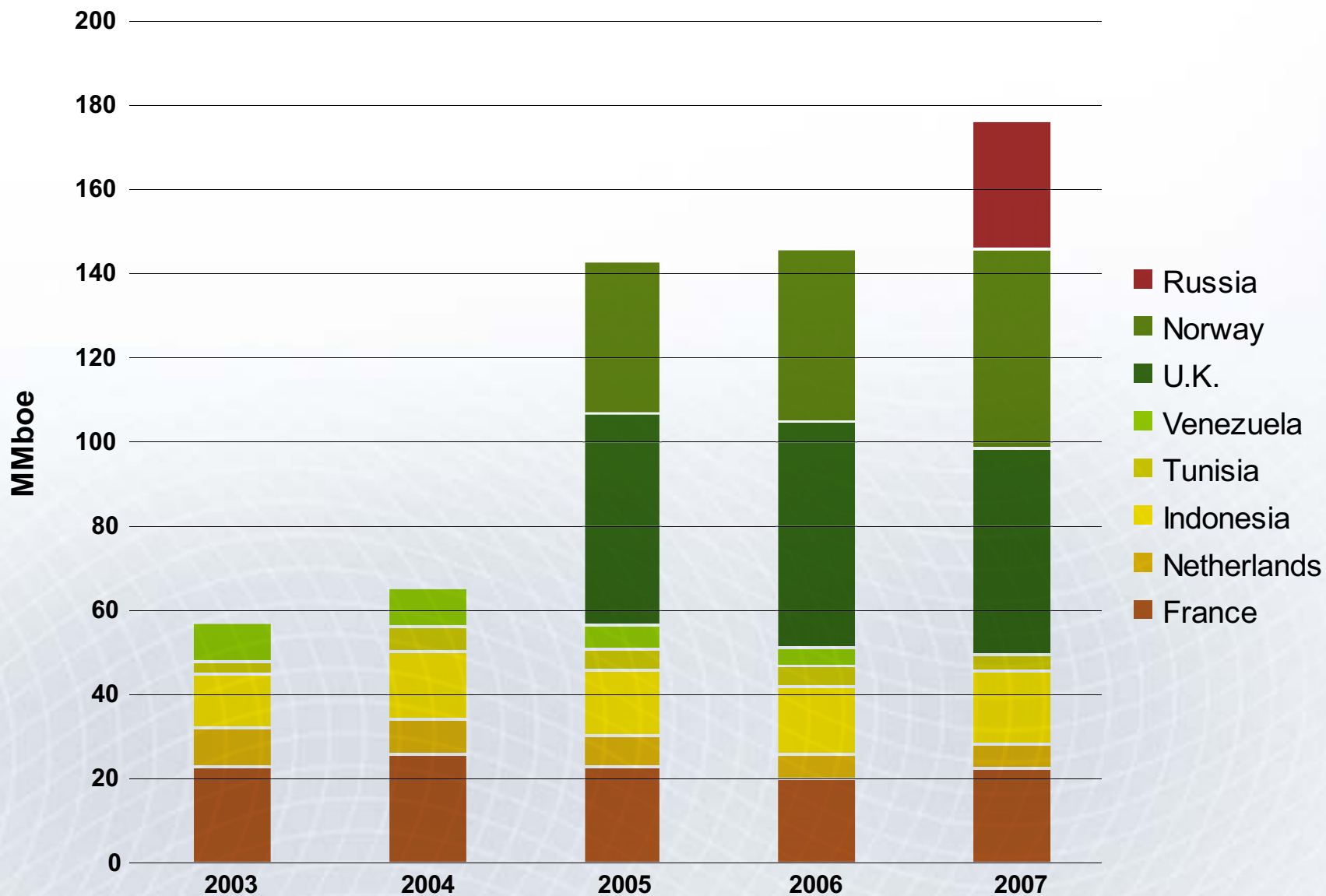
## Oudna Performance



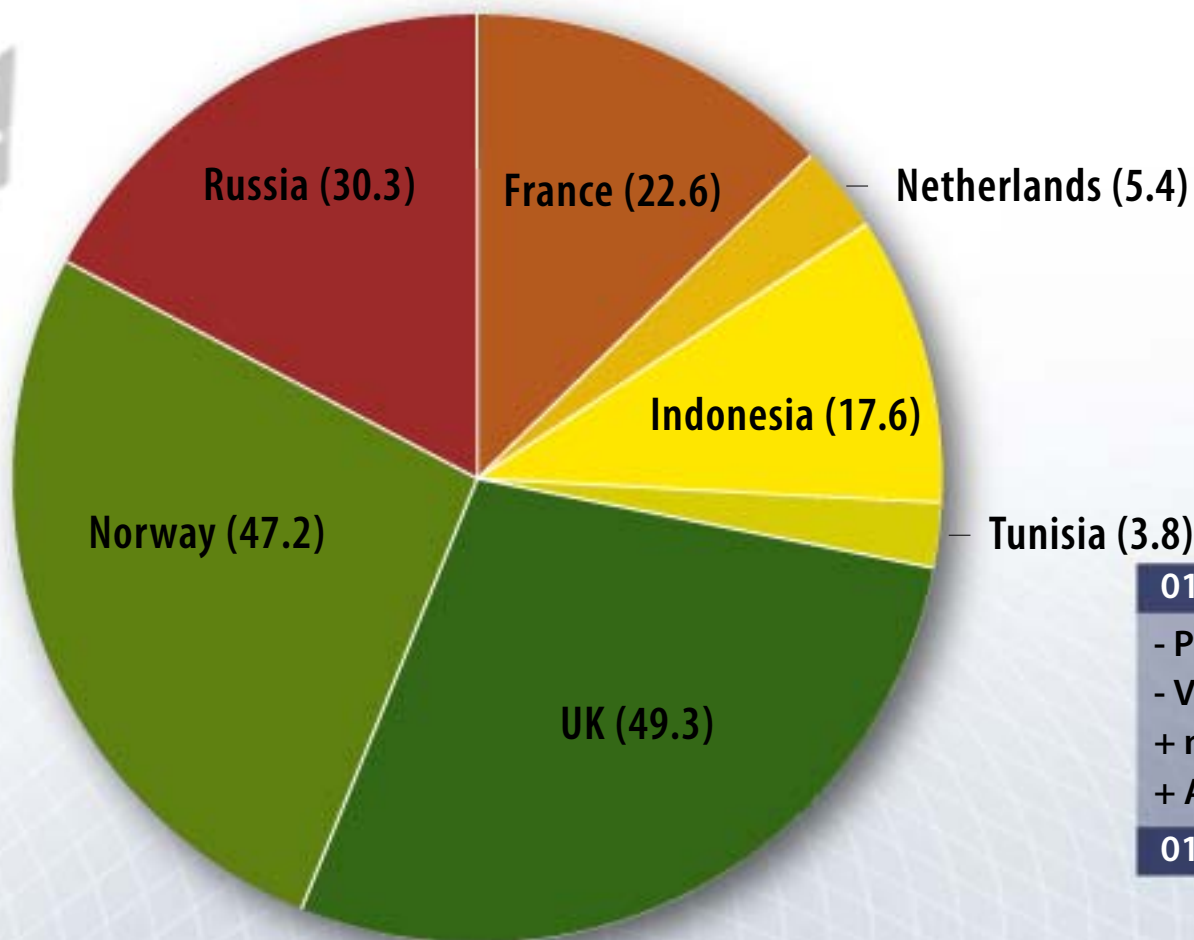
- Average production for 2007 forecast at >14,000 bopd (gross)
- Average production from 1<sup>st</sup> January 2007 to date > 21,000 bopd



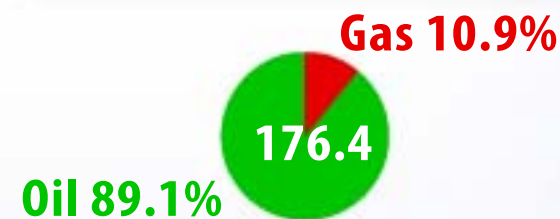
# Historical Reserves



# 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%**

# A Diversified Portfolio



# USD 520 Million Capital Investment - 2007



## Development - USD 290 million

- **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

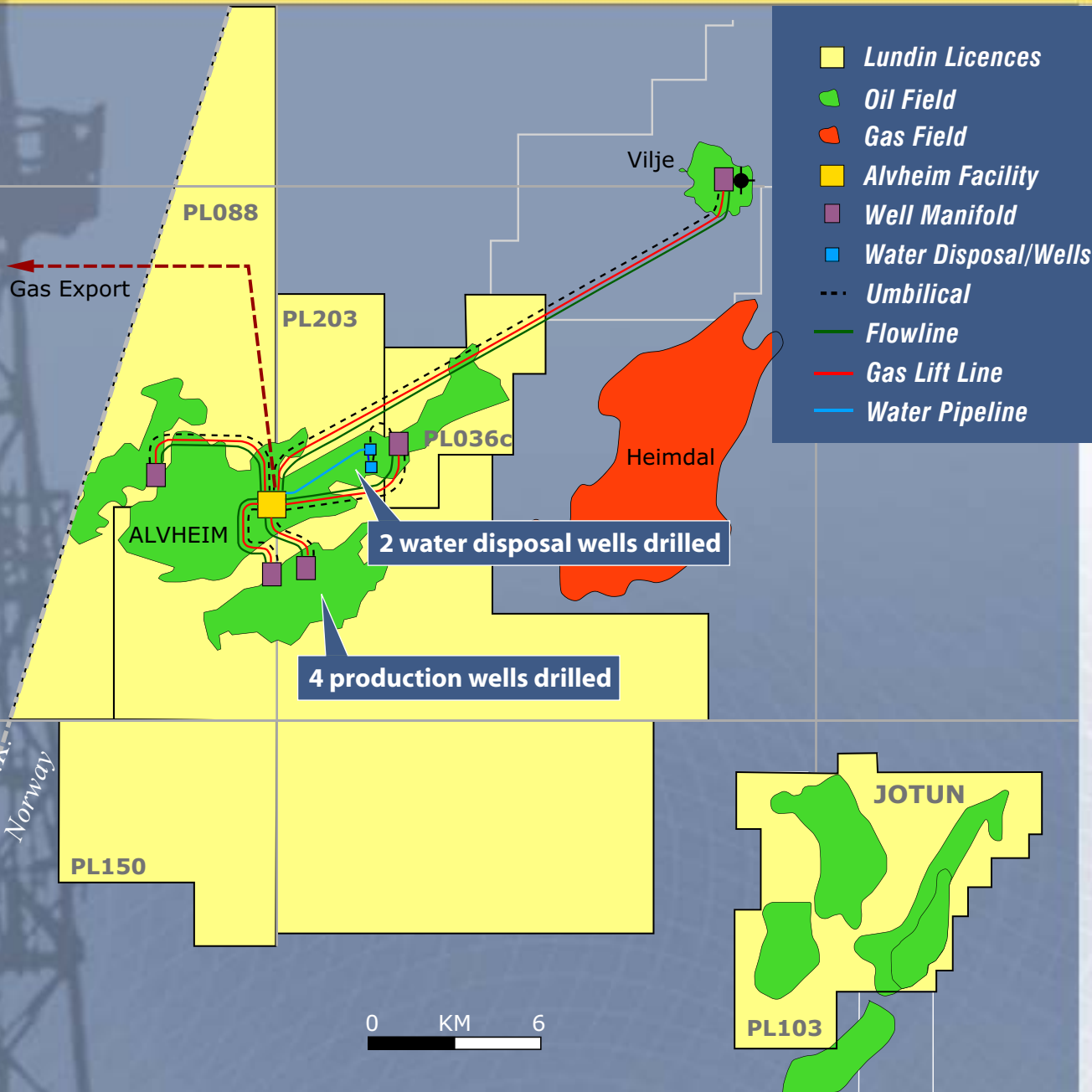
## Exploration - USD 230 million

➤ <b>UK</b>	5 Wells	100 MMBOE
➤ <b>Norway</b>	3 Wells	130 MMBOE
➤ <b>Russia</b>	2 Wells	600 MMBOE
➤ <b>Sudan</b>	3 Wells	500 MMBOE
➤ <b>Indonesia</b>	6 Wells	30 MMBOE

**Total wells to be drilled** → 19

**Total Unrisked Prospective Resource Potential** → ~1.4 billion barrels

# Norway - Alvheim Development



## ➔ Alvheim project (15%)

➔ Operator - Marathon

➔ 2P reserves 189.1 MMboe gross

➔ FPSO development - shuttle tanker oil export to Norway and gas pipeline to UK

➔ First oil 2Q 2007 - 85,000 boepd (gross plateau production)



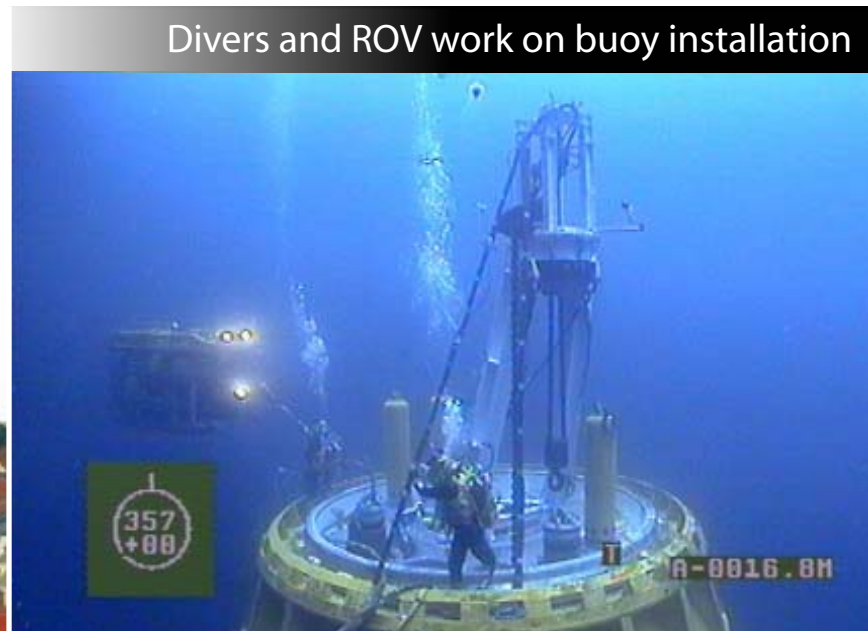
...first oil 2007



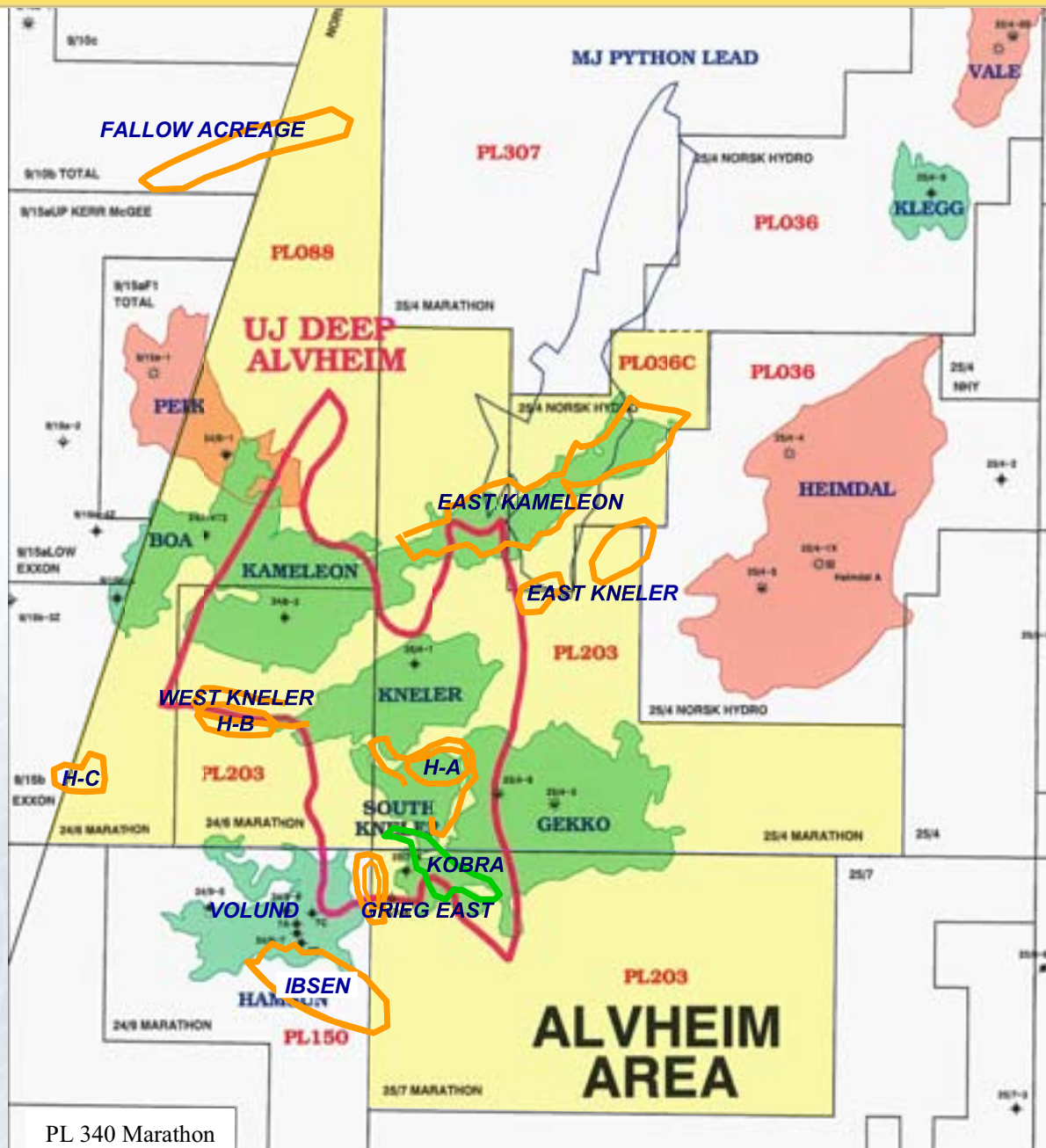
## Alvheim Status



- ➔ Development drilling ongoing
- ➔ Topsides installation ongoing
- ➔ Subsea installation completed (except wells tie-in)
- ➔ Buoy installed offshore and ready for hook up into turret

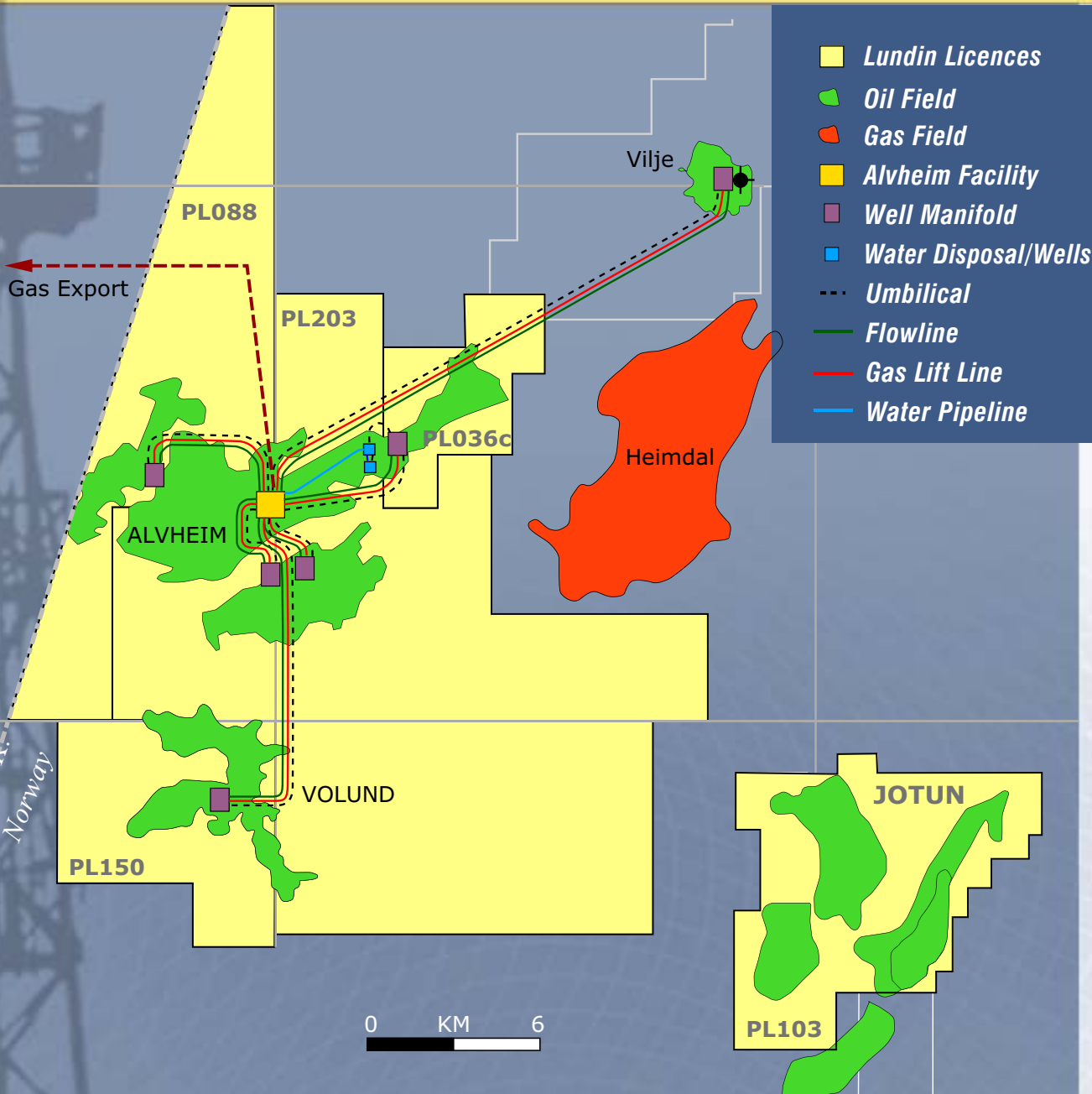


# Greater Alvheim Area - Upside Potential



- ➔ **Alvheim Field 28.5 MMboe (15%):**  
Boa, Kameleon, Kneler
- ➔ **Volund Field 17 MMboe (35%)**
- ➔ **Contingent Resources 5.3 MMboe:**  
East Kameleon branch wells  
Gekko  
Kobra
- ➔ **Prospective Resources**  
**Unrisked 52.8 MMboe:**  
South Kneler  
Alvheim Deep  
Hermod A  
East Kneler  
West Kneler + H-B  
Python  
Grieg East + Ibsen N (35%)  
Ibsen(35%)
- ➔ **PL 340 (15%):**  
- **Contingent Resources 1.6 MMboe**  
- **Unrisked Prospective Resources 14.4 MMboe**

# 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

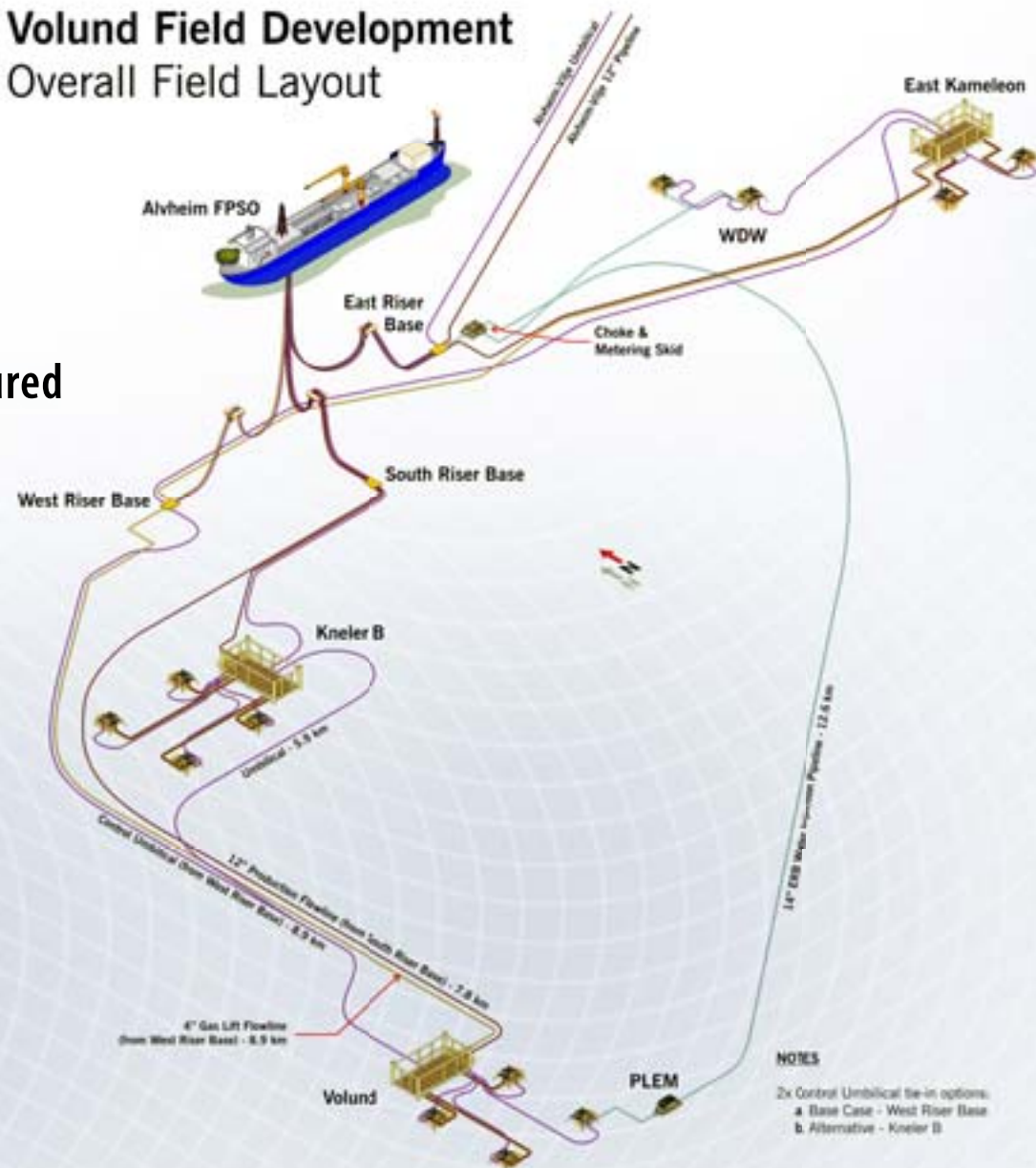


# Norway - Volund Development

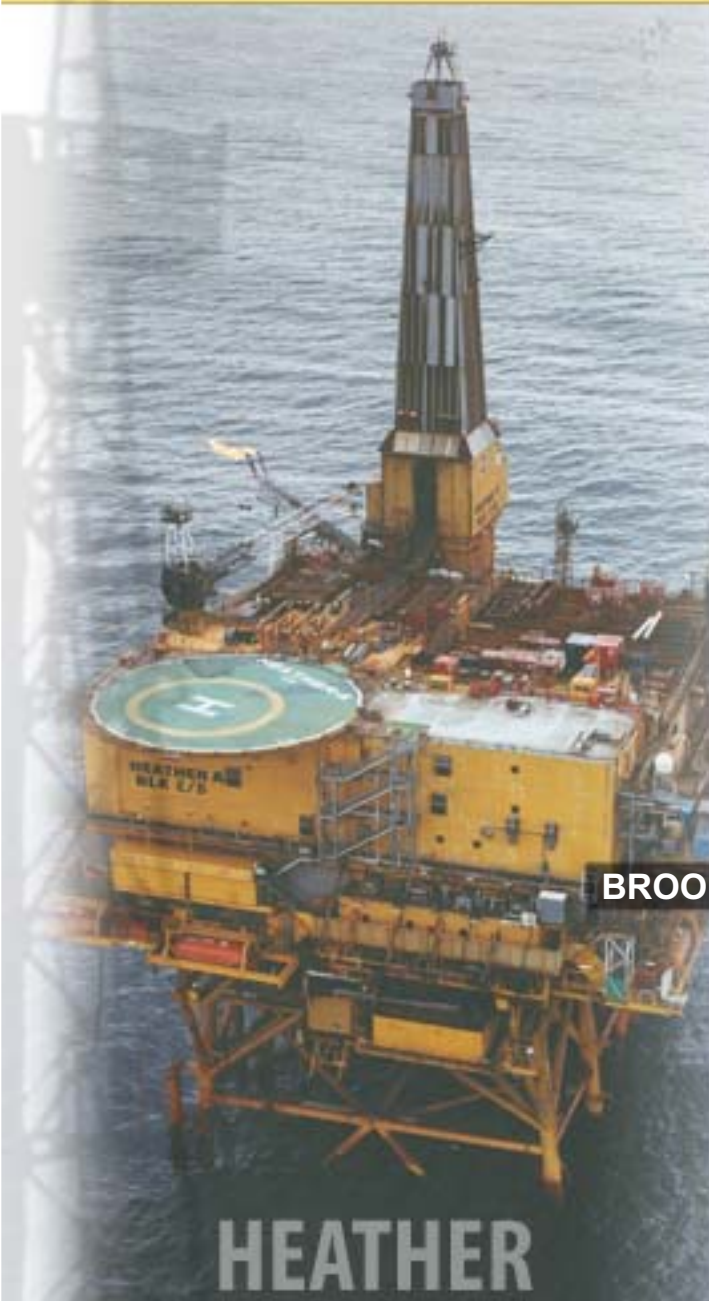


- Estimated Capex NOK 2.8 billion gross (USD 9 per barrel)
- Contracts awarded and drilling rig secured
- Subsea development
  - ➔ 4 slot manifold same as Alvheim
  - ➔ 3 oil producers
  - ➔ Water injection
  - ➔ 1 production riser
  - ➔ Some topside installation

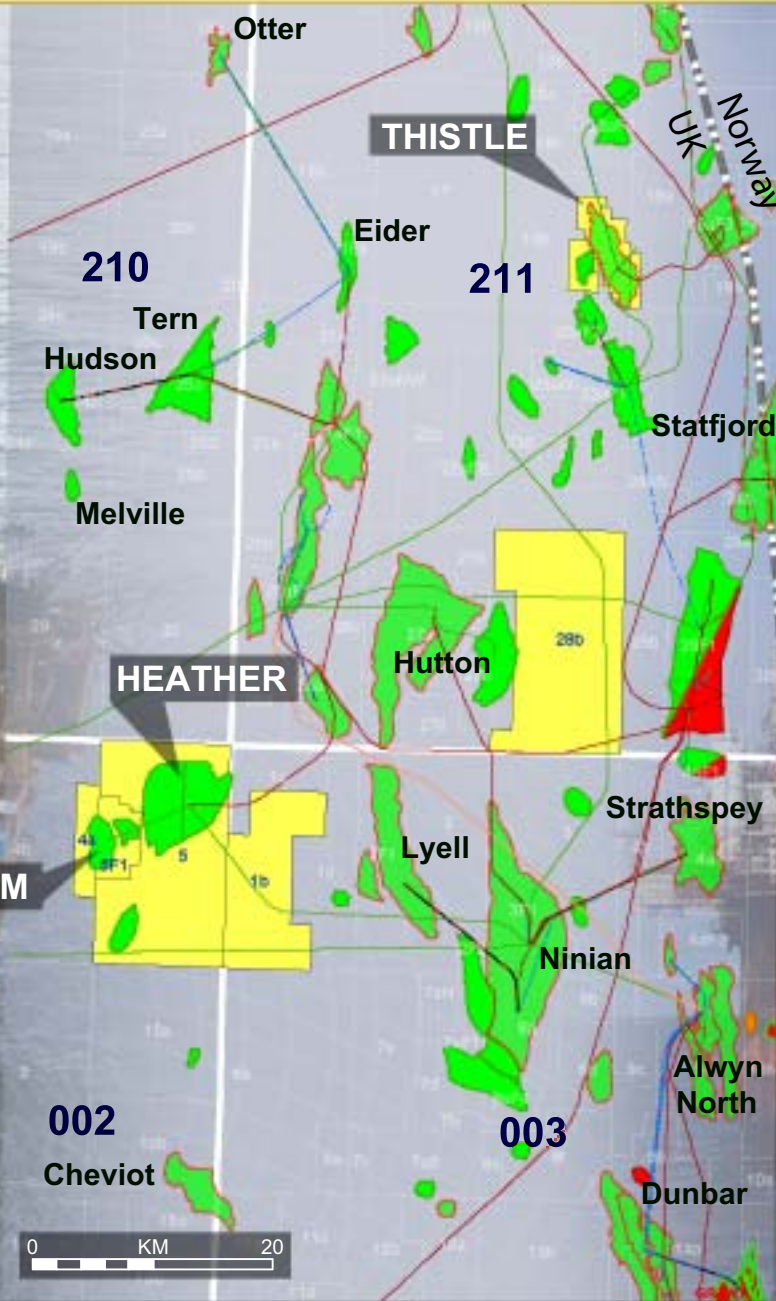
## Volund Field Development Overall Field Layout



# UK Producing Assets



**HEATHER**



**THISTLE**

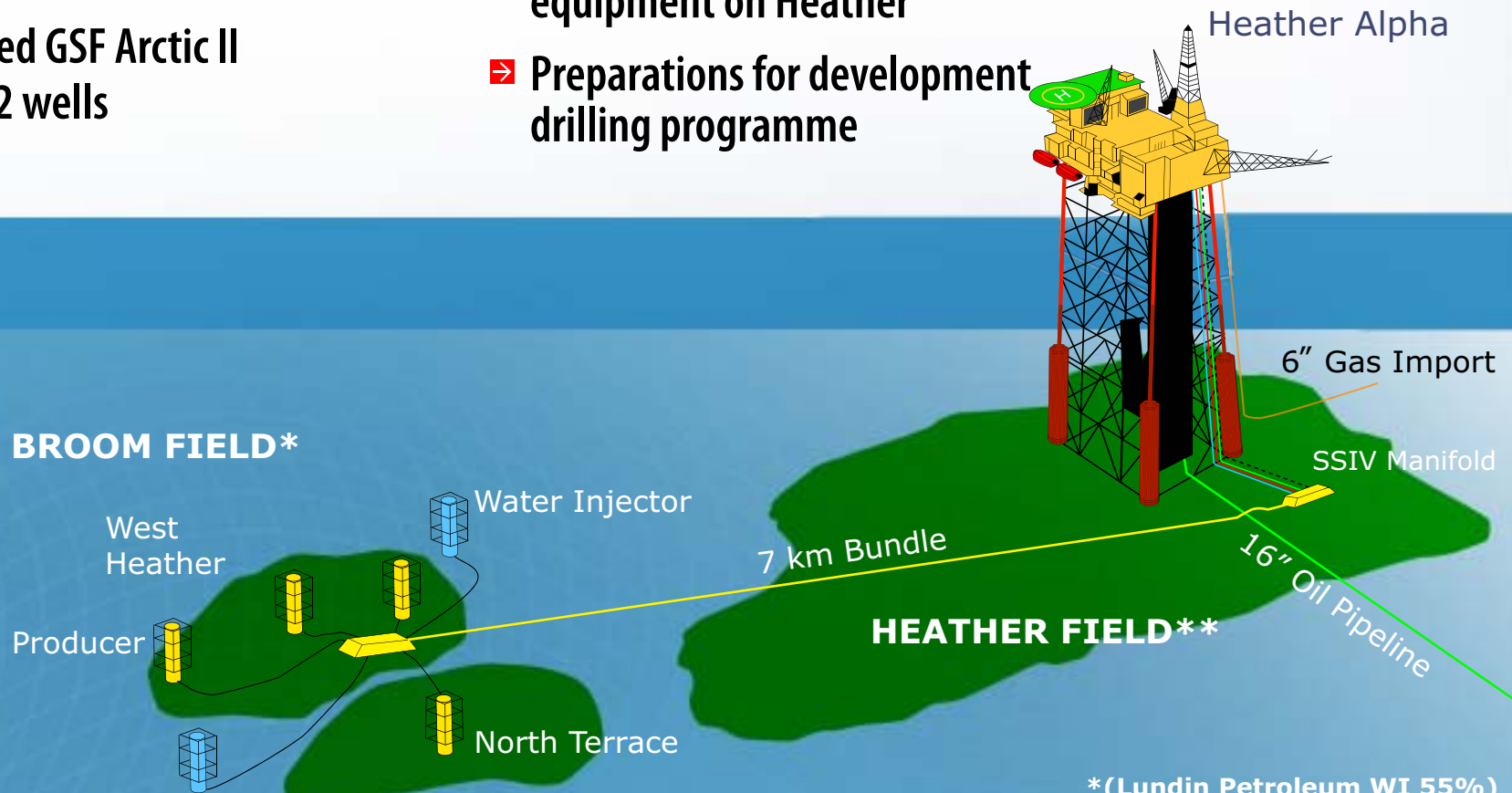
## UK - Broom Field



- First oil August 2004
- Reserves 18.9 MMbbls net to Lundin
- 3D seismic shot in 2006
- Contracted GSF Arctic II for next 2 wells

### Ongoing Projects

- 2007 revamp of Broom reservoir model integrating new seismic
- Installation of water handling equipment on Heather
- Preparations for development drilling programme

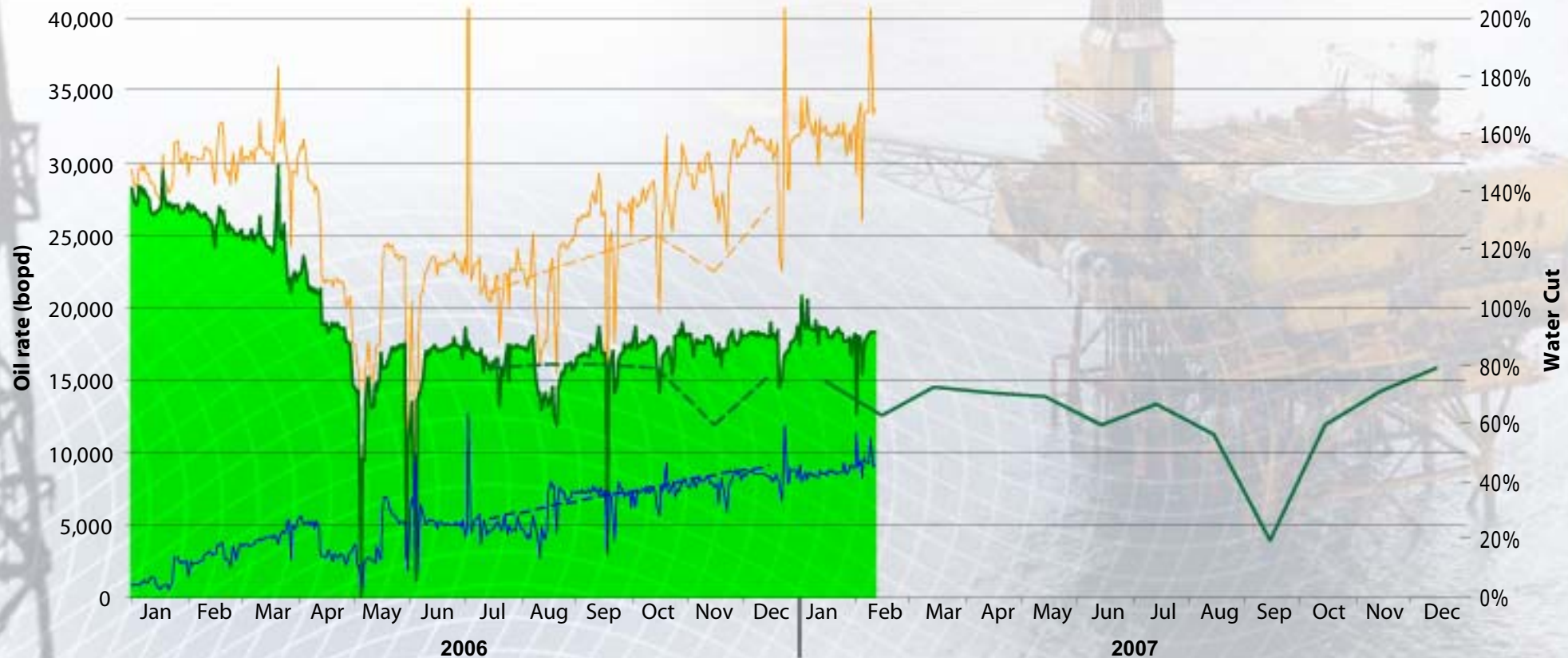
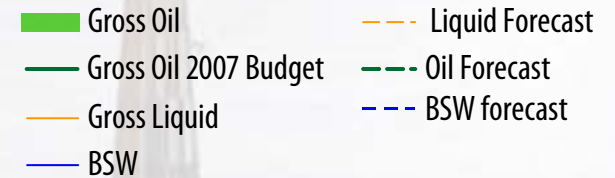


\*(Lundin Petroleum WI 55%)  
 \*\*(Lundin Petroleum WI 100%)

# UK Broom 2005 to 2007 - Improving Performance



- ➔ Recovery from 2Q 2006
- ➔ Stable water injection at 45,000 bwpd
- ➔ Oil production ahead of forecast



## UK - Thistle Redevelopment



### 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

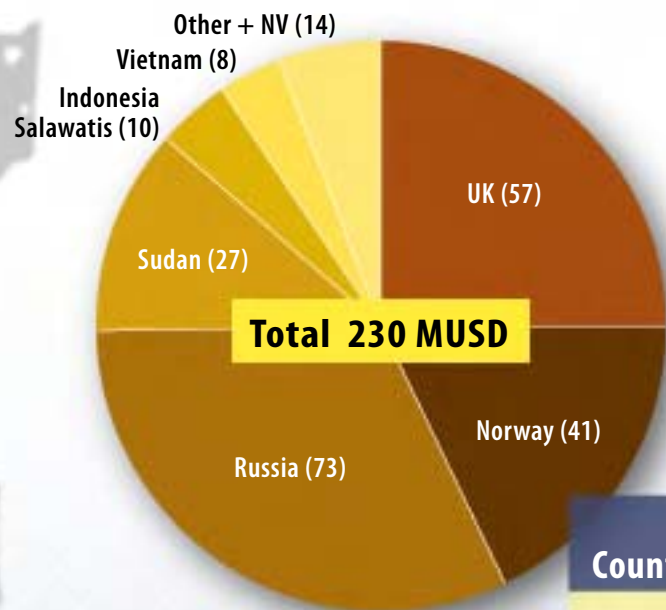
- 3D seismic
- Rig reactivation
- Direct oil export
- Process debottlenecking
- Potential third party business (combined potential resources of up to 100 MMboe)



## Value Creation

- 131 MMboe produced – STOIIP 507 MMboe
- Broom host
- Drilling facilities reactivated
- Life extension investment
- Greater Heather area 3D seismic shot in 2006

# 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>

# Exploration Activity 2007



- ➔ Exploration budget of USD 230 MM in 2007
  - ➔ Unrisked finding cost USD 0.16 /boe
  - ➔ Risked finding cost USD 1.71 /boe

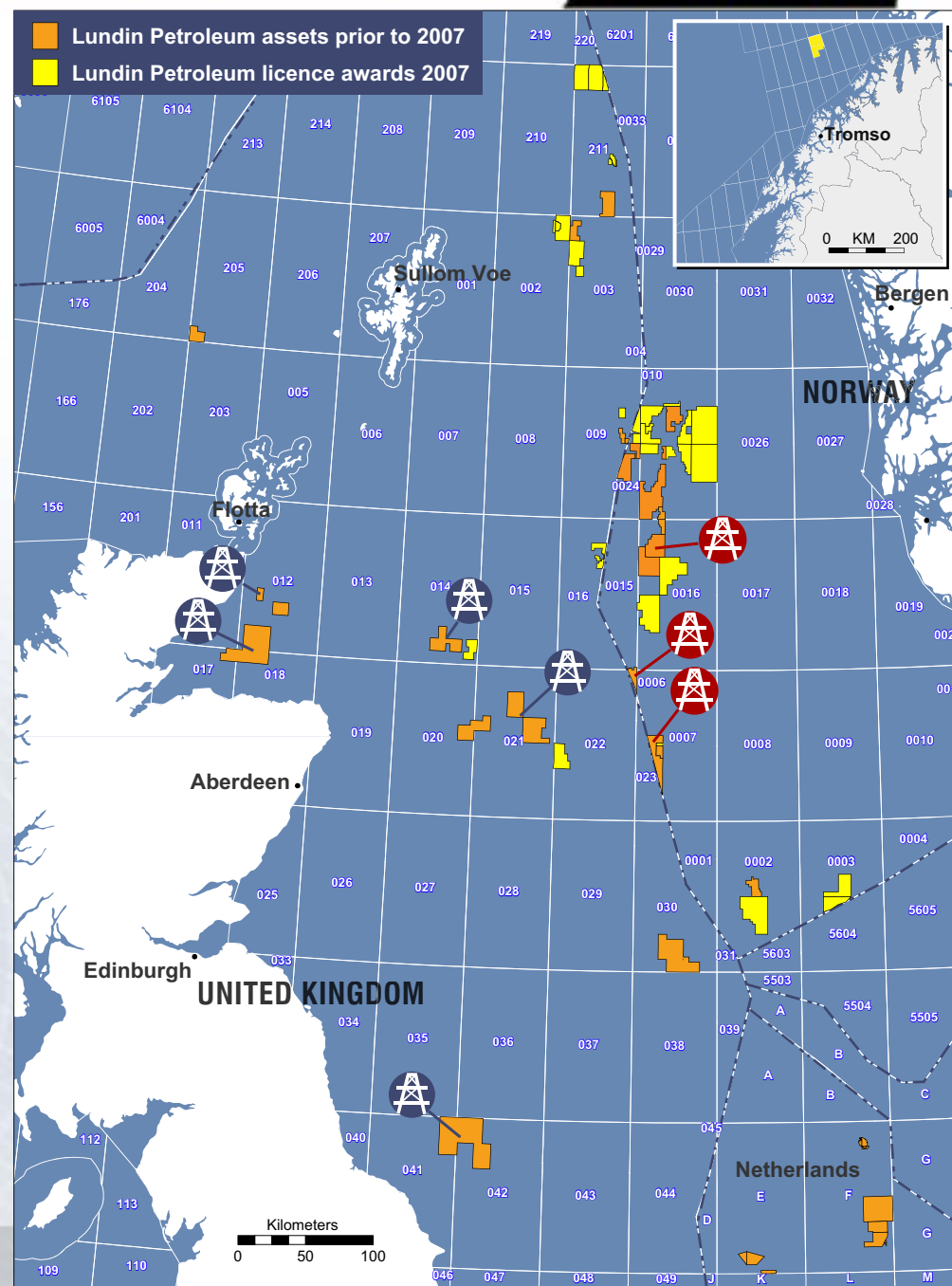
Country	Licence	Net Interest	Operator	Contracted Rig	Likely Drilling Schedule 2007			
					Q1	Q2	Q3	Q4
Norway	PL338	50%	Lundin	Bredford Dolphin		█		
	PL335	18%	BG	Maersk Giant		█		
	PL292	40%	BG	Maersk Giant			█	█
UK	P1399	15%	Endeavour	Galaxy II			█	
	P1129	25%	Lundin	Galaxy II			█	
	P1301	30%	Lundin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

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

## Lundin NCS and UKCS Licences (49)



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



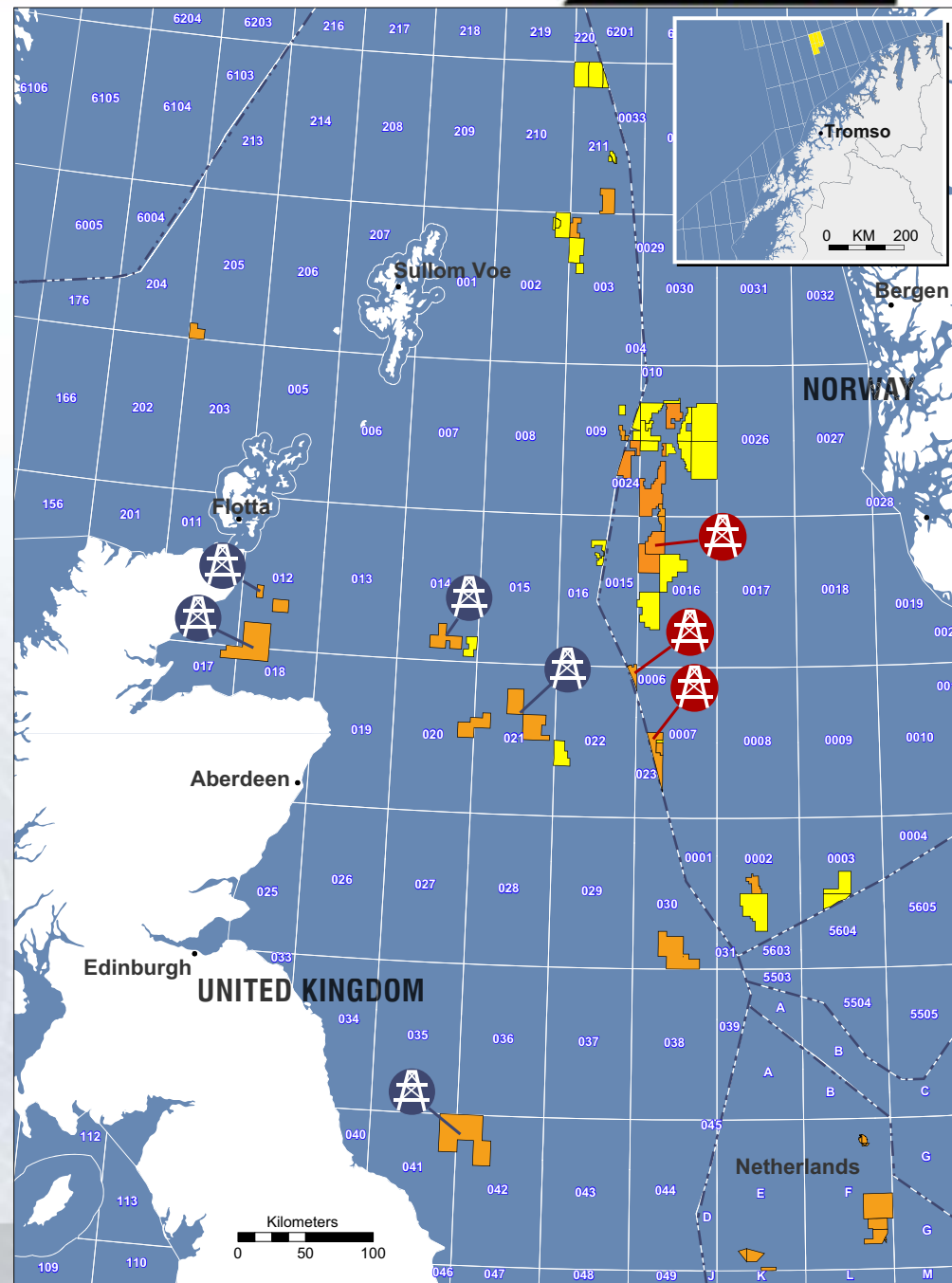
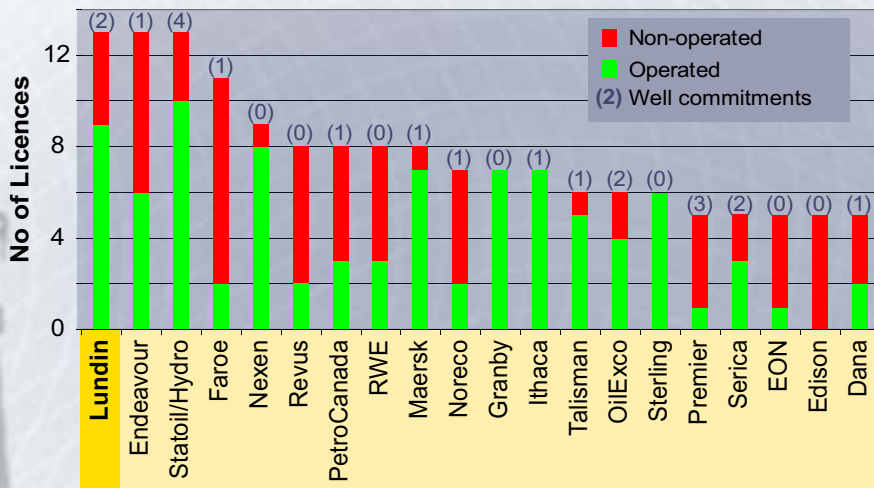
# APA 2006 and UK 24th Round Awards



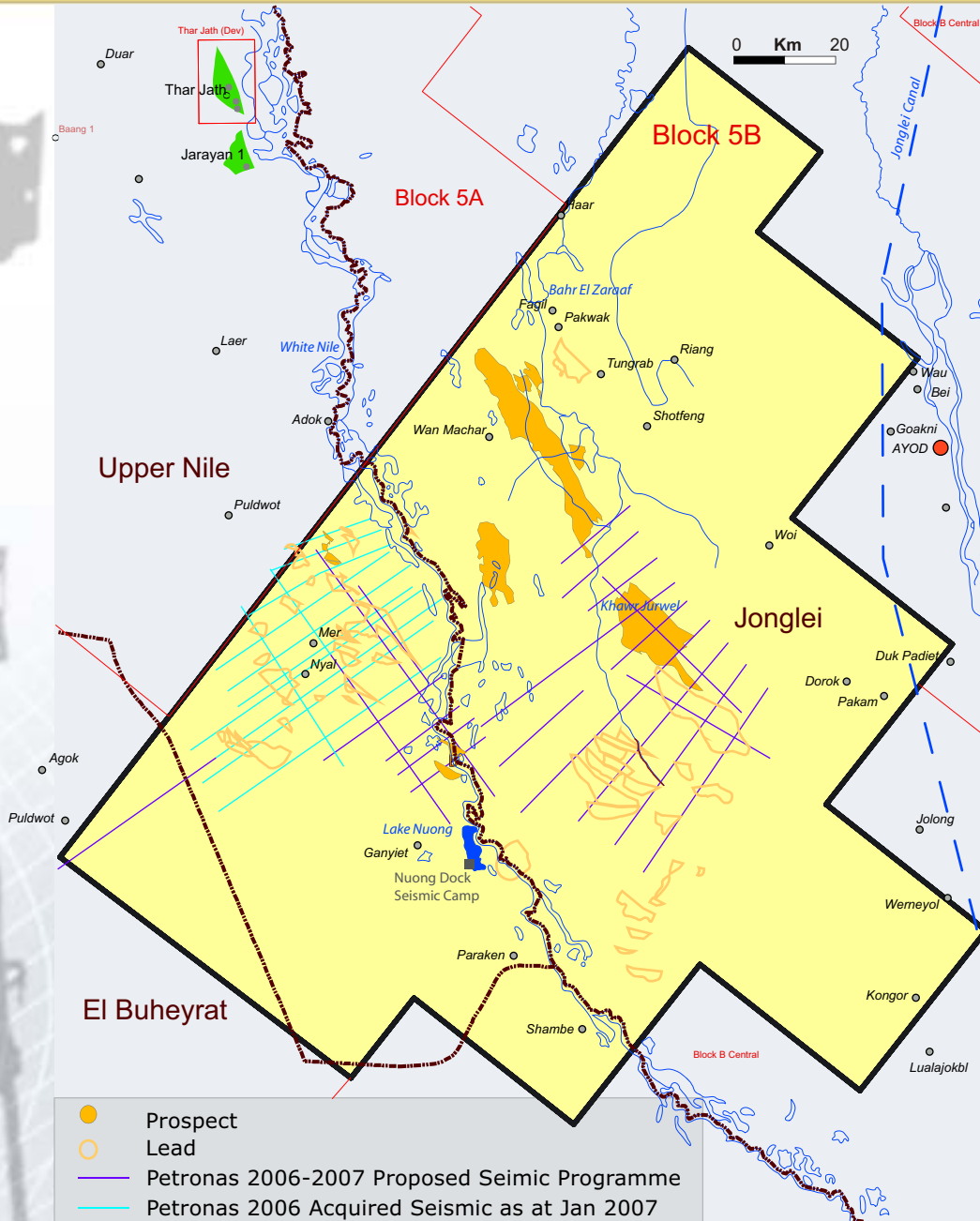
- ➔ Norway APA 2006 - 7 licences awarded
- ➔ UK 24th Round 2006 - 6 licences awarded
- ➔ Lundin Petroleum awards risked resource potential mmboe

	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



# Sudan - Block 5B



- ➔ 1500 km 2D seismic survey programme  
509 km of seismic acquired during as at 23.01.07
- ➔ 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%	



## Sudan - Block 5B



### Seismic operations

- ➔ 2D seismic: 520 km acquired (15/02/07), acquisition ongoing

### Drilling preparation

#### ➔ Modular floater

- ➔ 21 Crane barge and 2 Transport Barges completed and shipped
- ➔ 1st delivery of 24 units in Port Sudan undergoing customs clearance
- ➔ 2nd delivery of 33 units in transit to Port Sudan
- ➔ 2 transport barges and 1 drilling barge including ancillary equipment remain outstanding. Estimated final delivery is mid March.

#### ➔ Kosti Logistics base is 96% completed

#### ➔ Equipment for site setup

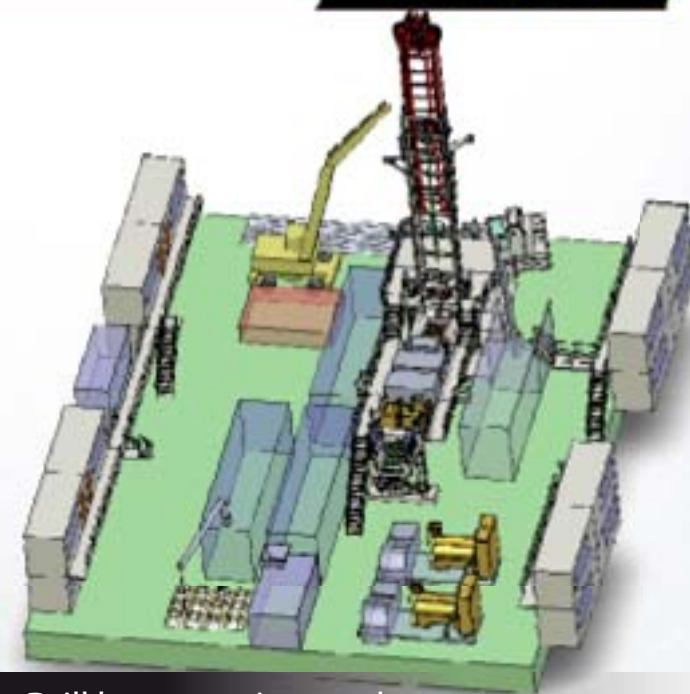
- ➔ Harvester, shredder and dredger are in Port Sudan undergoing customs clearance
- ➔ 2 Tug boats have arrived at Kosti logistics base
- ➔ Target start of shredding/dredging operations is late 1Q 2007

#### ➔ Accommodation

- ➔ Catamaran accommodation barge arrived at Kosti.
- ➔ Topside is 70% complete.
- ➔ Trimaran accommodation barge fabrication has commenced in Khartoum with estimated 50% completion.
- ➔ Trimaran topside accommodation (125 man) in Singapore with estimated 80% completion

#### ➔ Rig

- ➔ Shipment of rig from France is scheduled for end March 2007
- ➔ Estimated spud date is mid-year 2007



Drill barge equipment layout

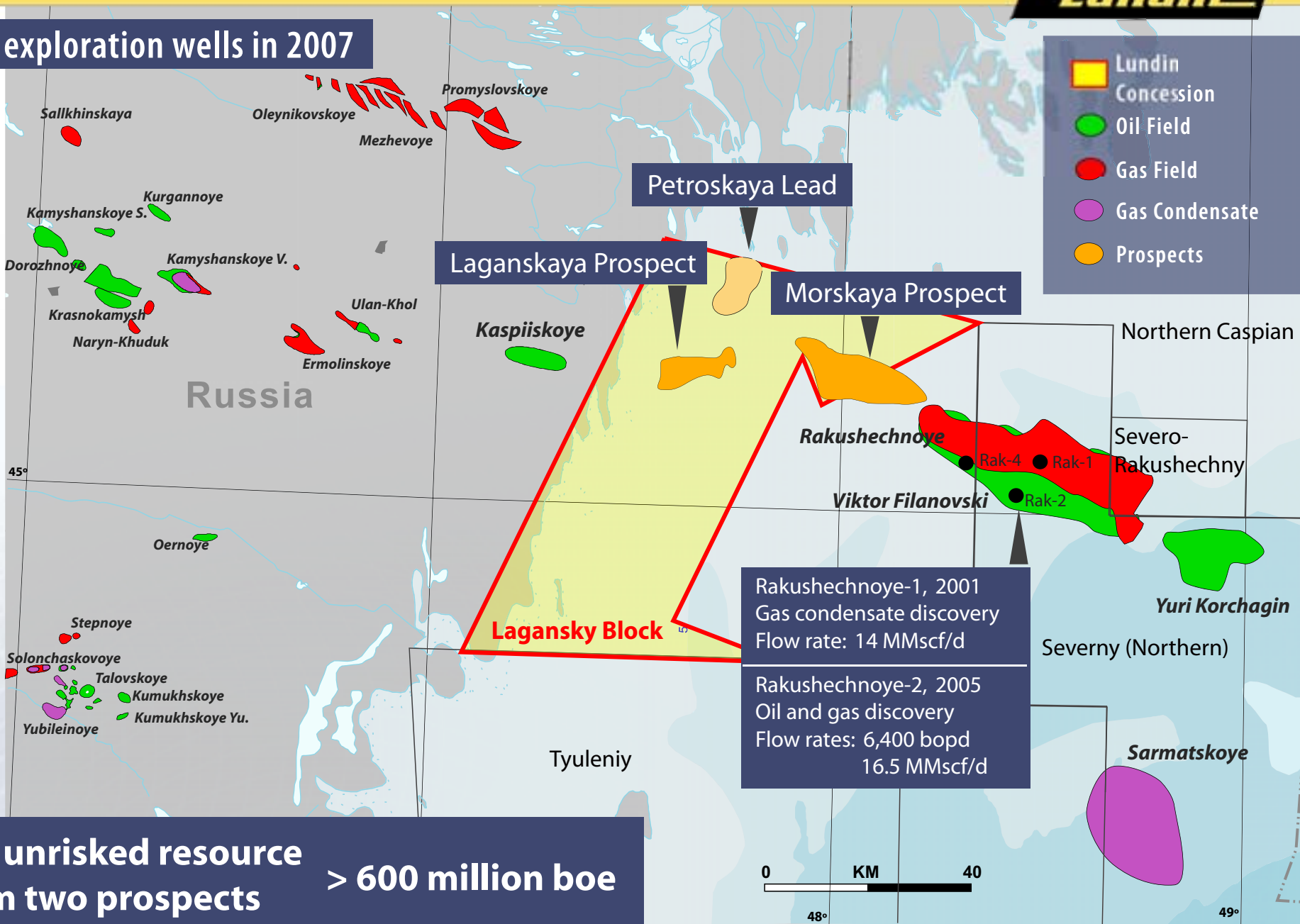


Offices and workshops at Kosti logistics base

# 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



Alterations being made on the mud barge



Volga canal down towards the Lagansky Block



Drilling rig pontoon at winter wharfage

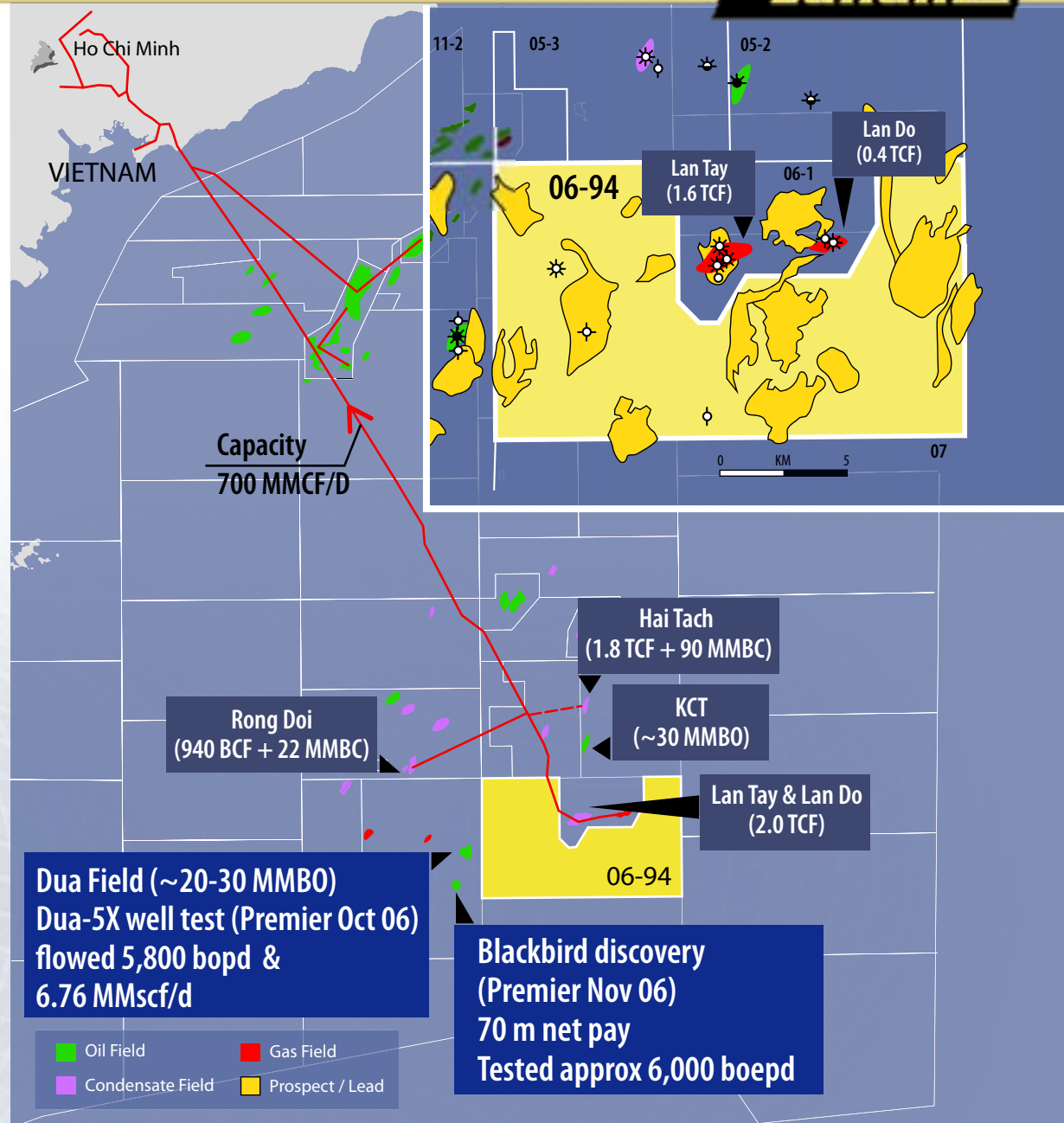


Load testing on drilling rig pontoon

# Vietnam - Block 06-94



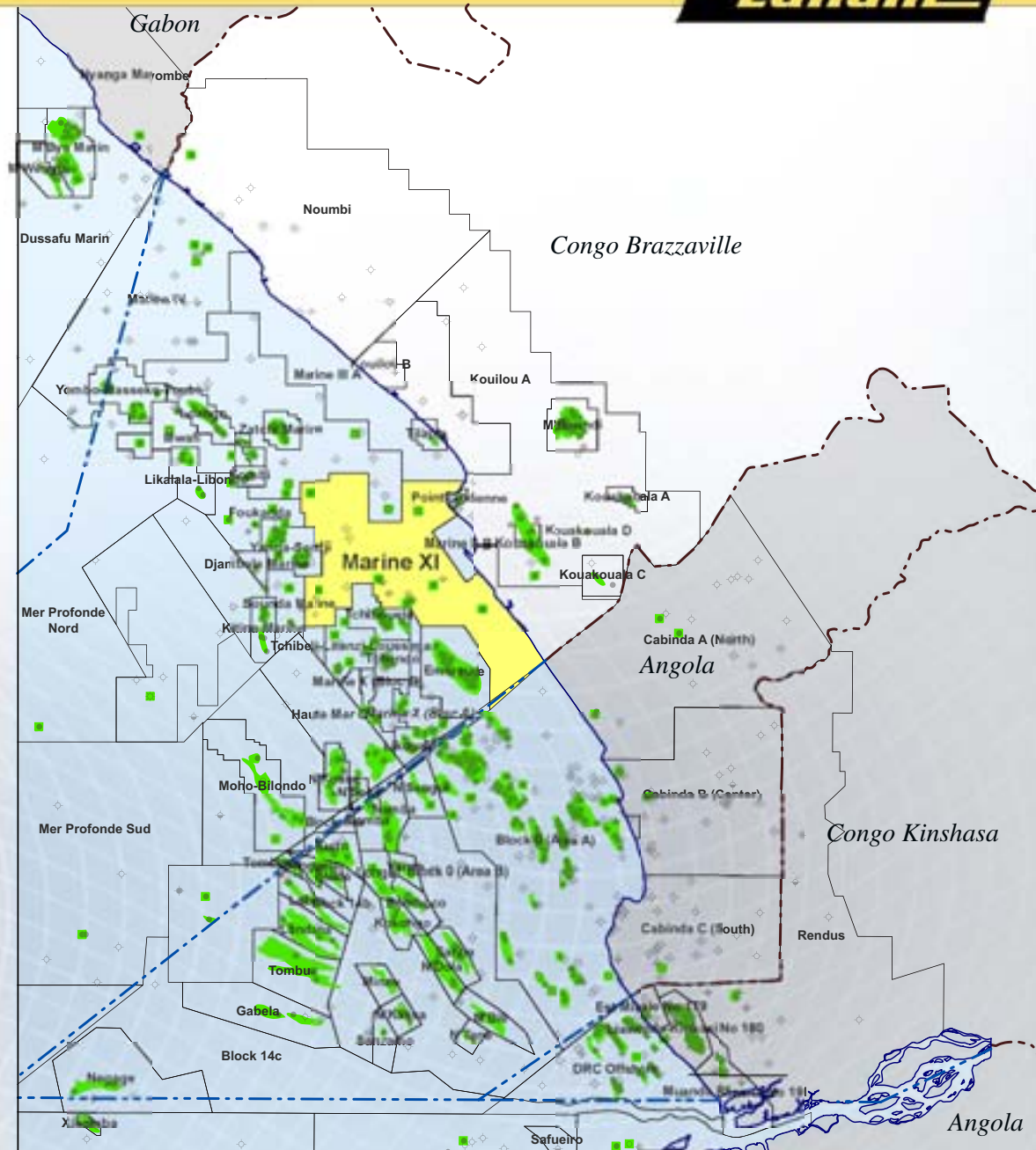
- ➔ Lundin Petroleum (33.3%)  
Pearl Energy (33.3% operator)  
Serica Energy (33.3%)
- ➔ Work programme - 2D/3D seismic & 3 exploration wells
- ➔ Overall on block prospective resources: 434 MMboe unrisked net Lundin Petroleum
- ➔ PSC signed February 2007



## Congo (Brazzaville) - Marine XI



- ➔ Marine XI partnership
  - ➔ Soco International 37.5% (operator)
  - ➔ Lundin Petroleum 18.75%
- ➔ 3 undeveloped post-salt discoveries and 1 pre-salt undeveloped discovery
  - Viодо-Moedji field, 35 MMBO
- ➔ Many leads identified on 2D. 1200 km 3D seismic acquired in 2006
- ➔ Drilling operations planned for 2008



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



2010+ Drilling

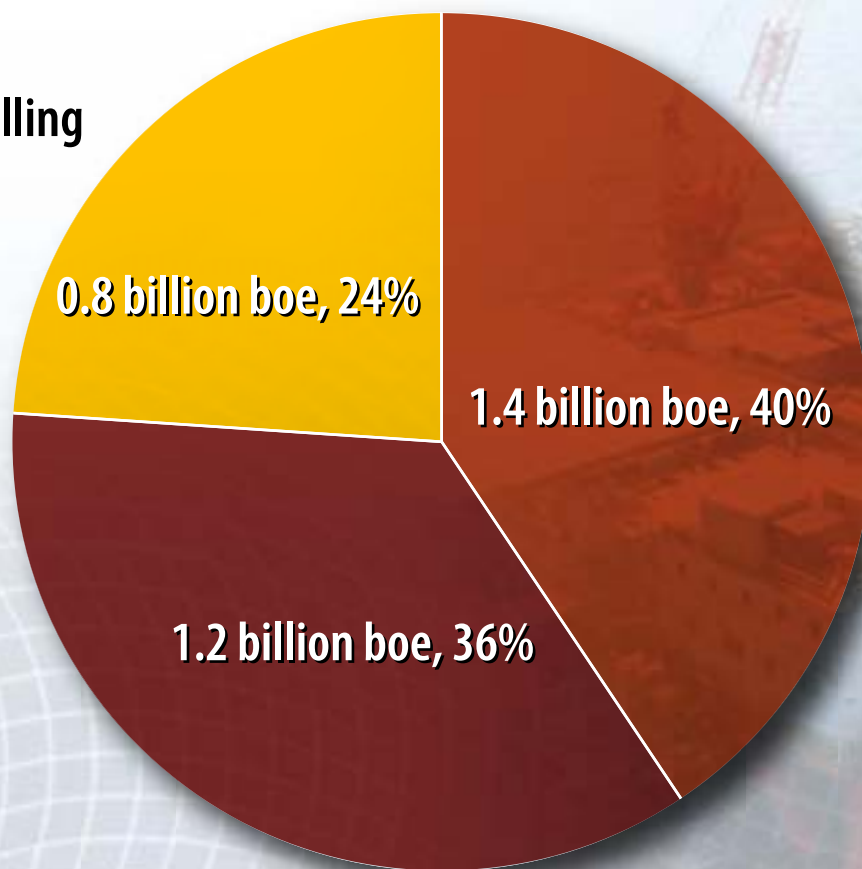
0.8 billion boe, 24%

2007 Drilling

1.4 billion boe, 40%

1.2 billion boe, 36%

2008/9 Drilling



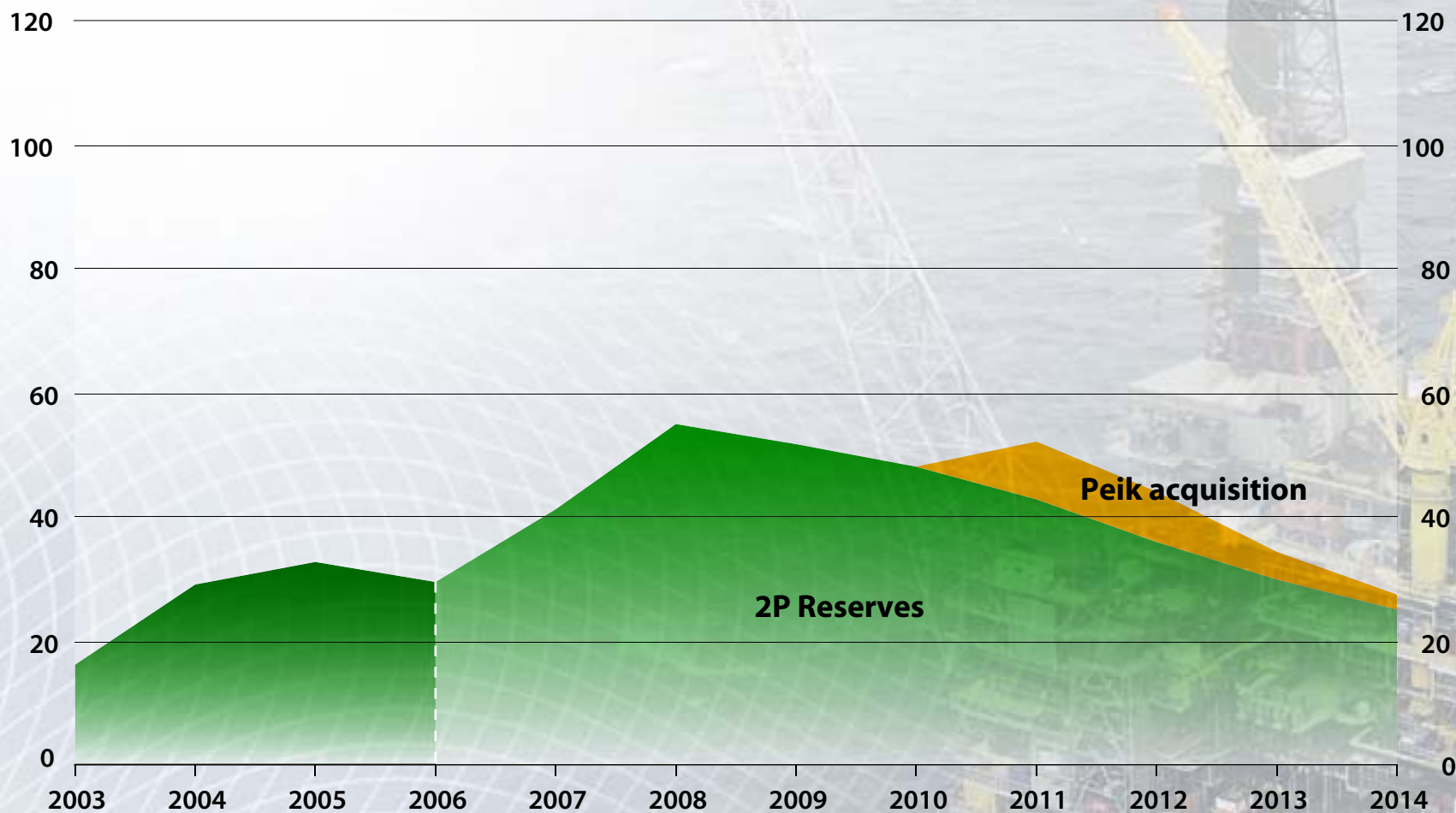
\* Excludes prospect / lead additions from APA 2006 and UK 24th licensing rounds

## Production - Historical and Forecast



➤ 176 million barrels of proven and probable reserves

Production (Mboepd)

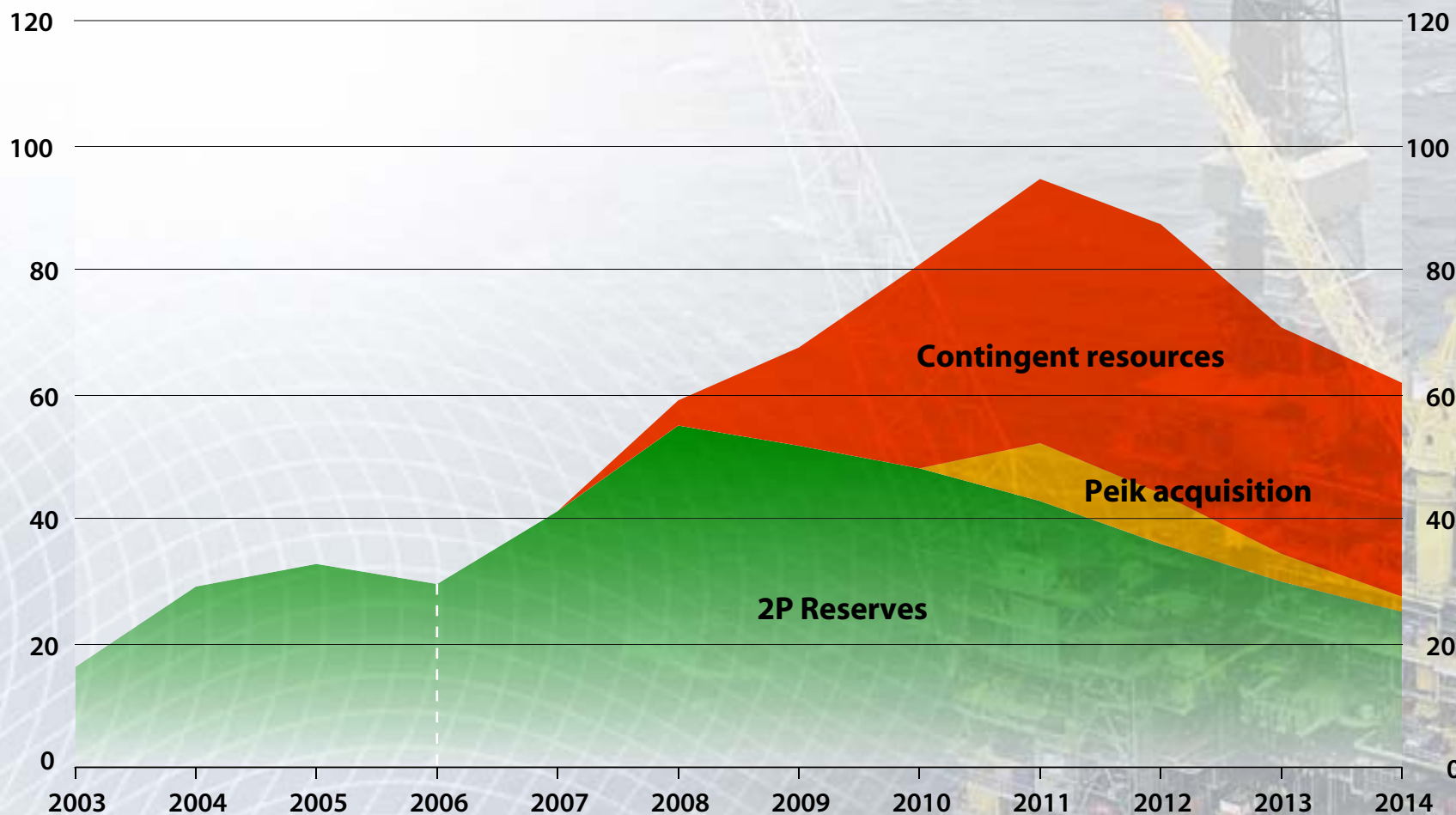


# Production - Historical and Forecast



➤ A further 122 million barrels of contingent resources

Production (Mboepd)

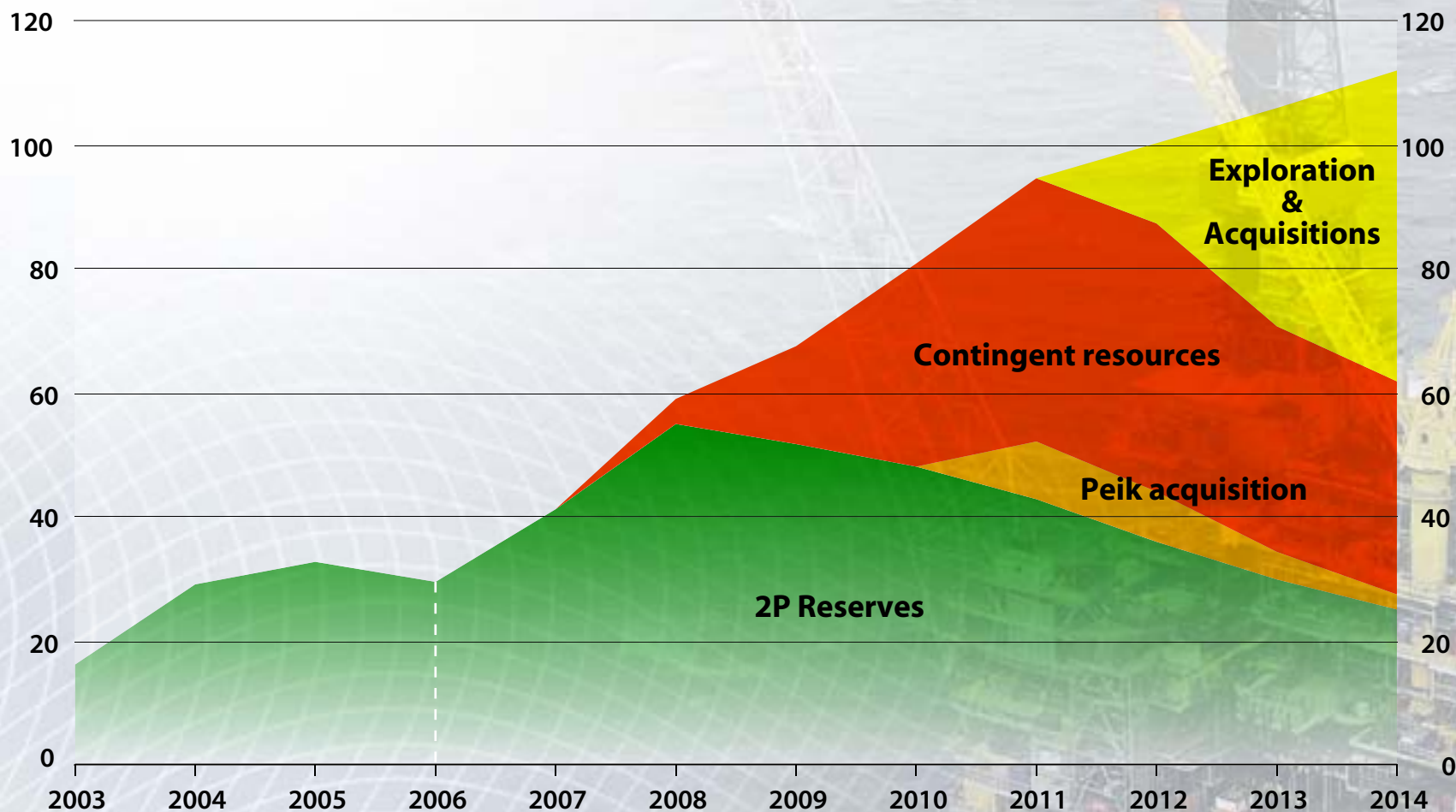


# Production - Historical and Forecast

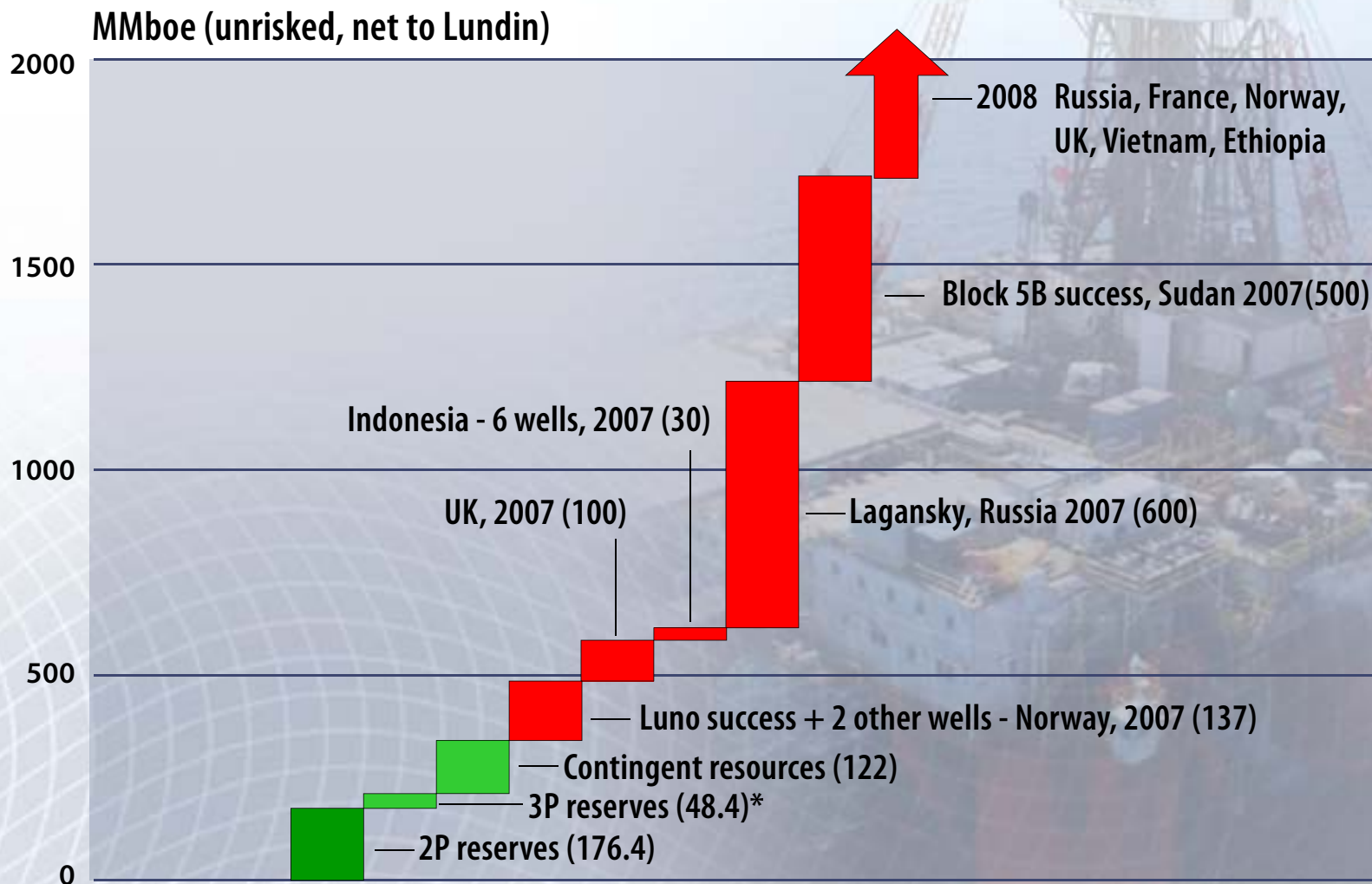


➤ Exploration and acquisitions to take production to greater than 100,000 boepd

Production (Mboepd)



# Exploration Upside Potential



\* excludes 3P reserves from Russia



## Summary



- Increase in reserves of 29%, reserve replacement ratio 122%
- Current production over 40,000 boepd with Oudna field onstream
- Production to increase to 50,000 boepd by end 2007 with Alvheim project in Norway onstream
- USD 290 million development budget in 2007 with major focus upon drilling and redevelopment of production facilities
- USD 230 million exploration programme in 2007 with exposure to 1.4 billion barrels of reserve potential
- 2007 budget funded fully from internally generated funds plus bank facilities