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

Attract 40-list, Stockholmsbörsen: **LUPE**
Company registration number 556610-8055

24 February 2005

REPORT FOR THE YEAR ENDED 31 DECEMBER 2004

	Year end 2004 12 months	Year end 2003 12 months	**Q4 2004 3 months**	Q4 2003 3 months
• Production in boepd	**28,921**	16,062	**36,987**	16,441
• Turnover in MSEK	**2,505.9**	1,120.5	**840.2**	228.8
• Net profit in MSEK	**620.2**	930.2	**230.0**	14.7
• Earnings/share in SEK	**2.45**	3.73	**0.91**	0.06
• Diluted earnings/share in SEK	**2.43**	3.71	**0.90**	0.06
• Operating cash flow in MSEK	**1,502.8**	634.6	**571.4**	169.5
• Gain on sale of assets in MSEK (included in net profit)	**98.2**	720.1	**98.2**	-

Listen to President & CEO Ashley Heppenstall and CFO Geoff Turbott commenting on this report at today's webcast at 08.00 CET. The live presentation and slides will be available on www.lundin-petroleum.com.

Lundin Petroleum is a Swedish independent oil and gas exploration and production company with a well balanced portfolio of world-class assets in Albania, France, Indonesia, Iran, Ireland, Netherlands, Norway, Sudan, Tunisia, United Kingdom and Venezuela. The Company is listed on the Attract 40-list at Stockholm Stock Exchange, Sweden (ticker "LUPE").

For further information, please contact:

C. Ashley Heppenstall,
President and CEO
Tel: +41 22 319 66 00

or

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

Visit our website: www.lundin-petroleum.com

Dear fellow Shareholders,

2004 was another very successful year for Lundin Petroleum. Last year, we predicted that our assets would generate strong production growth resulting in increased profit and cash flow. The table below highlights that despite strong oil prices it has been production growth that primarily contributed to the growth of Lundin Petroleum.

	2004	**2003**	**Increase**
Production (MMboe)	9.8	5.8	69%
(boepd)	*28,921*	*16,062*	
Oil Price USD	37.67	27.35	38%
Operating Cash flow (MSEK)	1,503	635	137%
(MUSD)	*205*	*79*	
Net Profit (MSEK) excluding assets sales	522	210	148%
(MUSD)	*71*	*26*	
Shareholders Equity (MSEK)	2,407	1,857	30%
(MUSD)	*363*	*257*	
Average exchange rate used USD:SEK	*7.3395*	*8.0826*	
Closing exchange rate used USD:SEK	*6.6226*	*7.2257*	

Our performance will continue to be driven by reserves and production growth. We recently announced third party certified reserves as at 1 January 2005 of 142.6 million barrels of oil equivalent being a 23 percent increase on 2004 and a replacement ratio of 274 percent. Our 2005 production forecast of 40,000 boepd is a further 38 percent increase on 2004. As such, we are confident that Lundin Petroleum will continue to generate significant profit and cash flow growth in 2005. Assuming an average Brent oil price of USD 40.00 per barrel for 2005, we forecast net profit after tax of MSEK 925 (MUSD 135) and operating cash flow of MSEK 1,990 (MUSD 290) for the year.

We continue with a very active investment program. Our development budget for 2005 is USD 196 million and is primarily related to our ongoing development projects in Norway (Alvheim), United Kingdom (North Terrace/Broom) and Tunisia (Oudna) which will result in further organic production growth going forward. We believe that our proactive exploration strategy will continue to deliver positive results. Despite exploration disappointments in Iran and Indonesia, reserve additions in France and Norway (resulting from exploration successes) were made at a total cost of approximately USD 2.50 per barrel in 2004. In 2005, our exploration budget has increased by 40 percent to USD 45 million. Drilling activity in 2005 is expected in Indonesia, France, Norway and in Nigeria where Lundin Petroleum recently acquired an interest in a new offshore area.

Looking further to the future we will seek to increase our reserves and production through a combination of acquisition and exploration/development. In our opinion the valuations being attributed to some acquisitions seem aggressive and as such I expect we will likely focus on organic growth in the near term. This will involve increasing our acreage position in new countries such as Nigeria.

As we have predicted the world oil price remains strong and the world economy is adopting to a new higher band of prices. World economic growth continues to be driven by the developing world led by China and India. This is coupled with an uncertain supply position with very little spare capacity in the system at a time of geopolitical concerns particularly in the Middle East. We expect the oil price to remain strong and if necessary to be underpinned by a firm OPEC policy. We are experiencing a tightness in equipment availability within the industry particularly the rig market. This is having an impact on pricing but more importantly for us on project schedule and is likely to negatively impact the timing of certain exploration wells for example.

Over our short life Lundin Petroleum has grown into a material independent oil company capable of competing on the world stage. I am very proud of what has been achieved so far and remain confident about our future growth prospects. We have a strong and diverse asset base and an excellent group of staff. People remain absolutely fundamental to our business and I am pleased we are able to continue to attract quality personnel to work with us. The overall objective for management is to create shareholder value and we seek to ensure all staff shares this same objective whilst at the same time ensuring safety, environmental and social responsibility issues are given a primary focus.

I would like to also thank the staff and our extensive sponsors involved in the Stockholm Marathon last year where we raised SEK 770,000 for three charities Cancerfonden (cancer research in Sweden), Iris Hundskolan (guide dogs for the blind) and The Boy's Hope Center (homeless children in Sudan). All the effort and pain was worthwhile but in future I will stick to "running" Lundin Petroleum and leave the question of charity to other competent people in the company!

Our industry faces major challenges over the forthcoming years to ensure the world is adequately supplied with oil and gas which will remain the most important source of energy to fuel the world's economic growth. As a result there is significant opportunity for Lundin Petroleum to grow and continue to deliver strong increases in value to our shareholders.

Best regards

C. Ashley Heppenstall
President and Chief Executive Officer

Operations

Production and development

United Kingdom

The successful completion of the Broom field (Lundin Petroleum working interest (WI) 55%) development with first oil achieved in August 2004 was a major milestone for the Company.

The three production and two water injection wells have now been successfully completed. The Broom field produced at approximately 25,000 boepd during the fourth quarter and is expected to produce in excess of this level during 2005.

The North Terrace Field which is an undeveloped satellite to the Broom Field will be brought on production in 2005 with the drilling and completion of the first production well. In addition, it is now likely that a fourth production well will be drilled this year on the Broom Field. It is expected that these wells will be drilled during the second and third quarter of 2005 and will have a positive impact on overall production in the second half of the year. The work associated with the debottlenecking of Heather platform facilities to allow production capacity to increase above 30,000 boepd is ongoing.

Production from the Heather and Thistle Fields was below forecast for 2004. Heather was negatively impacted by shutdowns in relation to facilities modifications required as part of the Broom Field development. However the ongoing workover program on the Thistle Field has had a very positive impact on production in late 2004 as a result of a significant increase in water injection capacity.

Norway

Lundin Petroleum has recruited a team of experienced technical personnel in the new Oslo office to manage the assets acquired from DNO and grow the business in Norway organically.

During the fourth quarter of 2004, Lundin Petroleum was successfully awarded interests in three new exploration licenses on the Norwegian Continental Shelf. In addition, a license was acquired from ExxonMobil. Lundin Petroleum will be proactively working these interests with a view to carry out a drilling campaign in 2006.

Lundin Petroleum received development approval for the Alvheim project (WI 15%) located in PL203 in 2004. The 180 million boe development is progressing satisfactorily and is still expected to start production at 85,000 boepd gross in early 2007. As a result of technical reviews of the Alvheim seismic Lundin Petroleum believes that there is upside associated with current Alvheim reserves and a well in 2005 on the East Kamelion structure will target part of this upside.

The Hamsun exploration well in PL150 (WI 35%) drilled in 2004 is a significant discovery. The discovery is to the south of Alvheim and whilst development plans studies are still ongoing it is likely that the discovery will be tied back to the Alvheim facilities.

The production from the Jotun Field (WI 7%) offshore Norway was negatively impacted in the fourth quarter by a pipeline incident which resulted in lower production than forecast.

In 2004 Lundin Petroleum divested its 75% shareholding in the Norwegian independent oil company OER oil AS to Endeavour International, a US independent oil company for a cash consideration of NOK 172.5 million.

France

In the Paris Basin the production was in excess of expectations during 2004. The mature fields continue to be proactively managed to maximize production. In addition, the second stage of the Merisier field (WI 100%) was completed and is adding incremental production. The Nemours exploration well (WI 33%) is planned to be drilled in 2005.

In the Aquitaine Basin the Mimosa exploration well (WI 50%) was a discovery. Limited production will commence in early 2005 with oil being trucked to export facilities followed by a full development with pipeline tie-in. Development drilling results have been disappointing and as a result the production from the Aquitaine Basin was well below expectations in 2004.

Indonesia

Banyumas (Java)

The Cipari-1 exploration well (WI 25%) will be drilled in the third quarter 2005 on Banyumas. In 2004 a farm-out agreement was finalized with Star Energy who will carry Lundin Petroleum's 25% interest in the well to earn a 25% working interest in the Banyumas concession.

The Cipari-1 well will test a large prospect in a relatively underexplored basin onshore southern Java.

Bora (Java)

The Padi-1 exploration well (WI 43.3%) was plugged and abandoned after encountering non-commercial quantities of hydrocarbons. Prior to drilling the well Lundin Petroleum completed an agreement with KUFPEC who acquired a 40% working interest in the concession and funded a part of Lundin Petroleum's well costs.

Lematang (South Sumatra)

The Banteng exploration well (WI 15.88%) was plugged and abandoned as a dry hole. The development of the Singa gas field containing gas reserves of 300bcf gross is expected to commence in 2005. Gas sales negotiations are well advanced to supply 50mmscfd to local utilities.

Salawati Island and Basin (Papua)

Production from Salawati (Salawati Island WI 14.5% and Salawati Basin WI 25.9%) was slightly below expectations for 2004. Following completion of a 3-D seismic acquisition, a continuous exploration and development drilling program was completed in 2004 resulting in several exploration successes. This drilling program will continue in 2005, including the development of the offshore TBA field, which is forecast to have a positive impact on Salawati production.

The Netherlands

Gas production from the Netherlands was above expectations in 2004. However development drilling in the Zuidwal field (WI 7.8%) was completed in the fourth quarter with disappointing results.

The Luttelgeest-1 exploration well on the onshore Lemmer Markness permit (WI 10%) which is targeting a large gas prospect was drilled and suspended. The well will be tested in mid-2005 when special equipment will become available.

Tunisia

Oil production from the Isis field (WI 40%) was slightly below expectation during 2004.

Good progress has been made in relation to the development of the Oudna field, offshore Tunisia which involves the redeployment of the Ikdam FPSO (Lundin Petroleum commercial interest 50%) from the Isis field to Oudna. The Oudna development plan received government approval in 2004 and commercial arrangements with state owned oil company ETAP related to the redeployment are substantially complete. It is planned to drill a production well on Oudna in 2005 and conduct a long term production test prior to redeployment of the FPSO. The timing of the production test is subject to rig availability.

The sale of the Lundin Petroleum shareholding in Compagnie Franco-Tunisienne des Petroles (CFTP) was completed in 2004.

Venezuela

Production from the Colón Block (WI 12.5%) was below expectations in 2004 due to the delays in further development drilling on the La Palma field. However development drilling on the La Palma Field is ongoing and having a positive impact on production levels.

The arbitration hearing with Colón partner Perenco in relation to participating interest in the Colón Block was completed in 2004. As a result Lundin Petroleum's working interest in the Colón Block has remained at 12.5%.

Ireland

Lundin Petroleum agreed in 2004 to sell its 12.5% interest in the Seven Heads Gas project plus its other Irish licence interests to Island Oil & Gas plc for a consideration of 4 million shares of Island Oil & Gas corresponding to a current market value of approximately MGBP 3.0. Completion of the deal is expected to take place in the first half of 2005.

In early 2005 Lundin Petroleum acquired a new exploration licence in the Donegal Basin (WI 30%). Due to rig availability it is expected that Inishbeg, a large gas prospect which was due to be drilled in 2005, will now be drilled in 2006.

Exploration

Albania
A new production sharing contract was signed in 2004 for the Durresi Block, offshore Albania (WI 50%). A 3D seismic acquisition program is planned for 2005 followed by an exploration drilling program in 2006.

Iran
The two explorations wells drilled on the Munir Block (WI 30%) were unsuccessful. No further operational activity is planned on the Block at this time.

Nigeria
In January 2005 Lundin Petroleum acquired a 22.5% net revenue interest in OML 113 offshore Nigeria containing the Aje oil and gas discovery. An appraisal well will be drilled on the Aje structure in 2005 and has the potential to confirm significant volumes of additional oil and gas reserves which have been identified from recent seismic reprocessing.

Sudan
A comprehensive peace agreement was signed in Sudan on 9 January 2005 between the government and the Sudan People Liberation Army (SPLA) Whilst there continues to be no operational activity in Block 5B (WI 24.5%) we believe that the signing of the peace agreement will allow operations to resume in the near future with the objective of testing the numerous large prospects located in Block 5B.

RESULT AND CASH FLOW

The results for the consolidated financial statements of Lundin Petroleum AB (Lundin Petroleum or the Group) are presented for the year ended 31 December 2004. Lundin Petroleum completed the acquisition of Lundin Britain Ltd (formerly DNO Britain Ltd) and Lundin Ireland Ltd (formerly Island Petroleum Developments Ltd) on 13 February 2004. On 17 June 2004, Lundin Petroleum completed the acquisition of certain Norwegian assets of DNO through its subsidiary Lundin Norway AS. The results of these companies and the Norwegian assets are included within the year ended 31 December 2004 from the date of acquisition. The sale of the 75% owned Norwegian subsidiary, OER oil AS was completed on 23 November 2004. The results of OER are included until this date. The amounts relating to the comparative period are shown in parentheses after the amount for the current period.

The Group

Lundin Petroleum reports a net profit for the year ended 31 December 2004 of MSEK 620.2 (MSEK 930.2) and MSEK 230.0 (MSEK 14.7) for the fourth quarter of 2004 representing earnings per share on a fully diluted basis of SEK 2.43 (SEK 3.71) for the year ended 31 December 2004 and SEK 0.90 (SEK 0.06) for the fourth quarter of 2004. Operating cash flow for the year ended 31 December 2004 amounted to MSEK 1,502.8 (MSEK 634.6) and MSEK 571.4 (MSEK 169.5) for the fourth quarter of 2004. Operating cash flow per share on a fully diluted basis amounted to SEK 5.89 (SEK 2.52) for the year ended 31 December 2004 and SEK 2.61 (SEK 0.67) for the fourth quarter of 2004.

The profit before tax and minority interests amounted to MSEK 871.7 (MSEK 1,018.0) for the year ended 31 December 2004 and MSEK 407.2 (MSEK 23.9) for the fourth quarter of 2004. The profit before tax and minority interests for the year ended 31 December 2004 includes a gain recorded upon the sale of the investment in OER oil AS of MSEK 98.2. The comparative period included the gain on the sale of Sudan Block 5A of MSEK 720.1. The following table shows the development of the net profit after tax when adjusted for exchange movements and non-operational items.

Expressed in TSEK	**1 Jan 2004– 31 Dec 2004 12 months**	1 Oct 2004– 31 Dec 2004 3 months	1 Jan 2003– 31 Dec 2003 12 months	1 Oct 2003– 31 Dec 2003 3 months
Net profit for the period	620,154	229,976	930,229	14,735
Exchange movements	-36,125	-61,347	-11,361	24,192
Gain on sale of assets	-98,192	-98,192	-720,098	-
Write off of Iran	132,051	132,051	-	-
Adjusted net profit	**617,888**	202,488	198,770	38,927

Net sales of oil and gas for the year ended 31 December 2004 amounted to MSEK 2,381.6 (MSEK 1,082.1) and MSEK 796.2 (MSEK 225.0) for the fourth quarter of 2004. Production for the year amounted to 9,755,455 (5,790,546) barrels of oil equivalent (boe) representing 28,921 (16,062) boe per day (boepd). The average price achieved for a barrel of oil equivalent for the year ended 31 December 2004 amounted to USD 37.67 (USD 27.35).

Lundin Petroleum had entered into oil price hedging contracts for the production of 2,000 bopd in 2004 such that in respect of this production the Group would receive USD 18.00 per barrel if the Dated Brent oil price fell below USD 18.00 per barrel and would receive USD 25.15 if the Dated Brent oil price exceeded USD 25.15 per barrel. The Group would receive the market price if Dated Brent traded between these two prices. For the period 1 March 2004 until 31 December 2004, the Group had entered into an additional oil price hedge for 3,000 bopd at a fixed price of USD 29.20 per barrel Dated Brent. The average Dated Brent price for the year ended 31 December 2004 amounted to USD 38.27 (USD 28.95) per barrel resulting in a post-tax negative hedge settlement of MSEK 97.1 (MSEK 20.1).

Other operating income for the year ended 31 December 2004 amounted to MSEK 124.3 (MSEK 38.4) and MSEK 44.0 (MSEK 3.8) for the fourth quarter of 2004. This amount includes tariff income from the United Kingdom, France and the Netherlands and income for maintaining strategic inventory levels in France. Tariff income has increased during the second half of 2004 following the commencement of production from the Broom field. The tariff income recorded for the Broom field in the fourth quarter of 2004 amounts to MSEK 33.6 and represents the 45% of the Broom field tariff paid by partners. Also included for the year ended 31 December 2004, is an amount relating to insurance proceeds received for the French operations amounting to MSEK 12.4 for settlement of an insurance claim relating to 1999 and the portion of operational overhead charge that is paid to Lundin Petroleum by partners.

Sales and production for the year ended 31 December 2004 were comprised as follows:

Sales Average price per barrel given in USD	**1 Jan 2004 – 31 Dec 2004 12 months**	1 Oct 2004– 31 Dec 2004 3 months	1 Jan 2003– 31 Dec 2003 12 months	1 Oct 2003– 31 Dec 2003 3 months
United Kingdom				
- Quantity in boe	3,674,000	1,696,000	-	-
- Average price per boe	41.75	44.60	-	-
France				
- Quantity in boe	1,563,576	279,145	1,436,709	393,749
- Average price per boe	36.90	40.30	27.71	29.15
Norway				
- Quantity in boe	870,746	99,260	690,466	173,457
- Average price per boe	37.92	42.71	28.69	29.74
Netherlands				
- Quantity in boe	948,548	241,295	864,687	264,479
- Average price per boe	25.43	27.86	24.87	25.19
Indonesia				
- Quantity in boe	579,522	146,751	727,139	52,508
- Average price per boe	34.79	37.77	27.57	25.10
Tunisia				
- Quantity in boe	677,923	260,160	723,976	48,864
- Average price per boe	38.65	50.01	28.12	30.16
Ireland				
- Quantity in boe	121,371	7,041	-	-
- Average price per boe	26.24	31.95	-	-
Total				
- Quantity in boe	**8,435,686**	2,729,652	4,442,977	933,057
- Average price per boe	**37.67**	42.73	27.35	27.96

Income from Venezuela is derived by way of a service fee. For the year ended 31 December 2004, Lundin Petroleum received a fee of USD 18.67 (USD 14.51) per barrel for the 837,648 boe (869,430 boe) that were sold.

Production	**1 Jan 2004 – 31 Dec 2004 12 months**	1 Oct 2004– 31 Dec 2004 3 months	1 Jan 2003– 31 Dec 2003 12 months	1 Oct 2003– 31 Dec 2003 3 months
United Kingdom				
- Quantity in boe	3,973,761	1,968,816	-	-
- Quantity in boepd	12,341	21,400	-	-
France				
- Quantity in boe	1,561,409	382,271	1,517,749	390,900
- Quantity in boepd	4,266	4,155	4,158	4,249
Norway				
- Quantity in boe	898,519	190,233	778,012	214,431
- Quantity in boepd	3,189	2,861	2,329	2,331
Netherlands				
- Quantity in boe	948,548	241,295	871,994	271,558
- Quantity in boepd	2,592	2,623	2,389	2,952
Venezuela				
- Quantity in boe	827,492	174,578	869,430	254,323
- Quantity in boepd	2,261	1,898	2,382	2,764
Indonesia				
- Quantity in boe	840,167	226,270	902,338	220,756
- Quantity in boepd	2,296	2,459	2,472	2,400
Tunisia				
- Quantity in boe	574,042	135,949	851,023	160,558
- Quantity in boepd	1,568	1,478	2,332	1,745
Ireland				
- Quantity in boe	131,517	10,343	-	-
- Quantity in boepd	408	112	-	-
Total				
- Quantity in boe	**9,755,455**	3,329,755	5,790,546	1,512,526
- Quantity in boepd	**28,921**	36,987	16,062	16,441
Number of days production				
UK	322	92	-	-
Ireland	322	92	-	-
DNO's Norwegian assets	197	92	-	-
OER sale	328	54	334	92

Production costs for the year ended 31 December 2004 expressed in US dollars were comprised as follows:

Production cost and depletion in TUSD	**1 Jan 2004 – 31 Dec 2004 12 months**	1 Oct 2004– 31 Dec 2004 3 months	1 Jan 2003– 31 Dec 2003 12 months	1 Oct 2003– 31 Dec 2003 3 months
Cost of operations	124,006	34,354	39,309	10,878
Tariff and transportation expenses	16,173	5,889	10,276	2,783
Royalty and direct taxes	3,821	1,278	3,511	830
Changes in inventory/overlift	7,525	-3,010	-1,143	-3,299
Total production costs	**151,525**	38,511	51,953	11,192
Depletion	51,946	21,616	23,755	5,929
Total	**203,471**	60,127	75,708	17,121

Production cost and depletion in USD per boe	**1 Jan 2004 – 31 Dec 2004 12 months**	1 Oct 2004– 31 Dec 2004 3 months	1 Jan 2003– 31 Dec 2003 12 months	1 Oct 2003– 31 Dec 2003 3 months
Cost of operations	12.71	10.32	6.79	7.19
Tariff and transportation expenses	1.66	1.77	1.77	1.84
Royalty and direct taxes	0.39	0.38	0.61	0.55
Changes in inventory/overlift	0.77	-0.90	-0.20	-2.18
Total production costs	**15.53**	11.57	8.97	7.40
Depletion	5.32	6.49	4.10	3.92
Total cost per boe	**20.85**	18.06	13.07	11.32

Cost of operations for the year ended 31 December 2004 amounted to MSEK 910.1 (MSEK 320.1) and MSEK 240.0 (MSEK 88.1) for the fourth quarter of 2004. Operating costs in the second half of 2004 were impacted by the start up of production from the Broom field in the first week of August. The operating costs for the Broom field sub sea development are approximately USD 6.00 per barrel. The Broom field is dependent upon the Heather field fixed platform for processing and transporting crude production and a significant portion of the operating cost is the tariff paid by the Broom field partners to the Heather field partners. As Lundin Petroleum holds 55% of the Broom field and 100% of the Heather field, the 55% of the tariff cost that Lundin Petroleum pays to itself is eliminated from the income statement. The low incremental increase in operating cost for the Broom field and the significant increase in production in the second half of 2004 has resulted in the reduction in operating costs per barrel predicted in the half year report.

Depletion of oil and gas properties for the year ended 31 December 2004 amounted to MSEK 381.3 (MSEK 192.0) and MSEK 154.5 (MSEK 44.9) for the fourth quarter of 2004. The depletion charge for the second half of 2004 has increased due to the inclusion of the depletion charge for the UK fields of MSEK 175.7 following the commencement of production from the Broom field.

On 27 December 2004, Lundin Petroleum announced the results of its second well of its two well exploration program in Iran. Having not discovered commercial quantities of hydrocarbons in either well, the decision has been made to write off the costs incurred to date in Iran due to the unlikelihood of recovering them from ongoing Iranian operations.

On 23 November 2004, Lundin Petroleum completed the sale of its investment in the Norwegian company OER oil AS for MSEK 189.9 recording an accounting profit of MSEK 98.2. In June 2003, Lundin Petroleum sold its interest in Sudan Block 5A to Petronas Carigali Overseas Sdn Bhd for MSEK 1,184 resulting in a profit of MSEK 720.1 after deducting exchange losses of MSEK 100.4. The exchange losses recorded relate to the translation to SEK of the USD loans to the single purpose subsidiary that held the Sudan Block 5A asset to fund the exploration expenditure and were repaid upon the sale of the asset.

Other income for the year ended 31 December 2004 amounted to MSEK 17.7 (MSEK 7.2) and MSEK 12.6 (MSEK 2.6) for the fourth quarter of 2004 and represents fees and costs recovered by Lundin Petroleum from third parties.

General and administrative expenses for the year ended 31 December 2004 amounted to MSEK 119.3 (MSEK 164.9) and MSEK 38.2 (MSEK 42.9) for the fourth quarter of 2004. Included in the general and administrative expenses for 2004 is the start up cost of Lundin Petroleum’s new Norwegian operation established to manage the acquired assets and further develop the Norwegian operations. Included within general and administrative expenses in the twelve month period of 2003 are restructuring costs incurred of MSEK 28.4 related specifically to the redundancy costs associated with the closure of the Paris office.

Net financial income and expenses for the year ended 31 December 2004 amounted to MSEK -1.5 (MSEK -50.5) and MSEK 48.4 (MSEK -33.9) for the fourth quarter of 2004. Interest income for the year ended 31 December 2004 amounted to MSEK 11.5 (MSEK 11.4) and MSEK 4.0 (MSEK 3.7) for the fourth quarter of 2004. Interest income mainly comprises of interest received on a loan to an unconsolidated associated company for an amount of MSEK 2.6 (MSEK 2.8) and part of the fee received from Venezuela which is treated as interest income for an amount of MSEK 3.4 (MSEK 3.8). Interest expense for the year ended 31 December 2004 amounted to MSEK 38.9 (MSEK 25.6) and MSEK 13.3 (MSEK 3.6) for the fourth quarter of 2004 and mainly relates to the bank facility. The impact of the interest rate hedge for the year ended 31 December 2004 amounted to a gain of MSEK 3.0 (MSEK -37.2) and a loss of MSEK 2.2 (MSEK 20.8) for the fourth quarter of 2004. The amortisation of financing fees amounted to MSEK 7.2 (MSEK 15.9) for the year ended 31 December 2004 and MSEK 2.4 (MSEK nil) for the fourth quarter of 2004. The financing fees are in relation to the bank facility and are amortised over the life of the loan facility. Exchange gains and losses for the year ended 31 December 2004 amounted to MSEK 36.1 (MSEK 11.4) and MSEK 61.3 (MSEK -24.2) for the fourth quarter. The exchange gains for the year ended 31 December 2004 are mainly the result of the revaluation of the USD loan outstanding into the EUR and NOK reporting currency of the entities in which the funds were drawn. The exchange gain in the fourth quarter is the result of a devaluation of the USD against the Euro and the NOK of approximately 10%.

The tax charge for the year ended 31 December 2004 amounted to MSEK 244.5 (MSEK 79.9). The tax charge for the year ended 31 December 2004 included a current corporation tax benefit of MSEK 46.1 (MSEK -45.7). The current corporation tax benefit comprises a current corporation tax benefit in the Netherlands of MSEK 80.8 offset by current corporation tax charges in, amongst others, France, Indonesia and Venezuela. Costs relating to the investment in the Irish development project have been written off during the year creating a deferred tax asset of MSEK 59.8 which has been offset against prior year current taxes paid resulting in a current tax benefit and a deferred tax charge. The deferred corporation tax charge for the year ended 31 December 2004 of MSEK 298.5 (MSEK 19.8) comprises principally of a charge of MSEK 76.8 in the Netherlands for the utilisation of tax losses created on the write off of the investment in the Irish development project, a charge of MSEK 34.7 in Norway for the use of tax losses acquired by OER oil AS and a charge of MSEK 147.7 in the UK for the utilisation of tax losses acquired with the UK companies and capital allowances generated from the capitalised expenditure on the UK fields. The petroleum tax benefit for the year ended 31 December 2004 amounts to MSEK 62.9 (MSEK -20.3). As a result of the finalisation of a tax audit in the Netherlands, there has been a reduction of the petroleum tax payable amounting to MSEK 17.0. The Thistle field, offshore UK, operates within the UK Petroleum Revenue Tax (PRT) regime. Expenditure capitalised during the third and fourth quarter has resulted in a PRT tax benefit of MSEK 59.6. The deferred petroleum tax charge for the year ended 31 December 2004 amounts to MSEK 55.1 (MSEK -5.9). The expenditure has been capitalised for accounting purposes and will be depleted in future accounting periods. A deferred PRT charge of MSEK 59.1 has been recorded against this tax credit.

ACQUISITION OF ASSETS FROM DNO

On 12 November 2003, Lundin Petroleum signed a sale and purchase agreement to acquire the companies owning the UK and Irish assets and substantially all of the Norwegian assets of DNO with an effective date of 1 January 2003 for USD 165 million and adjustments for all cashflows during the period up to the closing of the transaction. On 13 February 2004, Lundin Petroleum completed the acquisition of the UK and Irish subsidiaries. On 17 June 2004, Lundin Petroleum completed the acquisition of certain Norwegian assets from DNO. These acquisitions were partially funded from cash balances and drawings from the USD 385 million loan facility provided by a syndicate of banks. The acquisition of the UK, Irish and Norwegian assets was recorded in the accounts of Lundin Petroleum from their respective closing dates as follows:

	UK and Ireland acquisition MSEK	Norway acquisition MSEK
Capitalised costs UK	1,714.6	-
Capitalised costs Ireland	21.9	-
Capitalised costs Norway	-	458.4
Deferred tax asset	269.6	69.2
Current assets	157.6	11.3
Cash	14.7	-
Site restoration provision UK	-166.6	-
Site restoration provision Ireland	-11.2	-
Site restoration provision Norway	-	-16.6
Deferred tax liability	-544.4	-72.7
Current liabilities	-221.3	-7.7
Acquisition price	1,234.9	441.9

Tangible fixed assets

Tangible fixed assets as at 31 December 2004 amounted to MSEK 4,378.9 (MSEK 1,873.0) of which MSEK 4,340.9 (MSEK 1,817.6) relates to oil and gas properties. The acquisition of the offshore UK, Irish and Norwegian producing assets was recorded at a cost of MSEK 2,194.9. Development and exploration expenditure incurred for the year ended 31 December 2004 can be summarised as follows:

Development expenditure in MSEK	**1 Jan 2004 – 31 Dec 2004 12 months**	1 Oct 2004– 31 Dec 2004 3 months	1 Jan 2003– 31 Dec 2003 12 months	1 Oct 2003– 31 Dec 2003 3 months
United Kingdom	702.3	187.1	-	-
France	85.1	30.7	71.7	21.2
Netherlands	44.3	22.0	26.0	11.6
Venezuela	12.7	2.7	16.3	4.1
Tunisia	3.9	1.4	1.5	1.2
Indonesia	22.9	10.7	19.4	7.5
Ireland	2.6	2.6	-	-
Norway	81.2	59.8	26.0	13.7
Development expenditure	**955.0**	317.0	160.9	59.3

Exploration expenditure in MSEK	**1 Jan 2004 – 31 Dec 2004 12 months**	1 Oct 2004– 31 Dec 2004 3 months	1 Jan 2003– 31 Dec 2003 12 months	1 Oct 2003– 31 Dec 2003 3 months
France	41.1	7.8	15.7	2.8
Indonesia	63.6	23.9	41.6	7.6
Iran	51.9	9.9	35.5	19.1
Netherlands	24.7	6.3	6.7	0.5
Tunisia	-	-	3.2	2.7
Albania	4.1	2.4	4.6	0.7
Norway	30.6	7.3	-	-
Sudan	5.6	1.1	13.9	0.7
United Kingdom	2.0	0.2	-	-
Other	9.2	1.6	3.6	1.3
Exploration expenditure	**232.8**	60.5	124.8	35.4

Other tangible fixed assets as at 31 December 2004 amounted to MSEK 38.0 (MSEK 55.4). During the fourth quarter of 2004 Lundin Petroleum completed the sale of the Paris property acquired in the Coparex acquisition.

Financial fixed assets

Financial fixed assets as at 31 December 2004 amounted to MSEK 481.0 (MSEK 134.0). Included in financial fixed assets as at 31 December 2004 is an amount of MSEK 35.7 (MSEK 56.6) recorded as restricted cash comprising two cash deposits held as collateralisation of bank guarantees to cover future joint venture work commitments. Included in the comparative number is an amount of MSEK 17.8 or MNOK 16.5 representing cash deposited as security for future site restoration costs for fields held offshore Norway by OER oil AS. Shares and participations amount to MSEK 21.2 (MSEK 21.3) and relate primarily to an investment in a company owning gas infrastructure in the Netherlands. Deferred financing fees amounted to MSEK 21.8 (MSEK nil) as at 31 December 2004. The deferred financing fees relate to the costs of the bank credit facility and are being amortised over the period of the loan. An amount of MSEK 396.3 (MSEK 48.0) has been recorded as at 31 December 2004 as deferred tax assets to record tax losses with in the Group. Tax losses are only recorded when there is a reasonable certainty of utilizing them against future taxable income. The deferred tax asset mainly comprises tax losses in the United Kingdom for an amount of MSEK 240.7 (MSEK nil), the tax loss carry forward in Tunisia for an amount of MSEK 15.9 (MSEK nil), tax losses carry forward in France for an amount of MSEK 28.0 (MSEK nil) and the tax loss carry forward in Norway for an amount of MSEK 110.1 (MSEK nil). The comparative amount includes tax losses held by OER oil AS for an amount of MSEK 48.0. Other financial fixed assets amount to MSEK 6.0 (MSEK 8.1) and are funds held by joint venture partners in anticipation of future expenditures.

Current receivables and inventories

Current receivables and inventories amounted to MSEK 768.9 (MSEK 395.7) as at 31 December 2004. Inventories, including hydrocarbons and consumable well supplies amounted to MSEK 88.6 (MSEK 71.7) as at 31 December 2004. Trade receivables amounted to MSEK 415.8 (MSEK 131.2) as at 31 December 2004. The increase in the trade receivables is primarily due to the inclusion of the UK assets and significantly, the Broom field which came on stream during the third quarter of 2004. Taxes receivable amounted to MSEK 117.6 (MSEK 69.1) and joint venture debtors amounted to MSEK 74.1 (MSEK 73.0).

Cash and bank
Cash and bank as at 31 December 2004 amounted to MSEK 268.4 (MSEK 301.6). During the first quarter of 2004 MSEK 182.6 of cash was utilised in the acquisition of Lundin Britain Ltd and Lundin Ireland Ltd. Cash generated from operations and from the sale of Lundin Petroleum's shareholding in OER oil AS were used to repay external bank debt.

Minority interest
Minority interest amounts to MSEK 2.9 (MSEK 20.0) as at 31 December 2004 and represents the 0.2% of Lundin International SA not owned by Lundin Petroleum. The comparative amount includes the 25% of OER oil AS not owned by Lundin Petroleum. Lundin Petroleum's 75% shareholding in OER oil AS was sold during 2004.

Provisions and other long term liabilities
As at 31 December 2004, provisions amounted to MSEK 1,502.5 (MSEK 377.6). This amount includes a provision for site restoration of MSEK 296.0 (MSEK 110.6) and a provision for deferred tax of MSEK 1,170.9 (MSEK 242.0). The increase in the provision for site restoration as well as the increase in the provision for deferred tax from 31 December 2003 is primarily due to the acquisition of the UK and Irish assets from DNO.
Lundin Petroleum entered into a four year interest rate swap to reduce the financial risk of rising interest rates. Following the repayment and cancellation of the previous credit facility in 2003, accounting rules required the recording of the market value of the swap. A provision has been recorded at 31 December 2004 of MSEK 1.4 (MSEK 18.5) to recognise this potential cost.
Due to changes in accounting principles the pension liability of the Company in relation to a pension to be paid to Mr Adolf H. Lundin has been accounted for during 2004. The provision has been accounted for directly against the opening balance of the Company's shareholders' equity as per 1 January 2004 for an amount of MSEK 15.7. As at 31 December 2004, the pension provision amounted to MSEK 14.5.

Long term interest bearing debt
Long term interest bearing debt amounted to MSEK 1,343.0 (MSEK nil) as at 31 December 2004. On 16 August 2004, Lundin Petroleum entered into a seven-year credit facility agreement to borrow up to MUSD 385. Under the facility the Company has utilised MUSD 35 as Letters of Credit in support of future site restoration costs payable to former owners of the Heather field, offshore UK, and cash drawings of MUSD 271.0. Repayments were made against the facility in the fourth quarter of 2004 amounting to MUSD 68.2.

Current liabilities
Current liabilities as at 31 December 2004 amount to MSEK 641.4 (MSEK 449.6). Included within current liabilities is MSEK 72.7 (MSEK 71.6) representing trade payables and MSEK 35.4 (MSEK 29.3) of current tax payables. The acquisition liability amounts to MSEK 37.1 (MSEK 146.5) and relates mainly to an accrual for outstanding consideration for the acquisition of Lundin International SA relating to the portion of the original acquisition price dependent upon the performance of certain offshore Tunisian assets. Other current liabilities as at 31 December 2004 amount to MSEK 163.0 (MSEK 77.0) and primarily represent amounts owing to joint venture partners at that date. The increase in other current liabilities is due to the inclusion of the UK and Norwegian businesses acquired during 2004 and to the amounts payable for increased development activities in Norway, France and the Netherlands and exploration activities in Indonesia.

Parent Company

The net result for the parent company amounted to MSEK -18.0 (MSEK -150.1) for the year ended 31 December 2004 and MSEK -6.0 (MSEK -19.6) for the fourth quarter of 2004.

The result included administrative expenses of MSEK 60.5 (MSEK 71.3) offset by net financial income and expenses of MSEK 30.8 (MSEK -80.4). Interest income derived from loans to subsidiary companies amounted to MSEK 29.9 (MSEK 27.3). Currency exchange gains amounted to MSEK 0.5 (MSEK -120.3). The movement in financial fixed assets and cash and bank during the year relates to loans issued to subsidiary companies.

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

LIQUIDITY

On 16 August 2004, the Group entered into a USD 385 million loan facility to fund the DNO acquisition and to provide further funds for corporate purposes. The MUSD 385 loan facility has been used to provide Letters of Credit in the amount of MUSD 35 as security for the payment of future site restoration costs to former owners of the Heather field, offshore UK, and to provide funds for corporate purposes.

FINANCIAL INSTRUMENTS

The Group has entered into interest rate hedging contracts commencing on 1 January 2003 to tie the LIBOR based floating rate part of the Company's USD borrowings to a fixed LIBOR rate of interest of 3.49% pa. for a period of four years. The amount hedged reduced to MUSD 85 on 2 January 2005 with further reductions to this amount at half year intervals. On 11 March 2004, following the drawdown of funds under the loan facility to finance the DNO acquisition, the Group entered into a further interest rate hedging contract to fix the LIBOR rate of interest on MUSD 40.0 at 2.32% for a period of three years.

The Group entered into oil price hedging contracts for the production of 2,000 bopd for the period 1 January 2004 to 31 December 2004 such that in respect of this production the Group would receive USD 18.00 per barrel if the Dated Brent oil price fell below USD 18.00 per barrel and would receive USD 25.15 if the Dated Brent oil price exceeded USD 25.15 per barrel. The Group would receive the market price if Dated Brent traded between these two prices.

In February 2004 the Group entered into an oil hedging contract for 3,000 bopd for the period 1 March 2004 until 31 December 2004 fixing the price at USD 29.20 Dated Brent.

During 2004 the Group entered into further oil hedging contracts for the calendar year 2005 for 6,000 bopd fixing the price at an average of USD 29.00 per barrel Dated Brent.

In January 2005 the Group entered in a number of oil hedging contracts for the period 1 February 2005 until 31 December 2005 for 5,000 bopd fixing the price at an average of USD 45.00 per barrel Dated Brent.

The Group entered into a number of currency hedging contracts for 2004 fixing the rate of exchange from USD into Euros and CHF. The contracts ran from 20 February 2004 until 20 December 2004. The total amount hedged amounts to MUSD 27.8, of which MUSD 22.0 related to USD to Euro hedging.

In January 2005 the Group entered into a number of currency hedging contracts for 2005 fixing the rate of exchange from USD into GBP, Euros, NOK and CHF. The contracts run from 20 February 2005 until 20 November 2005. The total amount hedged amounts to MUSD 98.3, of which MUSD 66.2 relates to GBP and MUSD 17.6 relates to Euro.

CHANGES IN THE BOARD

At the AGM on 19 May 2004, all serving Directors were re-elected.

SHARE DATA

Lundin Petroleum AB's registered share capital at 31 December 2004 amounts to SEK 2,535,207.66 represented by 253,520,766 shares of nominal value SEK 0.01 each. An additional 227,600 shares have been issued but not registered at 31 December 2004.

Under the Group incentive program for employees, 3,175,000 incentive warrants with a strike price of SEK 3.37 expiring on 1 May 2004 were issued during 2001. The incentive warrants were exercisable from 1 May 2002. All outstanding warrants were exercised before 1 May 2004.
The 2002 program, approved on 23 May 2002, is for the issue of up to 3,250,000 incentive warrants exercisable during the period 31 May 2003 to 31 May 2005 at a strike price of SEK 4.50. As at 31 December 2004, 791,900 incentive warrants remained issued and outstanding.
The 2003 program, approved on 23 May 2003, is for the issue of up to 3,400,000 incentive warrants exercisable during the period 31 May 2004 to 31 May 2006 at a strike price of SEK 10.10. As at 31 December 2004, 2,302,900 incentive warrants were issued and outstanding.
The 2004 program, approved on 19 May 2004, is for the issue of up to 2,250,000 incentive warrants exercisable during the period 31 May 2005 to 31 May 2007 at a strike price of SEK 45.80. These warrants have been issued at a 10% premium to the average closing price of Lundin Petroleum shares for the ten days after the AGM. As at 31 December 2004, 2,185,000 incentive warrants were issued and outstanding.

As at 31 December 2004, there was no convertible debt outstanding.

Exchange rates

For the preparation of financial statements for the year ended 31 December 2004, the following currency exchange rates have been used.

	Period average	Period end
1 EUR equals SEK	9.1252	9.0206
1 USD equals SEK	7.3395	6.6226

Accounting principles

The Year End Report of Lundin Petroleum AB (publ) has been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation RR20 on a basis consistent with the previous year, with the exception of the treatment of pension cost. During 2004, Lundin Petroleum adopted the Swedish recommendation RR 29 effective 1 January 2004 resulting in a reduction to the 2004 retained earnings brought forward of MSEK 15.7.
Preparations have commenced for full implementation of the remaining IFRS recommendations in 2005. The effects of IFRS are further explained in the attachment to this report.

CONSOLIDATED INCOME STATEMENT IN SUMMARY

Expressed in TSEK	Note	**1 Jan 2004 – 31 Dec 2004 12 months**	1 Oct 2004– 31 Dec 2004 3 months	1 Jan 2003– 31 Dec 2003 12 months	1 Oct 2003– 31 Dec 2003 3 months
Operating income					
Net sales of oil and gas	1	2,381,632	796,197	1,082,136	224,990
Other operating income		124,281	44,049	38,369	3,839
		2,505,913	840,246	1,120,505	228,829
Cost of sales					
Production costs	2	-1,112,118	-267,332	-419,911	-83,513
Depletion of oil and gas properties	3	-381,252	-154,536	-192,002	-44,883
Write off of oil and gas properties		-135,936	-132,157	-2,395	-2,395
Gross profit		**876,607**	286,221	506,197	98,038
Gain on sale of assets		98,192	98,192	720,098	-
Other income		17,710	12,563	7,161	2,619
General, administration and depreciation expenses		-119,267	-38,167	-164,947	-42,938
Operating profit		**873,242**	358,809	1,068,509	57,719
Financial income and expenses, net	4	-1,541	48,370	-50,526	-33,863
Profit before tax and minority interest		**871,701**	407,179	1,017,983	23,856
Tax	5	-244,535	-178,021	-79,881	-2,128
Minority interests		-7,012	818	-7,873	-6,993
Net result		**620,154**	229,976	930,229	14,735
Earnings per share – SEK		2.45	0.91	3.73	0.06
Diluted earnings per share – SEK		2.43	0.90	3.71	0.06

CONSOLIDATED BALANCE SHEET IN SUMMARY

Expressed in TSEK	Note	**31 Dec 2004**	31 Dec 2003
ASSETS			
Tangible fixed assets			
Oil and gas properties	6	4,340,876	1,817,606
Other tangible fixed assets		38,001	55,356
Total tangible fixed assets		**4,378,877**	1,872,962
Financial fixed assets	7	481,041	134,018
Total fixed assets		**4,859,918**	2,006,980
Current Assets			
Current receivables and inventories	8	768,870	395,654
Cash and bank		268,377	301,589
Total current assets		**1,037,247**	697,243
Total assets		**5,897,165**	2,704,223
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity including net result for the period		2,407,375	1,856,932
Minority interest		2,931	20,036
Provisions	9	1,502,450	377,505
Long-term interest bearing debt		1,343,021	-
Other long-term liabilities		-	118
Current liabilities	10	641,388	449,632
Total shareholders' equity and liabilities		**5,897,165**	2,704,223
Pledged assets		1,124,388	-
Contingent liabilities		-	11,669

STATEMENT OF CHANGE IN GROUP EQUITY

Expressed in TSEK	**Share Capital**	**Restricted reserves**	**Retained earnings**	**Net result**
Balance at 1 January 2003	2,487	930,524	14,665	-16,564
Transfer of prior year net result	-	-	-16,564	16,564
Issuance of shares	28	10,409	-	-
Currency translation difference	-	43,179	-58,025	-
Net result	-	-	-	930,229
Balance at 31 December 2003	2,515	984,112	-59,924	930,229
Transfer of prior year net result	-	-	930,229	-930,229
Change of accounting policies	-	-	-15,737	-
Issuance of shares	22	16,013	-	-
Currency translation difference	-	-30,947	-39,062	-
Net result	-	-	-	620,154
Balance at 31 December 2004	**2,537**	**969,178**	**815,506**	**620,154**

GROUP CASH FLOW STATEMENT IN SUMMARY

Expressed in TSEK	1 Jan 2004 – 31 Dec 2004 12 months	1 Oct 2004– 31 Dec 2004 3 months	1 Jan 2003– 31 Dec 2003 12 months	1 Oct 2003– 31 Dec 2003 3 months
Cash flow from operations				
Net result	620,154	229,976	930,229	14,735
Adjustment for depletion and other non cash related items	801,557	392,807	-491,917	109,233
Changes in working capital	-251,549	-39,508	-191,654	-116,263
Total cash flow from operations	**1,170,162**	583,275	246,658	7,705
Investment in subsidiary assets	-1,220,191	-	-10,864	-10,864
Sale of assets	182,091	182,091	1,150,802	-
Change in other financial fixed assets	2,092	-1,298	157	15,716
Pension payments	-1,219	-1,219	-	-
Sale of real estate	44,640	44,640	-	-
Investment in oil and gas properties	-1,628,813	-359,563	-285,808	-8,197
Investment in other fixed assets	-30,423	-26,613	-13,266	-3,693
Total cash flow used for / from investments	**-2,651,823**	-161,962	841,021	-7,038
Changes in long-term liabilities	1,464,797	-472,949	-1,022,808	-
Paid financing fees	-28,260	-	-	-
Proceeds from share issues	16,036	1,864	10,436	5,075
Total cash flow from / used for financing	**1,452,573**	-471,085	-1,012,372	5,075
Change in cash and bank	-29,088	-49,772	75,307	5,742
Cash and bank at the beginning of the period	301,589	318,308	247,776	309,656
Currency exchange difference in cash and bank	-4,124	-159	-21,494	-13,809
Cash and bank at the end of the period	**268,377**	268,377	301,589	301,589

Note 1. Net sales of oil and gas, TSEK	**1 Jan 2004 – 31 Dec 2004 12 months**	1 Oct 2004– 31 Dec 2004 3 months	1 Jan 2003– 31 Dec 2003 12 months	1 Oct 2003– 31 Dec 2003 3 months
Sale of crude oil				
- United Kingdom	1,128,193	539,650	-	-
- France	426,457	77,386	317,704	85,555
- Norway	243,808	28,930	161,600	39,262
- Indonesia	149,645	20,089	163,132	8,524
- Tunisia	194,746	95,255	168,567	10,949
	2,142,849	761,310	811,003	144,290
Sale of condensate				
- Netherlands	10,143	2,061	8,348	2,765
- Norway	3,368	713	3,238	882
- United Kingdom	20,007	13,229	-	-
	33,518	16,003	11,586	3,647
Sale of gas				
- Netherlands	175,729	46,626	173,435	50,370
- Ireland	23,372	2,416	-	-
- Indonesia	4,129	861	909	209
- Norway	2,851	115	3,449	1,273
	206,081	50,018	177,793	51,852
Service fee				
- Venezuela	114,797	27,264	102,205	26,456
Oil price hedging settlement	-153,240	-63,942	-30,488	-8,042
Change in underlift position	37,627	5,544	10,037	6,787
	2,381,632	796,197	1,082,136	224,990

Note 2. Production costs, TSEK	**1 Jan 2004 – 31 Dec 2004 12 months**	1 Oct 2004– 31 Dec 2004 3 months	1 Jan 2003– 31 Dec 2003 12 months	1 Oct 2003– 31 Dec 2003 3 months
Costs of operations	910,141	239,988	320,141	88,081
Tariff and transportation expenses	118,702	41,830	83,057	21,217
Royalty and direct taxes	28,045	9,033	25,955	3,830
Changes in inventory/overlift position	55,230	-23,519	-9,242	-29,615
	1,112,118	267,332	419,911	83,513

Note 3. Depletion of oil and gas properties, TSEK	**1 Jan 2004 – 31 Dec 2004 12 months**	1 Oct 2004– 31 Dec 2004 3 months	1 Jan 2003– 31 Dec 2003 12 months	1 Oct 2003– 31 Dec 2003 3 months
United Kingdom	175,680	104,260	-	-
France	55,665	13,458	60,673	11,128
Norway	38,328	9,947	24,482	5,362
Netherlands	61,669	15,501	58,196	20,369
Venezuela	28,688	5,961	18,880	3,709
Indonesia	8,903	3,198	8,896	543
Tunisia	12,319	2,211	20,875	3,772
	381,252	154,536	192,002	44,883

Note 4. Financial income and expenses, net, TSEK	**1 Jan 2004 – 31 Dec 2004 12 months**	1 Oct 2004– 31 Dec 2004 3 months	1 Jan 2003– 31 Dec 2003 12 months	1 Oct 2003– 31 Dec 2003 3 months
Interest income	11,468	4,007	11,374	3,747
Interest expense	-38,912	-13,262	-25,562	-3,578
Interest hedge cost	2,992	-2,241	-37,220	-20,837
Amortisation of financing fees	-7,224	-2,376	-15,915	-
Unwind discount on abandonment provision	-14,503	-692	-5,255	-866
Exchange gains/(losses), net	36,125	61,347	11,361	-24,192
Other financial income/(expense), net	8,513	1,587	10,691	11,863
	-1,541	48,370	-50,526	-33,863

Note 5. Tax, TSEK	**1 Jan 2004 – 31 Dec 2004 12 months**	1 Oct 2004– 31 Dec 2004 3 months	1 Jan 2003– 31 Dec 2003 12 months	1 Oct 2003– 31 Dec 2003 3 months
Current corporate tax	46,086	-14,903	-45,658	36,147
Deferred corporate tax	-298,488	-161,212	-19,810	-32,186
Current petroleum tax	62,939	13,374	-20,335	-12,011
Deferred petroleum tax	-55,072	-15,280	5,922	5,922
	-244,535	-178,021	-79,881	-2,128

Note 6. Oil and gas properties, TSEK	**Book amount 31 Dec 2004**	Book amount 31 Dec 2003
United Kingdom	2,034,821	-
France	850,939	770,265
Norway	548,707	136,862
Netherlands	486,622	477,634
Venezuela	190,616	217,839
Indonesia	120,309	60,229
Tunisia	41,074	53,290
Iran	-	79,765
Ireland	31,419	-
Sudan	25,846	20,457
Albania	4,085	-
Others	6,438	1,265
	4,340,876	1,817,606

Note 7. Financial fixed assets, TSEK	**Book amount 31 Dec 2004**	Book amount 31 Dec 2003
Shares and participations	21,153	21,328
Restricted cash	35,722	56,585
Deferred financing fees	21,797	-
Deferred tax asset	396,347	47,983
Other financial fixed assets	6,022	8,122
	481,041	134,018

Note 8. Current receivables and inventories, TSEK	**Book amount 31 Dec 2004**	Book amount 31 Dec 2003
Inventories	88,568	71,666
Trade receivables	415,774	131,188
Underlift	35,073	12,883
Corporation tax	117,587	69,119
Joint venture debtors	74,055	72,964
Other current assets	37,813	37,834
	768,870	395,654

Note 9. Provisions, TSEK	**Book amount 31 Dec 2004**	Book amount 31 Dec 2003
Site restoration	296,024	110,643
Pension	14,518	-
Deferred taxes	1,170,890	241,967
Other	21,018	24,895
	1,502,450	377,505

Note 10. Current liabilities, TSEK	**Book amount 31 Dec 2004**	Book amount 31 Dec 2003
Trade payables	72,701	71,640
Overlift	45,562	23,237
Short term liability	-	15,550
Tax payables	35,350	29,329
Accrued expenses	287,719	86,439
Acquisition liabilities	37,102	146,465
Other current liabilities	162,954	76,972
	641,388	449,632

PARENT COMPANY INCOME STATEMENT IN SUMMARY

Expressed in TSEK	**1 Jan 2004 – 31 Dec 2004 12 months**	1 Oct 2004– 31 Dec 2004 3 months	1 Jan 2003– 31 Dec 2003 12 months	1 Oct 2003– 31 Dec 2003 3 months
Service income	11,547	2,373	1,119	-
Gross profit	**11,547**	2,373	1,119	-
Other income	213	-	396	86
General and administrative expenses	-60,516	-14,425	-71,302	-17,119
Operating loss	**-48,756**	-12,052	-69,787	-17,033
Financial income and expenses, net	30,795	6,072	-80,360	-2,521
Net result before tax	**-17,961**	-5,980	-150,147	-19,554
Tax	-	-	-	-
Net result	**-17,961**	-5,980	-150,147	-19,554

PARENT COMPANY BALANCE SHEET IN SUMMARY

Expressed in TSEK	**31 Dec 2004**	31 Dec 2003
ASSETS		
Tangible fixed assets	-	95
Financial fixed assets	800,036	754,863
Total fixed assets	**800,036**	754,958
Current Assets		
Current receivables	3,454	12,355
Cash and bank	10,289	112,609
Total current assets	**13,743**	124,964
Total assets	**813,779**	879,922
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity including net result for the period	808,739	810,665
Current liabilities	5,040	69,257
Total shareholders' equity and liabilities	**813,779**	879,922
Pledged assets	1,124,388	-
Contingent liabilities	-	11,619

PARENT COMPANY CASH FLOW STATEMENT IN SUMMARY

Expressed in TSEK	1 Jan 2004 – 31 Dec 2004 12 months	1 Oct 2004– 31 Dec 2004 3 months	1 Jan 2003– 31 Dec 2003 12 months	1 Oct 2003– 31 Dec 2003 3 months
Cash flow from operations				
Net result	-17,961	-5,980	-150,147	-19,554
Adjustment for non cash related items	-1,356	648	6,625	9,274
Changes in working capital	-997	11,740	10,505	5,890
Total cash flow used in/from operations	**-20,314**	6,408	-133,017	-4,390
Investment in shares in subsidiaries	-	-	-585	-
Changes in loans to subsidiary companies	-99,492	-2,216	253,264	-41,840
Net investment in fixed assets	62	-	-85	-
Total cash flow used for/from investments	**-99,430**	-2,216	252,594	-41,840
Proceeds from share issue	16,035	1,863	10,437	5,075
Total cash flow from financing	**16,035**	1,863	10,437	5,075
Change in cash and bank	-103,709	6,055	130,014	-41,155
Cash and bank at the beginning of the period	112,609	4,882	2,081	163,024
Currency exchange difference Bank	1,389	-648	-19,486	-9,260
Cash and bank at the end of the period	**10,289**	10,289	112,609	112,609

STATEMENT OF CHANGES IN PARENT COMPANY EQUITY

Expressed in TSEK	**Share Capital**	**Restricted reserves**	**Net result**
Balance at 1 January 2003	2,487	1,028,792	-80,904
Transfer of prior year net result	-	-80,904	80,904
Issuance of shares	28	10,409	-
Net result	-	-	-150,147
Balance at 31 December 2003	2,515	958,297	-150,147
Transfer of prior year net result	-	-150,147	150,147
Issuance of shares	22	16,013	-
Net result	-	-	-17,961
Balance at 31 December 2004	**2,537**	**824,163**	**-17,961**

KEY DATA GROUP	**1 Jan 2004 – 31 Dec 2004 12 months**	1 Oct 2004– 31 Dec 2004 3 months	1 Jan 2003– 31 Dec 2003 12 months	1 Oct 2003– 31 Dec 2003 3 months
Return on equity, %[1]	29	10	67	1
Return on capital employed, %[2]	31	9	50	2
Debt/equity ratio, %[3]	44	44	-	-
Equity ratio, %[4]	41	41	69	69
Share of risk capital, %[5]	61	61	78	78
Interest coverage ratio, %[6]	1,742	2,980	1,559	160
Operating cash flow/interest expenses, %[7]	2,831	4,736	1,011	694
Yield, %[8]	-	-	-	-

1 Return on equity is defined as the Group's net result divided by average shareholders' equity.
2 Return on capital employed is defined as 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).
3 Debt/equity ratio is defined as the Group's interest-bearing liabilities less cash and bank in relation to shareholders' equity.
4 Equity ratio is defined as the Group's shareholders' equity, including minority interest, in relation to balance sheet total.
5 Share of risk capital is defined as the sum of the shareholders' equity and deferred taxes, including minority interest, divided by balance sheet total.
6 Interest coverage ratio is defined as the Group's income before tax plus interest expenses plus/less exchange differences on financial loans divided by interest expenses.
7 Operating cash flow/interest expenses is defined as the Group's operating income less production costs and less current taxes divided by the interest charge for the period.
8 Yield is defined as dividend in relation to quoted share price at the end of the financial period.

DATA PER SHARE **GROUP**	**1 Jan 2004 – 31 Dec 2004 12 months**	1 Oct 2004– 31 Dec 2004 3 months	1 Jan 2003– 31 Dec 2003 12 months	1 Oct 2003– 31 Dec 2003 3 months
Shareholders' equity, SEK[1]	9.49	9.49	7.38	7.38
Operating cash flow, SEK[2]	5.92	2.64	2.52	0.67
Cash flow used in operations, SEK[3]	4.63	2.30	0.98	0.03
Earnings, SEK[4]	2.45	0.91	3.73	0.06
Earnings, (fully diluted), SEK[5]	2.43	0.90	3.71	0.06
Dividend, SEK	-	-	-	-
Quoted price at the end of the financial period (regards the parent company), SEK	38.20	38.20	34.30	34.30
Number of shares at period end	253,748,366	253,748,366	251,525,466	251,525,466
Weighted average number of shares for the period[6]	252,727,926	253,714,373	249,401,389	249,711,572
Weighted average number of shares for the period (fully diluted) [5]	255,134,255	256,207,494	251,041,951	255,622,432

1 Shareholders' equity per share is defined as the Group's shareholders' equity divided by the number of shares at period end.
2 Operating cash flow per share is defined as 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 used in operations per share is defined as cash flow used in operations in accordance with the consolidated statement of cash flow divided by the weighted average number of shares for the period.
4 Earnings per share is defined as the Group's net result divided by the weighted average number of shares for the period.
5 Earnings per share fully diluted is defined as the Group's net result divided by the fully diluted weighted average number of shares for the period.
6 Weighted average number of shares is defined as the number of shares at the beginning of the period with newly issued shares weighted for the proportion of the period they are in issue.

Dividend

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

FINANCIAL INFORMATION

The Company will publish the following interim reports:

- Three months report (January – March 2005) will be published on 18 May 2005
- Six months report (January – June 2005) will be published on 17 August 2005
- Nine months report (January – September 2005) will be published on 16 November 2005.

Estimated distribution of the annual report 2004 will be April 2005 and will be available at the Stockholm office or at the Company's webpage, www.lundin-petroleum.com.

The Annual General Meeting will be held the 19 May 2005 at China Teatern in Stockholm.

Stockholm 24 February 2005

Adolf H. Lundin
Honorary Chairman

Carl Bildt

Kai Hietarinta

Lukas H. Lundin

William Rand

Ashley Heppenstall
President & CEO

Magnus Unger

Ian H. Lundin
Chairman of the Board

The year-end report has not been subject to review by the auditors of the company.

ATTACHMENT

Adoption of IFRS

Lundin Petroleum has prepared its annual financial statements in accordance with Swedish GAAP. In June 2002 the European Union adopted International Financial Reporting Standards (IFRS) for all companies listed on a stock exchange within the European Union with effect from 1 January 2005, the adoption date. Lundin Petroleum's financial statements for 2005 will be prepared in full compliance with IFRS, including one year of comparative figures in line with IFRS 1. As a result, Lundin Petroleum's date of transition is 1 January 2004.

Accounting standards are issued by the International Accounting Standards Board (IASB) and were called International Accounting Standards (IAS) prior to the adoption of the title IFRS. IAS's in force at 1 January 2005 will continue to be applicable until amended by the IASB or replaced by a new IFRS.

Transition

IFRS 1 provide first time adopters of IFRS with exemptions from full retrospective application. Lundin Petroleum has granted the following:

- IFRS 2 – Share based payments: This standard will not be applied to the Group's incentive warrants program granted before 7 November 2002. The 2004 program granted after 7 November 2002 and not yet vested before 1 January 2005 will be recognised in line with this standard.
- IFRS 3 – Business combinations: this standard will be not be applied to business combinations prior to 1 January 2004.
- IFRS 5 – Non current assets held for sale and discontinued operations: This standard is adopted prospectively as from 1 January 2005.
- IAS 21 – The Effects of Changes in Foreign Exchange Rates: at the date of transition to IFRS the cumulative translation differences are deemed to be zero. The gain or loss on a subsequent disposal of any foreign operation shall exclude translation differences that arose before the date of transition and shall include later translation differences.
- IAS 39 – Financial instruments: This standard as adopted by the EU, is applied as from 1 January 2005 and therefore the comparatives will not be restated.

Differences between Swedish GAAP and IFRS

The effects of adopting IFRS on the Lundin Petroleum financial statements are as follows.

IFRS 2

This statement deals with share based remuneration and requires a charge to be recorded in the income statement to record the issue of stock options. The fair value of the 2004 Incentive warrants program has been determined using the Black & Scholes method. The total cost of MSEK 17.3 is recognised during the vesting period of one year. The cost of the incentive warrants issued in 2004 to be recognised in the restated 2004 income statement amounts to MSEK 10.7 and is estimated to amount to MSEK 6.6 in 2005.

IFRS 3
This statement deals with business combinations and the treatment of any excess purchase price and the split between tangible assets and intangible assets. There is no change required to treatment of assets currently adopted by Lundin Petroleum.

IAS 1
In accordance with this standard, minority interests are included in shareholders' equity as a separate component and are included in the net result for the year in the income statement.

IAS 21
This statement deals with the effects of foreign exchange rates. The effects of recording a change in functional currency of certain subsidiaries within the Lundin Group in line with the requirements of this standard, related to the oil and gas assets recognised in these companies. The effect on shareholders' equity at 1 January 2004 amounts to MSEK -11.5 net of deferred tax and MSEK 3.3 at 31 December 2004. The effect on the net result for the financial year 2004 amounts to MSEK 8.2.

IAS 39
This statement deals with the recognition and measurement of financial instruments. The standard requires that derivative financial instruments be accounted for at fair value. Under the optional exemption rules stated in IFRS 1 Lundin Petroleum will adopt IAS 39 from 1 January 2005 and no restatement of prior periods results will be required. At 1 January 2005, Lundin Petroleum had in place cash flow hedges by means of interest rate hedging contracts and oil price hedging contracts. Under Swedish GAAP, these contracts have been treated as off-balance sheet instruments, whereas IFRS requires valuing these contracts at fair value. The impact on the opening balance at 1 January 2005 is MSEK 98.2 net of deferred tax.

Summary of expected effects

In the table below the expected effects of the adoption of IFRS are shown on shareholders' equity and net result. As IFRS standards may be revised during 2005, the effects as stated could change.

Expressed in TSEK	1 Jan 2004	31 Dec 2004	1 Jan 2005
Equity under Swedish GAAP	**1,856,932**	**2,407,375**	**2,407,375**
IFRS adjustments			
Share based payments	-	-10,712	-10,712
Effects of changes in foreign exchange rates	-11,943	3,293	3,293
Minority interest	20,036	2,931	2,931
Financial instruments	-	-	-155,711
Deferred taxes on IFRS adjustments	396	-	57,518
Total adjustments to IFRS	**8,489**	**-4,488**	**-102,681**
Equity under IFRS	**1,865,421**	**2,402,887**	**2,304,694**