Lundin Petroleum AB (publ)

Company registration no. 556610-8055

Year End Report 2005

	Year end 2005 12 months	Year end 2004 12 months	**Q4 2005 3 months**	Q4 2004 3 months
Production in boepd	**33,190**	28,921	**30,870**	36,987
Operating income in MSEK	**4,190.2**	2,468.3	**1,025.3**	834.7
Net result in MSEK	**994.0**	605.3	**108.1**	213.6
Earnings/share in SEK	**3.89**	2.39	**0.42**	0.84
Diluted earnings/share in SEK	**3.87**	2.37	**0.42**	0.83
Operating cash flow in MSEK	**2,627.4**	1,502.8	**616.4**	571.4

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, Ireland, Netherlands, Nigeria, Norway, Sudan, Tunisia, United Kingdom and Venezuela. The Company is listed on the Attract 40-list at Stockholm Stock Exchange, Sweden (ticker "LUPE").

Dear Fellow Shareholders,

Lundin Petroleum continued its rapid growth in 2005 generating record net profit and operating cash flow. Our continued ability to increase reserves and production coupled with strong world oil prices has driven the strong financial performance.

Financial Performance

Lundin Petroleum generated a net profit after taxes of MSEK 994.0 (MUSD 133.3) and an operating cash flow of MSEK 2,627.4 (MUSD 352.4) during 2005. This represents increases of 64 percent and 75 percent respectively compared to 2004. The table below summarizes the growth achieved by Lundin Petroleum over the last three years.

		2005	2004	2003
Production (Mboepd)		33.2	28.9	16.1
Oil price achieved (in USD per barrel)		52.93	37.67	27.35
Operating Cash Flow	MSEK	2,627	1,503	635
	MUSD	*352*	*205*	*79*
Earnings before interest, tax and depreciation (EBITDA)	MSEK	2,783	1,282	543
	MUSD	*373*	*175*	*67*
Net Profit (excluding result on sale of assets)	MSEK	970	507	218
	MUSD	*131*	*69*	*27*
Shareholders' equity	MSEK	3,680	2,367	1,857
	MUSD	*462*	*357*	*257*
Average exchange rate used USD/SEK		*7.4550*	*7.3395*	*8.0826*
Closing exchange rate used USD/SEK		*7.9584*	*6.6226*	*7.2236*

Reserves and Production

I continue to emphasise that the success of Lundin Petroleum will be driven by our ability to increase reserves and production. Despite 2005 being disappointing from an exploration perspective, we continue to be successful in increasing our reserve base. Primarily as a result of the United Kingdom development drilling and development studies in Norway, we announced third party certified reserves as at 1 January 2006 of 146.1 million barrels of oil equivalent (boe) being a 12 percent increase on 2005 and a replacement ratio of 126 percent. Our 2005 production of 33,190 boepd was a 15 percent increase over 2004 production but was still below forecast particularly due to United Kingdom related production facility issues.

Significant growth in production will continue in 2006 and into 2007 with first production from the Oudna Field offshore Tunisia and the Alvheim Field offshore Norway which will take Lundin Petroleum production to over 50,000 boepd.

Financial Forecast

Independent of acquisitions, additional developments and exploration success, increased production will lead to a continued growth in the financial performance of Lundin Petroleum over this period. Assuming an average Brent oil price of USD 55 per barrel for 2006, we forecast a net profit after taxes of MSEK 1,320 (MUSD 170) for 2006.

Exploration and Development
The strong world oil prices over the past couple of years have resulted in marked changes in the valuation of oil and gas assets. For example the industry and financial markets are now attributing significant value to exploration assets and contingent resources (discovered oil and gas that has yet to be commercialised). Lundin Petroleum believes that strong world oil prices will remain and accordingly is aggressively investing in its existing asset base to generate future growth. In 2006 we will implement our active investment programme with a capital budget of over USD 300 million which will be fully funded from internally generated cash flow. Over USD 100 million of this budget, which is almost double compared to the 2005 expenditure, will be spent on exploration with a drilling programme in Norway, Sudan, Indonesia, France and Ireland. Despite the 2005 exploration disappointments we continue to strongly believe that shareholder value can be generated through aggressive exploration where success can have a material impact on the value of Lundin Petroleum.

We also continue to seek new acquisition opportunities. Our balance sheet is very strong with net debt of less than USD 50 million which means we have significant financial liquidity for investment opportunities. Nevertheless, competition is tough with lots of liquidity in the industry chasing very few deals. We have chosen to remain patient and not to push acquisition prices to levels which we believe are unsustainable from a technical perspective. Timing is difficult to predict but Lundin Petroleum has both the financial and technical capacity to complete acquisitions which will enable us to act very quickly if the right opportunity materialises.

In the meantime we continue to grow organically. We have been successful in 2005 acquiring new exploration acreage in Licensing Rounds in the United Kingdom, Norway and Ireland and are proactively investing in new seismic acquisition programmes to generate investment opportunities on new and existing acreage.

Oil Industry and People
There has in my opinion been a significant under investment in the oil industry for a number of years. The demand for oil continues as the world economy grows particularly in the developing world. However this under investment has created material bottlenecks in our supply chain. Availability of drilling rigs is now at a premium and is likely to remain that way for a few years to come. Similarly the cost of materials and services has increased placing pressure on the industry. However the biggest problem facing our industry is the availability of good technical staff. There has not been sufficient investment in training and recruitment of personnel over the past few years and the industry is now paying the price.

I believe that the current state of the industry is an advantage to a growing independent oil company such as Lundin Petroleum. We have the flexibility to provide success oriented remuneration and can provide an environment with short and quick decision making processes. We have been able to attract an excellent team of individuals and continue to grow our personnel base. We live in a world of scarcer oil reserves and an ever increasing demand which will result in continued high oil prices. The company is still of a size where a project that is too small to have a material impact to the majors would have a material impact to Lundin Petroleum. With our strong technical team we can therefore generate projects which will ensure the continued growth profile of Lundin Petroleum.

We continue to put emphasis on safety, environmental and social responsibility within our operations whilst continuing to create shareholder value. Lundin Petroleum has been a great success story over the last four years. We retain an important entrepreneurial spirit within the company and yet are managing the demands associated with the current size of our business. The oil industry remains an exciting place to work and Lundin Petroleum provides a dynamic environment in which to take advantage of the numerous opportunities. I remain positive and look forward to 2006 and the future with optimism.

Best regards

C. Ashley Heppenstall
President and Chief Executive Officer

OPERATIONS

United Kingdom

The net production to Lundin Petroleum for the year ended 31 December 2005 amounted to 20,165 bopd representing over 60 percent of the total production for the Group. Production during the fourth quarter of 2005 was 18,685 bopd and was adversely affected by the Thistle shutdown and by the lack of water injection on the Heather and West Heather fields as a result of pump capacity issues. The Thistle field resumed production in mid-December at production rates in excess of 5,000 bopd. Net production during the fourth quarter of 2005 for Broom amounted to 15,606 bopd, for Heather 2,349 bopd and for Thistle 730 bopd.

During 2005 Lundin Petroleum entered into an alliance with Petrofac Facilities Management Limited (“Petrofac”) for the provision of production operations services on the Heather and Thistle platforms. The deal was completed successfully with the transfer of duty holder responsibility for the facilities to Petrofac on 1 May 2005.

The performance of the Broom field (Lundin Petroleum Working Interest (WI 55%)) has exceeded expectations and resulted in a 24% reserve increase at the year end of 2005. Net production from the Broom field averaged 14,100 bopd for the year. Phase 1 of the Broom development was successfully completed during 2005 with the completion of the second water injection well. This was followed by the successful completion of Phase 2 of the Broom development which included the sidetrack of the original West Heather 2/05-18 well and the completion of the first North Terrace well 2/05-23 which are now both producing via the Broom subsea manifold and tied back to the Heather platform.

Production from the existing Broom production wells is declining in line with expectations as water production has begun. However it is likely that following the acquisition of 3D seismic over the Broom field in 2006 a further infill drilling programme will be undertaken.

Production from the Thistle field (WI 99%) averaged 3,400 bopd during the year. The three month shutdown of Thistle in the third and fourth quarters was successful in debottlenecking production and separation capacity. Further work is ongoing to increase the life of Thistle field production particularly related to drilling operations and power generation.

Production from the Heather Field (WI 100%) averaged 2,650 bopd during the year and was adversely impacted by the limitations on water injection capacity due to pump related issues. New pump capacity has been installed in the first quarter of 2006 which has allowed water injection to recommence. A capital investment programme to reinstall the Heather platform drilling rig commenced in 2005 and will be completed in the first half of 2006 following which a drilling programme of new wells and workovers will commence.

Lundin Petroleum has acquired new exploration licenses in the United Kingdom 23rd Licensing Round where interests in three new blocks were awarded.

Norway

The production from the Jotun field (WI 7%) offshore Norway averaged 987 bopd for the year 2005. In 2005 the Jotun field partners sold their interests in the Jotun floating, production, storage and offloading vessel (FPSO) to Bluewater/ Exxon Mobil. Under a separate agreement the Jotun Field partners have leased back the vessel for up to fifteen years.

The development of the Alvheim field (WI 15%) offshore Norway has progressed well during 2005. The Alvheim FPSO conversion was completed in the fourth quarter of 2005 in Singapore and the vessel is currently en-route to Norway for topsides installation. Development drilling on Alvheim will commence in the first half of 2006. It is still anticipated that first production from Alvheim will take place in early 2007 at a forecast gross rate of 85,000 boepd. The proposed Alvheim drilling programme includes further exploration drilling on the existing fields and new prospects which has the potential to increase the current 180 million barrels of oil equivalent forecast for the field.

The Hamsun field (renamed Volund) (WI 35%) to the south of Alvheim will submit a plan of development to the Norwegian Government in 2006. Further studies in 2005 have resulted in reserve increases in the 2005 year end reserve study. Commercial discussions are ongoing regarding the development options with a tie back to the nearby Alvheim facilities being the most likely option.

Lundin Petroleum has agreed, subject to Norwegian Government approval, to reduce its interest in PL338 from 100% to 50% through agreements with Revus Energy and RWE. An exploration well will be drilled on PL338 in the second half of 2006 and Lundin Petroleum will pay a lower percentage of costs related to the well than its 50% working interest.

Lundin Petroleum continues to be actively involved in Norway in respect of new exploration activity. Two new licences were awarded in the fourth quarter of 2005 in the APA 2005 round and a further application is pending in the 19th Licensing Round. Three exploration wells will be drilled in 2006 for which rig slots are already secured.

France

In the Paris Basin the net production for 2005 was 2,845 bopd. The La Tonelle-1 exploration well was confirmed as a discovery. Temporary production facilities have been constructed and the well is now producing at limited rates on a long term production test basis to determine the appraisal/development plan for the field. During 2006 a four well infill drilling programme will be completed in the Villeperdue field (WI 100%).

In the Aquitaine Basin (WI 50%) the net production for 2005 was 1,357 bopd. In 2006 full development of the Mimosa Field will be completed.

Indonesia

Salawati Island and Basin (Papua)

The net production from Salawati (Salawati Island WI 14.5% and Salawati Basin WI 25.9%) was 2,261 boepd in 2005. First production from the TBA Field offshore Salawati Island is now expected in 2006 following the conversion of a FPSO currently being completed in Singapore. The field will add 1,000 boepd net to Lundin Petroleum. An ongoing programme of development and exploration drilling on Salawati Basin and Island has, despite some exploration success, yielded disappointing results in 2005.

Banyumas (Java)

The Jati-1 exploration well (WI 25%) was spudded in 2005 and is testing a large exploration prospect in an under explored basin onshore Southern Java. The well has reached a total depth of 4,023 meters. Due to drilling problems the well is currently being sidetracked. Following the recent drilling problems Lundin Petroleum decided to plug and abandon the well but Lundin Petroleum's partner, Star Energy, has opted, under sole risk provisions, to continue drilling. In the event of a successful discovery Lundin Petroleum has the option to buy back into the well by paying a disproportionate level of the Star Energy costs.

Blora (Java)

A further exploration well Tengis-1 (WI 43.3%) will be drilled in 2006 following the resolution of certain land related issues necessary to commence the site preparation operations.

Lematang (South Sumatra)

A heads of agreement in relation to the sale of gas from the Singa gas field (WI 15.88%) has been signed with state gas distribution company PT Persusahaan Gas Negara (PGN) to supply gas to PGN customers in West Java for 10 years starting in 2008. A development plan for the Singa project has been agreed and will be initiated once the gas sales arrangements have been finalised.

The Netherlands

Gas production from the Netherlands for 2005 was 2,344 boepd.

The Luttelgeest-1 exploration well in the onshore Lemmer-Marknesse exploration license (WI 10%) was unsuccessfully tested during the third quarter of 2005 and the well was plugged and abandoned.

The exploration well drilled on Block F-12 (WI 10%) has been plugged and abandoned as a dry hole in January 2006.

Tunisia

The net oil production from the Isis field (WI 40%) for 2005 continues to decline as anticipated as the field approaches the end of its economic life. The field will stop production in the second quarter of 2006 when the Ikdam FPSO currently employed on the Isis field is redeployed on the Oudna Field.

The development drilling on the Oudna field (WI 50%) offshore Tunisia commenced in early 2006. The Ikdam FPSO will undergo upgrade and re-classification works in drydock and will then be redeployed on the Oudna field where production is scheduled to start in the fourth quarter of 2006. Initial net production from the Oudna field is forecast at 10,000 bopd.

Venezuela
Production from the Colòn Block (WI 12.5%) was 2,108 boepd during 2005. Development drilling on the La Palma field is ongoing. During 2005 one of the new development wells was deepened and tested oil from new reservoirs below the existing producing La Palma field.

In 2005 the Venezuelan government decided to restructure all operating services agreements in the country. Lundin Petroleum and its partners have signed a Transitional Agreement with Venezuelan national oil company PDVSA Petròleo SA relating to entering into good faith negotiations for conversion of the Operating Services Agreement into a joint venture company. Whilst Lundin Petroleum and its partners have been assured by the Venezuelan Ministry of Energy and Petroleum that the new regime will preserve our asset value under the Operating Services Agreement the final effect of this transition on Lundin Petroleum's Venezuelan assets and values remains uncertain.

Ireland
Lundin Petroleum completed the sale of its 12.5% interest in the Seven Heads gas project plus certain other Irish license interests to Island Oil & Gas plc during 2005. The consideration for the sale was four million shares of Island Oil & Gas plc corresponding to a current market value in excess of GBP 3 million.

During 2005 Lundin Petroleum acquired a new exploration license in the Donegal Basin (WI 30% operator). A rig has been secured to drill a large gas prospect called Inishbeg in 2006.

OPERATION – Exploration

Albania
A 400 km2 3D seismic acquisition programme on the Durresi Block (WI 50%) was completed in 2005. Following the processing and interpretation of the acquired seismic exploration drilling is expected to commence in 2007.

Nigeria
In early 2005 Lundin Petroleum acquired a 22.5% net revenue interest in OML 113 offshore Nigeria containing the Aje oil and gas discovery. The Aje-3 appraisal well was drilled in the third quarter of 2005. The two main reservoirs which tested hydrocarbons successfully in both Aje-1 and Aje-2 were found to be down dip from the discovery well as well as below the existing oil water contact defined on the Aje-2 well at the Cenomanian reservoir. The Turonian reservoir was above the gas water contact but the presence of gas in the reservoir was not tested due to poor reservoir properties at the Aje-3 well location. Technical and commercial studies are ongoing to determine whether a further Aje field appraisal well will be drilled. A six month extension has been granted by the Aje field operator Yinka Folawiyo Petroleum (YFP) such that the decision to drill will be made in the fourth quarter of 2006.

Sudan
A comprehensive peace agreement was signed in Sudan in early 2005 between the Government and the Sudan People's Liberation Army (SPLA). A new Government has been formed containing representatives of the major political factions. In addition a National Petroleum Commission has been formed comprising of the President of Sudan, representatives of the National Government and the Government of Southern Sudan and representatives of the local area where oil activity is taking place. The National Petroleum Commission will oversee petroleum activities in Sudan.

These political developments have acted as the catalyst for the resumption of operational activity in Block 5B (WI 24.5%). Mobilisation of equipment for a 1,100 km 2D seismic acquisition is currently underway. Exploration drilling will commence in 2006 with a three well initial drilling programme to test the large prospectivity of 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 2005. 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 results for the comparative periods from the date of acquisition. The sale of the 75% owned Norwegian subsidiary, OER oil AS (OER) was completed on 23 November 2004. The results of OER are included within the results for the comparative periods until this date. On 9 June 2005, Lundin Petroleum completed the sale of the Irish assets of Lundin Ireland

Ltd to Island Oil and Gas plc for consideration of shares in Island Oil and Gas plc. The results of the Irish assets 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 result for the year ended 31 December 2005 of MSEK 994.0 (MSEK 605.3) and MSEK 108.1 (MSEK 213.6) for the fourth quarter of 2005 representing earnings per share on a fully diluted basis of SEK 3.87 (SEK 2.37) for the year ended 31 December 2005 and SEK 0.42 (SEK 0.83) for the fourth quarter of 2005. Operating cashflow for the year ended 31 December 2005 amounted to MSEK 2,627.4 (MSEK 1,502.8) and MSEK 616.4 (MSEK 571.4) for the fourth quarter of 2005. Operating cashflow per share on a fully diluted basis amounted to SEK 10.22 (SEK 5.89) for the year ended 31 December 2005 and SEK 2.39 (SEK 2.23) per share for the fourth quarter of 2005.

Net sales of oil and gas for the year ended 31 December 2005 amounted to MSEK 3,995.5 (MSEK 2,344.0) and MSEK 968.4 (MSEK 790.7) for the fourth quarter of 2005. Production for the period amounted to 12,083,451 (9,755,455) barrels of oil equivalent (boe) representing 33,190 (28,921) boe per day (boepd). The average price achieved for a barrel of oil equivalent for the year ended 31 December 2005 amounted to USD 52.93 (USD 37.67).

The average Dated Brent price for the year ended 31 December 2005 amounted to USD 54.54 (USD 38.27) per barrel resulting in a post-tax negative hedge settlement of MSEK 261.7 (MSEK 97.1).

Other operating income for the year ended 31 December 2005 amounted to MSEK 194.7 (MSEK 124.3) and MSEK 56.8 (MSEK 44.0) for the fourth quarter of 2005. 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 from the comparative period of 2004 primarily due to the increased production from the Broom field in the United Kingdom.

Sales and production for the year ended 31 December 2005 were comprised as follows:

Sales Average price per barrel expressed in USD	**1 Jan 2005– 31 Dec 2005 12 months**	**1 Oct 2005– 31 Dec 2005 3 months**	1 Jan 2004– 31 Dec 2004 12 months	1 Oct 2004– 31 Dec 2004 3 months
United Kingdom				
- Quantity in boe	7,240,996	1,658,792	3,674,000	1,696,000
- Average price per boe	54.56	57.51	41.75	44.60
France				
- Quantity in boe	1,563,840	373,066	1,563,576	279,145
- Average price per boe	53.75	55.59	36.90	40.30
Norway				
- Quantity in boe	372,356	80,384	870,746	99,260
- Average price per boe	51.45	53.23	37.92	42.71
Netherlands				
- Quantity in boe	855,397	217,440	948,548	241,295
- Average price per boe	37.45	42.88	25.43	27.86
Indonesia				
- Quantity in boe	495,852	106,665	579,522	146,751
- Average price per boe	48.90	49.91	34.79	37.77
Tunisia				
- Quantity in boe	328,627	–	677,923	260,160
- Average price per boe	62.53	–	38.65	50.01
Ireland				
- Quantity in boe	24,107	–	121,371	7,041
- Average price per boe	33.31	–	26.24	31.95
Total				
- Quantity in boe	**10,881,175**	**2,436,347**	8,435,686	2,729,652
- Average price per boe	**52.93**	**55.44**	37.67	42.73

Income from Venezuela is derived by way of a service fee and interest income. For the year ended 31 December 2005, the service fee earned by Lundin Petroleum amounted to USD 22.16 (USD 18.67) per barrel for the 771,146 boe (837,648 boe) that were sold.

Production	**1 Jan 2005– 31 Dec 2005 12 months**	**1 Oct 2005– 31 Dec 2005 3 months**	1 Jan 2004– 31 Dec 2004 12 months	1 Oct 2004– 31 Dec 2004 3 months
United Kingdom				
- Quantity in boe	7,360,726	1,719,065	3,973,761	1,968,816
- Quantity in boepd	20,165	18,685	12,341	21,400
France				
- Quantity in boe	1,533,674	376,399	1,561,409	382,271
- Quantity in boepd	4,202	4,091	4,266	4,155
Norway				
- Quantity in boe	360,175	90,488	898,519	190,233
- Quantity in boepd	987	984	3,189	2,861
Netherlands				
- Quantity in boe	855,397	217,440	948,548	241,295
- Quantity in boepd	2,344	2,363	2,592	2,623
Venezuela				
- Quantity in boe	769,364	167,597	827,492	174,578
- Quantity in boepd	2,108	1,822	2,261	1,898
Indonesia				
- Quantity in boe	825,099	202,526	840,167	226,270
- Quantity in boepd	2,261	2,201	2,296	2,459
Tunisia				
- Quantity in boe	354,794	66,585	574,042	135,949
- Quantity in boepd	972	724	1,568	1,478
Ireland				
- Quantity in boe	24,222	–	131,517	10,343
- Quantity in boepd	151	–	408	112
Total				
- Quantity in boe	**12,083,451**	**2,840,100**	9,755,455	3,329,755
- Quantity in boepd	**33,190**	**30,870**	28,921	36,987
Number of days production				
UK	365	92	322	92
Ireland	160	–	322	92
DNO’s Norwegian assets	365	92	197	92
OER	–	–	328	54

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 quarter. 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 UK 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 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 that is sold. The crude that is pumped into the pipeline system is tested against the blend of crude 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 an approximate quality adjustment of minus five percent applied to the UK crude oil produced. 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 costs for the year ended 31 December 2005 expressed in US dollars were comprised as follows:

Production cost and depletion in TUSD	**1 Jan 2005– 31 Dec 2005 12 months**	**1 Oct 2005– 31 Dec 2005 3 months**	1 Jan 2004– 31 Dec 2004 12 months	1 Oct 2004– 31 Dec 2004 3 months
Cost of operations	148,570	38,972	124,006	34,354
Tariff and transportation expenses	17,906	4,180	16,173	5,889
Royalty and direct taxes	4,803	1,051	3,821	1,278
Changes in inventory/overlift	4,563	-2,464	2,398	-3,844
Total production costs	**175,842**	**41,739**	146,398	37,677
Depletion	101,064	21,691	51,946	21,616
Total	**276,906**	**63,430**	198,344	59,293

Production cost and depletion in USD per boe	**1 Jan 2005– 31 Dec 2005 12 months**	**1 Oct 2005– 31 Dec 2005 3 months**	1 Jan 2004– 31 Dec 2004 12 months	1 Oct 2004– 31 Dec 2004 3 months
Cost of operations	12.30	13.72	12.71	10.32
Tariff and transportation expenses	1.48	1.47	1.66	1.77
Royalty and direct taxes	0.40	0.37	0.39	0.38
Changes in inventory/overlift	0.38	-0.87	0.25	-1.15
Total production costs	**14.56**	**14.69**	15.01	11.32
Depletion	8.36	7.64	5.32	6.49
Total cost per boe	**22.92**	**22.33**	20.33	17.81

Production costs for the year ended 31 December 2005 amounted to MSEK 1,310.9 (MSEK 1,074.5) and MSEK 332.7 (MSEK 261.8) for the fourth quarter of 2005. The reported cost of operations amounted to USD 12.30 per barrel (USD 12.71 ber barrel) for the year ended 31 December 2005 and USD 13.72 per barrel (USD 10.32 per barrel) for the fourth quarter of 2005. The increase in cost per barrel in the fourth quarter of 2005 amounts primarily to operating cost projects relating to the UK offshore platforms carried out in the fourth quarter and the lower production reported in the fourth quarter of 2005 following the shutdown of the Thistle field.

Depletion of oil and gas properties for the year ended 31 December 2005 amounted to MSEK 753.4 (MSEK 381.3) and MSEK 174.5 (MSEK 154.5) for the fourth quarter of 2005. The depletion charge has increased from the comparative period following the inclusion of the UK assets acquired from DNO in 2004. The depletion cost per barrel has increased from 2004 following a revision of cost and reserve estimates used in the calculation of the depletion rate and because the UK was only included within the depletion charge for five months in 2004, distorting the average depletion rate for the year. In the fourth quarter of 2005 an adjustment was made to tie the UK depletion charge to the saleable reserves produced in the year consistent with the certified reserves auditor's report.

Write off of oil and gas properties amounted to MSEK 208.1 (MSEK 150.1) for the year ended 31 December 2005 and MSEK 167.3 (MSEK 146.3) for the fourth quarter of 2005. The costs written off in the fourth quarter of 2005 relate primarily to the costs incurred in Nigeria during 2005. Whilst Lundin retains an interest in Block OML 113 and is reviewing the information that was obtained from drilling the Aje-3 well, it was decided to write of all of the costs amounting to MSEK 158.2 in 2005 following the disappointing well results. The other material cost written off in 2005 relates to the Luttelgeest exploration well that was drilled in the Netherlands in 2004. After testing of the well in August 2005 the decision was made to plug and abandon the well and the costs incurred of MSEK 30.2 were written off. During 2004 the decision was made to write off the costs incurred in Iran as well as other exploration project costs resulting in a charge to the income statement for the year ended 31 December 2004 of MSEK 150.1.

On 1 July 2005 Lundin Petroleum entered into a sale and leaseback agreement for the Jotun vessel utilised in the Jotun field offshore Norway resulting in a pre-tax gain of MSEK 192.1 and a post tax gain of MSEK 24.0. The transaction has also resulted in a tax charge detailed below. On 23 November 2004, Lundin Petroleum completed the sale of its investment in the Norwegian company OER for MSEK 189.9 recording an accounting profit of MSEK 98.2 in the income statement for the year ended 31 December 2004.

Other income for the year ended 31 December 2005 amounted to MSEK 6.4 (MSEK 17.7) and MSEK 1.1 (MSEK 12.6) for the fourth quarter of 2005 and represents fees and costs recovered by Lundin Petroleum from third parties.

General and administrative expenses for the year ended 31 December 2005 amounted to MSEK 103.1 (MSEK 130.0) and MSEK 32.7 (MSEK 42.5) for the fourth quarter of 2005. Included within the 2005 costs is an accounting charge of MSEK 19.0 for employee stock options issued in 2004 and 2005 following the adoption of IFRS. The comparative period has been restated to include MSEK 10.7 in relation to the stock options issued in 2004. Depreciation charges included in the general and administrative expenses amounted to MSEK 9.8 (MSEK 5.5) for the year ended 31 December 2005 and MSEK 2.5 (MSEK 1.6) for the fourth quarter of 2005. The general and administration costs for the year of 2004 included an amount of MSEK 17.5 for OER. OER was sold in the fourth quarter of 2004.

Financial income for the year ended 31 December 2005 amounted to MSEK 44.0 (MSEK 58.5) and MSEK 14.5 (MSEK 68.6) for the fourth quarter of 2005. Interest income for the year ended 31 December 2005 amounted to MSEK 31.2 (MSEK 11.5) and mainly comprises of interest received on bank accounts of MSEK 12.5 (MSEK 5.5), interest received on a loan to an associated company for an amount of MSEK 3.8 (MSEK 2.6), interest received in relation to tax repayments for an amount of MSEK 9.4 (MSEK -) and the interest fee received from Venezuela for an amount of MSEK 5.4 (MSEK 2.5). Dividend income received of MSEK 12.8 (MSEK 10.9) for the year ended 31 December 2005 and MSEK 3.2 (MSEK 3.2) for the fourth quarter of 2005 relates to distributions received from an unconsolidated investment in a company owning an interest in the Dutch gas processing and transportation infrastructure (NOGAT).

Financial expenses for the year ended 31 December 2005 amounted to MSEK 196.5 (MSEK 60.0) and MSEK 54.7 (MSEK 20.2) for the fourth quarter of 2005. Interest expense for the year ended 31 December 2005 amounted to MSEK 45.0 (MSEK 53.0) and MSEK 5.4 (MSEK 27.4) for the fourth quarter of 2005 and mainly relates to the bank loan facility. The impact of the change in market value of the interest rate hedge for the year ended 31 December 2005 amounted to a gain of MSEK 7.9 (MSEK 17.2) and a gain of MSEK 0.2 (MSEK 11.9) for the fourth quarter of 2005.

The amortisation of financing fees amounted to MSEK 15.2 (MSEK 7.2) for the year ended 31 December 2005 and MSEK 5.0 (MSEK 2.4) for the fourth quarter of 2005. The financing fees are in relation to the bank loan facility and are amortised over the life of the bank loan facility. Net exchange losses for the year ended 31 December 2005 amounted to MSEK 122.0 (MSEK -36.1) and MSEK 39.0 (MSEK -61.3) for the fourth quarter of 2005. The exchange losses for the year ended 31 December 2005 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. During the year ended 31 December 2005 the devaluation of the NOK and the EUR against the USD amounted to approximately 12% and 13% respectively.

The tax charge for the year ended 31 December 2005 amounted to MSEK 866.7 (MSEK 241.6) and MSEK 168.2 (MSEK 175.1) for the fourth quarter of 2005. The current corporation tax charge of MSEK 240.7 (MSEK -46.1) comprises current corporation tax charges in, primarily the United Kingdom, the Netherlands, France, Indonesia and Venezuela. During 2005 the tax losses carried forward in the UK have been fully utilised resulting in a current corporation tax charge of MSEK 209.5 (MSEK -). Corporation tax in Venezuela has historically been charged at 34% in accordance with the local tax legislation. During 2005, the Venezuelan tax authorities stated that companies utilising Operating Service Agreements (OSA) should pay tax under the hydrocarbon exploitation tax regime and issued tax assessments to all 32 OSA's operating in Venezuela for the period 2001 to 2004. The hydrocarbon exploitation regime carries a tax rate of 67% up to 2001 and 50% thereafter. Whilst Lundin Petroleum does not accept the change in tax regime, Lundin Petroleum has decided to comply with the demands of the Venezuelan tax authorities. Accordingly Lundin Petroleum has accrued and paid the tax assessed for the period up to 2004 of MSEK 15.0 and has accrued corporation tax at the higher rate for 2005 resulting in an additional charge for the year of MSEK 12.3.

The deferred corporate tax charge for the year ended 31 December 2005 of MSEK 647.1 (MSEK 295.6) comprises principally of a charge of MSEK 343.2 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 and a deferred tax charge in relation to the result on the sale and leaseback agreement for the Jotun vessel for an amount of MSEK 168.2. During 2004, a deferred tax asset was recorded for tax loss carry forwards in Tunisia to the extent that it was believed that they would be utilised. During the year ended 31 December 2005 the tax charge generated for Tunisia has exceeded the recorded provision necessitating the recording of a further deferred tax asset of MSEK 14.9 with a corresponding credit to the income statement to restore the deferred tax asset in relation to tax losses carry forward as at 31 December 2005.

The petroleum tax charge for the year ended 31 December 2005 amounts to MSEK 11.3 (MSEK -62.9). The deferred petroleum tax charge for the year ended 31 December 2005 amounts to MSEK -32.3 (MSEK 55.1).

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 31.5 and 78%. Currently the majority of the Group's profit is derived from the United Kingdom where the effective tax rate amounts to 40%. The effective tax rate for the Group for the year ended 31 December 2005 amounts to approximately 47%. The effective tax rate for the year ended 31 December 2005 excluding the Jotun sale and leaseback transaction and the cost relating to the write off for Nigeria amounts to approximately 38%.

The net result attributable to minority interest for the year ended 31 December 2005 amounted to MSEK 0.5 (MSEK 7.0) and relates to the 0.14% of Lundin International SA that is owned by minority shareholders. The comparative period included the 25% of OER that was not owned by the Group. The investment in OER was sold in November 2004.

Tangible fixed assets

Tangible fixed assets as at 31 December 2005 amounted to MSEK 5,827.0 (MSEK 4,334.0) of which MSEK 5,732.9 (MSEK 4,296.0) relates to oil and gas properties and are detailed in Note 7 to the Financial Statements. Development and exploration expenditure incurred for the year ended 31 December 2005 can be summarised as follows:

Development expenditure in MSEK	**1 Jan 2005– 31 Dec 2005 12 months**	**1 Oct 2005– 31 Dec 2005 3 months**	1 Jan 2004– 31 Dec 2004 12 months	1 Oct 2004– 31 Dec 2004 3 months
United Kingdom	619.8	159.3	702.3	187.1
France	24.2	6.9	85.1	30.7
Netherlands	49.0	18.2	44.3	22.0
Venezuela	35.5	8.0	12.7	2.7
Tunisia	72.5	38.9	3.9	1.4
Indonesia	59.8	5.4	22.9	6.6
Ireland	–	–	2.6	2.6
Norway	596.2	182.5	81.2	59.8
Development expenditure	**1,457.0**	**419.2**	955.0	312.9

Exploration expenditure in MSEK	**1 Jan 2005– 31 Dec 2005 12 months**	**1 Oct 2005– 31 Dec 2005 3 months**	1 Jan 2004– 31 Dec 2004 12 months	1 Oct 2004– 31 Dec 2004 3 months
France	16.8	10.5	41.1	7.8
Indonesia	61.2	23.5	63.6	19.8
Iran	6.0	0.6	51.9	9.9
Netherlands	16.6	9.1	24.7	6.3
Tunisia	2.0	1.2	–	–
Albania	24.5	20.6	4.1	2.4
Ireland	2.6	0.4	–	–
Norway	69.6	20.9	30.6	7.3
Sudan	7.8	5.3	5.6	1.1
Nigeria	158.2	7.0	–	–
United Kingdom	17.2	5.9	2.0	0.2
Other	12.8	1.1	9.2	1.6
Exploration expenditure	**395.3**	**106.1**	232.8	56.4

Other tangible fixed assets as at 31 December 2005 amounted to MSEK 94.1 (MSEK 38.0).

Financial fixed assets

Financial fixed assets as at 31 December 2005 amounted to MSEK 502.5 (MSEK 481.0) and are analysed in Note 8 to the Financial Statements. Restricted cash as at 31 December 2005 amounted to MSEK 23.8 (MSEK 35.7) and represents the cash amount deposited to support a letter of credit issued in support of exploration work commitments in Sudan. Restricted cash at 31 December 2004 included an additional amount of MSEK 15.9 deposited for the Iranian work commitments which was refunded during 2005. An amount of MUSD 4.1 deposited in the first quarter of 2005 in support of the work commitment in Nigeria was refunded in the fourth quarter of 2005. Shares and participations amount to MSEK 151.9 (MSEK 21.2) as at 31 December 2005. The increase during the period relates to the write up of book value of the investment in NOGAT to fair value in accordance with IFRS and to the shares in Island Oil and Gas plc that the Group received as consideration in relation to the sale of the interest in the Seven Heads gas field offshore Ireland. Under IFRS an unconsolidated investment must be recorded at its estimated fair value with any increase in value being recorded against equity. During the period the investments in NOGAT and Island Oil and Gas plc were written up by MSEK 99.1. Deferred financing fees relate to the costs incurred establishing the bank credit facility and are being amortised over the period of the loan. The deferred tax asset comprises tax losses carried forward in the Tunisia, France and Norway. The deferred tax asset as at 31 December 2004 included an amount of MSEK 240.7 for corporate tax loss carry forwards in the UK. This amount was utilised during the first half of 2005. Deferred taxes on tax losses are only recorded when there is a reasonable certainty of utilising them against future taxable income. Hedging instruments valued at fair value amounted to MSEK 1.8 (MSEK nil) and relate to the interest rate hedging contracts. Other financial fixed assets amount to MSEK 8.2 (MSEK 6.0) and are funds held by joint venture partners in anticipation of future expenditures.

Current receivables and inventories

Current receivables and inventories amounted to MSEK 1,043.5 (MSEK 768.9) as at 31 December 2005 and are analysed in Note 9 to the Financial Statements. Inventories include hydrocarbons and consumable well supplies. Trade receivables have increased from 31 December 2004 to 31 December 2005 primarily due to the higher average sale prices achieved in the fourth quarter of 2005. Taxes receivable as at 31 December 2005 amounted to MSEK 117.3 (MSEK 117.6) and related to tax refunds due in Norway and the Netherlands. Joint venture debtors amounted to MSEK 181.0 (MSEK 74.1) reflecting the development activities in progress in Norway, Tunisia and Indonesia.

Cash and bank

Cash and bank as at 31 December 2005 amounted to MSEK 389.4 (MSEK 268.4).

Provisions and other long term liabilities

Provisions as at 31 December 2005 amounted to MSEK 2,087.3 (MSEK 1,497.7) and are detailed in Note 10 to the Financial Statements. This amount includes a provision for site restoration of MSEK 329.2 (MSEK 296.0). The increase of this provision compared to 31 December 2004 is mainly caused by the devaluation of the SEK against the USD in addition to the unwinding of the provision during the year. The provision for deferred tax amounted to MSEK 1,735.1 (MSEK 1,166.1) and is mainly arising on the excess of book value over the tax value of oil and gas properties and the fair value of the hedging instruments.

Long term interest bearing debt

Long term interest bearing debt amounted to MSEK 736.2 (MSEK 1,343.0) as at 31 December 2005. On 16 August 2004, Lundin Petroleum entered into a seven-year credit facility agreement to borrow up to MUSD 385.0 comprising MUSD 35.0 for 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 350.0. The amount of cash drawings outstanding under the facility at 31 December 2005 amounted to MUSD 92.5.

Current liabilities

Current liabilities as at 31 December 2005 amounted to MSEK 1,256.3 (MSEK 641.4) and are detailed in Note 11 to the Financial Statements. Tax payables increased from 31 December 2004 to 31 December 2005 primarily due to the fact that tax losses carry forward in the UK have been fully utilised resulting in a current corporation tax charge and corresponding liability. Following the adoption of IAS 39 as at 1 January 2005, a liability has been recorded to recognise the market value of financial instruments outstanding at the reporting date. As at 31 December 2005, an amount of MSEK 196.2 (MSEK nil) has been accounted for and is primarily relating to the oil price hedging contracts. Joint venture creditors amounted to MSEK 389.9 (MSEK 203.8) and mainly relates to the development activities in progress in Norway, Tunisia and Indonesia.

Parent Company

The business of the Parent Company is investment in and management of oil and gas assets. The net result for the parent company amounted to a gain of MSEK 6.3 (MSEK -28.7) for the year ended 31 December 2005 and a gain of MSEK 2.0 (MSEK -10.3) for the fourth quarter of 2005.

The result included administrative expenses of MSEK 52.1 (MSEK 71.2) offset by net financial income and expenses of MSEK 39.6 (MSEK 30.8). Interest income derived from loans to subsidiary companies amounted to MSEK 37.2 (MSEK 29.9). Currency exchange gains amounted to MSEK 2.4 (MSEK 0.5).

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.

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. The amount of cash drawings outstanding at 31 December 2005 amounted to MUSD 92.5. The Group has entered into oil price, interest rate and currency hedges to remove a portion of market risk from the future cashflows. It is expected that the Group's operating cashflows will be sufficient to meet the Group's current development and exploration expenditure requirements.

Financial instruments

The Group has entered into the following interest rate hedging contracts to tie the LIBOR based floating rate part of the Company's USD borrowings to a fixed LIBOR rate of interest.

Contract date	USD Libor interest rate	Amount hedged	Start date	End date
10/2002	3.49%	85,000,000	4/1/2005	5/7/2005
10/2002	3.49%	75,000,000	5/7/2005	3/1/2006
10/2002	3.49%	65,000,000	3/1/2006	3/7/2006
10/2002	3.49%	55,000,000	3/7/2006	2/1/2007
3/2004	2.32%	40,000,000	1/4/2004	2/4/2007

The 3.49% interest rate contract, entered into in relation to a previous credit facility, became ineffective following the repayment and cancellation of that facility in 2003. As of 1 January 2004, this contract has been recorded at fair value with changes in fair value being recorded in the income statement. Following the repayment of the underlying portion of the loan in 2005, the 2.32% interest rate contract became ineffective in the fourth quarter of 2005. Changes in fair value of this contract are therefore charged to the income statement.

The Group has entered into the following oil price hedges.

Contract date	USD per barrel Dated Brent	Barrels per day	Start date	End date
3/2004	28.40	3,000	1/1/2005	31/12/2005
4/2004	29.60	3,000	1/2/2005	31/12/2005
1/2005	45.00	5,000	1/2/2005	31/12/2005
3/2005	51.00	5,000	8/3/2005	31/12/2005
3/2005	53.19	5,000	1/1/2006	31/12/2006
12/2005	61.40	5,000	1/1/2006	31/12/2006

Under the criteria of IAS 39, the oil price hedges are effective. Changes in fair value of these contracts are charged directly to the shareholders' equity. Upon settlement the relating part of the reserve is released to the income statement.

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 ran from 20 February 2005 until 20 November 2005. The total amount hedged amounted to MUSD 98.3, of which MUSD 66.2 related to GBP and MUSD 17.6 related to Euro. In July

2005 the Group entered into a new currency hedging contract for 2006 fixing the rate of exchange from USD into GBP for a total amount of MGBP 36.0. In September 2005 the Group entered into further currency hedging contracts for 2006 fixing the rate of exchange from USD into EUR for a total of MEUR 14.4. In November 2005 the Group entered into another currency hedging contract for 2006 fixing the rate of exchange from USD into CHF for a total of MCHF 10.0. The currency hedging contracts are treated as being ineffective. Changes in fair value of these contracts are directly charged to the income statement.

Changes in the board

At the AGM on 19 May 2005, Mrs Viveca Ax:son Johnson was elected as a new Director of the Board. All serving Directors were re-elected.

Share data

Lundin Petroleum AB's share capital at 31 December 2005 amounts to SEK 2,571,402 represented by 257,140,166 shares of nominal value SEK 0.01 each. Included in the number of shares issued at 31 December 2005 is an amount of 346,500 shares which had been issued but not registered.

The following stock options have been issued under the Group incentive program for employees. The stock options issued for 2002 and 2003 were issued at the average closing price of Lundin Petroleum shares for the ten days after the AGM. The stock options issued for 2004 and 2005 were issued at a 10% premium to the average closing price of Lundin Petroleum shares for the ten days after the AGM.

	Issued 2003	**Issued 2004**	**Issued 2005**
Exercise price (SEK)	10.10	45.80	60.20
Number authorised	3,400,000	2,250,000	3,000,000
Number outstanding	498,000	1,280,000	2,900,000
Exercise period	31 May 2004 – 31 May 2006	31 May 2005 – 31 May 2007	15 June 2006 – 31 May 2008

As at 31 December 2005, there was no convertible debt outstanding.

Exchange rates

For the preparation of financial statements for the year ended 31 December 2005, the following currency exchange rates have been used.

	Period average	Period end
1 EUR equals SEK	9.2800	9.3885
1 USD equals SEK	7.4550	7.9584

Accounting principles
As of 1 January 2005, Lundin Petroleum AB (publ) has adopted the International Financial Reporting Standards (IFRS). As from 2005, Lundin Petroleum issues its financial reports in accordance with these standards including one (restated) comparative year. The report for the year ended 31 December 2005 of Lundin Petroleum AB (publ) has been prepared in accordance with IAS 34, Interim Financial Reporting, and also includes IFRS 1, First-time Adoption of International Financial Reporting. The report has been prepared in accordance with prevailing IFRS standards and International Financial Reporting Standards Committee (IFRIC) interpretations adopted by the EU Commission at the end of September 2005.

The parent company applies the Swedish Financial Accounting Standards Council's new Recommendation 32 as from 1 January 2005. The accounting principles for the parent company are unchanged from previous year with the exception of accounting for share based payments, where the accounting principles in IFRS 2 as described below have been applied.

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

IFRS 2 – Share based payments: This standard has not been applied to the Group's incentive warrants programme granted before 7 November 2002. The 2004 programme granted after 7 November 2002 and not yet vested before 1 January 2005 has been recognised in line with this standard.
IFRS 3 – Business combinations: this standard has not been applied to business combinations prior to 1 March 2004.
IFRS 5 – Non current assets held for sale and discontinued operations: This standard has been 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 excluded translation differences that arose before the date of transition and included later translation differences.
IAS 39 – Financial instruments: This standard, as adopted by the EU, has been applied as from 1 January 2005 and therefore the comparatives have not been restated.

Accounting principles for the Group under IFRS compared to GAAP used for the 2004 financial statements changed in relation to the following standards:

IFRS 2
Under Swedish GAAP no compensation cost was recognised for any of the employee incentive warrants issued when the exercise price was equal to or at a premium to the market price at the time of issue.

IFRS 2 requires a charge to be recorded in the income statement to record the issue of employee stock options. The liability in relation to employee stock option programmes is valued at fair value at grant date of the options using the Black & Scholes option pricing method. The fair value of the option programme is charged to personnel costs over the vesting period. The fair value of the liability under the option programme may be adjusted during the vesting period resulting in a liability at fair value based on the actual number of options vested at the end of the vesting period.

As a result of the transition to IFRS, shareholders´equity as at 31 December 2004 included a liability of MSEK 10.7. The result for the year 2004 included a charge of MSEK 10.7 in the personnel costs.

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 was no change required to the 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 negative effect on shareholders' equity net of deferred tax at 1 January 2004 amounted to MSEK 11.5 and MSEK 4.6 at 31 December 2004. The positive effect net of deferred tax on the net result for the year ended 31 December 2004 amounted to MSEK 8.2.

IAS 36
Under GAAP used for the preparation of the 2004 financial statements, Lundin Petroleum has based their impairment testing on a country by country cost pool basis under the full cost method of accounting.

In accordance with IAS 36 impairment testing is carried out on a field by field cost pool basis. Exploration costs can no longer be carried as capitalised costs within a country cost pool unless the field costs can be supported by future cash flows from that field. If there is no decision to continue with a field specific exploration programme then the costs will be expensed.

Lundin Petroleum has incurred exploration costs in France and Indonesia which under the adoption of IFRS have been expensed in the financial statements for the comparative periods. The effect on shareholders' equity amounted to MSEK -16.1 net of deferred tax at 1 January 2004 and the impact on the result for the year ended 31 December 2004 amounted to MSEK -19.4 net of deferred tax.

IAS 32 and 39
Under Swedish GAAP, derivative financial instruments have been treated as off-balance sheet instruments.

IAS 32 and 39 deal with the recognition, measurement, disclosure and presentation 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 has adopted IAS 39 from 1 January 2005 and no restatement of prior periods results has been required.

In accordance with IAS 39 all derivative instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument. The Group designates the following derivative:

1. Fair value hedge
Changes in the fair value of derivatives that qualify as fair value hedging instruments are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability.

2. Cash flow hedge
The effective portion of changes in the fair value of derivatives that qualify as cash flow hedges are recognised in shareholders´ equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in shareholders´ equity are transferred to the income statement in the period when the hedged item will affect the income statement. When a hedging instrument no longer meets the requirements for hedge accounting, any accumulated gain or loss recognised in shareholders´ equity is transferred to the income statement.

3. Net investment hedge
Hedges of net investments in foreign operations are accounted for in a similar manner as cash flow hedges.

4. Derivatives that do no qualify for hedge accounting
In case certain derivatives do not qualify for hedge accounting, changes in fair value are recognised immediately in the income statement.

Lundin Petroleum had in 2004 and has in 2005 in place cash flow hedges by means of interest rate hedging contracts and oil price hedging contracts. Under Swedish GAAP, the oil price hedging contracts have been treated as off-balance sheet instruments, whereas IFRS requires valuing these contracts at fair value. The impact on the opening balance of the hedging reserve with shareholders' equity at 1 January 2005 amounted to MSEK 98.2 net of deferred tax. The impact on the financial fixed assets amounted to MSEK 64.5 mainly due to the related deferred tax assets, the impact on the current receivables amounted to MSEK 1.9 relating to a short term hedge asset and the impact on the current liabilities amounted to MSEK 162.3 in connection to short term hedge liabilities.

Expressed in TSEK	Note	**1 Jan 2005– 31 Dec 2005 12 months**	**1 Oct 2005– 31 Dec 2005 3 months**	1 Jan 2004– 31 Dec 2004 12 months	1 Oct 2004– 31 Dec 2004 3 months
Operating income					
Net sales of oil and gas	1	3,995,477	968,438	2,344,005	790,653
Other operating income		194,707	56,833	124,281	44,049
		4,190,184	**1,025,271**	2,468,286	834,702
Cost of sales					
Production costs	2	-1,310,905	-332,733	-1,074,491	-261,788
Depletion of oil and gas properties	3	-753,428	-174,467	-381,252	-154,536
Write off of oil and gas properties		-208,135	-167,290	-150,065	-146,286
Gross profit		**1,917,716**	**350,781**	862,478	272,092
Sale of assets		192,122	-2,677	98,192	98,192
Other income		6,438	1,082	17,710	12,563
General, administration and depreciation expenses		-103,118	-32,700	-129,978	-42,527
Operating profit		**2,013,158**	**316,486**	848,402	340,320
Financial income	4	44,012	14,531	58,492	68,570
Financial expenses	5	-196,461	-54,685	-60,033	-20,200
Profit before tax		**1,860,709**	**276,332**	846,861	388,690
Tax	6	-866,734	-168,191	-241,603	-175,089
Net result		**993,975**	**108,141**	605,258	213,601
Net result attributable to :					
shareholders of the parent company		993,507	108,075	598,245	214,418
minority interest		468	66	7,013	-817
Net result		**993,975**	**108,141**	605,258	213,601
Earnings per share – SEK[1]		3.89	0.42	2.37	0.85
Diluted earnings per share – SEK[1]		3.87	0.42	2.34	0.84

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

Reconciliation of net result from Swedish GAAP to IFRS in TSEK	1 Jan 2004– 31 Dec 2004 12 months	1 Oct 2004– 31 Dec 2004 3 months
Net result under Swedish GAAP	620,154	229,976
Reclassification of minority interest	7,013	-817
Share based payments	-10,712	-4,361
Effects of changes in functional currency	8,230	8,230
Impairment of assets	-22,359	-22,359
Taxes	2,932	2,932
Net result under IFRS	605,258	213,601

CONSOLIDATED BALANCE SHEET IN SUMMARY

Expressed in TSEK	Note	**31 Dec 2005**	31 Dec 2004	1 Jan 2005
ASSETS				
Tangible fixed assets				
Oil and gas properties	7	5,732,871	4,296,024	4,296,024
Other tangible fixed assets		94,136	38,001	38,001
Total tangible fixed assets		**5,827,007**	4,334,025	4,334,025
Financial fixed assets	8	**502,474**	481,041	545,547
Total fixed assets		**6,329,481**	4,815,066	4,879,572
Current Assets				
Current receivables and inventories	9	1,043,477	768,870	770,784
Cash and bank		389,415	268,377	268,377
Total current assets		**1,432,892**	1,037,247	1,039,161
Total assets		**7,762,373**	5,852,313	5,918,733
TOTAL EQUITY AND LIABILITIES				
Shareholders' equity including net result for the period		3,679,616	2,367,282	2,269,088
Minority Interest		3,050	2,931	2,931
Total Equity		**3,682,666**	2,370,213	2,272,019
Long term liabilities				
Provisions	10	2,087,250	1,497,692	1,499,975
Long-term interest bearing debt		736,151	1,343,021	1,343,021
Total long term liabilities		**2,823,401**	2,840,713	2,842,996
Current liabilities	11	**1,256,306**	641,387	803,718
Total shareholders' equity and liabilities		**7,762,373**	5,852,313	5,918,733
Pledged assets		1,128,763	1,124,388	1,124,388
Contingent liabilities		–	–	–

The balance sheet as at 1 January 2005 has been included to show the impact of the adoption of IAS 39 applied as of 1 January 2005.

Expressed in TSEK	Share Capital	Paid in capital/ Other reserves	Retained earnings	Net result	Minority interest	Total equity
Balance at 1 January 2004	2,515	984,112	-103,265	930,229	20,036	1,833,627
Transfer of prior year net result	–	–	930,229	-930,229	–	–
Issuance of shares	22	16,013	–	–	–	16,035
Employee stock option expense	–	–	10,712	–	–	10,712
Currency translation difference	–	-30,947	-40,354	–	-136	-71,437
Disinvestments	–	–	–	–	-23,982	-23,982
Net result	–	–	–	598,245	7,013	605,258
Balance at 31 December 2004	2,537	969,178	797,322	598,245	2,931	2,370,213
Transfer of prior year net result	–	–	598,245	-598,245	–	–
Adjustment for IAS 39	–	-98,194	–	–	–	-98,194
Issuance of shares	34	59,241	–	–	–	59,275
Change in hedge reserve	–	-63,322	1,391	–	–	-61,931
Fair value adjustment	–	99,109	–	–	–	99,109
Release of employee stock option expense	–	6,575	-6,575	–	–	–
Employee stock option expense	–	–	18,981	–	–	18,981
Currency translation difference	–	105,808	195,779	–	531	302,118
Investments	–	–	–	–	-880	-880
Net result	–	–	–	993,507	468	993,975
Balance at 31 December 2005	**2,571**	**1,078,395**	**1,605,143**	**993,507**	**3,050**	**3,682,666**

Reconciliation of equity from Swedish GAAP to IFRS

in TSEK	1 Jan 2004	31 Dec 2004	1 Jan 2005
Total equity under Swedish GAAP	1,841,195	2,407,375	2,407,375
Reclassification of minority interest	20,036	2,931	2,931
Change in functional currency	-11,547	-4,610	-4,610
Impairment of assets	-16,057	-35,483	-35,483
Adjustment for IAS 39	–	–	-98,194
Total equity under IFRS	1,833,627	2,370,213	2,272,019

GROUP CASH FLOW STATEMENT IN SUMMARY

Expressed in TSEK	**1 Jan 2005– 31 Dec 2005 12 months**	**1 Oct 2005– 31 Dec 2005 3 months**	1 Jan 2004– 31 Dec 2004 12 months	1 Oct 2004– 31 Dec 2004 3 months
Cash flow from operations				
Net result	993,975	108,141	605,258	213,601
Adjustment for depletion and other non cash related items	1,436,152	587,254	816,454	409,182
Changes in working capital	111,217	5,048	-251,549	-39,508
Total cash flow from operations	**2,541,344**	**700,443**	1,170,163	583,275
Investment in subsidiary assets	-236	–	-1,220,191	14,657
Sale of assets	192,122	-2,677	226,731	226,731
Change in other financial fixed assets	16,850	29,620	2,092	2,092
Other payments	-13,419	450	-1,219	-1,219
Investment in oil and gas properties	-1,852,415	-526,184	-1,628,813	-374,219
Investment in other fixed assets	-56,327	-19,831	-30,423	-26,613
Total cash flow used for investments	**-1,713,425**	**-518,622**	-2,651,823	-158,571
Changes in long-term liabilities	-822,240	-141,739	1,464,797	-472,949
Paid financing fees	–	–	-28,260	-3,390
Proceeds from share issues	59,275	13,173	16,035	1,864
Total cash flow from/used for financing	**-762,965**	**-128,566**	1,452,572	-474,475
Change in cash and bank	64,954	53,255	-29,088	-49,771
Cash and bank at the beginning of the period	268,377	324,597	301,589	318,308
Currency exchange difference in cash and bank	56,084	11,563	-4,124	-160
Cash and bank at the end of the period	**389,415**	**389,415**	268,377	268,377

Note 1. Segmental information, TSEK	**1 Jan 2005– 31 Dec 2005 12 months**	**1 Oct 2005– 31 Dec 2005 3 months**	1 Jan 2004– 31 Dec 2004 12 months	1 Oct 2004– 31 Dec 2004 3 months
Net sales of oil and gas				
Sale of crude oil				
- United Kingdom	2,908,682	749,095	1,128,193	539,650
- France	629,842	165,796	426,457	77,386
- Norway	140,713	33,531	243,808	28,930
- Indonesia	179,673	42,715	149,645	20,089
- Tunisia	153,751	1,055	194,746	95,255
	4,012,661	**992,192**	2,142,849	761,310
Sale of condensate				
- Netherlands	3,467	1,308	10,143	2,061
- Indonesia	1,234	110	–	–
- Norway	–	–	3,368	713
- United Kingdom	36,527	10,324	20,007	13,229
	41,228	**11,742**	33,518	16,003
Sale of gas				
- Netherlands	229,617	69,357	175,729	46,626
- Ireland	5,776	51	23,372	2,416
- Indonesia	1,328	333	4,129	861
- Norway	1,746	567	2,851	115
	238,467	**70,308**	206,081	50,018
Service fee				
- Venezuela	127,408	31,087	114,797	27,264
Oil price hedging settlement	-424,287	-136,891	-153,240	-63,942
	3,995,477	**968,438**	2,344,005	790,653
Operating profit contribution, TSEK				
United Kingdom	1,397,827	353,147	437,941	357,188
France	277,100	69,850	151,547	17,182
Norway	267,559	12,496	167,909	79,494
Netherlands	62,206	29,230	81,487	15,895
Venezuela	57,146	11,778	62,397	15,805
Indonesia	119,655	28,564	58,168	-21,428
Tunisia	57,899	-7,592	66,205	17,562
Ireland	4,222	883	8,902	1,227
Nigeria	-158,174	-158,174	–	–
Iran	-6,078	-595	-132,051	-132,051
Other	-66,204	-23,101	-54,103	-10,554
	2,013,158	**316,486**	848,402	340,320

Note 2. Production costs, TSEK	**1 Jan 2005– 31 Dec 2005 12 months**	**1 Oct 2005– 31 Dec 2005 3 months**	1 Jan 2004– 31 Dec 2004 12 months	1 Oct 2004– 31 Dec 2004 3 months
Costs of operations	1,107,591	308,162	908,909	238,756
Tariff and transportation expenses	133,492	33,371	118,702	41,830
Royalty and direct taxes	35,805	8,438	28,045	9,033
Changes in inventory/overlift position	34,017	-17,238	18,835	-27,831
	1,310,905	**332,733**	1,074,491	261,788

Note 3. Depletion of oil and gas properties, TSEK	**1 Jan 2005– 31 Dec 2005 12 months**	**1 Oct 2005– 31 Dec 2005 3 months**	1 Jan 2004– 31 Dec 2004 12 months	1 Oct 2004– 31 Dec 2004 3 months
United Kingdom	508,519	113,054	175,680	104,260
France	67,651	17,681	55,665	13,458
Norway	26,663	7,248	38,328	9,947
Netherlands	70,834	18,366	61,669	15,501
Venezuela	44,738	10,501	28,688	5,961
Indonesia	16,192	3,754	8,903	3,198
Tunisia	18,831	3,863	12,319	2,211
	753,428	**174,467**	381,252	154,536

Note 4. Financial income, TSEK	**1 Jan 2005– 31 Dec 2005 12 months**	**1 Oct 2005– 31 Dec 2005 3 months**	1 Jan 2004– 31 Dec 2004 12 months	1 Oct 2004– 31 Dec 2004 3 months
Interest income	31,195	11,352	11,468	4,008
Dividend	12,817	3,179	10,899	3,215
Foreign exchange gains, net	-	-	36,125	61,347
	44,012	**14,531**	58,492	68,570

Note 5. Financial expenses, TSEK	**1 Jan 2005– 31 Dec 2005 12 months**	**1 Oct 2005– 31 Dec 2005 3 months**	1 Jan 2004– 31 Dec 2004 12 months	1 Oct 2004– 31 Dec 2004 3 months
Loan interest expense	45,003	5,394	53,092	27,442
Change in market value interest rate hedge	-7,949	-199	-17,171	-11,938
Unwind site restoration discount	17,082	4,489	14,503	692
Amortisation of deferred financing fees	15,182	4,964	7,224	2,376
Foreign exchange losses, net	121,971	38,999	–	–
Other financial expenses	5,172	1,038	2,385	1,628
	196,461	**54,685**	60,033	20,200

Note 6. Tax, TSEK	**1 Jan 2005– 31 Dec 2005 12 months**	**1 Oct 2005– 31 Dec 2005 3 months**	1 Jan 2004– 31 Dec 2004 12 months	1 Oct 2004– 31 Dec 2004 3 months
Current corporate tax	240,653	79,750	-46,086	14,903
Deferred corporate tax	647,131	131,462	295,556	158,280
Current petroleum tax	11,270	-3,577	-62,939	-13,374
Deferred petroleum tax	-32,320	-39,444	55,072	15,280
	866,734	**168,191**	241,603	175,089

Note 7. Oil and gas properties, TSEK	**Book amount 31 Dec 2005**	Book amount 31 Dec 2004
United Kingdom	2,560,154	2,034,820
France	844,738	838,521
Norway	1,237,580	548,711
Netherlands	470,630	486,622
Venezuela	219,183	190,617
Indonesia	232,339	92,809
Tunisia	99,085	41,073
Ireland	2,622	31,419
Sudan	28,865	20,909
Albania	30,269	4,085
Others	7,406	6,438
	5,732,871	4,296,024

Note 8. Financial fixed assets, TSEK	**Book amount 31 Dec 2005**	Book amount 31 Dec 2004
Shares and participations	151,928	21,153
Restricted cash	23,827	35,722
Deferred financing fees	18,905	21,797
Deferred tax asset	297,788	396,347
Hedging assets	1,825	–
Other financial fixed assets	8,201	6,022
	502,474	481,041

Note 9. Current receivables and inventories, TSEK	**Book amount 31 Dec 2005**	Book amount 31 Dec 2004
Inventories	99,943	88,568
Trade receivables	523,315	366,105
Underlift	49,482	35,073
Corporation tax	117,283	117,587
Joint venture debtors	180,989	74,055
Other current assets	72,465	87,482
	1,043,477	768,870

Note 10. Provisions, TSEK	**Book amount 31 Dec 2005**	Book amount 31 Dec 2004
Site restoration	329,173	296,024
Pension	13,810	14,518
Deferred taxes	1,735,058	1,166,132
Other	9,209	21,018
	2,087,250	1,497,692

Note 11. Current liabilities, TSEK	**Book amount 31 Dec 2005**	Book amount 31 Dec 2004
Trade payables	135,394	72,701
Overlift	67,911	45,562
Tax payables	117,691	35,350
Accrued expenses	295,736	225,892
Acquisition liabilities	38,615	37,102
Hedging liabilities	196,164	–
Joint venture creditors	389,896	203,819
Other current liabilities	14,899	20,961
	1,256,306	641,387

PARENT COMPANY INCOME STATEMENT IN SUMMARY

Expressed in TSEK	**1 Jan 2005– 31 Dec 2005 12 months**	**1 Oct 2005– 31 Dec 2005 3 months**	1 Jan 2004– 31 Dec 2004 12 months	1 Oct 2004– 31 Dec 2004 3 months
Service income	18,776	7,335	11,547	2,373
Gross profit	**18,776**	**7,335**	11,547	2,373
Other income	–	–	213	–
General and administrative expenses	-52,141	-16,468	-71,228	-18,786
Operating loss	**-33,365**	**-9,133**	-59,468	-16,413
Financial income	39,846	11,391	30,795	6,072
Financial expenses	-216	-216	–	–
Net result before tax	**6,265**	**2,042**	-28,673	-10,341
Tax	–	–	–	–
Net result	**6,265**	**2,042**	-28,673	-10,341

PARENT COMPANY BALANCE SHEET IN SUMMARY

Expressed in TSEK	**31 December 2005**	31 December 2004
ASSETS		
Financial fixed assets	**875,237**	800,036
Total fixed assets	**875,237**	800,036
Current Assets		
Current receivables	11,136	3,454
Cash and bank	10,856	10,289
Total current assets	**21,992**	13,743
Total assets	**897,229**	813,779
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity including net result for the period	893,260	808,739
Current liabilities	3,969	5,040
Total shareholders' equity and liabilities	**897,229**	813,779
Pledged assets	1,128,763	1,124,388
Contingent liabilities	–	–

PARENT COMPANY CASH FLOW STATEMENT IN SUMMARY

Expressed in TSEK	**1 Jan 2005– 31 Dec 2005 12 months**	**1 Oct 2005– 31 Dec 2005 3 months**	1 Jan 2004– 31 Dec 2004 12 months	1 Oct 2004– 31 Dec 2004 3 months
Cash flow from operations				
Net result	6,265	2,042	-28,673	-10,341
Adjustment for non cash related items	16,780	15,528	9,356	5,008
Changes in working capital	-9,063	-186	-997	11,740
Total cash flow from/used in operations	**13,982**	**17,384**	-20,314	6,407
Changes in loans to subsidiary companies	-72,911	-25,322	-99,492	-2,216
Investment in fixed assets	–	–	62	–
Total cash flow used for/from investments	-72,911	-25,322	-99,430	-2,216
Proceeds from share issue	59,275	13,173	16,035	1,864
Total cash flow from financing	**59,275**	**13,173**	16,035	1,864
Change in cash and bank	346	5,235	-103,709	6,055
Cash and bank at the beginning of the period	10,289	5,082	112,609	4,882
Currency exchange difference Bank	221	539	1,389	-648
Cash and bank at the end of the period	**10,856**	**10,856**	10,289	10,289

STATEMENT OF CHANGES IN PARENT COMPANY EQUITY

Expressed in TSEK	**Share Capital**	**Restricted reserves**	**Net result**	**Total equity**
Balance at 1 January 2004	2,515	958,297	-150,147	810,665
Transfer of prior year net result	–	-150,147	150,147	–
Issuance of shares	22	16,013	–	16,035
Employee stock option expense	–	10,712	–	10,712
Net result	–	–	-28,673	-28,673
Balance at 31 December 2004	2,537	834,875	-28,673	808,739
Transfer of prior year net result	–	-28,673	28,673	–
Issuance of shares	34	59,241	–	59,275
Employee stock option expense	–	18,981	–	18,981
Net result	–	–	6,265	6,265
Balance at 31 December 2005	**2,571**	**884,424**	**6,265**	**893,260**

GROUP	**1 Jan 2005– 31 Dec 2005 12 months**	**1 Oct 2005– 31 Dec 2005 3 months**	1 Jan 2004– 31 Dec 2004 12 months	1 Oct 2004– 31 Dec 2004 3 months
Return on equity, %[1]	33	3	29	9
Return on capital employed, %[2]	49	7	32	14
Debt/equity ratio, %[3]	9	9	45	45
Equity ratio, %[4]	47	47	41	41
Share of risk capital, %[5]	70	70	60	60
Interest coverage ratio, %[6]	4,231	3,796	2,276	3,031
Operating cash flow/interest expenses, %[7]	5,833	8,244	3,862	4,308
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 total equity in relation to the balance sheet total.

5 Share of risk capital is defined as the sum of the total equity and the deferred tax provision divided by the 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.

GROUP	**1 Jan 2005– 31 Dec 2005 12 months**	**1 Oct 2005– 31 Dec 2005 3 months**	1 Jan 2004– 31 Dec 2004 12 months	1 Oct 2004– 31 Dec 2004 3 months
Shareholders' equity, SEK[1]	14.32	14.32	9.34	9.34
Operating cash flow, SEK[2]	10.22	2.39	5.89	2.23
Cash flow used in operations, SEK[3]	9.89	9.84	4.59	2.28
Earnings, SEK[4]	3.89	0.42	2.39	0.84
Earnings, (fully diluted), SEK[5]	3.87	0.42	2.37	0.83
Dividend, SEK	–	–	–	–
Quoted price at the end of the financial period (regards the parent company), SEK	85.00	85.00	38.20	38.20
Number of shares at period end	257,140,166	257,140,166	253,748,366	253,748,366
Weighted average number of shares for the period[6]	255,685,730	256,305,872	252,727,926	253,714,373
Weighted average number of shares for the period (fully diluted) [5]	256,974,123	258,219,903	255,134,255	256,207,494

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 fully diluted weighted average number of shares for the period. Operating cash flow differs from cash flow from operations in accordance with the consolidated statement of cash flows due to the exclusion from operating cash flow of the cash flow effect of other income, general and administration expenses, financial income and expenses and changes in working capital.

3 Cash flow from operations per share is defined as cash flow used in operations in accordance with the consolidated statement of cash flow divided by the fully diluted 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 reports:

- The three months report (January – March 2006) will be published on 16th May 2006
- The six months report (January – June 2006) will be published on 16th August 2006
- The nine months report (January – September 2006) will be published on 15th November 2006

Estimated distribution of the annual report 2005 will be April 2006 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 on 17 May 2006 at Berns in Stockholm

Stockholm 22 February 2006

Ashley Heppenstall, President and CEO

The financial information relating to the fourth quarter has not been subject to review by the auditors of the company.

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