

Lundin Petroleum

OPERATIONS OVERVIEW

LUNDIN PETROLEUM

...a Swedish independent upstream oil and gas company with active exploration and production assets in Africa, Asia, Europe and South America

Vision


As an international oil and gas exploration and production company, Lundin Petroleum's aim is to explore for and produce oil and gas in the most economically efficient, socially responsible and environmentally acceptable way, for the benefit of shareholders, employees, and co-venturers.

Lundin Petroleum applies the same standards to all activities worldwide to satisfy both its commercial and ethical requirements. Lundin Petroleum strives to continuously improve its performance and to act in accordance with good oilfield practice and high standards of corporate citizenship.

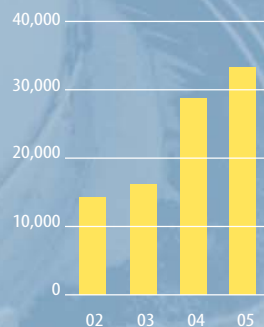
Strategy

Lundin Petroleum is pursuing the following strategy:

- Proactively investing in exploration to organically grow its reserve base. Lundin Petroleum has an inventory of drillable prospects with large upside potential and continues to actively pursue new exploration acreage around the world particularly in areas which have not been fully explored.
- To exploit its existing asset base with a proactive subsurface strategy to enhance ultimate hydrocarbon recovery. Lundin Petroleum is investing actively in mature assets through infill drilling, workovers and enhanced recovery techniques to maximize profitability.
- To acquire new hydrocarbon reserves, resources and exploration acreage where opportunities exist to enhance value.

Venezuela 

PRODUCTION (BOEPD)



2006 HIGHLIGHTS

IRELAND

-2 exploration blocks signed in 3Q 2006

NORWAY - ALVHEIM PROJECT 2006-2007

-Approximately USD 1.3 billion oil & gas development
-First oil 2007
-3 exploration wells in 2006 in other NCS licences

RUSSIA - VALKYRIES ACQUISITION

-Interests in 4 producing fields
-Reserves 30 mmbbls
-Exploration in Lagansky Block, offshore Caspian Sea

UNITED KINGDOM

-Broom Phase 2 successfully completed
-3D seismic acquisition over Heather area

TUNISIA - OUDNA PROJECT

-Production through owned FPSO
-First oil scheduled for late 2006

VIETNAM

-1 exploration block signed in 4Q 2006

SUDAN - BLOCK 5B

-Operations resumed on the block in 2006 with 2D seismic acquisition
-3 exploration wells planned for 2007

INDONESIA

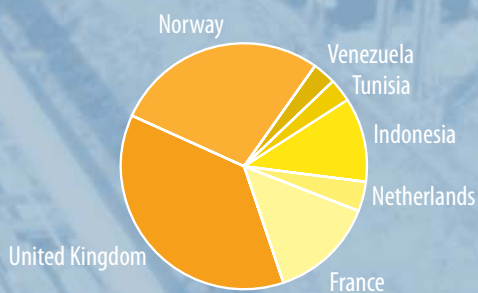
-TBA development first oil in 2006
-7 exploration wells in 2006

CONGO

-1 exploration/development block signed in 3Q 2006

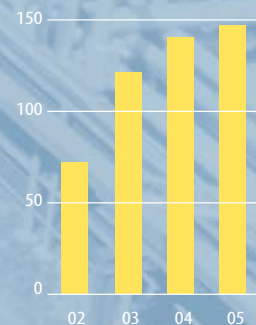


PROVEN & PROBABLE RESERVES



146.1 MMboe at 1 January 2006

RESERVES (MMBOE)



A CAPABLE OPERATOR



Lundin Petroleum is today one of the three largest independent European oil and gas companies. Our primary objective is to increase shareholder value through a proactive investment strategy whilst maintaining a strong emphasis on safety, the environment and social responsibility.

Our production will reach over 50,000 boepd by the end of 2007 following production start-up from our Alvheim and Oudna development projects in Norway and Tunisia. We have grown our production and reserve base from zero since the formation of the company in 2001 and as a result have been one of the best performing oil and gas companies over this period. We believe that continued access to reserves and production is the key to future success. In this respect we are investing heavily to ensure the maximum recovery of hydrocarbons from our existing assets. This exploitation strategy is yielding excellent results for us in mature oil provinces such as the United Kingdom where small increases to ultimate recoverable reserves have a material impact upon remaining reserves. We are also committed to long term and sustained investment in exploration. The world has an ever increasing demand for hydrocarbons to fuel economic growth and new oil and gas discoveries are essential to meet this demand. Lundin Petroleum is committed to overcoming the ever increasing geographical and political challenges around the world to ensure that investment continues to be channelled into exploration activities. Ideally we seek to expose our shareholders to exploration activities which if

successful will have a material impact upon the company. We also seek economically to negotiate commercial arrangements which benefit all shareholders particularly host governments and local communities in which we operate.

In today's ever increasing competitive environment access to equipment and people are critical. Our success has been built on a highly motivated and committed workforce. Our philosophy is that all our employees should benefit if the company is successful. The worldwide culture of the company represented by many diverse ethnic backgrounds ensures a better understanding of working in different countries. Our most important asset are our people and the relationships that we have developed around the world in our areas of operation. We continue to invest strongly in the training and recruitment of personnel to grow our company.

Lundin Petroleum has a strong financial position. In 2006 the company will generate operating cash flow of approximately USD 350 million which will grow in 2007/2008 with new projects coming onstream. The company has a strong balance sheet with limited third party borrowings and a large borrowing capacity if required. We have the financial capacity to increase our investments should the opportunities arise.

The oil industry provides numerous opportunities today for a company such as Lundin Petroleum. We have an excellent team of technical personnel with a short and quick decision making process. We live in a world of ever increasing oil demand with questionable reserves and supply coupled with continued geopolitical tensions. We retain an entrepreneurial spirit to take advantage of today's opportunities.

The future is exciting. We remain positive regarding Lundin Petroleum's ability to deliver new investment opportunities to ensure continued growth for our shareholders coupled with strong benefits for our host governments and local stakeholders.

Ashley Heppenstall

President and CEO

PREVIOUS EXPERIENCE

The following few pages summarise exploration and development projects that the Lundin Companies have been involved in as operator and as a non-operator partner. The projects are subdivided into our current assets and those of the recent past which have since been rationalised for maximum shareholder value. The assets below have been rationalised mostly through the sale of Lundin Oil to Talisman in 2002, but are included as examples of our operational experience which has been developed by and retained in the Lundin Group.

Libya

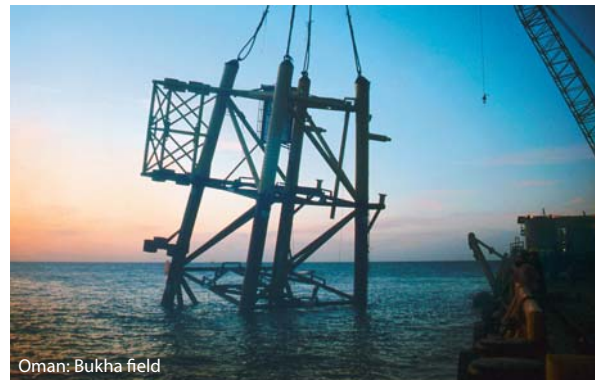
Lundin, as operator, discovered the En Naga North and West Fields in onshore Sirte Basin of Libya in 1998. Over USD 100 million was invested in development projects which resulted in oil production of 12,500 barrels of oil per day (bopd) with plans to elevate to 25,000 bopd. The development included the drilling of 20 producers, 15 injectors, and 15 water supply wells.



Libya: En Naga field

Oman

Lundin, as operator, discovered the Bukha oil and gas field offshore Oman in 1986. The field was successfully appraised and an unmanned, fixed wellhead platform put in place. Production commenced in 1994 to a floating storage facility with production levels reaching 6,000 barrels of condensate per day with 50 million cubic feet of gas per day (MMcfd).



Oman: Bukha field

Malaysia / Vietnam

Lundin, as operator, discovered a string of oil, gas, and condensate fields in the offshore Malay Basin of Malaysia in 1994. First production was fast tracked and was successfully on stream by 1997 using a fixed shallow water tripod and floating production, storage and offloading vessel (FPSO) at a total cost of USD 55 million. Production reached over 15,000 bopd. A second development phase ensued following multiple new discoveries, which added six fixed platforms and gas export facilities for a total cost of USD 550 million. Production was elevated to 50,000 bopd and 250 MMcfd. Lundin utilised state of the art 3D seismic imaging to delineate complex fluvial channel sandstone reservoirs in this development.



Malaysia/Vietnam: Bunga Orkid/Kekwa fields

United Kingdom

Lundin acquired the Welton field in the southern onshore United Kingdom. Under the operation of Lundin, production was increased to 5,000 bopd and oil was shipped via railway to storage facilities near the Immingham refinery. The mature field required various technical enhancements in order to elevate low energy production.



UK: Welton field

CURRENT OPERATIONS



Tunisia: Oudna-3 well successfully tested



Norway: Alvheim FPSO topsides installation, Haugesund



Russia: Sothemyu-Talyu field facilities located in the Komi Republic

Lundin Petroleum Today

Current production for Lundin Petroleum is generated from assets in France, Tunisia, Netherlands, Norway, Venezuela, Indonesia, Russia, and UK. In addition there is a significant upside potential within these areas of operation including undeveloped oil and gas discoveries and ongoing exploration programmes. Together with the exploration assets in Sudan, Albania and Ireland, Lundin Petroleum has a balanced portfolio of world-class assets. Lundin Petroleum has recently acquired interests in two new countries, Vietnam and Congo (Brazzaville). The company has also acquired extensive operated knowledge in both offshore and onshore exploration/development all around the world.

As at 1 January 2006 Lundin Petroleum has existing proven and probable reserves of 146 million barrels of oil equivalent (mboe) and a forecast net production for end 2006 of 40,000 barrels of oil equivalent per day (boepd). In describing the following operations, a distinction is made whether or not Lundin Petroleum is operator or a non-operator/partner.

Tunisia (operator)

Proven and probable remaining reserves of the Tunisia assets is 4.7 million barrels (including Oudna). The Oudna field will be developed with a floating production, storage and offloading vessel (FPSO) with expected first oil in late 2006. Lundin Petroleum owns 50% of the FPSO and is the operator of the vessel. There are further undeveloped discoveries offshore including Birsa and Zelfa. Oudna Development costs are expected to be over USD 100 million.

United Kingdom (operator)

Lundin Petroleum is the operator of three producing fields, Heather, Thistle and Broom on the UK continental shelf. The Broom field was brought onstream in August 2004 with gross production in excess of 25,000 boepd. A 3D seismic acquisition survey has taken place on Broom, Heather and South West Heather in 2006 and rig capacity has been secured to complete further infill drilling on Broom in 2007. The Heather platform drilling rig has been successfully reactivated and a programme of infill wells and workovers are ongoing.

Norway (operator and non-operator/partner)

Lundin Petroleum has a portfolio of exploration and development licences on the Norwegian Continental Shelf. Seven of the blocks are operated by Lundin Petroleum, and the remaining 9 blocks are operated by Marathon, Esso, Statoil, or BG. The assets have net reserves of 41 million boe. Lundin Petroleum has a 15% interest in the 180 million boe development of the Alvheim project. The development project is ongoing with first oil expected in early 2007 with an anticipated gross production of 85,000 bopd. The total development costs of the Alvheim project are in excess of USD 1 billion. The Volund exploration prospect, south of Alvheim, drilled in the first half 2004 in PL150, was a significant discovery and development studies are ongoing for a possible tie-in to Alvheim. In the 2005 APA licensing round Lundin Petroleum was awarded two new exploration blocks.

Russia (operator/partner)

Lundin Petroleum completed the acquisition of 100% of Valkyries Petroleum Corp. effective from 31 July 2006. The acquired assets include a growth oriented production, development and exploration portfolio of oil and gas projects in Russia. Key projects include a 50% interest in the producing Sotchemyu-Talyu and North Israel Fields in the Komi Republic; a 51% interest in the producing Caspian Field in the Kalmykia Republic; a 50% interest in the producing Ashirovskoye field in Orenburg; and a 70% interest in the highly prospective Lagansky exploration block offshore in the Caspian Sea. Final preparations are underway for the drilling of the Morskoye #1 exploration well in the Lagansky Block.

France, Paris Basin (operator)

Lundin Petroleum, as operator, holds 9 production licences in the onshore Paris Basin. Proven and probable reserves for the Paris Basin assets amounts to over 16 million barrels. The largest field in the asset is the Villeperdue field with over 54 mmbbl ultimate recovery. Lundin Petroleum also holds 2 exploration licences in the Paris Basin. The fields in this asset are relatively mature and Lundin Petroleum is currently applying state of the art development optimisation techniques, such as horizontal wells, water flood, and submersible pumps, with the objective to further increase production.

France, Aquitaine Basin (non-operator/partner)

The Aquitaine Basin consists of 4 producing fields with proven and probable reserves of 4 million barrels. The operator is Esso REP.



United Kingdom: Heather A platform,

Indonesia (operator and non-operator/partner)

The current producing fields in Indonesia are located in the Salawati Basin and Salawati Island blocks. Proven and probable reserves of the Indonesian assets is 15.9 million barrels. Development of the TBA project, offshore Indonesia, is ongoing with first oil expected in second half of 2006.

Lundin Petroleum has interests in four other exploration licences in which it is operator of three. Lundin Petroleum, as operator, holds a 100% interest in the Sareba Block in province of Papua, Indonesia. Lundin Petroleum has acquired 2D seismic and performed regional studies to date. Future plans call for additional seismic acquisition and due to the environmentally sensitive nature of the block, the company is taking great measures to ensure proper planning and permitting is in place prior to acquiring the programme.

Onshore Java, Lundin Petroleum, as operator, has acquired multiple seismic surveys and will drill one exploration well in 2006 in the Blora Block.

CURRENT OPERATIONS



Sudan: Swamp buggy and air boats at proposed well location, Block 5B

Ireland (operator)

Lundin Petroleum holds a 30% working interest in the Frontier Exploration Licence 1/05 over the Donegal area. An offshore exploration well was recently completed in August 2006. Lundin Petroleum and partners has been awarded two new licences in offshore Ireland.

Netherlands (non-operator/partner)

The Netherlands is a mature gas region with stable offshore and onshore production offering attractive fiscal terms. Lundin Petroleum has proven and probable reserves of 5.9 million boe in the Netherlands.

Sudan (non-operator/partner)

Lundin Petroleum has a 24.5% non-operated interest in Block 5B. The block is situated in the prolific Muglad Basin where over one billion barrels of oil have been discovered to date and approximately 300,000 bopd are being produced from blocks north of Block 5B. The block contains numerous large prospects and leads identified from earlier seismic acquisitions. A 2D seismic survey is being acquired now and preparations are ongoing to resume drilling operations in 2007.

Venezuela (non-operator/partner)

Lundin Petroleum holds a 5% equity interest in Baripetrol SA who are holders of the Colón Block in which there are eight producing fields. There is upside potential in the Colón Block for further discoveries and production enhancement. The operator is Tecpetrol.

Albania (non-operator/partner)

Lundin Petroleum has a 50% interest in the Durresi Block. A new 3D seismic programme has been acquired and processed and interpretation is underway to determine drillable prospects for 2007.

NEW VENTURES



Lundin Petroleum's strategy is to create value through proactive exploration. In today's highly competitive acquisition environment the company is following an organic growth strategy to increase its exploration exposure. There have been significant advances in exploration technology over recent years which is now widely available. The differentiating factor is people. We have invested and continue to invest heavily in a team of focused new venture explorationists who have the experience, network and are highly motivated to generate new opportunities.

Depending on the project, Lundin Petroleum may decide to adjust the working interest or secure partners to mitigate risk capital exposure, develop strategic alliances with other companies which provide a competitive advantage to the consortium, and contemplate creative acreage or asset swaps which leverage our expertise in one area to gain a new position in another region.

Lundin Petroleum continues to take a long term view with regards to political risk. The Company is willing to work in developing countries which at times possess higher political risk. Oil reserves are becoming more difficult to find and as such one has to go to more challenging locations to find the oil and gas reserves of the future. We will remain dedicated to upholding the highest standard of corporate responsibility as outlined in our Code of Conduct and to endeavour to be the partner of choice for both industry and government.

CORPORATE RESPONSIBILITY

Lundin Petroleum pursues oil & gas exploration and production activities in a variety of physical, legal, social and economic environments; it is committed to maintain the same high standards of technical and ethical standards wherever it is active. In order to fulfil this goal, Lundin Petroleum relies upon the collective experience of its highly qualified staff as well as its corporate responsibility framework: its Code of Conduct, Health, Safety, Environment (HSE) and Community Relations Policies, HSE Management System (the Green Book) and Corporate Donations Programme.

Lundin Petroleum's Code of Conduct sets out its responsibilities towards its shareholders, employees, host countries, local communities and society and the means to ensure that they benefit from its activities. The Code also sets out the values by which Lundin Petroleum is guided: fairness and honesty, as well as respect for local, national and international laws, and for generally accepted principles on the protection of human rights and the environment.

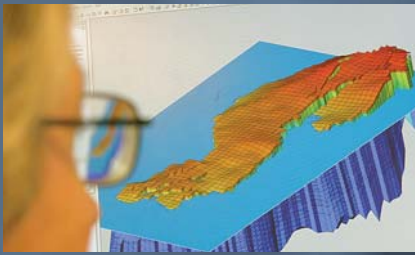
Lundin Petroleum's Health, Safety and Environment (HSE) policies aim to ensure that its activities preserve the health and safety of the staff and nearby communities as well as the environment; they require integration of HSE elements in operational strategies and planning. The Green Book, modeled on ISO-14001, details how this integration is to take place in practice, namely through leadership commitment, attribution of HSE roles and responsibilities, setting of HSE plans, objectives and targets as well as continuous monitoring and review of HSE performance.

In order to ensure that activities contribute to enhancing the living standards and well being of people in its areas of operations, Lundin Petroleum's Community Relations Policy promotes the hiring of local staff and participation in community projects; if the needs and circumstances are of relevant nature and extent, Lundin Petroleum may in addition contribute to community development projects aimed at improving health, education and welfare services available in the area.

Lundin Petroleum has also established a Corporate Donations programme which involves making, from time to time, monetary or in-kind contributions to individuals, groups or projects anywhere in the world which enhance the welfare of particularly disadvantaged people, contribute to the better understanding of the oil & gas sector or promote positive values.

PEOPLE

We have been able to attract an excellent team and continue to grow our personnel base. We live in a world of scarcer oil reserves and an ever increasing demand which will result in continued high oil prices. The company is still of a size where a project that is too small to have a material impact to the majors would have a material impact on Lundin Petroleum. With our strong technical team we can therefore generate projects which will ensure the continued growth profile of Lundin Petroleum.



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