Lundin Petroleum AB – Press release

Lundin Petroleum AB (publ)
Hovslagargatan 5
SE-111 48 Stockholm
Tel: +46-8-440 54 50
Fax: +46-8-440 54 59
E-mail: info@lundin.ch

Nordic Exchange: **LUPE**
Company registration number 556610-8055

12 May 2008

INTERIM REPORT FOR THREE MONTH PERIOD ENDING 31 MARCH 2008

	1 Jan 2008- 31 Mar 2008 3 months	1 Jan 2007- 31 Mar 2007 3 months	1 Jan 2007- 31 Dec 2007 12 months
Production in mboepd	27.8	40.6	34.7
Operating income in MSEK	1,223.3	1,352.0	5,484.3
Net profit in MSEK	395.5	212.0	952.5
Earnings/share in SEK	1.25	0.67	3.02
Diluted earnings/share in SEK	1.25	0.67	3.02
EBITDA in MSEK	726.4	765.1	3,048.6
Operating cash flow in MSEK	678.1	611.2	3,126.1

Listen to President & CEO Ashley Heppenstall and CFO Geoffrey Turbott comment on the report at the live broadcast presentation 12 May at 08.00 CET.

The live presentation and slides will be available on www.lundin-petroleum.com following the presentation.

Lundin Petroleum is a Swedish independent oil and gas exploration and production company with a well balanced portfolio of world-class assets in Europe, Africa, Russia and the Far East. The Company is listed at the Nordic Exchange, Sweden (ticker "LUPE"). Lundin Petroleum had existing proven and probable reserves of 184.2 million barrels of oil equivalent (mmboe) as at 1 January 2008.

For further information, please contact:

C. Ashley Heppenstall,
President and CEO
Tel: +41 22 595 10 00

or

Maria Hamilton,
Head of Corporate Communications
Tel: +46 8 440 54 50

Visit our website: www.lundin-petroleum.com

Dear fellow Shareholders,

It is a very interesting time to be involved in the oil industry. As we have been predicting for a number of years, oil prices have continued to increase and are now at well above USD 100 per barrel. I believe that oil prices will increase further, driven by continued demand from developing countries such as China and India against a tightening availability of crude oil supplies. At the same time, we have experienced significant cost escalation across our industry, coupled with supply disruptions, which have impacted project execution. Governments around the world are under pressure from the public due to increasing fuel and heating costs as well as CO_2 emission concerns and in many cases have responded by increasing the fiscal take for host countries of each barrel of oil produced.

At Lundin Petroleum we remain totally focused on increasing our reserves and production through a proactive investment programme. I ultimately believe that despite all the uncertainty within our industry, this will lead to increases in our shareholder value.

2008 is a very exciting year for Lundin Petroleum with a major exploration and development programme involving over USD 700 million of capital expenditure.

The start-up of production from the Alvheim field, offshore Norway, will commence shortly and is a major milestone for us. When the field reaches plateau production in the next 5 to 6 months it will contribute about 14,000 barrels of oil equivalent per day (boepd) net to Lundin Petroleum which represents over 50 percent of our total first quarter 2008 production. It will have a material impact on our cash flow and profitability, particularly at today's oil prices.

Indeed Norway is becoming an increasingly important business unit for our company. Following the discovery of the Luno field in 2007, we had further drilling success in Norway this year with the appraisal of the Nemo field in licence PL148. I am confident that these projects will lead to commercial developments with a consequent increase in our booked reserves. We continue to be successful in acquiring new exploration licences from the Norwegian Government and having secured 30 months of drilling rig capacity from 2009 under two separate rig contracts, we will become one of the most active companies in Norway.

Financial Performance
Lundin Petroleum generated a net profit after taxes for the quarter ended 31 March 2008 of MSEK 395.5 (MUSD 63.1). Operating cash flow for the period was MSEK 678.1 (MUSD 108.2) and earnings before interest, tax, depreciation and amortisation (EBITDA) was MSEK 726.4 (MUSD 115.9).

Reserves
In 2007, we increased our proven and probable reserves by 12 percent to 184.2 million barrels of oil equivalent (mmboe). The reserve increases were primarily driven by organic growth from our existing asset base with a reserve replacement ratio of 148 percent. In addition to our reserves, Lundin Petroleum has further discoveries classified as contingent resources totalling 188 mmboe which includes last year's Luno exploration discovery and the Nemo field where we recently drilled a successful appraisal well. I am confident that the trend of organic driven reserve increases will continue as the likes of Luno and Nemo in Norway are developed with the consequent move from contingent resources to reserves.

Production
Production for the three months to 31 March 2008 averaged 27,100 boepd and was 8 percent below forecast.

The Broom infill development well 2/5-25 commenced production in early April 2008 and is to date performing above forecast. However, completion of the well was delayed due to weather by approximately one month which negatively impacted first quarter production by 1,000 boepd. In addition, Tunisian production was 1,400 boepd below forecast in the first quarter due to adverse water cut development following water breakthrough at one of the oil producing reservoirs in the Oudna field.

The Alvheim field will commence production in May following the successful installation of the Alvheim FPSO during the first quarter. The extended delays to production start-up have been frustrating but we now look forward to a strong production contribution from this world class project.

Notwithstanding the delay to Alvheim first oil, the production shortfalls in the first quarter and the sale of the Jotun field, we are maintaining our 2008 production guidance of 36,500 boepd. We will review our 2008 production guidance at the end of the second quarter when we can better assess the performance of the Broom field as well as the potential for a more aggressive build-up in Alvheim production.

Development
Our development budget of USD 375 million for 2008 has a strong focus on Norway and the United Kingdom.

In Norway, the results of the Alvheim development wells drilled to date are encouraging and drilling will continue throughout 2008. This will be followed in 2009 by development drilling on the Volund field which will commence production in 2009 as a subsea tie back to the Alvheim FPSO. Following the successful appraisal well on the Nemo field earlier this year, we are reviewing development options prior to a likely development decision.

In the United Kingdom, the Thistle redevelopment project is well advanced with the reactivation of the Thistle drilling rig expected this summer prior to a new drilling/workover programme in 2008/2009 which will utilise last year's newly acquired 3D seismic. We have made good progress with the potential development of the Peik gas/condensate field which straddles the UK/Norway median line. A plan of development submission is expected in early 2009.

In Norway and the United Kingdom, I am pleased with our progress in commercialising previously fallow discoveries through an aggressive appraisal programme.

Exploration
We continue to believe that the best way to create shareholder value is to have exposure to a continued and diverse exploration programme. 2008 will be our most active year ever in respect of exploration activity with 17 exploration wells planned to be drilled.

In Norway, following the Luno discovery in 2007, the first appraisal well will commence in July 2008. We hold 50 percent in the Luno discovery and are operator. We estimate that the Luno discovery contains between 65 mmboe and 190 mmboe of recoverable oil reserves in the Jurassic reservoir with further upside in the Triassic reservoir. The first appraisal well will test the lateral extent of the Jurassic reservoir characteristics as well as the Triassic potential. We continue to analyse the results of the Luno discovery to assess the prospectivity for further discoveries in the existing licence as well as adjoining acreage where we hold material equity interests. It is likely that further exploration drilling will commence in 2009 to test this prospectivity.

In Russia, our exploration drilling programme in the Northern Caspian Sea is about to commence. The marine drilling complex has mobilised to the drilling location and is currently being installed prior to an expected commencement of drilling in May 2008. Following the frustrating delays to our Russian exploration drilling over the last couple of years, we now look forward to testing the world class reserve potential of this area. A four well exploration programme is planned in 2008/2009.

Exploration drilling commenced in Block 5B in Sudan during the first quarter. Unfortunately, the results of the first two wells were disappointing with two dry holes. The results of the two wells are being assessed to get a better understanding of the regional geology in this part of the Muglad Basin. Block 5B is very large covering over 20,000 sq. km, approximately equivalent to 100 blocks on the United Kingdom Continental Shelf, and these are the first two wells drilled in the block. Exploration drilling will continue with two further wells planned during 2008.

I am pleased that following our success in acquiring 28 new licences in 2007 we have started 2008 with the award of 10 new licences. As I continue to reiterate, it is critical that to deliver on our organic exploration led strategy, we continue to identify new areas for exploration which will deliver our drilling opportunities of tomorrow. I was particularly pleased that we are re-entering Malaysia with the signing of three new production sharing contracts. The success of our predecessor company Lundin Oil was built upon exploration success in Malaysia in the 1990s. The area has fond memories for myself and many of our employees and we look forward to repeating our success with the newly acquired areas.

I am very pleased with the way our company is developing. We continue to attract new experienced employees to supplement our workforce. People are critical to our continued success and I believe we have the team to take Lundin Petroleum's asset base forward to increased production and reserve levels. A growing company in today's oil price environment will be successful in increasing shareholder value.

Best Regards

C. Ashley Heppenstall
President and CEO

OPERATIONS

United Kingdom

The net production to Lundin Petroleum for the three months ended 31 March 2008 ("the period") was 11,200 barrels of oil equivalent per day (boepd).

Net production from the Broom field (Lundin Petroleum Working Interest (WI) 55%) averaged 6,500 boepd during the period. Production was below forecast due to a one month weather related delay in bringing the new infill development well 2/5-25 onto production. The 2/5-25 well came onstream in early April 2008 and to-date, is producing ahead of expectations. A new reservoir model on the Broom field will be completed in 2008 incorporating the results of the recent drilling activity.

Production from the Heather field (WI 100%) averaged 1,500 boepd during the period. Production was below forecast due to high downtime of compressor facilities.

Net production from the Thistle field (WI 99%) averaged 3,200 boepd during the period and was in line with forecast. Thistle production recommenced in mid-January 2008, following a fire in one of the Thistle platform power generation turbine enclosures in November 2007. The redevelopment of the Thistle field which commenced in 2007 is ongoing with the reinstallation of the Thistle drilling rig expected by mid year 2008. Drilling and workover activity will commence on the Thistle field later this year and continue through 2009.

Lundin Petroleum owns approximately 40 percent of the undeveloped Peik gas/condensate field which straddles the United Kingdom/Norway median boundary. Conceptual development studies have confirmed the economic viability of the Peik field development and discussions continue in relation to a host platform decision prior to an expected development plan submission in 2009.

Following the successful Scolty exploration discovery in 2007, an exploration well will be drilled on the Torphins prospect in Licence P1107 in the second quarter of 2008. The Torphins prospect is based upon similar seismic amplitude anomalies to the Scolty discovery.

Norway

Net production from the Jotun field (WI 7%) offshore Norway averaged 500 boepd during the period. In March 2008 a sale and purchase agreement was signed with Det norske oljeselskap ASA to sell Lundin Petroleum's seven percent working interest in the Jotun field for a cash consideration of NOK 72 million with an effective date of 1 January 2008. The agreement, which is subject to Norwegian Government approval, is expected to close in the second quarter of 2008.

First production from the Alvheim field (WI 15%) is forecast to commence in May 2008. The Alvheim floating production, storage and offloading (FPSO) vessel left Haugesund, underwent various offshore tests and was successfully installed on the Alvheim field during the first quarter of 2008. Development drilling is progressing satisfactorily and will continue throughout 2008. The six completed development wells already have the capacity to accommodate maximum forecast production rates from the Alvheim field. Net plateau production to Lundin Petroleum is expected to reach 14,000 boepd over the next 5 to 6 months.

The development of the Volund Field (WI 35%), which will be tied back to the Alvheim FPSO facilities, is progressing satisfactorily. Development drilling will commence on the Volund field in early 2009 with first oil expected in the second half of 2009 with a plateau rate of 8,700 boepd net to Lundin Petroleum.

The appraisal well in Licence PL 148 (WI 50%) on the Nemo field was successfully completed in the first quarter of 2008 encountering oil in the Ula formation. Initial estimates of gross resources for the Nemo field are now 20-30 mmbo. Conceptual development studies including a potential host platform decision are ongoing with a view to a likely development decision for the Nemo field.

An exploration well on the Pi North prospect in Licence PL 292 (WI 40%) commenced in the first quarter of 2008 and is expected to be completed shortly.

The Luno light oil discovery in PL 338 (WI 50%) in 2007 is estimated to contain between 65 mmboe and 190 mmboe of gross recoverable oil from the Jurassic reservoir with additional upside potential from the Triassic reservoir. The first appraisal well on the Luno discovery will be spudded in the second quarter of 2008. The well will test the lateral continuity of the Jurassic reservoir as well as the upside potential in the Triassic reservoir.

France
The net production in the Paris Basin averaged 3,000 boepd during the period and was above forecast. The Paris Basin Rhetien fields continue to produce ahead of expectation.

In the Aquitaine Basin (WI 50%) net production averaged 900 boepd for the period which was in line with forecast. Production has resumed through the Ambes terminal following an oil spill incident in early 2007.

In April 2008, two farmout agreements were signed in relation to two exploration licenses in France. Gaz de France has acquired a 50 percent interest in the Pays du Saulnois licence (WI 50%) in consideration for paying a disproportionate share of the drilling and testing costs associated with the Vaxy prospect which contains gross potential resource of 500 bcf. In addition, Societe Petroliere de Production et d'Exploitation (SPEE) has acquired a 35 percent interest in the Ferrieres licence (WI 65%) in consideration for paying a disproportionately larger share of the costs of the first exploration well on the licence. Exploration wells will be drilled in both licences in the third quarter of 2008.

Indonesia
Salawati Island and Basin (Papua)
The net production from Salawati (Salawati Island WI 14.5% and Salawati Basin WI 25.9%) was 2,400 boepd for the period which was in line with forecast.

Lematang (South Sumatra)
The development of the Singa gas field (WI 25.88%) is ongoing with first gas production expected in 2009.

In 2007 a gas sales agreement was signed with PT PLN (PERSERO) an Indonesia electricity generating company to supply a gross contracted volume of 133 bcf.

The Netherlands
The net gas production from the Netherlands in the period averaged 2,400 boepd and is in line with expectations.

Tunisia
The net oil production from the Oudna field (WI 40%) averaged 1,600 boepd for the period. Production for the period was 1,400 boepd below forecast as a result of adverse water cut development following water breakthrough in one of the field's producing reservoirs.

Russia
The net production from Russia for the period averaged 5,100 boepd which was slightly below forecast.

Exploration drilling in the Lagansky block (WI 70%) located in the Northern Caspian Sea will commence in the second quarter of 2008. In the first quarter of 2008, Lundin Petroleum received the drilling permit for Moraskaya-1 exploration well and the mobilisation of the barge mounted facilities necessary for the shallow water drilling commenced in April 2008. The second exploration well Laganskaya-1 will be drilled in the second half of 2008. An option agreement in relation to the Lagansky block was signed in 2007 with JSC Gazprom ("Gazprom") whereby Gazprom has an option to acquire a 50 percent plus one share interest in the Lagansky block. In addition, Lundin Petroleum has signed an option agreement with its minority partner to purchase its 30 percent interest. The net effect if both options are exercised is that Gazprom will own a 50 percent plus one share and Lundin Petroleum will own a 50 percent less one share interest in the Lagansky block.

Sudan
The exploration drilling programme in Block 5B (WI 24.5%) commenced during the first quarter of 2008. The Nyal-1 exploration well was drilled from a dry location using a land rig and was plugged and abandoned as a dry hole in March 2008. The Wan Machar-1 exploration well was drilled in the Sudd swamp using barge mounted drilling facilities and was plugged and abandoned as a dry hole in May 2008. Two further exploration wells will be drilled in 2008 on the B and Golo prospects using the swamp drilling facilities. The results of the two dry holes are being reviewed technically and these results will be incorporated into the geological model of Block 5B. Block 5B covers 20,000 km^2 and this year's exploration drilling is the first undertaken in the area.

In 2007, the National Petroleum Commission, constituted of representatives of both North and South Sudan governments, asked the Block 5B concession partners to accommodate the national oil company of the South Sudan Government, "NilePet", with a 10 percent working interest in Block 5B. The Block 5B concession partners have agreed to this request, but agreements in relation to such a transfer have not yet been completed.

Congo (Brazzaville)

The interpretation of 1,200 km² of 3D seismic on Block Marine XI (WI 18.75%) has progressed in the first quarter of 2008 with a view to selecting suitable drilling targets. Drilling operations are planned to commence in the fourth quarter of 2008 subject to rig availability.

Vietnam
Following the acquisition of 720 km² of 3D seismic in 2007, an additional 800 km² will be acquired in the second quarter of 2008 in Block 06/94 (WI 33.33%). Exploration drilling will commence in the fourth quarter of 2008 with the drilling of the Tuong Vi prospect for which rig capacity has been secured.

Ethiopia
Lundin Petroleum has a 100 percent working interest in five blocks in Ethiopia. Aeromagnetic and aerogravity studies were successfully completed in late 2007.

Kenya
Aerogravity studies will be conducted in Block 10A (WI 100%) in the second quarter of 2008.

Cambodia
A 3D seismic acquisition programme on Block E (WI 34%) offshore Cambodia will take place mid year 2008.

Malaysia
In April 2008, Lundin Petroleum signed three production sharing agreements in the Malaysia, Blocks PM308A (WI 40%) and PM308B (WI 100%) in the Penyu Basin offshore peninsular Malaysia and Block SB303 (WI 100%) offshore Sabah.

Venezuela
In February 2008 the sale of Lundin Petroleum's Venezuelan interests to PetroFalcon Corporation ("PetroFalcon") was completed. Lundin Petroleum has become the largest shareholder in PetroFalcon with a 45 percent interest. PetroFalcon is a public company listed on the Toronto Stock Exchange with proven and probable reserves of 33.5 mmboe. In April 2008 PetroFalcon announced the acquisition of Anadarko Petroleum Corporation's Venezuelan assets for a cash consideration of USD 200 million subject to Government approval. The acquisition will increase PetroFalcon's proven and probable reserves to 69 mmboe.

THE GROUP

Result
Lundin Petroleum reports a net profit for the three month period ended 31 March 2008 of MSEK 395.5 (MSEK 212.0) representing earnings per share on a fully diluted basis of SEK 1.25 (SEK 0.67) for the three month period ended 31 March 2008.

Operating cash flow for the three month period ended 31 March 2008 amounted to MSEK 678.1 (MSEK 611.2) representing operating cash flow per share on a fully diluted basis of SEK 2.15 (SEK 1.94) for the three month period ended 31 March 2008.

Earnings before interest, tax, depletion and amortisation (EBITDA) for the three month period ended 31 March 2008 amounted to MSEK 726.4 (MSEK 765.1) representing EBITDA per share on a fully diluted basis of SEK 2.30 (SEK 2.43) for the three month period ended 31 March 2008.

Changes in the Group
On 1 February 2008, following the receipt of Venezuelan Ministry of Energy and Petroleum approval, Lundin Petroleum completed the sale of its wholly owned subsidiary Lundin Latina de Petróleos S.A. to PetroFalcon and the acquisition of shares and warrants in PetroFalcon through a private placement. As a result of these transactions, Lundin Petroleum became the largest shareholder in PetroFalcon with a shareholding of approximately 64 million shares of PetroFalcon, representing 42 percent of the issued and outstanding common shares of PetroFalcon as at 31 March 2008. The warrants of PetroFalcon acquired by Lundin Petroleum, may be exercised at any time during the two year period following issuance to acquire up to 5,000,000 shares of PetroFalcon at an exercise price of CDN dollar 1.20 per share. In April 2008, PetroFalcon entered into an agreement to acquire the Venezuelan assets of Anadarko Petroleum Corporation. Lundin Petroleum agreed to guarantee certain of PetroFalcon's obligations under that agreement and in part consideration, received approximately 7.1 million shares of PetroFalcon, which together with Lundin Petroleum's existing shares of PetroFalcon, represent approximately 45 percent of the issued and outstanding common shares of PetroFalcon.

PetroFalcon is a natural resource company with oil and gas operations in Venezuela. PetroFalcon is listed on the Toronto Stock Exchange (ticker symbol "PFC") and has existing proven and probable reserves before royalties of

33.5 million barrels of oil equivalent (mmboe) as of 1 January 2008. The shareholding in PetroFalcon has been accounted for under the equity method whereby only the change in equity is accounted for in the income statement of the Group under the heading result from share in associated company.

Revenue

Net sales of oil and gas for the three month period ended 31 March 2008 amounted to MSEK 1,199.0 (MSEK 1,319.6) and are detailed in Note 1. Production for the three month period ended 31 March 2008 amounted to 2,528.0 (3,655.3) thousand barrels of oil equivalent (mboe) representing 27.8 mboe per day (mboepd) (40.6 mboepd) for the three month period ended 31 March 2008. The average price achieved for a barrel of oil equivalent for the three month period ended 31 March 2008 amounted to USD 83.95 (USD 55.04). The average Dated Brent price for the three month period ended 31 March 2008 amounted to USD 96.71 (USD 57.75) per barrel.

Other operating income for the three month period ended 31 March 2008 amounted to MSEK 24.3 (MSEK 32.4). This amount includes tariff income from the United Kingdom, France and the Netherlands and income for maintaining strategic inventory levels in France.

Sales for the three month period ended 31 March 2008 were comprised as follows:

Sales Average price per boe expressed in USD	**1 Jan 2008- 31 Mar 2008 3 months**	1 Jan 2007- 31 Mar 2007 3 months	1 Jan 2007- 31 Dec 2007 12 months
United Kingdom			
- Quantity in mboe	903.6	1,490.2	5,074.0
- Average price per boe	96.88	58.68	71.91
France			
- Quantity in mboe	346.3	245.4	1,310.9
- Average price per boe	96.94	60.25	73.68
Norway			
- Quantity in mboe	52.6	71.2	250.7
- Average price per boe	86.77	52.58	66.81
Netherlands			
- Quantity in mboe	220.0	218.4	821.4
- Average price per boe	61.51	46.88	48.15
Indonesia			
- Quantity in mboe	120.3	216.4	630.4
- Average price per boe	92.07	57.14	70.04
Russia			
- Quantity in mboe	543.7	499.1	2,017.9
- Average price per boe	61.05	40.17	46.80
Tunisia			
- Quantity in mboe	92.6	678.2	1,974.9
- Average price per boe	84.75	58.33	69.25
Total			
- Quantity in mboe	**2,279.1**	3,418.9	12,080.2
- Average price per boe	**83.95**	55.04	65.65

The oil produced in Russia is sold on either the Russian domestic market or exported into the international market. 39% of Russian sales for the three month period ended 31 March 2008 were on the export market at an average price of USD 89.61 per barrel with the remaining 61% of Russian sales being sold on the domestic market at an average price of USD 42.88 per barrel.

Production	**1 Jan 2008- 31 Mar 2008 3 months**	1 Jan 2007- 31 Mar 2007 3 months	1 Jan 2007- 31 Dec 2007 12 months
United Kingdom			
- Quantity in mboe	1,006.6	1,416.2	4,990.6
- Quantity in mboepd	11.2	15.8	13.7
France			
- Quantity in mboe	357.7	263.3	1,269.8
- Quantity in mboepd	3.9	2.9	3.5
Norway			
- Quantity in mboe	49.4	71.6	248.0
- Quantity in mboepd	0.5	0.8	0.7
Netherlands			
- Quantity in mboe	220.0	218.4	821.4
- Quantity in mboepd	2.4	2.4	2.2
Indonesia			
- Quantity in mboe	221.0	263.4	949.6
- Quantity in mboepd	2.4	2.9	2.6
Russia			
- Quantity in mboe	525.5	514.8	2,063.9
- Quantity in mboepd	5.8	5.7	5.6
Tunisia			
- Quantity in mboe	147.8	907.6	2,319.6
- Quantity in mboepd	1.6	10.1	6.4
Total			
- Quantity in mboe	**2,528.0**	3,655.3	12,662.9
- Quantity in mboepd	**27.8**	40.6	34.7
Minority interest in Russia			
- Quantity in mboe	62.3	62.1	247.4
- Quantity in mboepd	0.7	0.7	0.7
Total excluding minority interest			
- Quantity in mboe	**2,465.7**	3,593.2	12,415.5
- Quantity in mboepd	**27.1**	39.9	34.0

Lundin Petroleum has fully consolidated the subsidiaries in Russia over which it has control, with the portion not owned by Lundin Petroleum shown as a minority interest. The average production for Russia for the three month period ended 31 March 2008 adjusted for Lundin Petroleum's share of ownership is 5.1 mboepd.

The number of barrels produced differs from the number of barrels sold for a number of reasons. There are timing differences between sales and production in field areas such as Tunisia and Norway where production is into a Floating Production Storage Offloading vessel (FPSO). Sales are recorded when a lifting takes place and these can be at varying intervals and will not always be equal to the production at the end of a financial period. Sales in the United Kingdom are based upon production nominated in advance and may not represent the actual production for that month. A difference between nominated and actual production will result in a timing difference in an accounting period. The accounting effect of the timing differences between sales and production are reflected in the movements in the hydrocarbons inventory and the under/overlift position. Over time, the total sales will equal the production. There are permanent differences between production and sales in some of the field areas. The production reported for the United Kingdom is the platform production. This is the amount of crude oil that is produced from the field into the pipeline system that takes the crude to the onshore terminal. Once the field's crude oil enters the pipeline system it is commingled with the crude oil produced from other fields in the pipeline system that produce the blend of crude oil that is sold. The crude oil that is pumped into the pipeline system is tested against the blend of crude oil that arrives at the terminal and an adjustment is made to the number of barrels allocated to each field to reflect the relative quality of the crude oil input into the system. There is a quality adjustment of approximately minus five percent applied to the United Kingdom crude oil produced. In Tunisia, a portion of the production is allocated to the Tunisian state as a royalty payment. In Indonesia, production is allocated under a Production Sharing Contract (PSC) where, as part of the commercial terms of the agreement, a part of the working interest production is allocated to the host country as a type of royalty payment.

Production cost
Production costs for the three month period ended 31 March 2008 amounted to MSEK 460.4 (MSEK 536.4) and are detailed in Note 2. The reported cost of operations amounted to USD 23.41 per barrel (USD 14.88 per barrel) for the three month period ended 31 March 2008.

Production costs for the three month period ended 31 March 2008 expressed in US dollars were comprised as follows:

Production cost and depletion in TUSD	**1 Jan 2008- 31 Mar 2008 3 months**	1 Jan 2007- 31 Mar 2007 3 months	1 Jan 2007- 31 Dec 2007 12 months
Cost of operations	59,172	54,399	231,533
Tariff and transportation expenses	7,001	5,120	28,995
Royalty and direct taxes	18,837	13,347	57,041
Changes in inventory/overlift	-11,542	3,633	18,249
Total production costs	**73,468**	76,499	335,818
Depletion	31,692	43,099	147,790
Total	**105,160**	119,598	483,608

Production cost and depletion in USD per boe	**1 Jan 2008- 31 Mar 2008 3 months**	1 Jan 2007- 31 Mar 2007 3 months	1 Jan 2007- 31 Dec 2007 12 months
Cost of operations	23.41	14.88	18.28
Tariff and transportation expenses	2.77	1.40	2.29
Royalty and direct taxes	7.45	3.65	4.50
Changes in inventory/overlift	-4.57	0.99	1.44
Total production costs	**29.06**	20.92	26.51
Depletion	12.54	11.79	11.67
Total cost per boe	**41.60**	32.71	38.18

Actual cost of operations for the first quarter 2008 was 7% under forecast in US Dollar terms. This variance was mainly attributable to the United Kingdom operations where well intervention and maintenance projects were deferred on the Thistle field due to platform accommodation restraints, with capacity being utilised to accommodate manpower performing remedial work following last quarter's turbine fire, and on the Heather field where weather sensitive operations were rescheduled from the winter to the summer period. The favourable USD to GBP exchange rate compared to forecast also contributed to the lower than forecast cost of operations in USD terms for the United Kingdom operations.

The cost of operations for all other countries, with the exception of Tunisia, was in line with forecast. In Tunisia, the cost of operations was higher due to the accelerated phasing of inspection work and facility repairs.

Whilst the overall cost of operations for the first quarter of 2008 was lower than forecast, the cost of operations per barrel was 2.5% higher than forecast at USD 23.41 per barrel as a result of the lower production volumes for the first quarter.

Royalty and direct taxes includes Russian Mineral Resource Extraction Tax ("MRET") and Russian Export Duties. The rate of MRET varies in relation to world oil prices and is levied on the volume of Russian production. MRET averaged USD 17.98 per barrel for the three month period ended 31 March 2008. The rate of export duty on Russian oil is revised by the Russian Federation once every two months and is dependant on the price obtained for Russian oil on the export market. The export duty is levied on the volume of oil exported from Russia and averaged USD 41.51 per barrel for the three month period ended 31 March 2008.

Depletion
Depletion of oil and gas properties for the three month period ended 31 March 2008 amounted to MSEK 198.6 (MSEK 302.2) and is detailed in Note 3. The overall depletion charge is lower than the comparative period due mainly to the lower production volumes from the Oudna field in the first quarter of 2008. The depletion rate per barrel in the first quarter of 2008 is in line with the forecast.

Write off
Write off of oil and gas properties for the three month period ended 31 March 2008 amounted to MSEK 95.4 (MSEK 36.6). Exploration and appraisal project costs are capitalised as they are incurred and then reviewed on a

regular basis to assess their future recoverability. When a decision is made not to proceed with a project the relevant costs are expensed.

Lundin Petroleum completed the drilling of the Ridgewood exploration well 12/17b-1 on Licence P1301 in the North Sea in January 2008 and the well has now been permanently plugged and abandoned. The costs associated with this well has been written off in the first quarter of 2008 and amounted to MSEK 47.7.

The Nyal-1 exploration well was drilled in Sudan Block 5B during the first quarter of 2008 and plugged and abandoned as a dry hole. The costs of the well and associated seismic were written off in the first quarter of 2008 and amounted to MSEK 42.8.

Sale of asset
On 1 February 2008, Lundin Petroleum completed the sale of its wholly owned subsidiary Lundin Latina de Petróleos S.A. to PetroFalcon in exchange for approximately 57 million shares of PetroFalcon. International Financial Reporting Standards ("IFRS") requires that the shares of PetroFalcon received as consideration for the sale of Lundin Latina de Petróleos SA be recorded at the market price at the time of the completion of the transaction, the result of which is a gain amounting to MSEK 113.9.

Other income
Other income for the three month period ended 31 March 2008 amounted to MSEK 0.4 (MSEK 0.5) and represents fees and costs recovered by Lundin Petroleum from third parties.

General, administrative and depreciation expenses
General, administrative and depreciation expenses for the three month period ended 31 March 2008 amounted to MSEK 36.9 (MSEK 51.0). Depreciation charges amounted to MSEK 5.3 (MSEK 3.9) for the three month period ended 31 March 2008. The comparative period included an amount of MSEK 16.3 relating to the transaction costs for the aborted initial public offering (IPO) of Viking Oil and Gas ASA.

Financial income
Financial income for the three month period ended 31 March 2008 amounted to MSEK 172.1 (MSEK 59.0) and is detailed in Note 4. Interest income for the three month period ended 31 March 2008 amounted to MSEK 10.9 (MSEK 6.2) and includes interest received on bank accounts of MSEK 9.7 (MSEK 5.1) and interest received on a loan to an associated company of MSEK 1.2 (MSEK 1.1).

Dividend income received for the three month period ended 31 March 2008 amounted to MSEK 3.6 (MSEK 1.3) and relates to distributions received from an unconsolidated investment in a company owning an interest in the Dutch gas processing and transportation infrastructure (NOGAT).

Net exchange gains for the three month period ended 31 March 2008 amounted to MSEK 155.2 (MSEK 50.5). Exchange rate variations result primarily from fluctuations in the value of the USD currency against a pool of currencies which includes, amongst others, NOK, EUR and the Russian Rouble (RUR). Lundin Petroleum has USD denominated debt recorded in subsidiaries using a functional currency other than USD. The devaluation of the USD against the NOK and the RUR led to exchange gains being recorded in these subsidiaries.

Financial expense
Financial expenses for the three month period ended 31 March 2008 amounted to MSEK 38.8 (MSEK 30.8) and are detailed in Note 5. Interest expense for the three month period ended 31 March 2008 amounted to MSEK 23.6 (MSEK 20.5) and mainly relates to the bank loan facility.

The amortisation of financing fees for the three month period ended 31 March 2008 amounted to MSEK 2.1 (MSEK 0.1). During the fourth quarter of 2007, Lundin Petroleum signed new credit facilities totalling USD one billion. The fees capitalised in relation to the new credit facilities will be amortised over the anticipated usage of the facility.

Tax
The tax charge for the three month period ended 31 March 2008 amounted to MSEK 282.5 (MSEK 242.4) and is detailed in Note 6.

The current tax charge of MSEK 84.8 (MSEK 204.4) for the three month period ended 31 March 2008 comprises current tax charges in, primarily France, the Netherlands, Indonesia and Russia. The comparative period included significant current tax charges in the United Kingdom due to a lower level of capital investment in the comparative period, and Tunisia due to the higher profitability in the comparative period as a result of the higher volumes produced from the Oudna field in the first quarter of 2007.

The deferred tax charge for the three month period ended 31 March 2008 amounted to MSEK 197.8 (MSEK 38.0) and consists of corporation tax amounting to MSEK 188.9 (MSEK 33.9) and petroleum tax amounting to MSEK 8.9 (MSEK 4.1). The deferred tax charge is higher for the first quarter of 2008 as compared to the comparative period due primarily to the tax on unrealised foreign exchange gains in Norway in the first quarter of 2008, and the higher level of capital investment in the United Kingdom in the first quarter of 2008 compared to the first quarter of 2007, which results in a change from a current tax charge for the first quarter of 2007 to a deferred tax charge in the first quarter of 2008.

Included in the deferred tax charge is a charge of MSEK 579.3 due to timing differences in the rate of depletion of oil and gas assets between accounting and fiscal reporting, partly offset by tax losses carried forward in Norway, United Kingdom and the Netherlands, amounting to MSEK 407.8, MSEK 54.4 and MSEK 27.4 respectively. The deferred petroleum tax charge relates to Petroleum Revenue Tax (PRT) in the United Kingdom.

The Group operates in various countries and fiscal regimes where corporate income tax rates are different from the regulations in Sweden. Corporate income tax rates for the Group vary between 24% and 78%. Currently the majority of the Group's profit is derived from the United Kingdom where the effective tax rate amounts to 50%. The effective tax rate for the Group for the three month period ended 31 March 2008 amounts to approximately 42% and is lower than forecast due to the non-taxable gain on the sale of Lundin Latina de Petróleos S.A.

Minority interest
The net profit attributable to minority interest for the three month period ended 31 March 2008 amounted to MSEK 6.9 (MSEK -2.8) and relates primarily to the minority portion of the Russian subsidiaries which are fully consolidated.

BALANCE SHEET
Non-current assets
Oil and gas properties as at 31 March 2008 amounted to MSEK 16,737.9 (MSEK 16,776.1) and are detailed in Note 7. Development and exploration expenditure incurred for the three month period ended 31 March 2008 is as follows:

Development expenditure in MSEK	**1 Jan 2008- 31 Mar 2008 3 months**	1 Jan 2007- 31 Mar 2007 3 months	1 Jan 2007- 31 Dec 2007 12 months
United Kingdom	361.7	142.8	776.6
France	4.7	46.6	115.6
Norway	221.3	220.5	1,062.4
Netherlands	23.0	9.5	48.9
Indonesia	21.2	5.4	29.7
Russia	39.4	40.8	221.6
Tunisia	3.3	30.6	55.9
Development expenditures	**674.6**	496.2	2,310.7

Exploration expenditure in MSEK	**1 Jan 2008- 31 Mar 2008 3 months**	1 Jan 2007- 31 Mar 2007 3 months	1 Jan 2007- 31 Dec 2007 12 months
United Kingdom	30.7	42.2	401.9
France	2.0	0.7	4.6
Norway	255.8	23.7	476.6
Indonesia	5.0	13.6	98.3
Russia	65.5	32.8	300.5
Sudan	64.2	0.7	141.4
Ethiopia	9.0	8.2	56.5
Vietnam	3.3	16.1	47.4
Cambodia	13.6	-	-
Congo (Brazzaville)	3.6	18.2	28.5
Other	13.3	10.6	61.7
Exploration expenditures	**466.0**	166.8	1,617.4

Other tangible assets as at 31 March 2008 amounted to MSEK 100.2 (MSEK 103.8).

The book value for goodwill in relation to the acquisition of the Russian business in 2006 amounted to MSEK 707.5 (MSEK 763.5) as at 31 March 2008. The movement in book value results from a change in exchange rate used for the consolidation of the financial statements.

Financial assets as at 31 March 2008 amounted to MSEK 795.5 (MSEK 538.9) and are detailed in Note 8. Share in associated company amounting to MSEK 402.8 relates to the 42% share in PetroFalcon, acquired at 1 February 2008. Shares and participations amounted to MSEK 117.3 (MSEK 245.7) as at 31 March 2008. The reduction in Shares and Participations is attributable to the sale of the 5 percent shareholding in Baripetrol, held by Lundin Latina de Petróleos S.A. which was sold to PetroFalcon on 1 February 2008. Restricted cash as at 31 March 2008 amounted to MSEK 23.9 (MSEK 23.8) and represents the cash amount deposited to support a letter of credit issued in support of exploration work commitments in Sudan and Indonesia. Capitalised financing fees as at 31 March 2008 amounted to MSEK 61.4 (MSEK 63.4) and relate to the costs incurred in establishing the new bank credit facility and are being amortised over the period of estimated usage of the facility. Long-term receivables amounted to MSEK 47.7 (MSEK 62.5) and relate to an amount paid to BNP Paribas to fund a bank loan held in a Russian jointly controlled entity. Other financial assets amounted to MSEK 142.5 (MSEK 143.5) and mainly represent VAT paid on exploration and development costs in Russia that is expected to be recovered from VAT received on future project revenues.

The deferred tax asset as at 31 March 2008 amounted to MSEK 1,491.2 (MSEK 844.1) and relates primarily to tax losses carried forward in Norway, United Kingdom and the Netherlands.

Current assets

Receivables and inventories amounted to MSEK 1,445.6 (MSEK 1,543.4) as at 31 March 2008 and are detailed in Note 9. Inventories include hydrocarbons and consumable well supplies. The short-term receivable relates to the short term portion of the BNP Paribas funding described in Financial assets above. Corporation tax receivables as at 31 March 2008 amounted to MSEK 390.8 (MSEK 396.1) and relate primarily to a tax refund due in Norway for exploration expenditure incurred during 2007.

Cash and cash equivalents as at 31 March 2008 amounted to MSEK 498.1 (MSEK 483.5).

Non-current liabilities

Provisions as at 31 March 2008 amounted to MSEK 6,092.4 (MSEK 5,493.6) and are detailed in Note 10. This amount includes a provision for site restoration of MSEK 673.5 (MSEK 700.8). The provision for deferred tax amounted to MSEK 5,364.0 (MSEK 4,760.0) and is mainly arising on the excess of book value over the tax value of oil and gas properties and the deferred tax gross up of the excess purchase price allocated to the Russian assets acquired in 2006. Non-current liabilities also includes MSEK 23.2 (MSEK -) relating to the long term portion of the change in fair value of the interest rate swap entered into on 10 January 2008.

Long term interest bearing debt amounted to MSEK 3,331.8 (MSEK 2,740.2) as at 31 March 2008. On 26 October 2007 a new credit facility was entered into to repay the existing facility, to provide liquidity for the Company's operations and to enable the funding of potential new projects and acquisition opportunities. The financing facilities consist of a USD 850 million revolving borrowing base and letter of credit facility and a USD 150 million unsecured corporate facility. The facilities were fully underwritten by BNP Paribas and sub-underwriters Bank of Scotland and Royal Bank of Scotland. The cash drawings outstanding under the credit facility amounted to MUSD 553.0 as at 31 March 2008.

The long term interest bearing debt also includes the long-term portion of a bank loan drawn by a jointly controlled entity in Russia.

Current liabilities

Current liabilities as at 31 March 2008 amounted to MSEK 1,514.4 (MSEK 1,767.4) and are detailed in Note 11. The overlift position as at 31 March 2008 amounted to MSEK 82.8 (MSEK 151.3). Joint venture creditors amounted to MSEK 873.7 (MSEK 898.3) and mainly relate to the amounts payable for the development activities in progress in Norway and United Kingdom and ongoing operational costs. Short-term interest bearing debt amounted to MSEK 41.0 (MSEK 44.3) and relates to the current portion of a bank loan drawn by a jointly controlled entity in Russia. Tax payable amounted to MSEK 107.6 (MSEK 213.2). The short term portion of the change in fair value of the interest rate swap entered into on 10 January 2008 included in current liabilities amounts to MSEK 11.5 (MSEK -).

SUBSEQUENT EVENTS

The Wan Machar-1 well in Sudan Block 5B was plugged and abandoned as a dry hole in May 2008. The costs associated with drilling this well will be written off in the second quarter of 2008.

Parent company

The business of the Parent Company is investment in and management of oil and gas assets. The net profit for the parent company amounted to a loss of MSEK 5.9 (MSEK -66.5) for the three month period ended 31 March 2008.

The result included general and administrative expenses of MSEK 11.5 (MSEK 9.2) for the three month period ending 31 March 2008. Interest income derived from loans to subsidiary companies amounted to MSEK 2.5 (MSEK 10.8) for the three month period ended 31 March 2008. Currency exchange losses amounted to MSEK 1.1 (MSEK 60.3) for the three month period ended 31 March 2008.

No deferred tax asset has been recorded against the historic losses incurred by the Parent Company because of uncertainty as to the timing of their utilisation.

SHARE DATA

Lundin Petroleum AB's issued share capital at 31 March 2008 amounted to SEK 3,159,255 represented by 315,925,480 shares with a quota value of SEK 0.01 each. Included in the number of shares issued at 31 March 2008 is an amount of 149,400 shares which had been issued but not registered.

The following incentive warrants have been issued under the Group's incentive programme for employees. The incentive warrants outstanding at the end of the period and their expiry date and exercise prices are shown below:

	Issued 2005	Issued 2006	Issued 2007
Exercise price (SEK)	60.20	97.40	78.05
Number authorised	3,000,000	3,250,000	3,950,000
Number outstanding	1,985,100	3,061,000	3,440,000
Exercise period	15 June 2006 -31 May 2008	15 June 2007 -31 May 2009	1 Dec 2008 - 31 May 2010

In 2007 Lundin Petroleum implemented a Long-Term Incentive Plan (LTI) consisting of a Share Option Plan and a Performance Share Plan. Employees had the choice to select either the Share Option Plan, the Performance Share Plan or a 50/50 allocation of both. Both plans have a performance condition relative to Total Shareholder Return (TSR) attached to their allocation. The Share Option Plan will be issued between 0 and 100% of the options granted and the Performance Share Plan will be issued between 50 and 100% of the award of shares. Under the Performance Share Plan, Lundin Petroleum made a conditional award of 67,751 shares. In June 2007, Lundin Petroleum acquired 68,000 of its own shares to fully hedge its potential obligation under the Performance Share Plan.

In addition to these incentive warrants, 642,500 incentive warrants were acquired and converted to Lundin Petroleum incentive warrants and another 371,500 incentive warrants in Lundin Petroleum were issued in connection with the acquisition of Valkyries. The number of incentive warrants associated with the Valkyries acquisition outstanding at 31 March 2008 amounted to 287,500 with an exercise price in the range 81.50 – 97.40 SEK with various exercise periods up to 31 May 2009.

ACCOUNTING PRINCIPLES

The financial statements of the Group have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Reporting, and the Swedish Annual Accounts Act (1995:1554). The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2007.

The financial statements of the Parent Company are prepared in accordance with accounting principles generally accepted in Sweden, applying RFR 2.1 Reporting for legal entities and the Annual Accounts Act (1995:1554). RFR 2.1 requires the Parent Company to use similar accounting principles as for the Group, i.e. IFRS to the extent allowed by RFR 2.1. The Parent Company's accounting principles do not in any material respect deviate from the Group principles.

RISKS AND UNCERTAINTIES

The major risk the Group faces is the nature of oil and gas exploration and production itself. Oil and gas exploration, development and production involve high operational and financial risks, which even a combination of experience, knowledge and careful evaluation may not be able to fully eliminate or which are beyond the Company's control. Lundin Petroleum's long-term commercial success depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. A future increase in Lundin Petroleum's reserves will depend not only on its ability to explore and develop any properties Lundin Petroleum may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. In addition, there is no assurance that commercial quantities of oil and gas will be discovered or acquired by Lundin Petroleum. Other risks can be categorized into either Operational Risks or Financial Risks.

Operational Risk

The Group faces a number of risks and uncertainties in the areas of operation which may have an adverse impact on its ability to successfully pursue its exploration, appraisal and development plans as well as on its production of oil and gas. A more detailed analysis of the operational risks faced by Lundin Petroleum is given in the Company's annual report for 2007.

Lundin Petroleum is, and will be, actively engaged in oil and gas operations in various countries. Risks may arise in changes in laws affecting foreign ownership, government participation, taxation, royalties, duties, rates of exchange and exchange control. Further, certain aspects of Lundin Petroleum's exploration and production programmes require the consent or favourable decisions of governmental bodies. In addition, Lundin Petroleum's exploration, development and production activities may be subject to political and economic uncertainties, expropriation of property and cancellation or modification of contract rights, taxation, royalties, duties, foreign exchange restrictions and other risks arising out of foreign governmental sovereignty over the areas in which Lundin Petroleum's operations are conducted, as well as risks of loss in some countries due to civil strife, acts of war, guerrilla activities and insurrection.

Financial Risk

As an international oil and gas exploration and production company operating globally, Lundin Petroleum is exposed to financial risks such as fluctuations in oil price, currency rates, interest rates as well as liquidity and credit risks. The Company shall seek to control these risks through sound management practice and the use of internationally accepted financial instruments, such as oil price and interest rate hedges. Lundin Petroleum uses financial instruments solely for the purpose of minimising risks in the Company's business. A more detailed analysis of the financial risks faced by Lundin Petroleum and how it addresses these risks is given in the Company's annual report for 2007.

Derivative financial instruments

The Group entered into an interest hedging contract on 10 January 2008, fixing the LIBOR rate of interest at 3.75% p.a. on MUSD 200 of the Group's USD borrowings for the period January 2008 to January 2012. The interest rate contract relates to the current credit facility. Under IAS 39, the interest rate contract is effective and qualifies for hedge accounting. Changes in fair value of this contract are charged directly to equity. Upon settlement the relating part of the reserve is released to the income statement. At 31 March 2008, the liability recognised in the balance sheet amounted to MSEK 34.7, representing the fair value of the outstanding part of the interest rate contract.

EXCHANGE RATES

For the preparation of the financial statements for the three month period ending 31 March 2008, the following currency exchange rates have been used.

	Average	Period end
1 EUR equals SEK	9.3992	9.3970
1 USD equals SEK	6.2670	5.9430

CONSOLIDATED INCOME STATEMENT<<

Expressed in TSEK	Note	**1 Jan 2008- 31 Mar 2008 3 months**	1 Jan 2007- 31 Mar 2007 3 months	1 Jan 2007- 31 Dec 2007 12 months
Operating income				
Net sales of oil and gas	1	1,198,971	1,319,575	5,353,654
Other operating income		24,323	32,427	130,641
		1,223,294	1,352,002	5,484,295
Cost of sales				
Production costs	2	-460,419	-536,419	-2,266,911
Depletion of oil and gas properties	3	-198,616	-302,217	-997,644
Write off of oil and gas properties		-95,420	-36,611	-369,596
Gross profit		**468,839**	476,755	1,850,144
Sale of asset		115,100	-	-
Other income		430	480	3,285
General, administration and depreciation expenses		-36,887	-51,013	-172,045
Operating profit		**547,482**	426,222	1,681,384
Result from financial investments				
Financial income	4	172,108	59,026	266,556
Financial expenses	5	-38,831	-30,793	-137,429
		133,277	28,233	129,127
Result from share in associated company		**-2,745**	-	-
Profit before tax		**678,014**	454,455	1,810,511
Tax	6	-282,529	-242,436	-858,037
Net result		**395,485**	212,019	952,474
Net result attributable to:				
Shareholders of the parent company		388,563	214,845	956,953
Minority interest		6,922	-2,826	-4,479
Net result		**395,485**	212,019	952,474
Earnings per share – SEK 1)		1.23	0.68	3.04
Diluted earnings per share – SEK 1)		1.23	0.68	3.03

1) Based on net result attributable to shareholders of the parent company.

>> CONSOLIDATED BALANCE SHEET

Expressed in TSEK	Note	31 March 2008	31 December 2007
ASSETS			
Non-current assets			
Oil and gas properties	7	16,737,869	16,776,124
Other tangible assets		100,167	103,766
Goodwill		707,489	763,521
Financial assets	8	795,498	538,938
Deferred tax		1,491,245	844,067
Total non-current assets		**19,832,268**	19,026,416
Current assets			
Receivables and inventory	9	1,445,639	1,543,383
Cash and cash equivalents		498,098	483,452
Total current assets		**1,943,737**	2,026,835
TOTAL ASSETS		**21,776,005**	21,053,251
EQUITY AND LIABILITIES			
Equity			
Shareholders´ equity		9,584,365	9,705,949
Minority interest		1,253,076	1,346,164
Total equity		**10,837,441**	11,052,113
Non-current liabilities			
Provisions	10	6,092,388	5,493,552
Bank loans		3,331,807	2,740,168
Total non-current liabilities		**9,424,195**	8,233,720
Current liabilities	11	**1,514,369**	1,767,418
TOTAL EQUITY AND LIABILITIES		**21,776,005**	21,053,251
Pledged assets		3,763,484	3,446,804
Contingent liabilities		139,661	150,720

CONSOLIDATED STATEMENT OF CASH FLOW<<

Expressed in TSEK	**1 Jan 2008- 31 Mar 2008 3 months**	1 Jan 2007- 31 Mar 2007 3 months	1 Jan 2007- 31 Dec 2007 12 months
Cash flow from operations			
Net result	395,485	212,019	952,474
Adjustments for non-cash related items	338,339	550,852	2,195,247
Interest received	8,243	5,704	29,751
Interest paid	-50,930	-33,203	-153,788
Tax instalments paid	-191,139	-94,416	-311,889
Changes in working capital	1,799	-182,311	465,911
Total cash flow from operations	**501,797**	458,645	3,177,706
Cash flow used for investments			
Investment in subsidiary assets	-	-	-67,760
Investment in associated company	-170,500	-	-
Investment in real estate	-	-139	-
Change in other financial fixed assets	-1,875	-27	-6,170
Other payments	-393	-13	622
Divestment of fixed assets	-2,834	-	-
Investment in oil and gas properties	-1,140,591	-982,923	-4,260,612
Investment in office equipment and other assets	-8,812	-5,378	-21,415
Total cash flow used for investments	**-1,325,005**	-988,480	-4,355,335
Cash flow from financing			
Investment in financial fixed asset	-	-	-106,784
Changes in long-term bank loan	853,491	588,493	1,516,102
Paid financing fees	-	-3,222	-71,181
Purchase of own shares	-	-	-4,395
Proceeds from share issues	22,569	6,873	61,207
Dividend paid to minority	-	-	-765
Total cash flow from financing	**876,060**	592,144	1,394,184
Change in cash and cash equivalents	52,852	62,309	216,555
Cash and cash equivalents at the beginning of the period	483,452	297,221	297,221
Currency exchange difference in cash and cash equivalents	-38,206	6,675	-30,324
Cash and cash equivalents at the end of the period	**498,098**	366,205	483,452

>>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Expressed in TSEK	Share capital	Additional paid-in-capital/ Other reserves	Retained earnings	Net result	Minority interest	Total equity
Balance at 1 January 2007	**3,142**	**5,780,711**	**2,365,822**	**803,005**	**1,615,131**	**10,567,811**
Transfer of prior year net result	-	-	803,005	-803,005	-	-
Currency translation difference	-	218,910	-	-	36,024	254,934
Change in fair value	-	5,878	-	-	-	5,878
Income and expenses recognised directly in equity	**-**	**224,788**	**-**	**-**	**36,024**	**260,812**
Net result	-	-	-	214,845	-2,826	212,019
Total recognised income and expense	**-**	**224,788**	**-**	**214,845**	**33,198**	**472,831**
Transfer to income statement	-	-288	-	-	-	-288
Issuance of shares	2	6,871	-	-	-	6,873
Transfer of share based payments	-	603	-603	-	-	-
Share based payments	-	-	6,516	-		6,516
Balance at 31 March 2007	**3,144**	**6,012,685**	**3,174,740**	**214,845**	**1,648,329**	**11,053,743**
Currency translation difference	-	-490,009	-	-	-132,604	-622,613
Change in fair value	-	-18,125	-	-	-167,143	-185,268
Income and expenses recognised directly in equity	**-**	**-508,134**	**-**	**-**	**-299,747**	**-807,881**
Net result	-	-	-	742,108	-1,653	740,455
Total recognised income and expense	**-**	**-508,134**	**-**	**742,108**	**-301,400**	**-67,426**
Issuance of shares	11	54,323	-	-	-	54,334
Purchase of own shares	-	-4,395	-	-	-	-4,395
Transfer of share based payments	-	7,644	-7,644	-	-	-
Share based payments	-	-	16,622	-	-	16,622
Minority share in dividend paid	-	-	-	-	-765	-765
Balance at 31 December 2007	**3,155**	**5,562,123**	**3,183,718**	**956,953**	**1,346,164**	**11,052,113**
Transfer of prior year net result	-	-	956,953	-956,953	-	-
Currency translation difference	-	-503,257	-	-	-100,010	-603,267
Change in fair value	-	-33,793	-	-	-	-33,793
Income and expenses recognised directly in equity	**-**	**-537,050**	**-**	**-**	**-100,010**	**-637,060**
Net result				388,563	6,922	395,485
Total recognised income and expense	**-**	**-537,050**	**-**	**388,563**	**-93,088**	**-241,575**
Issuance of shares	4	22,565	-	-	-	22,569
Transfer of share based payments	-	2,752	-2,752	-	-	-
Share based payments	-	-	4,334	-	-	4,334
Balance at 31 March 2008	**3,159**	**5,050,390**	**4,142,253**	**388,563**	**1,253,076**	**10,837,441**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS>>

Note 1. Segment information, TSEK	**1 Jan 2008- 31 Mar 2008 3 months**	1 Jan 2007- 31 Mar 2007 3 months	1 Jan 2007- 31 Dec 2007 12 months
Operating income			
Net sales of:			
Crude oil			
- United Kingdom	542,988	609,148	2,440,631
- France	210,396	103,665	651,961
- Norway	28,505	26,116	112,668
- Indonesia	69,147	85,888	295,493
- Russia	208,027	140,598	637,454
- Tunisia	49,166	277,373	923,214
	1,108,229	1,242,788	5,061,421
Condensate			
- United Kingdom	5,625	4,047	22,306
- Netherlands	1,143	1,706	7,920
- Indonesia	131	670	1,402
	6,899	6,423	31,628
Gas			
- Norway	82	138	417
- Netherlands	83,647	70,083	259,014
- Indonesia	114	143	1,174
	83,843	70,364	260,605
	1,198,971	1,319,575	5,353,654
Operating profit contribution			
- United Kingdom	192,667	212,343	684,744
- France	144,003	58,840	421,824
- Norway	7,116	5,593	-19,823
- Netherlands	47,632	38,728	122,860
- Russia	41,672	-5,849	94,435
- Indonesia	27,554	22,664	31,113
- Tunisia	51,084	173,843	524,796
- Other	35,754	-79,940	-178,565
Total operating profit contribution	**547,482**	426,222	1,681,384

Note 2. Production costs, TSEK	**1 Jan 2008- 31 Mar 2008 3 months**	1 Jan 2007- 31 Mar 2007 3 months	1 Jan 2007- 31 Dec 2007 12 months
Cost of operations	370,829	381,448	1,562,941
Tariff and transportation expenses	43,873	35,905	195,728
Direct production taxes	118,052	93,594	385,052
Change in inventory/ overlift position	-72,335	25,472	123,190
	460,419	536,419	2,266,911

Note 3. Depletion of oil and gas properties, TSEK	**1 Jan 2008- 31 Mar 2008 3 months**	1 Jan 2007- 31 Mar 2007 3 months	1 Jan 2007- 31 Dec 2007 12 months
United Kingdom	107,914	127,858	435,820
France	20,377	12,994	60,325
Norway	8,014	6,428	21,738
Netherlands	22,544	19,051	71,081
Indonesia	6,904	9,866	35,147
Russia	16,971	18,760	68,487
Tunisia	15,892	107,260	305,046
	198,616	302,217	997,644

Note 4. Financial income, TSEK	**1 Jan 2008- 31 Mar 2008 3 months**	1 Jan 2007- 31 Mar 2007 3 months	1 Jan 2007- 31 Dec 2007 12 months
Interest income	10,863	6,170	37,708
Dividends received	3,649	1,327	22,499
Foreign exchange gain, net	155,226	50,467	190,954
Change in market value interest rate hedge	2,109	-	-
Repayment received on loan	261	1,062	15,395
	172,108	59,026	266,556

Note 5. Financial expenses, TSEK	**1 Jan 2008- 31 Mar 2008 3 months**	1 Jan 2007- 31 Mar 2007 3 months	1 Jan 2007- 31 Dec 2007 12 months
Loan interest expenses	23,608	20,514	86,104
Unwind site restoration discount	9,170	8,111	35,387
Change in market value interest rate hedge	-	-11	-11
Amortisation of deferred financing fees	2,091	134	7,654
Other financial expenses	3,962	2,045	8,295
	38,831	30,793	137,429

Note 6. Tax,	**1 Jan 2008-**	1 Jan 2007-	1 Jan 2007-
	31 Mar 2008	31 Mar 2007	31 Dec 2007
TSEK	**3 months**	3 months	12 months
Current tax	84,750	204,422	91,323
Deferred tax	197,779	38,014	766,714
	282,529	242,436	858,037

Note 7. Oil and gas properties,	**Book amount**	Book amount
TSEK	**31 Mar 2008**	31 Dec 2007
United Kingdom	3,159,060	3,168,911
France	1,048,069	1,066,780
Norway	4,205,226	3,803,237
Netherlands	430,864	432,212
Indonesia	298,703	301,888
Russia	6,888,139	7,306,384
Tunisia	200,685	230,280
Sudan	243,270	222,967
Congo (Brazzaville)	92,807	96,477
Vietnam	46,420	46,707
Ethiopia	59,726	55,251
Others	64,900	45,030
	16,737,869	16,776,124

Note 8. Financial assets,	**Book amount**	Book amount
TSEK	**31 Mar 2008**	31 Dec 2007
Share in associated company	402,821	-
Shares and participations	117,279	245,702
Restricted cash	23,865	23,831
Capitalised financing fees	61,354	63,369
Long-term receivable	47,693	62,530
Other financial assets	142,486	143,506
	795,498	538,938

Note 9. Receivables and inventories,	**Book amount**	Book amount
TSEK	**31 Mar 2008**	31 Dec 2007
Inventories	169,179	167,714
Trade receivables	530,569	598,545
Underlift	37,377	35,065
Short-term loan receivable	41,006	44,254
Corporation tax	390,794	396,121
Joint venture debtors	123,506	117,312
Other assets	153,208	184,372
	1,445,639	1,543,383

Note 10. Provisions,	**Book amount**	Book amount
TSEK	**31 Mar 2008**	31 Dec 2007
Site restoration	673,494	700,763
Pension	9,712	9,478
Deferred taxes	5,364,043	4,759,958
Derivative instruments	23,192	-
Other	21,947	23,353
	6,092,388	5,493,552

Note 11. Current liabilities, TSEK	**Book amount 31 Mar 2008**	Book amount 31 Dec 2007
Trade payables	211,839	300,121
Overlift	82,832	151,293
Tax payables	107,646	213,175
Accrued expenses	113,117	88,584
Acquisition liabilities	38,650	38,833
Joint venture creditors	873,707	898,340
Short-term bank loans	41,006	44,254
Derivative instruments	11,537	-
Other liabilities	34,035	32,818
	1,514,369	1,767,418

PARENT COMPANY INCOME STATEMENT IN SUMMARY

Expressed in TSEK	**1 Jan 2008- 31 Mar 2008 3 months**	1 Jan 2007- 31 Mar 2007 3 months	1 Jan 2007- 31 Dec 2007 12 months
Operating income			
Other operating income	4,217	4,576	22,389
Gross profit	**4,217**	4,576	22,389
General and administration expenses	-11,465	-9,191	-39,769
Operating profit	**-7,248**	-4,615	-17,380
Result from financial investments			
Financial income	1,368	71,081	52,047
Financial expenses	-	-	-
	1,368	**71,081**	52,047
Profit before tax	**-5,880**	**66,466**	34,667
Tax	-	-	-
Net result	**-5,880**	**66,466**	34,667

PARENT COMPANY BALANCE SHEET IN SUMMARY

Expressed in TSEK	**31 March 2008**	31 December 2007
ASSETS		
Non-current assets		
Financial assets	7,888,586	7,861,099
Total non-current assets	**7,888,586**	7,861,099
Current assets		
Receivables	8,699	12,446
Cash and cash equivalents	4,548	8,861
Total current assets	**13,247**	21,307
TOTAL ASSETS	**7,901,833**	7,882,406
SHAREHOLDERS´EQUITY AND LIABILITIES		
Shareholders´ equity including net result for the period	7,897,679	7,877,724
Current liabilities	4,154	4,682
TOTAL EQUITY AND LIABILITIES	**7,901,833**	7,882,406
Pledged assets	3,763,484	3,446,804
Contingent liabilities	139,661	150,720

PARENT COMPANY CASH FLOW STATEMENT IN SUMMARY

Expressed in TSEK	**1 Jan 2008- 31 Mar 2008 3 months**	1 Jan 2007- 31 Mar 2007 3 months	1 Jan 2007- 31 Dec 2007 12 months
Cash flow used for operations			
Net result	-5,880	66,466	34,667
Adjustments for non- cash related items	1,105	-60,565	-32,010
Changes in working capital	2,886	4,354	-6,619
Total cash flow used for operations	**-1,889**	10,255	-3,962
Cash flow from / used for investments			
Change in other financial fixed assets	-24,691	-10,546	-52,542
Investment in subsidiaries	-	-	-
Total cash flow from / used for investments	**-24,691**	-10,546	-52,542
Cash flow from financing			
Purchase of own shares	-	-	-4,395
Proceeds from share issues	22,569	6,873	61,207
Total cash flow from financing	**22,569**	6,873	56,812
Change in cash and cash equivalents	-4,011	6,582	308
Cash and bank at the beginning of the period	8,861	8,962	8,962
Currency exchange difference in cash and cash equivalents	-302	87	-409
Cash and cash equivalents at the end of the period	**4,548**	15,631	8,861

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Restricted Equity		Unrestricted equity			
	Share Capital	Statutory reserve	Other Reserves	Retained Earnings	Net result	Total equity
Balance at 1 January 2007	**3,142**	**861,306**	**5,093,245**	**51,565**	**1,754,833**	**7,764,091**
Transfer of prior year net result	-	-	-	1,754,833	-1,754,833	-
New share issuance	2	-	6,871	-	-	6,873
Transfer of share based payments	-	-	603	-603	-	-
Share based payments	-	-	-	6,516	-	6,516
Currency translation difference	-	-	322	-	-	322
Net result	-	-	-	-	66,466	66,466
Balance at 31 March 2007	**3,144**	**861,306**	**5,101,041**	**1,812,311**	**66,466**	**7,844,268**
New share issuance	11	-	54,323	-	-	54,334
Purchase of own shares	-	-	-4,395	-	-	-4,395
Transfer of share based payments	-	-	7,644	-7,644	-	-
Share based payments	-	-	-	16,622	-	16,622
Currency translation difference	-	-	-1,306	-	-	-1,306
Net result	-	-	-	-	-31,799	-31,799
Balance at 31 December 2007	**3,155**	**861,306**	**5,157,307**	**1,821,289**	**34,667**	**7,877,724**
Transfer of prior year net result	-	-	-	34,667	-34,667	-
New share issuance	4	-	22,565	-	-	22,569
Transfer of share based payments	-	-	2,752	-2,752	-	-
Share based payments	-	-	-	4,334	-	4,334
Currency translation difference	-	-	-1,068	-	-	-1,068
Net result	-	-	-	-	-5,880	-5,880
Balance at 31 March 2008	**3,159**	**861,306**	**5,181,556**	**1,857,538**	**-5,880**	**7,897,679**

KEY FINANCIAL DATA

Data per share	**1 Jan 2008- 31 Mar 2008 3 months**	1 Jan 2007- 31 Mar 2007 3 months	1 Jan 2007- 31 Dec 2007 12 months
Shareholders' equity SEK per share[1]	34.30	35.16	35.02
Operating cash flow SEK per share [2]	2.15	1.94	9.91
Cash flow from operations SEK per share[3]	1.94	1.45	9.97
Earnings SEK per share[4]	1.25	0.67	3.02
Earnings SEK per share fully diluted[5]	1.25	0.67	3.02
Dividend per share	-	-	-
Quoted price at the end of the financial period (regards the parent company), SEK	80.75	82.75	67.50
Number of shares at period end	315,925,480	314,370,580	315,550,580
Weighted average number of shares for the period[6]	315,659,964	314,386,176	315,020,401
Weighted average number of shares for the period (fully diluted)[6]	315,927,573	315,277,422	315,409,915

Key data group	**1 Jan 2008- 31 Mar 2008 3 months**	1 Jan 2007- 31 Mar 2007 3 months	1 Jan 2007- 31 Dec 2007 12 months
Return on equity, %[7]	4	3	9
Return on capital employed, %[8]	4	5	14
Net debt/equity ratio, %[9]	29	17	21
Equity ratio, %[10]	50	49	52
Share of risk capital, %[11]	68	79	71
Interest coverage ratio, %[12]	2,973	2,276	2,203
Operating cash flow/interest ratio[13]	2,874	2,927	3,631
Yield[14]	-	-	-

1 the Group's shareholders' equity divided by the number of shares at period end.
2 the Group's operating income less production costs and less current taxes divided by the weighted average number of shares for the period.
3 cash flow from operations in accordance with the consolidated statement of cash flow divided by the weighted average number of shares for the period.
4 the Group's net result divided by the weighted average number of shares for the period.
5 the Group's net result divided by the weighted average number of shares for the period after considering the dilution effect of outstanding warrants.
6 the number of shares at the beginning of the period with new issue of shares weighted for the proportion of the period they are in issue.
7 the Group's net result divided by the Group's average total equity.
8 the Group's income before tax plus interest expenses plus/less exchange differences on financial loans divided by the average capital employed (the average balance sheet total less non-interest bearing liabilities).
9 the Group's net interest bearing liabilities in relation to shareholders' equity.
10 the Group's total equity in relation to balance sheet total.
11 the sum of the total equity and the deferred tax provision divided by the balance sheet total.
12 the Group's result after financial items plus interest expenses plus/less exchange differences on financial loans divided by interest expenses.
13 the Group's operating income less production costs and less current taxes divided by the interest charge for the period.
14 dividend in relation to quoted share price at the end of the financial period.

Financial information

The Company will publish the following reports:

- The six month report (January – June 2008) will be published on 13 August 2008.
- The nine month report (January – September 2008) will be published on 12 November 2008.

The Annual General Meeting will be held on 13 May 2008 at Oscarsteatern in Stockholm.

Stockholm, 12 May 2008

C. Ashley Heppenstall
President & CEO

The financial information relating to the three month period ended 31 March 2008 has not been subject to review by the auditors of the Company.