Lundin Petroleum AB – Press release

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

20 February 2008

YEAR END REPORT 2007

	1 Jan 2007- 31 Dec 2007 12 months	1 Oct 2007- 31 Dec 2007 3 months	1 Jan 2006- 31 Dec 2006 12 months	1 Oct 2006- 31 Dec 2006 3 months
Production in mboepd	34.7	28.5	29.7	34.5
Operating income in MSEK	5,484.3	1,422.2	4,414.5	1,138.7
Net profit in MSEK	952.5	219.5	794.4	195.9
Earnings/share in SEK	3.02	0.70	2.83	0.62
Diluted earnings/share in SEK	3.02	0.70	2.81	0.62
EBITDA in MSEK	3,048.6	637.0	2,731.5	558.9
Operating cash flow in MSEK	3,126.1	900.5	2,271.0	618.1

Listen to President & CEO Ashley Heppenstall and CFO Geoffrey Turbott comment on the report at the live broadcast presentation 20 February 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.

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Visit our website: www.lundin-petroleum.com

Dear fellow Shareholders,

I am very pleased with Lundin Petroleum's progress in 2007, despite frustrating delays to first production from our Alvheim development project in Norway and to our exploration drilling programmes in Russia and Sudan. The Luno exploration discovery in Norway was a major achievement being the largest oil discovery made in the Norwegian North Sea in the last ten years.

2008 has begun on a very positive note. The Alvheim FPSO has left port in preparation for offshore hook-up and first oil, we have commenced exploration drilling in Sudan, we have received the drilling permit for our first exploration well in the Russian Caspian Sea and we have completed a successful appraisal well on the Nemo field in Licence PL 148 offshore Norway.

Our organic growth strategy continues to generate positive results with further increases to our reserves announced at the beginning of 2008. These increases do not include our recent successes in Norway at Luno and Nemo which, when booked, will ensure further increases to our reserve base. We believe in high oil prices and that our continued ability to increases our reserves and production will ultimately lead to increases in shareholder value.

Financial Performance
Lundin Petroleum generated a net profit after taxes for the year ended 31 December 2007 of MSEK 952.5 (MUSD 141.1). Operating cash flow for the period was MSEK 3,126.1 (MUSD 463.1) and earnings before interest, tax, depreciation and amortisation (EBITDA) was MSEK 3,048.6 (MUSD 451.6). The increases in net profit after taxes, operating cash flow and EBITDA compared to the previous year were 20 percent, 38 percent and 12 percent.

In 2007, we completed new bank borrowing loan facilities of one billion dollars which were provided by a syndicate of international banks led by BNP Paribas. The availability of this financing strongly improves the financial flexibility of our company and our ability to complete new investments should the right opportunities arise.

Reserves
In 2007, we increased our proven and probable reserves by 12 percent to 184.2 million barrels of oil equivalent (mmboe). The increase came predominantly from the organic replacement of reserves from our existing asset base and as a result, we generated a reserve replacement ratio of 148 percent. This essentially means that for every 100 barrels we produced in 2007, we replaced them with 148 new barrels organically. If we can continue to do this, we will be successful in growing our business.

In addition to its reserves, Lundin Petroleum has further discoveries classified as contingent resources totalling 188 mmboe which include last year's Luno exploration discovery and the Nemo field in Norway where we recently drilled a successful appraisal well.

Production
Production for 2007 was 34,000 boepd an increase of 16 percent compared to 2006 production of 29,400 boepd.

Production for 2007 was essentially in line with expectations apart from the delays to production start-up from the Alvheim field offshore Norway and the turbine fire on the Thistle platform which negatively impacted production in the fourth quarter of 2007.

First oil production from the Alvheim field is expected at the end of the first quarter 2008. The Alvheim FPSO is now complete and left Haugesund on the west coast of Norway last week. It is currently undertaking various offshore tests prior to sailing to the Alvheim field for hook-up. First oil from the Alvheim field will have a major impact for Lundin Petroleum with net production of 14,000 boepd when we reach plateau production.

We are forecasting net 2008 production of 36,500 boepd.

Development
We continue to proactively invest in our resource base to generate production growth. There is currently strong pressure on the oil industry supply chain with frequent delays and cost overruns. This has, and I believe will continue to, put pressure on project schedules and costs. Nevertheless, we continue to invest based upon our confidence in forward oil and gas prices and technically sound projects in our portfolio.

Our development budget for 2008 is USD 375 million. In Norway, in addition to Alvheim, the Volund development is progressing well and will add further production growth in 2009. In the United Kingdom, the redevelopment of the Thistle field is well-advanced with new 3D seismic having been acquired in 2007 and the platform rig reactivation to be completed in 2008. And in Indonesia, the development of the Singa gas field is ongoing with first gas in 2009.

Our first appraisal well in 2008 on the Nemo field, offshore Norway was positive. Our reserve estimates for the field will most likely be raised upwards and we are now looking to move forward to produce a plan of development for this field. Further appraisal drilling will take place later this year on the SE Tor field, offshore Norway. The success of our appraisal programme is further evidence of our ability to monetise fallow discoveries through proactive investment.

Exploration
The discovery of the Luno field, offshore Norway with our first operated well in Norway was a major achievement for the company. We own 50 percent of PL338 containing the Luno discovery and are operator. Through proactive exploration using modern seismic imaging techniques, we were able to identify this "new play concept" which other major oil companies had been unable to discover over the last forty years. We estimate that the discovery contains between 65 mmboe and 190 mmboe of recoverable reserves in the Jurassic reservoir with further upside in the Triassic reservoir. An appraisal well will be drilled in the second quarter of 2008. We hold material equity positions in the adjoining acreage to the Luno discovery where we believe there is potential for further discoveries using the same play concept.

In Russia, we have made excellent progress in relation to drilling our first exploration well on the Lagansky block in the Northern Caspian Sea. In 2007, we received approval from the Russian licensing agency Rosnedra to our proposed amendments to our licence commitments and early this year we received the drilling permit from Rosprirodnazor. The marine drilling complex is complete and will mobilise to the drilling location in early April for drilling of the Morskaya-1 exploration well in the second quarter of 2008. The subsurface potential within the Lagansky block is excellent and was further improved in 2007 with the upgrading of the Petroskaya lead to a prospect as a result of new seismic. A four well exploration programme is planned in 2008/2009 on the Lagansky block.

Exploration drilling has finally commenced in Block 5B in Sudan. Our dry land exploration programme commenced last week with the drilling of the Nyal-1 well. In tandem, preparations for the commencement of the swamp drilling programme are very well-advanced with the final mobilisation of equipment to the well location. We now look forward to an extended period of exploration drilling in Block 5B to test the large hydrocarbon potential of the area. Four exploration wells are planned in Block 5B in 2008.

Our organic growth strategy is exploration-driven. We acquired 28 new licences in 2007 with continued investment in our core areas particularly the North Sea but also with new deals in Vietnam, Cambodia, Kenya, Congo (Brazzaville) and Ethiopia. It is essential for our long term growth that we continue to identify new areas of exploration interest to generate the drilling opportunities of tomorrow. We continue to face ever-increasing competition for acreage particularly from the emerging National Oil Corporations and as such, it is extremely pleasing that our New Venture teams are able to secure new areas of prospectivity. We will continue to seek new ground floor deals in direct negotiation with foreign governments and, when appropriate, enter into selective farm-in deals which complement our exploration strategy.

Oil Markets
We are living in a world of high commodity prices. Despite the impact of a likely US recession, I still share the market's view of continued high oil prices. The forward oil markets are today pricing USD 90 per barrel of oil for the next 15 years despite the recent sell-off in world equity markets. The oil price is driven by ever-increasing demand from the developing world coupled with supply pressure and an uncertain geopolitical climate.

The world economy has grown over the last 100 years fuelled by abundant and cheap sources of energy. This has resulted in ever-improving living conditions, healthcare and lifestyle for the majority of the world's population. Notwithstanding the logical desire to diversify energy supply to renewable sources, it is realistic to assume that the world will be reliant upon fossil fuels for many years to come as a reliable form of energy to grow economies and continue to improve the world's standard of living. The oil and gas industry continues to have a major role to play in meeting future energy demand in a safe and environmentally friendly way.

There is no question that the current debate on the cause and implications of climate change is extremely important. At Lundin Petroleum, we continue to focus upon ways of reducing emissions and increasing energy efficiency. However, balancing the requirement to produce fossil fuels and provide energy security with the implications for climate change is a complex and difficult issue. I believe solutions can be found and we will continue to be involved in such debate for the common benefit of all our stakeholders.

Best Regards

C. Ashley Heppenstall
President and CEO

OPERATIONS

United Kingdom

The net production to Lundin Petroleum for the year ended 31 December 2007 was 13,700 barrels of oil equivalent per day (boepd).

Net production from the Broom field (Lundin Petroleum Working Interest (WI) 55%) averaged 8,000 boepd during the year ended 31 December 2007. Production was in excess of forecast during the period as a result of good reservoir performance particularly from the BR-1 well. A further development well 2/5-25 has recently been successfully drilled on the Broom field following the successful acquisition of 3D seismic over the Greater Heather area. This development well has encountered oil bearing reservoir and is expected to come onstream in March 2008.

Production from the Heather field (WI 100%) averaged 1,600 boepd for the year ended 31 December 2007. Production was below forecast due to the lack of water injection resulting in underperformance of the wells, delays to the infill drilling programme and postponement of the Heather Triassic well. The planned shutdown of the Heather platform for approximately two weeks related to the installation of new topsides equipment negatively impacted Broom and Heather production in the fourth quarter of 2007.

Net production from the Thistle field (WI 99%) averaged 4,100 boepd during the year ended 31 December 2007 which was below expectations. In November 2007 production from Thistle was suspended following a fire in one of the Thistle platform power generation turbine enclosures. Production recommenced in mid-January 2008 having a negative impact upon production in the fourth quarter of 2007. A long term investment programme to redevelop the Thistle Field commenced in 2007. The redevelopment involves the reinstallation of the Thistle drilling rig as well as further facilities investment to ensure an extended life for the Thistle platform. In addition, new 3D seismic was acquired over the Thistle field in the third quarter of 2007. The forward plan for Thistle involves new production well drilling and workover activity in 2008 and 2009 to enhance production levels.

Four exploration wells were drilled on Lundin Petroleum licenses in the United Kingdom North Sea during 2007. The exploration wells 41/10a-2z (WI 25%) targeting the “Lytham/Haupt” prospect in the southern North Sea, 14/28a-5 (WI 10%) in the outer Moray Firth and 12/17b-1 (WI 30%) targeting the "Ridgewood" prospect in the Moray Firth area were plugged and abandoned as dry holes during 2007 and early 2008. The exploration well 21/8-3 in Licence P1107 (WI 40%) targeting the Palaeocene Scolty prospect and the Jurassic Banchory prospect was completed in the fourth quarter of 2007 in the central North Sea. The Scolty prospect was an oil discovery and the Banchory prospect was dry. An additional exploration well will be drilled in Licence P1107 during 2008 targeting the Torphins prospect based upon similar seismic amplitude anomalies to the Scolty discovery.

Earlier in 2007, Lundin Petroleum completed the acquisition of an approximate 40 percent net interest in the Peik gas/condensate field from Total. The Peik field which straddles the United Kingdom and Norwegian border is estimated to contain gross proven and probable reserves of 27 mmboe.

Norway

Net production from the Jotun field (WI 7%) offshore Norway averaged 700 bopd during the year ended 31 December 2007.

First production from the Alvheim field (WI 15%) is expected at the end of the first quarter of 2008. The Alvheim floating production, storage and offloading (FPSO) vessel left Haugesund on 15 February 2008 and will undergo various tests prior to installation on the Alvheim field. The subsea infrastructure is in place and development drilling is progressing satisfactorily with five production wells ready for production start-up. Net plateau production from the Alvheim field is still expected at in excess of 14,000 boepd.

A plan of development for the Volund field (WI 35%) was approved by the Norwegian Government in 2007. First production of oil is forecast in 2009 at a peak rate of more than 8,700 boepd net to Lundin Petroleum.

The drilling of the Luno exploration prospect in Licence PL 338 (WI 50%) operated by Lundin Petroleum was successfully completed as an oil discovery. The well discovered light oil in a Jurassic sandstone reservoir. The size of the discovery is estimated at between 65 mmboe and 190 mmboe of gross recoverable oil from the Jurassic reservoir with additional upside potential from the Triassic reservoir which was penetrated by the well. The Luno discovery will be appraised in 2008 with the first appraisal well forecast to spud in the second quarter of 2008.

The exploration well on Licence PL 335 (WI 18%) was drilled in the third quarter of 2007 and was plugged and abandoned as a dry hole. The appraisal well on the Nemo field in Licence PL 148 (WI 50%) has been successfully completed. The well was drilled to a vertical depth of 3,416 metres below the sea surface and encountered oil in the Ula Formation. Lundin Petroleum was carrying gross contingent resources for the Nemo field of 20.6 million barrels of oil (mmbo) prior to the drilling of the appraisal well. Initial estimates of revised gross resources for the Nemo field are now 20 -30 mmbo. The well results will be thoroughly evaluated by the partnership to support a likely development decision for the Nemo Field.

Further exploration drilling on the Phi North prospect in Licence PL 292 (WI 40%) commenced in February 2008.

France
Production in the Paris Basin averaged 2,800 bopd during the year ended 31 December 2007 and was in line with expectations. The coiled tubing under-balanced drilling campaign involving four new horizontal production/injector wells in the Villeperdue field (WI 100%) was successfully completed.

Following the receipt of Government approval, Lundin Petroleum completed the acquisition of Carr Production France SARL in the fourth quarter of 2007. The assets acquired include the 20 percent minority interest in various Paris Basin producing fields where Lundin Petroleum already owns the remaining 80 percent interest. The acquisition added 3 mmboe of 2P (proved and probable) reserves and contingent resources net to Lundin Petroleum.

In the Aquitaine Basin (WI 50%), production averaged 700 bopd for the year ended 31 December 2007. Production was below forecast due to an oil spill at the Ambes terminal which resulted in the suspension of production for one month until alternative transportation and marketing solutions were put in place. Production has now returned to pre-shutdown levels.

Indonesia
Salawati Island and Basin (Papua)
The net production from Salawati (Salawati Island WI 14.5% and Salawati Basin WI 25.9%) was 2,600 boepd for year ended 31 December 2007. Production was below expectations primarily due to well downtime on the Walio field in Salawati Basin.

Lematang (South Sumatra)
The approval of the plan of development for the Singa gas field (WI 25.88%) by the Indonesian regulatory authorities was received in 2006. In 2007 a gas sales agreement was signed with PT PLN (PERSERO), a major Indonesian electricity generating company to supply a gross contracted volume of 133 billion cubic feet. Commissioning and first gas from the Singa field is forecast for 2009 at production rates net to Lundin Petroleum in excess of 2,000 boepd. In the first half of 2007, Lundin Petroleum completed the acquisition of an additional 10 percent working interest in the Lematang block from Serica Energy, increasing our interest to 25.88 percent.

Blora (Java)
The Tengis-1 exploration well (WI 43.3%) was completed in the third quarter of 2007. Two potential hydrocarbon zones were identified for testing operations. Gas flowed to surface with a high CO_2 content. The well was plugged and abandoned and the Blora concession has been relinquished.

Jemaja/Sokang (Natuna Sea)
Lundin Petroleum has been awarded by MIGAS two Direct Offer Joint Study areas located in the Natuna Sea, the Jemaja Block and Sokang Block.

The Netherlands
Gas production from the Netherlands in 2007 was 2,200 boepd and in line with expectations.

Tunisia
The net oil production from the Oudna field (WI 40%) was 6,400 bopd for the year ended 31 December 2007. Production has been above forecast for the period since the field start-up in late 2006.

In March 2007, the Entreprise Tunisienne d'Activités Pétrolières (ETAP), the Tunisian state oil company, exercised its option to acquire a 20 percent interest in the Oudna field and as a result, Lundin Petroleum's interest was reduced from 50 percent to 40 percent. Net production for 2007 is based upon a 50 percent interest for approximately 2.5 months and a 40 percent interest for the remainder. The consideration for the acquisition was a reimbursement of historical capital costs offset by net revenues since production start-up.

Russia
The net production from Russia for the year ending 31 December 2007 was 4,900 boepd which was slightly below expectations.

Development and appraisal drilling was completed at the Orenburg (WI 50%) and Komi (WI 50%) production operations. In addition subsurface studies were completed at the onshore Kalmykia (WI 51%) operation with a view to commencing further development drilling.

The drilling of the Morskaya-1 exploration well in the Lagansky block (WI 70%) located in the Northern Caspian Sea will commence in the second quarter of 2008. The construction of the barge mounted facilities necessary for the shallow water drilling has been completed. In 2007, Lundin Petroleum received approval from the Russian licensing agency, Rosnedra, to the amendments of the licence commitments of the Lagansky block. In February 2008, Lundin Petroleum received the drilling permit for the Morskaya-1 exploration well from the Russian Federal Service for Supervising Natural Resources (Rosprirodnadzor). The Laganskaya-1 exploration well will be drilled in the second half of 2008. Further seismic acquisition was completed in 2007 and successfully upgraded the Petroskaya structure to a prospect which is likely to be drilled in 2009. An option agreement in relation to the Lagansky block was signed in July 2007 with JSC Gazprom ("Gazprom") whereby Gazprom will have an option to earn 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
A four well exploration drilling programme in Block 5B (WI 24.5%) commenced in February 2008 with the drilling of the Nyal-1 exploration well using a land rig. The drilling of the Wan Machar-1 (formerly Umm Dandalo) exploration well is expected to commence before the end of the first quarter 2008 with mobilisation of the swamp drilling facilities well advanced. The 2D seismic acquisition is progressing with 984 km of new data having been acquired during 2007.

Rumours about conflicting awards for certain concessions in Southern Sudan have been brought to an end by the National Petroleum Commission, constituted of representatives of both North and South Sudan governments, which confirmed the sole validity of the existing contracts entered into by the Sudan government with the Block 5B consortium. The National Petroleum Commission has 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.

Congo (Brazzaville)
During 2007 all government approvals were received in respect of the acquisition of an 18.75 percent working interest in Block Marine XI offshore Congo (Brazzaville). The acquisition of 1,200 km^2 of 3D seismic was successfully completed in the fourth quarter of 2007 and drilling operations will commence in late 2008 subject to rig availability.

Vietnam
A production sharing agreement was signed earlier in 2007 for a 33.33 percent working interest in Block 06/94 in the Nam Con Son Basin, offshore Vietnam. The acquisition of 720 km^2 of 3D seismic was successfully completed in the third quarter of 2007 and seismic interpretation is ongoing. Exploration drilling will commence in late 2008.

Ethiopia
Two new production sharing contracts were signed in July 2007 covering Blocks 7 & 8 (WI 100%) located in the Ogaden basin and the Adigala Block (WI 100%) located in the Afar basin area. This is in addition to Blocks 2 and 6 (WI 100%) signed in 2006. Aeromagnetic and aerogravity studies were successfully completed in 2007.

Kenya
In October 2007, a new production sharing contract for Block 10A (WI 100%) was signed. Block 10A is located in the Anza Basin in Northwest Kenya. Aerogravity studies will be conducted during 2008.

Cambodia
In October 2007, Lundin Petroleum acquired a 34 percent interest in Block E, offshore Cambodia. The 1,200 km 2D seismic acquisition that was recently completed on Block E will be used to define further exploration activities.

Venezuela
In February 2008, the sale of Lundin Petroleum's Venezuelan interests was successfully completed. As a result of the transaction, Lundin Petroleum has become the largest shareholder with a 42 percent interest in PetroFalcon Corporation. PetroFalcon is listed on the Toronto Stock Exchange and has proven and probable reserves of 36 million barrels of oil equivalent as at 1 January 2007.

THE GROUP

Result

Lundin Petroleum reports a net profit for the financial year ended 31 December 2007 of MSEK 952.5 (MSEK 794.4) and MSEK 219.5 (MSEK 195.9) for the fourth quarter of 2007 representing earnings per share on a fully diluted basis of SEK 3.02 (SEK 2.81) for the financial year ended 31 December 2007 and SEK 0.70 (SEK 0.62) for the fourth quarter of 2007.

Operating cash flow for the financial year ended 31 December 2007 amounted to MSEK 3,126.1 (MSEK 2,271.0) and MSEK 900.5 (MSEK 618.1) for the fourth quarter of 2007 representing operating cash flow per share on a fully diluted basis of SEK 9.91 (SEK 8.05) for the financial year ended 31 December 2007 and SEK 2.85 (SEK 1.96) for the fourth quarter of 2007.

Earnings before interest, tax, depletion and amortisation (EBITDA) for the financial year ended 31 December 2007 amounted to MSEK 3,048.6 (MSEK 2,731.5) and MSEK 637.0 (MSEK 558.9) for the fourth quarter of 2007 representing EBITDA per share on a fully diluted basis of SEK 9.67 (SEK 9.68) for the financial year ended 31 December 2007 and SEK 2.02 (SEK 1.77) for the fourth quarter of 2007.

Changes in the Group

On 31 July 2006 Lundin Petroleum acquired 100% of the shares of Valkyries Petroleum Corp. (“Valkyries”) in an all share transaction. The financial results of Valkyries have been fully consolidated within the Lundin Petroleum group from 1 August 2006.

On 15 October 2007 Lundin Petroleum signed an agreement to acquire the shares in Carr Production France SARL (“CARR”). CARR directly held a 20 percent interest in four concessions located at Soudron, Grandville, Courdemanges and Vert la Gravelle and a research permit (Val des Marais). Lundin Petroleum is operator and holds the remaining 80 percent interest. The transaction was completed on 31 October 2007 after receipt of government approval. The results of CARR have been fully consolidated within the Lundin Petroleum group from this date.

Revenue

Net sales of oil and gas for the financial year ended 31 December 2007 amounted to MSEK 5,353.7 (MSEK 4,233.3) and MSEK 1,390.9 (MSEK 1,105.4) for the fourth quarter of 2007 and are detailed in Note 1. Production for the financial year ended 31 December 2007 amounted to 12,662.9 (10,832.9) thousand barrels of oil equivalent (mboe) representing 34.7 mboe per day (mboepd) (29.7 mboepd) for the financial year ended 31 December 2007. The average price achieved for a barrel of oil equivalent for the financial year ended 31 December 2007 amounted to USD 65.65 (USD 59.70). The average Dated Brent price for the financial year ended 31 December 2007 amounted to USD 72.39 (USD 65.13) per barrel.

Other operating income for the financial year ended 31 December 2007 amounted to MSEK 130.6 (MSEK 181.2) and MSEK 31.3 (MSEK 33.3) for the fourth quarter of 2007. This amount includes tariff income from the United Kingdom, France and the Netherlands and income for maintaining strategic inventory levels in France. Other operating income for the financial year ended 31 December 2006 included an amount of MSEK 22.3 generated from the sale of CO_2 emission rights in the United Kingdom.

Sales for the financial year ended 31 December 2007 were comprised as follows:

Sales Average price per boe* expressed in USD	**1 Jan 2007- 31 Dec 2007 12 months**	1 Oct 2007- 31 Dec 2007 3 months	1 Jan 2006- 31 Dec 2006 12 months	1 Oct 2006- 31 Dec 2006 3 months
United Kingdom				
- Quantity in mboe	5,074.0	1,114.1	5,769.0	1,220.1
- Average price per boe	71.91	88.87	63.76	59.00
France				
- Quantity in mboe	1,310.9	366.5	1,374.7	366.7
- Average price per boe	73.68	88.57	62.62	55.09
Norway				
- Quantity in mboe	250.7	57.0	319.5	94.8
- Average price per boe	66.81	82.35	60.42	53.90
Netherlands				
- Quantity in mboe	821.4	206.1	766.8	208.9
- Average price per boe	48.15	55.23	48.79	48.50
Indonesia				
- Quantity in mboe	630.4	185.1	634.1	318.0
- Average price per boe	70.04	87.71	58.65	56.75
Russia				
- Quantity in mboe	2,017.9	502.9	788.8	478.1
- Average price per boe	46.80	57.23	35.03	31.47
Tunisia				
- Quantity in mboe	1,974.9	255.9	397.3	274.8
- Average price per boe	69.25	92.85	61.79	60.60
Total				
- Quantity in mboe	**12,080.2**	2,687.6	10,050.2	2,961.4
- Average price per boe	**65.65**	80.49	59.70	53.07

* The average price per boe excludes the hedge settlements incurred in 2006.

The oil produced in Russia is sold on either the Russian domestic market or exported into the international market. 42% of Russian sales for the financial year ended 31 December 2007 were on the export market at an average price of USD 68.80 per barrel with the remaining 58% of Russian sales being sold on the domestic market at an average price of USD 30.94 per barrel.

Production	**1 Jan 2007- 31 Dec 2007 12 months**	1 Oct 2007- 31 Dec 2007 3 months	1 Jan 2006- 31 Dec 2006 12 months	1 Oct 2006- 31 Dec 2006 3 months
United Kingdom				
- Quantity in mboe	4,990.6	964.8	6,086.3	1,418.1
- Quantity in mboepd	13.7	10.5	16.7	15.4
France				
- Quantity in mboe	1,269.8	353.6	1,361.7	338.2
- Quantity in mboepd	3.5	3.8	3.7	3.7
Norway				
- Quantity in mboe	248.0	56.5	316.1	80.8
- Quantity in mboepd	0.7	0.6	0.9	0.9
Netherlands				
- Quantity in mboe	821.4	206.1	766.8	208.9
- Quantity in mboepd	2.2	2.2	2.1	2.3
Indonesia				
- Quantity in mboe	949.6	225.7	904.1	271.1
- Quantity in mboepd	2.6	2.5	2.5	2.9
Russia				
- Quantity in mboe	2,063.9	531.9	808.1	497.4
- Quantity in mboepd	5.6	5.8	2.2	5.4
Tunisia				
- Quantity in mboe	2,319.6	288.9	429.1	361.0
- Quantity in mboepd	6.4	3.1	1.2	3.9
Venezuela				
- Quantity in mboe	-	-	160.7	-
- Quantity in mboepd	-	-	0.4	-
Total				
- Quantity in mboe	**12,662.9**	2,627.5	10,832.9	3,175.5
- Quantity in mboepd	**34.7**	28.5	29.7	34.5
Minority interest in Russia				
- Quantity in mboe	247.4	61.7	100.4	62.3
- Quantity in mboepd	0.7	0.7	0.3	0.7
Total excluding minority interest				
- Quantity in mboe	**12,415.5**	2,565.8	10,732.5	3,113.2
- Quantity in mboepd	**34.0**	27.8	29.4	33.8

Lundin Petroleum has fully consolidated its subsidiaries in Russia of which they have control with the portion not owned by Lundin Petroleum shown as a minority interest. The average production for Russia for the year ended 31 December 2007 adjusted for Lundin Petroleum's share of ownership is 4.9 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 financial year ended 31 December 2007 expressed in US dollars were comprised as follows:

Production cost and depletion in TUSD	**1 Jan 2007- 31 Dec 2007 12 months**	1 Oct 2007- 31 Dec 2007 3 months	1 Jan 2006- 31 Dec 2006 12 months	1 Oct 2006- 31 Dec 2006 3 months
Cost of operations	231,533	65,392	184,320	58,722
Tariff and transportation expenses	28,995	8,954	20,310	6,228
Royalty and direct taxes	57,041	18,973	21,061	11,023
Changes in inventory/overlift	18,249	21,744	-11,852	-526
Total production costs	**335,818**	115,063	213,839	75,447
Depletion	147,790	28,457	105,406	29,755
Total	**483,608**	143,520	319,245	105,202

Production cost and depletion in USD per boe	**1 Jan 2007- 31 Dec 2007 12 months**	1 Oct 2007- 31 Dec 2007 3 months	1 Jan 2006- 31 Dec 2006 12 months	1 Oct 2006- 31 Dec 2006 3 months
Cost of operations	18.28	24.89	17.01	18.49
Tariff and transportation expenses	2.29	3.41	1.87	1.96
Royalty and direct taxes	4.50	7.22	1.94	3.47
Changes in inventory/overlift	1.44	8.27	-1.09	-0.17
Total production costs	**26.51**	43.79	19.73	23.75
Depletion	11.67	10.83	9.73	9.37
Total cost per boe	**38.18**	54.62	29.46	33.12

Production costs for the financial year ended 31 December 2007 amounted to MSEK 2,266.9 (MSEK 1,575.8) and MSEK 750.2 (MSEK 542.0) for the fourth quarter of 2007 and are detailed in Note 2. The reported cost of operations amounted to USD 18.28 per barrel (USD 17.01 per barrel) for the financial year ended 31 December 2007 and USD 24.89 per barrel (USD 18.49 per barrel) for the fourth quarter of 2007.

The cost of operations for the fourth quarter of 2007 is higher than the previous quarters, which together with the lower production in the fourth quarter results in the increase in the cost of operations per barrel. The cost of operations for the fourth quarter increased in line with the forecast across all areas of operation, particularly in the United Kingdom with an increased level of maintenance on the Heather field as well as higher costs on the Thistle field. Despite the Thistle field production being shut-in following the turbine fire incident on 25 November, the Thistle field cost of operations increased in the fourth quarter due to the increased diesel fuel requirements resulting from import gas outages and for maintaining power through emergency generators following the incident, increased operational requirements for platform supply vessels and the costs of getting the plant back up and running. Production was 14% down on the previous quarter due principally to the Thistle shut-in and continued forecasted decline in the Oudna field.

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 13.05 per barrel for the financial year ended 31 December 2007. 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 27.92 per barrel for the financial year ended 31 December 2007.

Depletion

Depletion of oil and gas properties for the financial year ended 31 December 2007 amounted to MSEK 997.6 (MSEK 776.7) and MSEK 177.8 (MSEK 211.6) for the fourth quarter of 2007 and is detailed in Note 3.

The unit depletion cost for the fourth quarter of 2007 has reduced because of the lower contribution of Tunisia in the total production for the period.

Write off

Write off of oil and gas properties for the financial year ended 31 December 2007 amounted to MSEK 369.6 (MSEK 123.5) and MSEK 159.7 (MSEK 18.7) for the fourth quarter of 2007. 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. During the fourth quarter of 2007 the costs relating to the unsuccessful Banchory well in the United Kingdom North Sea and well 7/7-4 on Licence PL 335 offshore Norway amounting to MSEK 73.1 and MSEK 59.3 respectively, were written off.

Lundin Petroleum completed the drilling of the 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 will be written off in the first quarter of 2008 and amount to an estimated MSEK 50.0.

Other income

Other income for the financial year ended 31 December 2007 amounted to MSEK 3.2 (MSEK 9.6) and MSEK 1.2 (MSEK 3.3) for the fourth quarter of 2007 and represents fees and costs recovered by Lundin Petroleum from third parties.

General, administrative and depreciation expenses

General, administrative and depreciation expenses for the financial year ended 31 December 2007 amounted to MSEK 172.0 (MSEK 116.8) and MSEK 36.2 (MSEK 41.1) for the fourth quarter of 2007. Depreciation charges amounted to MSEK 15.1 (MSEK 11.4) for the financial year ended 31 December 2007. General and administrative expenses include an amount of MSEK 34.9 relating to the transaction costs for the cancelled initial public offering (IPO) of Viking Oil and Gas ASA during the first half of 2007.

Financial income

Financial income for the financial year ended 31 December 2007 amounted to MSEK 266.6 (MSEK 96.4) and MSEK 91.7 (MSEK 51.7) for the fourth quarter of 2007 and is detailed in Note 4. Interest income for the financial year ended 31 December 2007 amounted to MSEK 37.7 (MSEK 31.6) and includes interest received on bank accounts of MSEK 33.2 (MSEK 25.6) and interest received on a loan to an associated company of MSEK 4.5 (MSEK 4.0).

Dividend income received for the financial year ended 31 December 2007 amounted to MSEK 22.5 (MSEK 12.0) and MSEK 2.1 (MSEK 2.9) for the fourth quarter of 2007 of which MSEK 14.3 relates to a dividend from the 5% shareholding in Baripetrol SA paid in June 2007 and the remainder 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 financial year ended 31 December 2007 amounted to MSEK 191.0 (MSEK 46.2) and MSEK 66.9 (MSEK 36.0) for the fourth quarter of 2007. 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 financial year ended 31 December 2007 amounted to MSEK 137.4 (MSEK 96.4) and MSEK 39.7 (MSEK 19.8) for the fourth quarter of 2007 and are detailed in Note 5. Interest expense for the financial year ended 31 December 2007 amounted to MSEK 86.1 (MSEK 41.8) and mainly relates to the bank loan facility.

The amortisation of financing fees for the financial year ended 31 December 2007 amounted to MSEK 7.7 (MSEK 18.6) and MSEK 7.1 (MSEK 4.6) for the fourth quarter of 2007. During the fourth quarter of 2007, Lundin Petroleum signed new credit facilities totalling USD one billion. The financing fees that had been incurred in relation to the previous bank loan facility were expensed in the fourth quarter of 2007. 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 financial year ended 31 December 2007 amounted to MSEK 858.0 (MSEK 1,036.9) and MSEK 132.0 (MSEK 164.5) for the fourth quarter of 2007 and is detailed in Note 6.

The current tax charge of MSEK 91.3 (MSEK 567.7) for the financial year ended 31 December 2007 comprises current tax charges in, primarily the United Kingdom, France, the Netherlands, Tunisia and Indonesia. The current corporation tax benefit for the fourth quarter of 2007 amounts to MSEK 228.4 (MSEK 21.4). During the first half year of 2007 the Group received a credit of United Kingdom corporation tax relating to the 2003-2005 corporation tax returns of MSEK 48.6. The negative current corporation tax charge for the fourth quarter of 2007 includes the tax refund due of MSEK 187.4 (MSEK 79.6) in Norway for exploration expenditure incurred in the fourth quarter of 2007.

The deferred tax charge for the financial year ended 31 December 2007 amounted to MSEK 766.7 (MSEK 469.2) and consists of corporation tax amounting to MSEK 748.8 (MSEK 477.0) and petroleum tax amounting to MSEK

17.9 (MSEK -7.8). Included in the deferred tax charge is a charge of MSEK 88.7 for tax losses carried forward utilised in Tunisia, and a charge of MSEK 918.9 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 and the Netherlands, amounting to MSEK 462.8 and MSEK 77.4 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 financial year ended 31 December 2007 amounts to approximately 47%. When the tax refund received in the United Kingdom for prior periods is eliminated the effective tax rate for the Group for the period amounts to approximately 50%.

Minority interest

The net profit attributable to minority interest for the financial year ended 31 December 2007 amounted to MSEK -4.5 (MSEK -8.6) and MSEK -2.7 (MSEK -7.9) for the fourth quarter of 2007 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 December 2007 amounted to MSEK 16,776.1 (MSEK 14,407.8) and are detailed in Note 7. Development and exploration expenditure incurred for the financial year ended 31 December 2007 is as follows:

Development expenditure in MSEK	**1 Jan 2007- 31 Dec 2007 12 months**	**1 Oct 2007- 31 Dec 2007 3 months**	1 Jan 2006- 31 Dec 2006 12 months	1 Oct 2006- 31 Dec 2006 3 months
United Kingdom	776.6	358.4	558.7	218.7
France	115.6	10.7	98.5	48.2
Norway	1,062.4	288.1	772.5	311.0
Netherlands	48.9	19.4	19.6	9.4
Indonesia	29.7	8.3	69.4	16.9
Russia	221.6	53.2	107.6	59.0
Tunisia	55.9	8.9	489.7	102.3
Venezuela	-	-	-2.4	-5.4
Development expenditures	**2,310.7**	747.0	2,113.6	760.1

Exploration expenditure in MSEK	**1 Jan 2007- 31 Dec 2007 12 months**	**1 Oct 2007- 31 Dec 2007 3 months**	1 Jan 2006- 31 Dec 2006 12 months	1 Oct 2006- 31 Dec 2006 3 months
United Kingdom	401.9	192.5	83.3	16.7
France	4.6	1.8	25.1	1.2
Norway	476.6	240.4	103.1	17.6
Netherlands	0.7	0.4	8.1	0.6
Indonesia	98.3	16.1	62.3	15.9
Russia	300.5	98.5	183.1	115.1
Sudan	141.4	70.9	50.6	13.2
Ethiopia	56.5	22.6	1.8	1.8
Vietnam	47.4	28.4	1.8	1.8
Congo (Brazzaville)	28.5	2.4	79.0	23.3
Other	61.0	29.0	70.4	2.1
Exploration expenditures	**1,617.4**	703.0	668.6	209.3

In addition to the above development and exploration expenditure, in 2007 an amount of MSEK 337.1 was paid on the completion of the Peik acquisition and an amount of MSEK 35.1 was paid for the additional 10% interest in the Lematang Block which contains the Singa gas field. During the first quarter of 2007 ETAP exercised their right to participate in the Oudna field, reducing Lundin Petroleum's interest from 50% to 40%. An amount of MSEK -39.7 has been recorded against oil and gas properties as the adjustment for the participation being the net amount of past capital costs less net revenues. On the 31 October 2007 the acquisition of CARR was completed and an amount of MSEK 82.6 was recorded for the acquisition of the oil and gas properties.

Other tangible assets as at 31 December 2007 amounted to MSEK 103.8 (MSEK 117.4).

The book value for goodwill in relation to the acquisition of the Russian business in 2006 amounted to MSEK 763.5 (MSEK 817.2) as at 31 December 2007. 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 December 2007 amounted to MSEK 538.9 (MSEK 357.4) and are detailed in Note 8. Shares and participations amount to MSEK 245.7 (MSEK 260.3) as at 31 December 2007. Restricted cash as at 31 December 2007 amounted to MSEK 23.8 (MSEK 18.6) 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 December 2007 amount to MSEK 63.4 (MSEK -) 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 amount to MSEK 62.5 (MSEK -) and relate to an amount paid to BNP Paribas to fund a bank loan held in a Russian jointly controlled entity. Other financial assets amount to MSEK 143.5 (MSEK 78.5) 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 December 2007 amounted to MSEK 844.1 (MSEK 488.0) and relates primarily to tax losses carried forward in Norway and the Netherlands. The deferred tax asset at 31 December 2006 included tax losses carry forward for Norway and Tunisia.

Current assets

Receivables and inventories amounted to MSEK 1,543.4 (MSEK 1,200.3) as at 31 December 2007 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 December 2007 amounted to MSEK 396.1 (MSEK 115.0) and relate primarily to tax refunds due in Norway for exploration expenditure incurred during 2007. Other assets amounted to MSEK 184.4 (MSEK 101.5) as at 31 December 2007 and include an amount receivable on a joint seismic acquisition in Norway and an insurance receivable relating to the Oudna field.

Cash and cash equivalents as at 31 December 2007 amounted to MSEK 483.5 (MSEK 297.2).

Non-current liabilities

Provisions as at 31 December 2007 amounted to MSEK 5,493.6 (MSEK 4,481.5) and are detailed in Note 10. This amount includes a provision for site restoration of MSEK 700.8 (MSEK 624.7). The provision for deferred tax amounted to MSEK 4,760.0 (MSEK 3,832.6) 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 .

Long term interest bearing debt amounted to MSEK 2,740.2 (MSEK 1,391.1) as at 31 December 2007. 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 418.0 as at 31 December 2007.

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 December 2007 amounted to MSEK 1,767.4 (MSEK 1,245.0) and are detailed in Note 11. Overlift as at 31 December 2007 amounted to MSEK 151.3 (MSEK 18.0). The high overlifted position relates primarily to the United Kingdom, where sales are based upon forecast production which resulted in sales being recorded in December 2007 for the Thistle field when there was no actual production for the month, and Indonesia where liftings in December exceeded the cumulative entitlement for the period. Joint venture creditors amounted to MSEK 898.3 (MSEK 650.8) 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 44.3 (MSEK 47.4) and relates to the current portion of a bank loan drawn by a jointly controlled entity in Russia. Tax payable amounted to MSEK 213.2 (MSEK 174.0).

Business combination

On 31 October 2007 Lundin Petroleum’s subsidiary Lundin International SA acquired 100% of Carr Production France SARL (“CARR”). The financial results of CARR have been fully consolidated within the Lundin Petroleum group from 1 November 2007.

The acquired business contributed revenues of 10.3 MSEK and net profit of 4.5 MSEK to Lundin Petroleum for the period 1 November to 31 December 2007.

There have been no audited accounts prepared for CARR during 2007 and as a result there is no reliable information available to calculate what CARR would have contributed to Lundin Petroleum had the company been acquired for the full year.

Details of the purchase price calculation are as follows (amounts in TSEK):

Purchase price calculation	
- Cash paid	65,345
- Registration fee	3,261
Total purchase consideration	**68,606**

The assets and liabilities arising from the acquisition are as follows (TSEK):

	Fair value
Oil and gas properties	82,550
Deferred tax asset	561
Receivables and inventories	9,445
Provisions	-10,017
Current liabilities	-14,779
Net assets acquired	**67,760**
Cash and cash equivalents in subsidiary acquired	846
Purchase consideration	**68,606**

Subsequent to the year end CARR was merged with Lundin International SA.

SUBSEQUENT EVENTS

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 Corporation ("PetroFalcon") and the acquisition of shares and warrants in PetroFalcon through a private placement. As a result of these transactions, Lundin Petroleum has become 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. Lundin Petroleum has also acquired warrants of PetroFalcon, which 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 1.20 per share. PetroFalcon Corporation 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 36 million barrels of oil equivalent (mmboe) as of January 1, 2007.

On 7 January 2008, Lundin Petroleum announced that the exploration well 12/17b-1 on Licence P1301 in the Moray Firth area of the United Kingdom North Sea was a dry hole. Lundin Petroleum has a 30 percent interest in this well and the associated costs amounting to an estimated MSEK 50.0 will be written off in the first quarter of 2008.

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.

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 profit of MSEK 34.7 (MSEK 1,754.8) for the financial year ended 31 December 2007 and MSEK -2.9 (MSEK 1,741.4) for the fourth quarter of 2007. Included in the result for 2006 is an accrual for an anticipated dividend due from a subsidiary of MSEK 1,768.3.

The profit included general and administrative expenses of MSEK 39.8 (MSEK 34.2) for the year ended 31 December 2007. Interest income derived from loans to subsidiary companies amounted to MSEK 20.7 (MSEK 37.7). Currency exchange gains amounted to MSEK 31.0 (MSEK -17.9). The foreign exchange gains relate primarily to the revaluation of the loan to a subsidiary in relation to the anticipated dividend accrued for at 31 December 2006. On 16 May 2007 the loan was converted to shares in the subsidiary.

The Parent Company acquired 68,000 of its own shares in June 2007 at an average price of 64.43 SEK per share to fully hedge its potential obligations under its employee Long Term Incentive Plan for awards made in 2007. This transaction was recorded as a reduction in equity.

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.

DIVIDEND
The Directors propose that no dividend be paid for the year.

CHANGES IN THE BOARD
At the AGM on 16 May 2007, Viveca Ax:son Johnson and Kai Hietarinta did not stand for re-election as members of the Board of Directors of Lundin Petroleum.

SHARE DATA
Lundin Petroleum AB's issued share capital at 31 December 2007 amounts to SEK 3,155,506 represented by 315,550,580 shares with a quota value of SEK 0.01 each. Included in the number of shares issued at 31 December 2007 is an amount of 132,000 shares which had been issued but not registered.

At the AGM held on 16 May 2007, the shareholders of Lundin Petroleum approved the implementation of 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 or the Performance Share Plan or a 50/50 allocation of both.

The Share Option Plan includes the conditional granting of options with a vesting period of 18 months and subject to the achievement of a performance condition measuring Total Shareholder Return (TSR) relative to a peer group of companies. The options were issued at a 10% premium to the average closing price of Lundin Petroleum shares for the ten days after the AGM. Employees will earn between 0 and 100 percent of the options depending upon the companies performance measured using a relative TSR.

The Performance Share Plan includes a conditional award of Lundin Petroleum shares with a vesting period of three years and subject to the achievement of a performance condition relative to TSR. The number of shares awarded under the Performance Share Plan is based on the value of the options granted under the Share Option Plan. The employees will earn between 50 and 100 percent of the award of shares depending upon the companies performance measured using a relative TSR. Under the Performance Share Plan, Lundin Petroleum made a conditional award of 67,751 shares subject to the achievement of performance criteria. In June 2007, Lundin Petroleum acquired 68,000 of its own shares to fully hedge its potential obligation under the Performance Share Plan.
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	2,360,000	3,086,000	3,470,000
Exercise period	15 June 2006 -31 May 2008	15 June 2007 -31 May 2009	1 Dec 2008 - 31 May 2010

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 December 2007 amounted to 384,000 with an exercise price in the range 75.62 – 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. 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 2006.

The financial statements of the Parent Company are prepared in accordance with accounting principles generally accepted in Sweden, applying RR 32:06 issued by the Swedish Financial Accounting Standards Council and the Annual Accounts Act. RR 32:06 requires the Parent Company to use similar accounting principles as for the Group, i.e. IFRS to the extent allowed by RR 32:06. 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 2006.

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 programs 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 credit financing. The Company shall seek to control these risks through sound management practice and the use of internationally accepted financial instruments, such as oil price hedges 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 2006.

EXCHANGE RATES

For the preparation of the financial statements for the financial year 1 January – 31 December 2007, the following currency exchange rates have been used.

	Average	Period end
1 EUR equals SEK	9.2521	9.4415
1 USD equals SEK	6.7504	6.4136

CONSOLIDATED INCOME STATEMENT<<

Expressed in TSEK	Note	**1 Jan 2007- 31 Dec 2007 12 months**	1 Oct 2007- 31 Dec 2007 3 months	1 Jan 2006- 31 Dec 2006 12 months	1 Oct 2006- 31 Dec 2006 3 months
Operating income					
Net sales of oil and gas	1	5,353,654	1,390,912	4,233,348	1,105,372
Other operating income		130,641	31,336	181,158	33,282
		5,484,295	1,422,248	4,414,506	1,138,654
Cost of sales					
Production costs	2	-2,266,911	-750,192	-1,575,781	-541,995
Depletion of oil and gas properties	3	-997,644	-177,754	-776,735	-211,630
Write off of oil and gas properties		-369,596	-159,707	-123,469	-18,725
Gross profit		**1,850,144**	334,595	1,938,521	366,304
Other income		3,285	1,155	9,618	3,342
General, administration and depreciation expenses		-172,045	-36,187	-116,818	-41,055
Operating profit		**1,681,384**	299,563	1,831,321	328,591
Result from financial investments					
Financial income	4	266,556	91,681	96,395	51,672
Financial expenses	5	-137,429	-39,696	-96,364	-19,798
		129,127	51,985	31	31,874
Profit before tax		**1,810,511**	351,548	1,831,352	360,465
Tax	6	-858,037	-132,022	-1,036,917	-164,547
Net result		**952,474**	219,526	794,435	195,918
Net result attributable to:					
Shareholders of the parent company		956,953	222,180	803,005	203,856
Minority interest		-4,479	-2,654	-8,570	-7,938
Net result		**952,474**	219,526	794,435	195,918
Earnings per share – SEK 1)		3.04	0.70	2.86	0.65
Diluted earnings per share – SEK 1)		3.03	0.70	2.85	0.65

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

>> CONSOLIDATED BALANCE SHEET

Expressed in TSEK	Note	**31 December 2007**	31 December 2006
ASSETS			
Non-current assets			
Oil and gas properties	7	16,776,124	14,407,846
Other tangible assets		103,766	117,424
Goodwill		763,521	817,185
Financial assets	8	538,938	357,442
Deferred tax		844,067	488,024
Total non-current assets		**19,026,416**	16,187,921
Current assets			
Receivables and inventory	9	1,543,383	1,200,269
Cash and cash equivalents		483,452	297,221
Total current assets		**2,026,835**	1,497,490
TOTAL ASSETS		**21,053,251**	17,685,411
EQUITY AND LIABILITIES			
Equity			
Shareholders´ equity		9,705,949	8,952,680
Minority interest		1,346,164	1,615,131
Total equity		**11,052,113**	10,567,811
Non-current liabilities			
Provisions	10	5,493,552	4,481,496
Bank loans		2,740,168	1,391,063
Total non-current liabilities		**8,233,720**	5,872,559
Current liabilities	11	**1,767,418**	1,245,041
TOTAL EQUITY AND LIABILITIES		**21,053,251**	17,685,411
Pledged assets		3,446,804	1,986,537
Contingent liabilities		150,720	161,313

CONSOLIDATED STATEMENT OF CASH FLOW<<

Expressed in TSEK	**1 Jan 2007- 31 Dec 2007 12 months**	1 Oct 2007- 31 Dec 2007 3 months	1 Jan 2006- 31 Dec 2006 12 months	1 Oct 2006- 31 Dec 2006 3 months
Cash flow from operations				
Net result	952,474	219,526	794,435	195,918
Adjustments for non-cash related items	2,055,160	676,213	1,399,723	380,404
Changes in working capital	170,072	57,545	-118,762	-126,549
Total cash flow from operations	**3,177,706**	953,284	2,075,396	449,773
Cash flow used for investments				
Investment in subsidiary assets	-67,760	-67,760	40,971	-13,286
Investment in real estate	-	-	-18,587	-4,440
Change in other financial fixed assets	-6,170	-6,306	-1,793	1,407
Other payments	622	608	-28,324	593
Investment in oil and gas properties	-4,260,612	-1,441,842	-2,782,309	-969,524
Investment in office equipment and other assets	-21,415	-3,840	-19,398	-4,712
Total cash flow used for investments	**-4,355,335**	-1,519,140	-2,809,440	-989,962
Cash flow from financing				
Investment in financial fixed asset	-106,784	-113,283	-	-
Changes in long-term bank loan	1,516,102	722,178	651,574	574,079
Paid financing fees	-71,181	-65,195	-	-
Purchase of own shares	-4,395	-	-	-
Proceeds from share issues	61,207	6,621	40,648	5,656
Dividend paid to minority	-765	-765	-2,125	-2,125
Total cash flow from financing	**1,391,184**	549,556	690,097	577,610
Change in cash and cash equivalents	216,555	-16,300	-43,947	37,421
Cash and cash equivalents at the beginning of the period	297,221	501,645	389,415	281,463
Currency exchange difference in cash and cash equivalents	-30,324	-1,893	-48,247	-21,663
Cash and cash equivalents at the end of the period	**483,452**	483,452	297,221	297,221

>>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 2006	**2,571**	**1,333,405**	**1,350,133**	**993,507**	**3,050**	**3,682,666**
Transfer of prior year net result	-	-	993,507	-993,507	-	-
Currency translation difference	-	-695,258	-	-	-88,997	-784,255
Change in fair value	-	-19,190	-	-	-	-19,190
Income and expenses recognised directly in equity	**-**	**-714,448**	**-**	**-**	**-88,997**	**-803,445**
Net result	-	-	-	803,005	-8,570	794,435
Total recognised income and expense	**-**	**-714,448**	**-**	**803,005**	**-97,567**	**-9,010**
Transfer to income statement	-	62,216	-	-	-	62,216
Dividend	-	-	-	-	-2,125	-2,125
Acquired minority	-	-	-	-	1,714,036	1,714,036
Issuance of shares	571	5,094,354	-	-	-	5,094,925
Transfer of share based payments	-	5,184	-5,184	-	-	-
Share based payments	-	-	27,366	-	-	27,366
Investments	-	-	-	-	-2,263	-2,263
Balance at 31 December 2006	**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	-	-271,099	-	-	-96,580	-367,679
Change in fair value	-	-12,247	-	-	-167,143	-179,390
Income and expenses recognised directly in equity	**-**	**-283,346**	**-**	**-**	**-263,723**	**-547,069**
Net result	-	-	-	956,953	-4,479	952,474
Total recognised income and expense	**-**	**-283,346**	**-**	**956,953**	**-268,202**	**405,405**
Transfer to income statement	-	-288	-	-	-	-288
Issuance of shares	13	61,194	-	-	-	61,207
Purchase of own shares	-	-4,395	-	-	-	-4,395
Transfer of share based payments	-	8,247	-8,247	-	-	-
Share based payments	-	-	23,138	-	-	23,138
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**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS>>

Note 1. Segment information, TSEK	**1 Jan 2007- 31 Dec 2007 12 months**	1 Oct 2007- 31 Dec 2007 3 months	1 Jan 2006- 31 Dec 2006 12 months	1 Oct 2006- 31 Dec 2006 3 months
Operating income				
Net sales of:				
Crude oil				
- United Kingdom	2,440,631	630,558	2,670,527	491,095
- France	651,961	211,428	634,301	146,823
- Norway	112,668	30,131	141,812	36,093
- Indonesia	295,493	105,710	272,333	130,827
- Russia	637,454	186,403	203,604	109,601
- Tunisia	923,214	146,783	180,912	122,460
	5,061,421	1,311,013	4,103,489	1,036,899
Condensate				
- United Kingdom	22,306	5,821	40,160	9,471
- Netherlands	7,920	2,472	6,328	1,564
- Indonesia	1,402	-	901	62
	31,628	8,293	47,389	11,097
Gas				
- Norway	417	90	442	149
- Netherlands	259,014	70,941	269,337	72,153
- Indonesia	1,174	575	820	145
	260,605	71,606	270,599	72,447
Service fee				
- Venezuela	-	-	23,478	-1,540
Oil price hedging settlement	-	-	-211,607	-13,531
	5,353,654	1,390,912	4,233,348	1,105,372

Operating profit contribution				
- United Kingdom	684,744	66,880	1,268,597	191,328
- France	421,824	147,975	385,285	80,149
- Norway	-19,823	-44,166	72,682	11,121
- Netherlands	122,860	34,217	140,348	39,929
- Russia	94,435	19,020	-21,875	-36,910
- Indonesia	31,113	33,653	106,094	30,420
- Tunisia	524,796	62,915	89,115	98,406
- Albania	-31,215	1,210	-	-
- Other	-147,350	-22,141	-208,925	-85,852
Total operating profit contribution	**1,681,384**	299,563	1,831,321	328,591

Note 2. Production costs, TSEK	**1 Jan 2007- 31 Dec 2007 12 months**	1 Oct 2007- 31 Dec 2007 3 months	1 Jan 2006- 31 Dec 2006 12 months	1 Oct 2006- 31 Dec 2006 3 months
Cost of operations	1,562,941	421,451	1,358,253	420,036
Tariff and transportation expenses	195,728	58,033	149,665	44,474
Direct production taxes	385,052	123,502	155,197	80,213
Change in inventory/ overlift position	123,190	147,206	-87,334	-2,728
	2,266,911	750,192	1,575,781	541,995

Note 3. Depletion of oil and gas properties, TSEK	**1 Jan 2007- 31 Dec 2007 12 months**	1 Oct 2007- 31 Dec 2007 3 months	1 Jan 2006- 31 Dec 2006 12 months	1 Oct 2006- 31 Dec 2006 3 months
United Kingdom	435,820	78,742	427,516	93,728
France	60,325	16,010	66,420	15,804
Norway	21,738	4,705	25,993	6,376
Netherlands	71,081	17,546	60,402	15,846
Indonesia	35,147	9,588	24,944	7,964
Russia	68,487	14,565	37,555	28,190
Tunisia	305,046	36,598	66,568	25,969
Venezuela	-	-	67,337	17,753
	997,644	177,754	776,735	211,630

Note 4. Financial income, TSEK	**1 Jan 2007- 31 Dec 2007 12 months**	1 Oct 2007- 31 Dec 2007 3 months	1 Jan 2006- 31 Dec 2006 12 months	1 Oct 2006- 31 Dec 2006 3 months
Interest income	37,708	9,774	31,572	10,810
Dividends received	22,499	2,105	12,028	2,905
Foreign exchange gain, net	190,954	66,855	46,216	35,982
Fair value adjustment on pension	-	-	1,679	1,679
Repayment received on loan	15,395	12,947	4,900	296
	266,556	91,681	96,395	51,672

Note 5. Financial expenses, TSEK	**1 Jan 2007- 31 Dec 2007 12 months**	1 Oct 2007- 31 Dec 2007 3 months	1 Jan 2006- 31 Dec 2006 12 months	1 Oct 2006- 31 Dec 2006 3 months
Loan interest expenses	86,104	23,351	41,803	10,354
Unwind site restoration discount	35,387	7,836	24,123	5,191
Change in market value interest rate hedge	-11	-	691	-2,573
Amortisation of deferred financing fees	7,654	7,058	18,633	4,597
Other financial expenses	8,295	1,451	11,114	2,229
	137,429	39,696	96,364	19,798

Note 6. Tax, TSEK	**1 Jan 2007- 31 Dec 2007 12 months**	1 Oct 2007- 31 Dec 2007 3 months	1 Jan 2006- 31 Dec 2006 12 months	1 Oct 2006- 31 Dec 2006 3 months
Current tax	91,323	-228,399	567,709	-21,401
Deferred tax	766,714	360,421	469,208	185,948
	858,037	132,022	1,036,917	164,547

Note 7. Oil and gas properties, TSEK	**Book amount 31 Dec 2007**	Book amount 31 Dec 2006
United Kingdom	3,168,911	2,589,545
France	1,066,780	865,059
Norway	3,803,237	1,980,342
Netherlands	432,212	434,797
Indonesia	301,888	274,364
Russia	7,306,384	7,524,638
Tunisia	230,280	543,155
Sudan	222,967	75,347
Albania	-	30,283
Congo (Brazzaville)	96,477	74,232
Vietnam	46,707	1,798
Ethiopia	55,251	11,292
Others	45,030	2,994
	16,776,124	14,407,846

Note 8. Financial assets, TSEK	**Book amount 31 Dec 2007**	Book amount 31 Dec 2006
Shares and participations	245,702	260,265
Restricted cash	23,831	18,641
Capitalised financing fees	63,369	-
Long-term receivable	62,530	-
Other financial assets	143,506	78,536
	538,938	357,442

Note 9. Receivables and inventories, TSEK	**Book amount 31 Dec 2007**	Book amount 31 Dec 2006
Inventories	167,714	123,679
Trade receivables	598,545	621,273
Underlift	35,065	46,936
Short-term loan receivable	44,254	-
Corporation tax	396,121	114,963
Joint venture debtors	117,312	187,671
Derivative instruments	-	4,199
Other assets	184,372	101,548
	1,543,383	1,200,269

Note 10. Provisions, TSEK	**Book amount 31 Dec 2007**	Book amount 31 Dec 2006
Site restoration	700,763	624,675
Pension	9,478	10,127
Deferred taxes	4,759,958	3,832,648
Other	23,353	14,046
	5,493,552	4,481,496

Note 11. Current liabilities, TSEK	**Book amount 31 Dec 2007**	Book amount 31 Dec 2006
Trade payables	300,121	220,734
Overlift	151,293	17,986
Tax payables	213,175	173,998
Accrued expenses	88,584	56,645
Acquisition liabilities	38,833	37,183
Joint venture creditors	898,340	650,845
Short-term bank loans	44,254	47,364
Other liabilities	32,818	40,286
	1,767,418	1,245,041

PARENT COMPANY INCOME STATEMENT IN SUMMARY

Expressed in TSEK	**1 Jan 2007- 31 Dec 2007 12 months**	1 Oct 2007- 31 Dec 2007 3 months	1 Jan 2006- 31 Dec 2006 12 months	1 Oct 2006- 31 Dec 2006 3 months
Operating income				
Other operating income	22,389	6,410	39,218	8,552
Gross profit	**22,389**	6,410	39,218	8,552
General and administration expenses	-39,769	-11,401	-34,192	9,386
Operating profit	**-17,380**	-4,991	5,026	17,938
Result from financial investments				
Financial income	52,047	2,060	1,806,299	1,778,195
Financial expenses	-	-	-56,492	-54,725
	52,047	2,060	1,749,807	1,723,470
Profit before tax	**34,667**	-2,931	1,754,833	1,741,408
Tax	-	-	-	-
Net result	**34,667**	-2,931	1,754,833	1,741,408

PARENT COMPANY BALANCE SHEET IN SUMMARY

Expressed in TSEK	**31 December 2007**	31 December 2006
ASSETS		
Non-current assets		
Financial assets	7,861,099	5,974,079
Total non-current assets	**7,861,099**	5,974,079
Current assets		
Receivables	12,446	1,791,160
Cash and cash equivalents	8,861	8,962
Total current assets	**21,307**	1,800,122
TOTAL ASSETS	**7,882,406**	7,774,201
SHAREHOLDERS´EQUITY AND LIABILITIES		
Shareholders´ equity including net result for the period	7,877,724	7,764,091
Current liabilities	4,682	10,110
TOTAL EQUITY AND LIABILITIES	**7,882,406**	7,774,201
Pledged assets	3,446,804	1,986,537
Contingent liabilities	150,720	161,313

PARENT COMPANY CASH FLOW STATEMENT IN SUMMARY

Expressed in TSEK	**1 Jan 2007- 31 Dec 2007 12 months**	1 Oct 2007- 31 Dec 2007 3 months	1 Jan 2006- 31 Dec 2006 12 months	1 Oct 2006- 31 Dec 2006 3 months
Cash flow used for operations				
Net result	34,667	-2,931	1,754,833	1,741,408
Adjustments for non- cash related items	-32,010	-999	-8,202	-26,457
Changes in working capital	-6,619	278	-1,787,768	-1,780,065
Total cash flow used for operations	**-3,962**	-3,652	-41,137	-65,114
Cash flow from / used for investments				
Change in other financial fixed assets	-52,542	1,885	-3,242	51,560
Investment in subsidiaries	-	-	-	149
Total cash flow from / used for investments	**-52,542**	1,885	-3,242	51,709
Cash flow from financing				
Purchase of own shares	-4,395	-	-	-
Proceeds from share issues	61,207	6,621	40,648	5,656
Total cash flow from financing	**56,812**	6,621	40,648	5,656
Change in cash and cash equivalents	308	4,854	-3,731	-7,749
Cash and bank at the beginning of the period	8,962	4,075	10,856	15,806
Currency exchange difference in cash and cash equivalents	-409	-68	1,837	905
Cash and cash equivalents at the end of the period	**8,861**	8,861	8,962	8,962

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 2006	**2,571**	**861,306**	**-**	**23,118**	**6,265**	**893,260**
Transfer of prior year net result	-	-	-	6,265	-6,265	-
New share issuance	571	-	5,094,354	-	-	5,094,925
Transfer of share based payments	-	-	5,184	-5,184	-	-
Share based payments	-	-	-	27,366	-	27,366
Currency translation difference	-	-	-6,293	-	-	-6,293
Net result	-	-	-	-	1,754,833	1,754,833
Balance at 31 December 2006	**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	13	-	61,194	-	-	61,207
Purchase of own shares	-	-	-4,395	-	-	-4,395
Transfer of share based payments	-	-	8,247	-8,247	-	-
Share based payments	-	-	-	23,138	-	23,138
Currency translation difference	-	-	-984	-	-	-984
Net result	-	-	-	-	34,667	34,667
Balance at 31 December 2007	**3,155**	**861,306**	**5,157,307**	**1,821,289**	**34,667**	**7,877,724**

KEY FINANCIAL DATA

Data per share	**1 Jan 2007- 31 Dec 2007 12 months**	1 Oct 2007- 31 Dec 2007 3 months	1 Jan 2006- 31 Dec 2006 12 months	1 Oct 2006- 31 Dec 2006 3 months
Shareholders' equity SEK per share[1]	35.02	35.02	33.63	33.63
Operating cash flow SEK per share [2]	9.91	2.85	8.05	1.96
Cash flow from operations SEK per share[3]	9.97	2.91	7.35	1.82
Earnings SEK per share[4]	3.02	0.70	2.83	0.62
Earnings SEK per share fully diluted[5]	3.02	0.70	2.81	0.62
Dividend per share	-	-	-	-
Quoted price at the end of the financial period (regards the parent company), SEK	67.50	67.50	79.50	79.50
Number of shares at period end	315,550,580	315,550,580	314,215,080	314,215,080
Weighted average number of shares for the period[6]	315,020,401	315,456,073	280,867,805	314,111,333
Weighted average number of shares for the period (fully diluted)[6]	315,409,915	315,831,827	282,251,337	315,199,997

Key data group	**1 Jan 2007- 31 Dec 2007 12 months**	1 Oct 2007- 31 Dec 2007 3 months	1 Jan 2006- 31 Dec 2006 12 months	1 Oct 2006- 31 Dec 2006 3 months
Return on equity, %[7]	9	2	11	3
Return on capital employed, %[8]	14	2	22	4
Debt/equity ratio, %[9]	21	21	12	12
Equity ratio, %[10]	52	52	51	51
Share of risk capital, %[11]	71	71	81	81
Interest coverage ratio, %[12]	2,203	1,606	4,010	4,563
Operating cash flow/interest ratio[13]	3,631	3,856	4,848	7,652
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 three month report (January – March 2008) will be published on 12 May 2008.
- 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 2007 annual report will be distributed in April 2008 and will be available at the Stockholm office or at the Company's web site, www.lundin-petroleum.com.

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

Stockholm, 20 February 2008

C. Ashley Heppenstall
President & CEO