Lundin Petroleum AB – Press release

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

21st February 2007

YEAR END REPORT 2006

	1 Jan 2006- 31 Dec 2006 12 months	1 Oct 2006- 31 Dec 2006 3 months	1 Jan 2005- 31 Dec 2005 12 months	1 Oct 2005- 31 Dec 2005 3 months
Production in mboepd	29.7	34.5	33.2	30.9
Operating income in MSEK	4,414.5	1,138.7	4,190.2	1,025.3
Net profit in MSEK	794.4	195.9	994.0	108.1
Earnings/share in SEK	2.83	0.62	3.89	0.42
Diluted earnings/share in SEK	2.81	0.62	3.87	0.42
EBITDA in MSEK	2,731.5	558.9	2,782.6	660.9
Operating cash flow in MSEK	2,271.0	618.1	2,627.4	616.4

Listen to President & CEO Ashley Heppenstall and CFO Geoff Turbott comment on the report at the live broadcast presentation 21st February at 08.00 CET.

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

Lundin Petroleum is a Swedish independent oil and gas exploration and production company with a well balanced portfolio of world-class assets in Europe, Africa, Russia and the Far East. The Company is listed at the Nordic Exchange, Sweden (ticker "LUPE"). Lundin Petroleum has existing proven and probable reserves of 176.4 million barrels of oil equivalent (mmboe) as at 1 January 2007.

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Visit our website: www.lundin-petroleum.com

Dear fellow shareholders,

After four continuous years of exceptional growth driven by increases in reserves and production, Lundin Petroleum in 2006 was impacted by production shortfalls and delays to our exploration drilling programme. Nevertheless there were many positives for us in 2006 with the successful start-up of production from the Oudna field, offshore Tunisia, the acquisition of Valkyries Petroleum Corporation (Valkyries) creating a new core area in Russia, further asset acquisitions in the North Sea and Indonesia and new exploration deals completed in the United Kingdom, Vietnam, Ethiopia and Congo (Brazzaville).

We achieved our year end production target of 40,000 boepd following the start-up of production from the Oudna field, offshore Tunisia and our active development programme particularly at the Alvheim field, offshore Norway will increase our production levels to 50,000 boepd by the end of 2007. I firmly believe that 2006 was a short term aberration in what will be Lundin Petroleum's continued long term growth story which has and will continue to deliver increases in shareholder value.

Financial Performance
Lundin Petroleum generated a net profit after taxes of MSEK 794 (MUSD 108) for the year ended 31 December 2006. Operating cash flow for the period was MSEK 2,271 (MUSD 308) and earnings before interest, tax and depreciation (EBITDA) was MSEK 2,732 (MUSD 371).

Reserves
We continue to believe in strong oil prices and as such our ability to increase reserves and production will be the key to our success. In 2006 we increased our reserves by 29 percent to 176.4 million barrels of oil equivalent. This increase came from both acquisition activity and the organic replacement of reserves from our existing asset base. We produced a reserve replacement ratio of 122 percent from organic growth with our operations in France and Norway the primary contributors from development drilling activity, exploration success and new field development plans.

Production
Our 2006 production was always forecast to have limited growth compared to 2005. However our 2006 production of 29,400 boepd was below forecast due to United Kingdom facility related shortfalls, delays to United Kingdom development drilling and the conversion of our Venezuelan asset to an equity investment.

The loss of water injection capacity on the Heather platform in the United Kingdom had a major impact on Broom field production during the year and whilst having no impact on reserves it highlights the importance of facilities performance on older platforms. I am pleased that the Broom field production has in late 2006 and into 2007 exceeded expectations with good performance from the water injection facilities.

The highlight of 2006 was the successful start-up of production from the Oudna field, offshore Tunisia. Following commissioning of the artificial lift and water injection facilities in December 2006, gross production from the field has averaged well in excess of 20,000 bopd. The successful development of the Oudna field clearly highlights how previously uneconomic fields can be developed profitably in a higher oil price environment using focused subsurface and facilities personnel. We will seek to use this model to develop other existing discoveries in our portfolio which have previously remained undeveloped.

Lundin Petroleum is forecasting average production for 2007 at 41,000 boepd assuming production start-up of the Alvheim field at mid–year. I am pleased that 2007 production has commenced on a positive note with January production levels in excess of 42,000 boepd driven by out-performance of the Oudna and Broom fields.

Development
We continue to proactively invest in our asset base to generate production growth. Despite an increasing cost environment in our industry due particularly to equipment and personnel shortages we believe that in today's higher oil price environment there are many profitable investment opportunities within our portfolio.

The Alvheim field development which is one of the largest ongoing oil developments in Norway today is progressing very well and we are on track to achieve first oil in the second quarter 2007. The ongoing development drilling programme on Alvheim has already delivered reserve increases and I am confident that the greater Alvheim area will yield further reserves from existing fields as well as from the excellent exploration potential in the area. The Volund field development plan has now been approved by the Norwegian Government and is projected to be onstream through the Alvheim facilities in 2009.

In the United Kingdom we are also investing heavily in our ageing platform infrastructure. We believe that with proactive subsurface focus and using modern seismic imaging techniques the ultimate reserve recoverability of old fields such as Thistle and Heather can be increased. However to produce these late life incremental barrels we need to take a long term investment view believing in sustained high oil prices and making capital investments on our infrastructure to ensure that our facilities are able to handle these additional barrels. We have committed to a redevelopment of the Thistle platform last year and will in

2007 acquire new 3-D seismic data as well as bring the Thistle platform rig back into service to enable a 2008 drilling campaign.

In France we continue to invest in existing producing fields and in 2007 will complete a four well horizontal infill drilling programme on the Villeperdue field using underbalanced drilling techniques.

Our recently acquired acreage in Congo (Brazzaville) already contains existing discovered undeveloped fields left behind by the majors and we will seek to use the same proactive development planning approach which was successful with the Oudna field to try to commercialise such discoveries.

Exploration
Lundin Petroleum remains firmly committed to creating shareholder value through exploration. In 2006 the East Kameleon well in the Alvheim area of Norway was successful. However the delays to our high impact drilling programme in Sudan, Norway and Russia was disappointing and are symptomatic of a tight rig and equipment market. In addition the operating environment in Sudan and Russia is challenging from a logistical perspective where we are seeking to drill wells in swamp and shallow water environments and this also had an impact on our schedule.

2007 will be a record year in terms of exploration activity for Lundin Petroleum. We will be drilling 19 exploration wells at a cost of USD 230 million targeting unrisked exploration potential of 1.4 billion barrels. We are drilling eight wells in the North Sea where rig capacity is secured for all wells. We are working very hard to progress our high potential exploration programmes in Russia and Sudan where drilling is planned to commence in 2007. These are both world class exploration projects with the potential to have a major positive impact on the value of Lundin Petroleum.

We were also active on the New Ventures front in 2006 signing new areas in Vietnam, Ethiopia and Congo (Brazzaville). The business cycle in our industry is long through exploration, appraisal, development and production and as such we are constantly seeking to generate new areas for exploration which will be the fuel for further organic growth in future years.

Acquisitions
The acquisition market remains tight and extremely competitive. Buyers continue to place significant value on soft assets as a means of securing deals. Lundin Petroleum believes it has the technical capability to generate such soft value internally and as such has competed in few competitive auction processes.

Nevertheless, 2006 was still quite active on the acquisition front. We were successful in completing the acquisition of Valkyries which has created a new core area for Lundin Petroleum in Russia. We acquired a portfolio of producing, development and exploration assets which will be a platform for future growth in the country.

We also acquired during 2006 a 40% interest in the Peik undeveloped gas/condensate field in the greater Alvheim area straddling the United Kingdom/Norway border. In today’s higher commodity price environment such fields which have remained undeveloped by larger companies represent an opportunity for smaller companies with the requisite technical and financial capacity. These projects are sufficiently material to Lundin Petroleum for us to devote the required management time to make them succeed.

We will continue to look at acquisitions as a mechanism to supplement our organic growth. We will focus on deals where we believe we have a competitive advantage whether through local knowledge or other specific skills. Conversely if we believe it is the best way to create shareholder value we will also consider strategic options. For example, we are currently looking at strategic options in relation to our UK and Norwegian assets, which we believe could unlock shareholder value.

Oil Markets
World oil prices have weakened from record highs during 2006. However, little has fundamentally changed in respect of the long term supply and demand position and therefore we believe oil prices will remain high. World oil demand continues to grow fuelled by growth in the developing world. OPEC will also now support oil prices in excess of $50/bbl but we believe this will not be necessary as prices will be driven by the underlying supply and demand. Our view is that there is a higher probability of price increases today than decreases. We live in a world of ever increasing demand, questionable supply where production continues to exceed new discoveries and where geopolitical events have the potential to further impact this imbalance.

The world is waking up to the important challenge of addressing climate change, the need for energy conservation and investment in renewable and nuclear energy. At Lundin Petroleum we seek to reduce our CO2 emissions and use sound technologies to have a minimal impact on the environment. However, given that 70 percent of oil demand today is for transportation, until substantial progress is made in developing alternative energy sources and a viable substitute is found for gasoline, the world will continue to be reliant and dependant on oil for the foreseeable future.

Cost increases within the oil industry are a real issue. Shortages of rigs, equipment, services and personnel have resulted in material double digit inflation. This cost inflation is impacting on project economics despite high oil price assumptions. Over time these imbalances will stabilise pricing as new investments are made in the service sector but this will take time. However, we remain firmly committed to a proactive investment strategy as ultimately we believe increases to reserves and production will generate increased shareholder value.

Adolf H. Lundin
I would like to close this letter by paying tribute to our founder and Honorary Chairman Adolf Lundin who died in late 2006.

Adolf was an exceptional individual and an inspiration for many people associated with his companies including myself. Ever positive until the end, he was a firm believer that the whole world will become a better place through economic growth and development. On our many trips together around the world to impoverished places such as Sudan and Congo it was very clear that Adolf saw the development of such countries' mineral wealth as a win-win situation. For the brave entrepreneur there was an investment opportunity but at the same time by working in tandem with the local stakeholders there was an opportunity for local communities to develop a better life. The situation in such countries is not straightforward but Adolf believed that continued engagement from responsible companies was the way forward and we at Lundin Petroleum will continue to follow that philosophy to ensure benefits for our host countries as well as our shareholders.

On the behalf of the Board I would also like to thank Carl Bildt for his support and guidance over the past few years and wish him the very best in his new position as Minister of Foreign Affairs for Sweden.

Thanks to all our staff around the world for their continued commitment and hard work.

Best regards,

C. Ashley Heppenstall
President & CEO

OPERATIONS

United Kingdom

The net production to Lundin Petroleum for the year ended 31 December 2006 was 16,700 barrels of oil equivalent per day (boepd) representing over 55% of the total production for the Group.

Net production from the Broom field (Lundin Petroleum working interest (WI) 55%) averaged 10,400 boepd during the period. Production during the fourth quarter of 2006 exceeded expectations and averaged 9,600 boepd. The restoration of two water injection pump operations ensured that despite increasing water cut, oil production continued to increase from the second quarter as the reservoir was re-pressurised.

A 3-D seismic acquisition was successfully completed during the first half of 2006 over the Broom, Heather and South West Heather fields. The results of the Broom seismic will be incorporated into a revised reservoir simulation model during the first half of 2007 using actual field production data. Further infill drilling will be completed on the Broom field during the second half of 2007 for which rig capacity has been secured.

Production from the Heather field (WI 100%) averaged 2,200 boepd during the year ended 31 December 2006. Limited water injection capacity continued to have a negative impact on production as the majority of capacity was allocated to the Broom field. The project to reinstall the Heather platform drilling rig was successfully completed in 2006. A drilling programme commenced with the drilling of the first Heather infill well which is currently producing at approximately 300 bopd. The drilling programme continues with the drilling of a well to test the potential of the non-producing Heather Triassic reservoir. Further Heather drilling will then be postponed until 2008 to provide accommodation space for facilities projects on the Heather platform.

Net production from the Thistle field (WI 99%) averaged 4,100 boepd during the year ended 31 December 2006. Whilst production during the fourth quarter of 2006 was lower due to a planned shutdown, the Thistle production performance continues to outperform due to improved water injection rates following earlier capital investment programmes. Lundin Petroleum has commenced a long-term investment programme to redevelop the Thistle field. The redevelopment involves the reinstallation of the Thistle drilling rig and a 3-D seismic programme on Thistle in 2007 as well as further facilities investment to ensure an extended life for the Thistle platform.

In the third quarter of 2006 Lundin Petroleum acquired various working interests in seven exploration licenses in the North Sea from Palace Exploration Company (E & P) Limited of which Lundin Petroleum will assume operatorship in four of the licenses. The acquisition received UK Government approval in December 2006. The proposed work programme on the acquired licenses includes the drilling of five exploration wells in 2007 for which rig capacity has been secured for all wells.

Norway

Net production from the Jotun field (WI 7%) offshore Norway averaged approximately 900 boepd during the year ended 31 December 2006. A three well infill drilling programme on Jotun was completed in the fourth quarter of 2006. The first well came on production in November 2006 with a consequent positive impact on production but the remaining two wells were unsuccessful.

The development of the Alvheim field (WI 15%) offshore Norway continues to progress satisfactorily. Development drilling is ongoing and will continue into 2008. In tandem, the Alvheim FPSO is in Norway undergoing final topsides installation and subsea installation is now substantially complete. First production from the Alvheim field is expected in the second quarter of 2007 at a forecast net plateau production rate of 12,750 boepd. During the third quarter of 2006, the East Kameleon exploration well was successfully drilled as an oil and gas discovery proving up the north eastern extension of the Alvheim field complex. This successful well coupled with further technical work led to reserve increases in the Alvheim field at year end where gross reserves are now 190 million barrels of oil equivalent.

A plan of development for the Volund field (WI 35%) was submitted to the Norwegian Government in the third quarter of 2006 and approved in January 2007. Volund will be developed as a subsea tie back to the Alvheim FPSO with three production and one water injection wells. First production of oil and gas is forecasted in 2009 at an initial rate of 8,000 boepd net to Lundin Petroleum.

As detailed above the East Kameleon exploration well (WI 15%) was confirmed as a discovery. Exploration drilling on the Luno prospect in PL338 (WI 50%) operated by Lundin Petroleum has been delayed until the first half of 2007 due to rig delivery issues. This well will be part of a three well 2007 exploration programme in Norway also including PL335 (WI 18%) and PL292 (WI 40%). Rig capacity is secured for all wells.

France

In the Paris Basin production averaged 2,700 boepd for the year ended 31 December 2006. An ongoing programme of workovers and well intervention has yielded a positive impact on production particularly from the Rhetien fields. A four well infill drilling programme on the Villeperdue field (WI 100%) commenced during the third quarter of 2006 and will be completed in 2007. The exploration well

Chevigny-1 in the Val des Marais concession (WI 50%) drilled in July 2006 was plugged and abandoned as a dry hole.

In the Aquitaine Basin (WI 50%) the net production was 1,000 boepd during the period.

Indonesia

Salawati Island and Basin (Papua)
The net production from Salawati (Salawati Island WI 14.5% and Salawati Basin WI 25.9%) was 2,500 boepd during the period. First production from the TBA field offshore Salawati Island was achieved during the third quarter of 2006 following the successful installation of a FPSO facility. The TBA field is currently producing at approximately 700 boepd net to Lundin Petroleum.

Banyumas (Java)
The Jati-1 exploration well (WI 25%) was plugged and abandoned as uncommercial in the first half of 2006.

Blora (Java)
The Tengis-1 exploration well (WI 43.3%) has been delayed due to issues associated with field regulatory approvals and will now be drilled in 2007.

Lematang (South Sumatra)
A plan of development for the Singa gas field (WI 25.88%) was approved by the Indonesian regulatory authorities in the fourth quarter of 2006.

A gas sales agreement is currently being negotiated to supply gas to customers in West Java. First gas from the Singa development is forecast for 2009.

Lundin Petroleum signed an agreement in June 2006 to acquire an additional 10% working interest in the Lematang block from Serica Energy plc for USD 5 million. The deal was completed in February 2007 and Lundin Petroleum now owns a 25.88% working interest in the Lematang block containing the Singa field.

The Netherlands

Gas production from the Netherlands for the period averaged 2,100 boepd. Production for the fourth quarter of 2006 was back to expected levels after low demand during the summer months.

Tunisia

The Oudna field (WI 50%) development was successfully completed in November 2006 with commencement of first oil production. During the third quarter of 2006 the re-classification and upgrading work on the Ikdam FPSO was completed in the Malta drydocks. Production start-up was delayed due to flowline damage, which happened during offshore installation and which has now been successfully repaired. Full production rates at in excess of 10,000 bopd net to Lundin Petroleum were achieved in December 2006 following the commissioning of the jet pump and water injection facilities and average production rates remain at these levels.

Entreprise Tunisienne d’Activités Pétrolières (ETAP), the Tunisian state oil company, has an option for 120 days from first production to participate in the Oudna field for up to 20%. If ETAP were to exercise their option, Lundin Petroleum’s share of the Oudna field would be reduced to 40% and ETAP would be required to fund their share of past capital and operating costs in exchange for its working interest.

Production from the Isis field (WI 40%) was suspended in April 2006 as planned. The average production from the field during the period from 1 January 2006 to suspension was 600 bopd.

Venezuela

In July 2006 an agreement was completed between Lundin Petroleum and its partners and the Venezuelan national oil company Petroleos de Venezuela S.A. (PDVSA) in connection with the conversion of the Colón Unit Operating Services Agreement (WI 12.5%) into a new joint venture company with direct participation by PDVSA. Lundin Petroleum holds a 5% equity interest in the new joint venture company, Baripetrol SA. The new arrangement was effective from 1 April 2006 and as such Lundin Petroleum has from this date accounted for its investment in Venezuela as an equity holding and has not reported its share of production. PDVSA has agreed to extend the period for exploration and production on the Colón block from 2014 to 2026.

The net production from the Colón block in the first quarter 2006 was 1,800 boepd.

Russia

Following the successful acquisition of Valkyries Petroleum Corporation on 1 August 2006, the net production to Lundin Petroleum from this date has averaged 4,600 boepd.

Development drilling is ongoing at the Orenburg (WI 50%) and Komi (WI 50%) production field operations and will continue through 2007. In tandem long term development planning is ongoing at the Orenburg and onshore Kalmykia (WI 51%) operations.

The Morskaya-1 exploration well in the Lagansky block located in the North Caspian Sea has been delayed until 2007. Construction of the barge mounted facilities necessary for shallow water drilling has been substantially completed in Astrakhan. However, construction delays were experienced such that it was not possible to complete the exploration drilling activities in sufficient time prior to the onset of winter conditions in the North Caspian Sea when drilling is not possible. Seismic acquisition has continued in the Lagansky block with the acquisition of 775 km of data in 2006. It is planned to drill two exploration wells in the Lagansky block in 2007 as well as acquiring an additional 700 km of 2-D and 3-D seismic.

Ireland
An offshore exploration well was drilled during the third quarter of 2006 on Petroleum Exploration License № 1/05 in the Donegal Basin (WI 30%). The well was plugged and abandoned as a dry hole.

Nigeria
Lundin Petroleum holds a 22.5% net revenue interest in OML 113 offshore Nigeria containing the Aje oil and gas discovery. Technical and commercial studies have been completed and as a result Lundin Petroleum has decided not to proceed with further appraisal drilling on the Aje field. Lundin Petroleum is in the process of relinquishing its interest in the license.

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 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.

The 2-D seismic acquisition is ongoing on Block 5B (WI 24.5%) where 509 km of new data was acquired in 2006. A three well exploration programme in Block 5B is now planned to commence in mid-2007. Construction of swamp drilling equipment, the preparation of the logistics base and the construction of a new land rig is ongoing. The commencement of drilling operations in 2007 is still subject to the operating environment in Block 5B remaining stable and secure.

South East Asia / Vietnam
Lundin Petroleum opened a new office in Singapore during the third quarter of 2006 to develop new venture exploration and production opportunities in the South East Asia region. In August 2006 Lundin Petroleum was conditionally awarded a 33.33% working interest in Block 06/94 in the Nam Con Son Basin, offshore Vietnam. The Production Sharing Agreement was signed in February 2007. It is planned to acquire 750 square kilometres of 3-D seismic on the Block in 2007.

Ethiopia
A new production sharing contract was signed in November 2006 for Block 2 and 6 (WI 100%), covering 24,000 square kilometres in the Ogaden Basin.

Congo (Brazzaville)
In the third quarter of 2006 Lundin Petroleum announced the acquisition of an 18.75% working interest in Marine XI Block, offshore Congo (Brazzaville) from Soco International plc. All government approvals in respect of the deal were received in January 2007. During the fourth quarter of 2006, a 1,200 square kilometre 3-D seismic acquisition programme was successfully completed on the Block which will be processed and interpreted during 2007 in anticipation of a future drilling campaign.

THE GROUP

Result

Lundin Petroleum reports a net profit for the year ended 31 December 2006 of MSEK 794.4 (MSEK 994.0) and MSEK 195.9 (MSEK 108.1) for the fourth quarter of 2006 representing earnings per share on a fully diluted basis of SEK 2.81 (SEK 3.87) for the year 2006 and SEK 0.62 (SEK 0.42) for the fourth quarter of 2006.

Operating cash flow for the year ended 31 December 2006 amounted to MSEK 2,271.0 (MSEK 2,627.4) and MSEK 618.1 (MSEK 616.4) for the fourth quarter of 2006 representing operating cash flow per share on a fully diluted basis of SEK 8.05 (SEK 10.22) for the year ended 31 December 2006 and SEK 1.96 (SEK 2.39) for the fourth quarter of 2006.

Earnings before interest, tax and depletion and amortisation (EBITDA) for the year ended 31 December 2006 amounted to MSEK 2,731.5 (MSEK 2,782.6) and MSEK 558.9 (MSEK 660.9) for the fourth quarter of 2006 representing EBITDA per share on a fully diluted basis of SEK 9.68 (SEK 10.83) for the year ended 31 December 2006 and SEK 1.77 (SEK 2.56) for the fourth quarter of 2006.

Investments

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

On 12 July 2006, Lundin Petroleum signed an agreement with PDVSA to convert its directly owned 12.5% interest in the Colón Block Operating Service Agreement into a 5% shareholding in a joint venture company, Baripetrol SA, owning 100% of the Colón Block. The agreement confirmed the effective date for the transfer as 1 April 2006. Under the IFRS rules, under which Lundin Petroleum prepares its financial statements, this investment will be treated as an investment at cost and Lundin Petroleum will only report income of dividend received. As such, Lundin Petroleum has ceased to report production and reserves, and revenue and cost of sales for the Colón Block from 1 April 2006.

Revenue

Net sales of oil and gas for the year ended 31 December 2006 amounted to MSEK 4,233.3 (MSEK 3,995.5) and MSEK 1,105.4 (MSEK 968.4) for the fourth quarter of 2006. Production for the year ended 31 December 2006 amounted to 10,832.9 (12,083.5) thousand barrels of oil equivalent (mboe) and 3,175.5 mboe (2,840.1 mboe) for the fourth quarter of 2006 representing 29.7 mboe per day (mboepd) (33.2 mboepd) for the year ended 31 December 2006 and 34.5 mboepd (30.9 mboepd) for the fourth quarter of 2006. The average price achieved for a barrel of oil equivalent for the year ended 31 December 2006 amounted to USD 59.70 (USD 52.93) and USD 53.07 (USD 55.44) for the fourth quarter of 2006.

The average Dated Brent price for the year ended 31 December 2006 amounted to USD 65.13 (USD 54.54) per barrel resulting in a post-tax negative hedge settlement of MSEK 105.8 (MSEK 261.7).

Other operating income for the year ended 31 December 2006 amounted to MSEK 181.2 (MSEK 194.7) and MSEK 33.3 (MSEK 56.8) for the fourth quarter of 2006. This amount includes tariff income from the United Kingdom, France and the Netherlands and income for maintaining strategic inventory levels in France. The sale of CO_2 emission rights in the United Kingdom during the second quarter of 2006 generated revenue of MSEK 22.3.

Sales for the year ended 31 December 2006 were comprised as follows:

Sales Average price per boe expressed in USD*	**1 Jan 2006- 31 Dec 2006 12 months**	1 Oct 2006- 31 Dec 2006 3 months	1 Jan 2005- 31 Dec 2005 12 months	1 Oct 2005- 31 Dec 2005 3 months
United Kingdom				
- Quantity in mboe	5,769.0	1,220.1	7,241.0	1,658.8
- Average price per boe	63.76	59.00	54.56	57.51
France				
- Quantity in mboe	1,374.7	366.7	1,563.8	373.1
- Average price per boe	62.62	55.09	53.75	55.59
Norway				
- Quantity in mboe	319.5	94.8	372.4	80.4
- Average price per boe	60.42	53.90	51.45	53.23
Netherlands				
- Quantity in mboe	766.8	208.9	855.4	217.4
- Average price per boe	48.79	48.50	37.45	42.88
Indonesia				
- Quantity in mboe	634.1	318.0	495.9	106.7
- Average price per boe	58.65	56.75	48.90	49.91
Russia				
- Quantity in mboe	788.8	478.1	-	-
- Average price per boe	35.03	31.47	-	-
Tunisia				
- Quantity in mboe	397.3	274.8	328.6	-
- Average price per boe	61.79	60.60	62.53	-
Ireland				
- Quantity in mboe	-	-	24.1	-
- Average price per boe	-	-	33.30	-
Total				
- Quantity in mboe	**10,050.2**	2,961.4	10,881.2	2,436.4
- Average price per boe	**59.70**	53.07	52.93	55.44

* The average price per boe (barrels of oil equivalent) excludes the result of the hedge settlement.

Income from Venezuela was derived by way of a service fee and interest income until 1 April 2006, being the effective date on which the 12.5% ownership of the Colón Block was converted into a 5% shareholding in Baripetrol SA.

The oil produced in Russia is sold on either of the Russian domestic market or exported into the international market. For the 153 day period that the results of Valkyries were consolidated within Lundin Petroleum 31% of Russian sales were on the export market at an average price of USD 54.50 per barrel. The remaining 69% of Russian sales were on the domestic market at an average price of USD 26.37 per barrel.

Production

Production	**1 Jan 2006-31 Dec 2006 12 months**	1 Oct 2006-31 Dec 2006 3 months	1 Jan 2005-31 Dec 2005 12 months	1 Oct 2005-31 Dec 2005 3 months
United Kingdom				
- Quantity in mboe	6,086.3	1,418.1	7,360.7	1,719.1
- Quantity in mboepd	16.7	15.4	20.2	18.7
France				
- Quantity in mboe	1,361.7	338.2	1,533.7	376.4
- Quantity in mboepd	3.7	3.7	4.2	4.1
Norway				
- Quantity in mboe	316.1	80.8	360.2	90.5
- Quantity in mboepd	0.9	0.9	1.0	1.0
Netherlands				
- Quantity in mboe	766.8	208.9	855.4	217.4
- Quantity in mboepd	2.1	2.3	2.3	2.4
Indonesia				
- Quantity in mboe	904.1	271.1	825.1	202.5
- Quantity in mboepd	2.5	2.9	2.3	2.2
Russia				
- Quantity in mboe	808.1	497.4	-	-
- Quantity in mboepd	2.2	5.4	-	-
Tunisia				
- Quantity in mboe	429.1	361.0	354.8	66.6
- Quantity in mboepd	1.2	3.9	1.0	0.7
Venezuela				
- Quantity in mboe	160.7	-	769.4	167.6
- Quantity in mboepd	0.4	-	2.1	1.8
Ireland				
- Quantity in mboe	-	-	24.2	-
- Quantity in mboepd	-	-	0.1	-
Total				
- Quantity in mboe	**10,832.9**	3,175.5	12,083.5	2,840.1
- Quantity in mboepd	**29.7**	34.5	33.2	30.9
Minority share in Russia				
- Quantity in mboe	100.4	62.3	-	-
- Quantity in mboepd	0.3	0.7	-	-
Total excluding minority share				
- Quantity in mboe	**10,732.5**	3,113.2	12,083.5	2,840.1
- Quantity in mboepd	**29.4**	33.8	33.2	30.9

The daily production for Russia of 2.2 mboepd is calculated over the full reporting period. The average daily production for Russia for the 153 day period that it is included within the Lundin Petroleum result is 5.3 mboepd. Lundin Petroleum has fully consolidated certain subsidiaries of which they have control with the portion not owned by Lundin Petroleum shown as a minority interest. The average production for Russia for the 153 day period included in the consolidated result, adjusted for Lundin Petroleum’s share of ownership, is 4.6 mboepd.

The number of barrels produced differs from the number of barrels sold for a number of reasons. There are timing differences between sales and production in field areas such as Tunisia and Norway where production is into a Floating Production Storage Offloading vessel (FPSO). Sales are recorded when a lifting takes place and these can be at varying intervals and will not always be equal to the production at the end of a financial quarter. Sales in the United Kingdom are based upon production nominated in advance and may not represent the actual production for that month. A difference between nominated and actual production will result in a timing difference in an accounting period. The accounting effect of the timing differences between sales and production are reflected in the movements in the hydrocarbons inventory and the under/overlift position. Over time, the total sales will equal the production. There are permanent differences between production and sales in some of the field areas. The production reported for the United Kingdom is the platform production. This is the amount of crude oil that is produced from the field into the pipeline system that takes the crude to the onshore terminal. Once the field’s crude oil enters the pipeline system it is commingled with the crude oil produced from other fields in the pipeline system that produce the blend of crude oil that is sold. The crude oil that is pumped into the pipeline system is tested against the blend of crude oil that arrives at the terminal and an adjustment is made to the number of barrels allocated to each field to reflect the relative quality of the crude oil input into the system. There is a quality adjustment of approximately minus five percent applied to the United Kingdom crude oil produced. In 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 for Venezuela is only included for the period until 31 March 2006. The production shown in the table above represents the production achieved in the period divided by the number of days in the period. Production for Venezuela is given for the first quarter only but divided by the number of days for the year. Daily production achieved for Venezuela during the period that the production was included amounted to 1.8 mboepd.

Production from the Isis field, offshore Tunisia, ceased on 20 April 2006 when the FPSO Ikdam sailed to Malta for refurbishment prior to relocating to the Oudna field. The Isis field produced 0.6 mboepd for the period up to 20 April 2006. The Oudna field commenced production on 11 November 2006 and has produced 7.2 mboepd net to Lundin Petroleum for the 50 day period since production start up.

Production cost

Production costs for the year ended 31 December 2006 expressed in US dollars were comprised as follows:

Production cost and depletion in TUSD	**1 Jan 2006- 31 Dec 2006 12 months**	1 Oct 2006- 31 Dec 2006 3 months	1 Jan 2005- 31 Dec 2005 12 months	1 Oct 2005- 31 Dec 2005 3 months
Cost of operations	184,320	58,722	148,570	38,972
Tariff and transportation expenses	20,310	6,228	17,906	4,180
Royalty and direct taxes	21,061	11,023	4,803	1,051
Changes in inventory/overlift	-11,852	-526	4,563	-2,464
Total production costs	**213,839**	75,447	175,842	41,739
Depletion	105,406	29,755	101,064	21,691
Total	**319,245**	105,202	276,906	63,430

Production cost and depletion in USD per boe	**1 Jan 2006- 31 Dec 2006 12 months**	1 Oct 2006- 31 Dec 2006 3 months	1 Jan 2005- 31 Dec 2005 12 months	1 Oct 2005- 31 Dec 2005 3 months
Cost of operations	17.01	18.49	12.30	13.72
Tariff and transportation expenses	1.87	1.96	1.48	1.47
Royalty and direct taxes	1.94	3.47	0.40	0.37
Changes in inventory/overlift	-1.09	-0.17	0.38	-0.87
Total production costs	**19.73**	23.75	14.56	14.69
Depletion	9.73	9.37	8.36	7.64
Total cost per boe	**29.46**	33.12	22.92	22.33

Production costs for the year ended 31 December 2006 amounted to MSEK 1,575.8 (MSEK 1,310.9) and MSEK 542.0 (MSEK 332.7) for the fourth quarter of 2006. The reported cost of operations amounted to USD 17.01 per barrel (USD 12.30 per barrel) for the year ended 31 December 2006 and USD 18.49 per barrel (USD 13.72) for the fourth quarter of 2006.

In January 2006, Lundin Petroleum gave guidance that the cost of operations for the year 2006 would be USD 12.80 per barrel based upon an annual production of 13.1 million barrels of oil. The cost of operations is dominated in 2006 by the high levels of fixed costs for the two offshore UK platforms on the Thistle and Heather fields. The actual expenditure reported for the UK operations was 12% over the forecast for the year due to a number of factors including increased personnel costs following changes to offshore work rotations, higher fuel and supply boat costs and a devaluation of the USD:GBP exchange rate from the forecast exchange rate of 4.6%. The higher recorded costs associated with the lower levels of production achieved during 2006 has resulted in a unit cost of operations of USD 17.01 per barrel.

Royalty and direct taxes includes Russian Mineral Resource Extraction Tax ("MRET") and Russian Export Duties. The rate of MRET varies in relation to world oil prices and is levied on the volume of Russian production. MRET averaged USD 11.34 per barrel for the period that Valkyries was included within the Lundin Petroleum results. The rate of export duty on Russian oil is revised by the Russian Federation once every two months and is dependant on the price obtained for Russian oil on the export market. The export duty is levied on the volume of oil exported from Russia and averaged USD 29.61 per barrel for the period that Valkyries was included within the Lundin Petroleum results.

Depletion
Depletion of oil and gas properties for the year ended 31 December 2006 amounted to MSEK 776.7 (MSEK 753.4) and MSEK 211.6 (MSEK 174.5) for the fourth quarter of 2006. The Isis field was shut down earlier than anticipated to allow the FPSO Ikdam to relocate to the Oudna field. This coupled with a higher than anticipated provision for site restoration costs on the Isis field resulted in an undepleted cost pool for Isis of MSEK 35.2. This amount was charged to the income statement in the second quarter of 2006.

On 12 July 2006 Lundin Petroleum signed an agreement converting the 12.5% direct interest in the Colón Block into a 5% equity investment in a joint venture company holding 100% of the Colón Block. As part of the agreement the life of the field was extended from 2014 to 2026. Lundin Petroleum has accelerated its depletion on the carrying value of the Venezuela investment. This has had the effect of increasing the depletion cost per barrel because there is no Venezuelan production corresponding to the depletion charge. Going forward management will no longer deplete the asset but will review the recoverability of the carrying amount of the investment.

Write off
Write off of oil and gas properties amounted to MSEK 123.5 (MSEK 208.1) for the year ended 31 December 2006 and MSEK 18.7 (MSEK 167.3) for the fourth quarter of 2006. During the year exploration and appraisal project costs are capitalised as they are incurred and then reviewed on a regular basis to assess their future recoverability. When a decision is made not to proceed with a project the relevant costs are expensed. The costs written off in the fourth quarter relate primarily to the review of new venture projects.

Sale of assets
In 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.

Other income
Other income for the year ended 31 December 2006 amounted to MSEK 9.6 (MSEK 6.4) and MSEK 3.3 (MSEK 1.1) for the fourth quarter of 2006 and represents fees and costs recovered by Lundin Petroleum from third parties.

General, administrative and depreciation expenses
General, administrative and depreciation expenses for the year ended 31 December 2006 amounted to MSEK 116.8 (MSEK 103.1) and MSEK 41.0 (MSEK 32.7) for the fourth quarter of 2006. Depreciation charges amounted to MSEK 11.4 (MSEK 9.8) for the year ended 31 December 2006 and MSEK 4.4 (MSEK 2.5) for the fourth quarter of 2006.

Financial income
Financial income for the year ended 31 December 2006 amounted to MSEK 96.4 (MSEK 44.0) and MSEK 51.7 (MSEK 14.5) for the fourth quarter of 2006. Interest income for the year ended 31 December 2006 amounted to MSEK 31.6 (MSEK 31.2) and includes interest received on bank accounts of MSEK 25.6 (MSEK 12.5), interest received on a loan to an associated company for an amount of MSEK 4.0 (MSEK 3.8), interest received in relation to tax repayments for an amount of MSEK 1.0 (MSEK 9.4) and the interest fee received from Venezuela for an amount of MSEK 1.0 (MSEK 5.4).

Dividend income received for the year ended 31 December 2006 amounted to MSEK 12.0 (MSEK 12.8) and relates to distributions received from an unconsolidated investment in a company owning an interest in the Dutch gas processing and transportation infrastructure (NOGAT).

Net exchange gains for the year ended 31 December 2006 amounted to MSEK 46.2 (MSEK -122.0). Exchange rate variations result from fluctuations in the value of the USD currency against a pool of currencies which includes NOK, EUR and GBP. The exchange gains for the year ended 31 December 2006 are mainly the result of the change in fair value of the outstanding USD loans into the reporting currencies of the entities in which the funds were drawn. The currency exchange gains recorded in the fourth quarter of 2006 amounted to MSEK 36.0.

Financial expense
Financial expenses for the year ended 31 December 2006 amounted to MSEK 96.4 (MSEK 196.5) and MSEK 19.8 (MSEK 54.7) for the fourth quarter of 2006. Interest expense for the year ended 31 December 2006 amounted to MSEK 41.8 (MSEK 45.0) and mainly relates to the bank loan facility.

The amortisation of financing fees amounted to MSEK 18.6 (MSEK 15.2) for the year ended 31 December 2006 and MSEK 4.6 (MSEK 5.0) for the fourth quarter of 2006. The financing fees are in relation to the bank loan facility and are amortised over the anticipated usage of the bank loan facility.

Tax

The tax charge for the year ended 31 December 2006 amounted to MSEK 1,036.9 (MSEK 866.7) and MSEK 164.5 (MSEK 168.2) for the fourth quarter of 2006.

The current corporation tax charge of MSEK 535.0 (MSEK 240.7) comprises current corporation tax charges in, primarily the United Kingdom, France, the Netherlands, Indonesia and Venezuela. The increase in the current corporation tax charge is partly due to the United Kingdom having utilised prior year tax losses to offset current corporation tax during the comparative period. The tax losses available in the United Kingdom were fully utilised during 2005. Additionally, in the United Kingdom, the rate of Supplementary Corporation Tax (SCT) has been increased from 10% to 20% with effect from 1 January 2006 by the passing of the Finance Act 2006 raising the effective rate of tax in the United Kingdom from 40% to 50%. At the time it was announced that the tax rate in the United Kingdom would be increased, it was also announced that the tax deduction for capital expenditure incurred in 2005 could be deferred until 2006 when it would benefit from a deduction against the higher rate of tax. Lundin Petroleum has elected to exercise this option which has resulted in a lower 2006 current tax charge of MSEK 65.2. The current corporation tax charge for the fourth quarter of 2006 amounted to MSEK -27.0 (MSEK 79.8). The taxation legislation in Norway allows for a tax deduction of 100% of exploration expenditure in the year the expenditure is incurred and for any resulting tax losses to be refunded in cash. An amount of MSEK 79.6 has been recorded in current corporation tax in the fourth quarter of 2006 for the anticipated tax refund.

The deferred corporate tax charge for the year ended 31 December 2006 amounted to MSEK 477.0 (MSEK 647.1). Included in the deferred tax charge is a charge of MSEK 174.9 for tax losses carry forward utilised in Norway and France and a charge of MSEK 506.1 due to timing differences in the rate of depletion of oil and gas assets between accounting and fiscal reporting. The deferred tax charge for the comparative period includes the utilisation of the tax losses in the United Kingdom. The income statement has been affected by a one off, non-cash charge of MSEK 216.2 for the restatement of the opening deferred tax balances relating to the United Kingdom assets. Following the successful drilling of the Oudna wells and the removal of the FPSO Ikdam from the Isis field for redeployment to the Oudna field, Lundin Petroleum has recognised a deferred tax asset of MSEK 106.3 for tax losses that are expected to be utilised against taxable income from the Oudna field.

The petroleum tax charge for the year ended 31 December 2006 amounts to MSEK 32.7 (MSEK 11.3) and consists of State Profit Share tax (SPS) in the Netherlands. The deferred petroleum tax charge for the year ended 31 December 2006 amounts to MSEK -7.8 (MSEK -32.3) and relates to Petroleum Revenue Tax (PRT) in the United Kingdom. The deferred petroleum tax credit in the fourth quarter of 2006 amounting to MSEK 31.5 (MSEK 39.4) is partially due to the high levels of expenditure incurred on the Thistle field in the period and partially due to changes in the estimates used to calculate the deferred tax benefit.

The Group operates in various countries and fiscal regimes where corporate income tax rates are different from the regulations in Sweden. Corporate income tax rates for the Group vary between 24% and 78%. Currently the majority of the Group’s profit is derived from the United Kingdom where the effective tax rate amounts to 50%. The effective tax rate for the Group for the year ended 31 December 2006 amounts to approximately 57%. The effective tax rate for the Group for the year ended 31 December 2006 excluding the restatement of the opening deferred tax balance in the United Kingdom and the inclusion of the tax asset in Tunisia amounts to approximately 51%. The effective tax rate for the fourth quarter of 2006 amounts to 46% and is lower than the effective tax rate for the full year due to the deferred petroleum tax credit recorded against the Thistle field.

Minority interest

The net profit attributable to minority interest for the year ended 31 December 2006 amounted to MSEK -8.6 (MSEK 0.5) and relates to the 0.14% of Lundin International SA that is owned by minority shareholders and the minority portion of the subsidiaries of Valkyries which are fully consolidated.

BALANCE SHEET

Non-current assets

Oil and gas properties as at 31 December 2006 amounted to MSEK 14,407.8 (MSEK 5,732.9) and are detailed in Note 7. The amount includes the Russian assets acquired from Valkyries at their allocated purchase price. Development and exploration expenditure incurred for the year ended 31 December 2006 can be summarised as follows:

Development expenditure in MSEK	**1 Jan 2006- 31 Dec 2006 12 months**	1 Oct 2006- 31 Dec 2006 3 months	1 Jan 2005- 31 Dec 2005 12 months	1 Oct 2005- 31 Dec 2005 3 months
United Kingdom	558.7	218.7	619.8	159.3
France	98.5	48.2	24.2	6.9
Norway	772.5	311.0	596.2	182.5
Netherlands	19.6	9.4	49.0	18.2
Indonesia	69.4	16.9	59.8	5.4
Russia	107.6	59.0	-	-
Tunisia	489.7	102.3	72.5	38.9
Venezuela	-2.4	-5.4	35.5	8.0
Development expenditure	**2,113.6**	760.1	1,457.0	419.2

Exploration expenditure in MSEK	**1 Jan 2006- 31 Dec 2006 12 months**	1 Oct 2006- 31 Dec 2006 3 months	1 Jan 2005- 31 Dec 2005 12 months	1 Oct 2005- 31 Dec 2005 3 months
United Kingdom	83.3	16.7	17.2	5.9
France	25.1	1.2	16.8	10.5
Norway	103.1	17.6	69.6	20.9
Netherlands	8.1	0.6	16.6	9.1
Indonesia	62.3	15.9	61.2	23.5
Russia	183.1	115.1	-	-
Ireland	41.6	3.0	2.6	0.4
Sudan	50.6	13.2	7.8	5.3
Nigeria	7.6	0.6	158.2	7.0
Congo (Brazzaville)	79.0	23.3	-	-
Other	24.8	2.1	45.3	24.3
Exploration expenditure	**668.6**	209.3	395.3	106.9

Other tangible fixed assets as at 31 December 2006 amounted to MSEK 117.4 (MSEK 94.1).

The book amount for goodwill in relation to the acquisition of Valkyries amounted to MSEK 817.2.

Financial assets as at 31 December 2006 amounted to MSEK 357.4 (MSEK 204.7) and are detailed in Note 8. Restricted cash as at 31 December 2006 amounted to MSEK 18.6 (MSEK 23.8) and represents the cash amount deposited to support a letter of credit issued in support of exploration work commitments in Sudan. Shares and participations amount to MSEK 260.3 (MSEK 151.9) as at 31 December 2006. The increase includes the value of the 5% holding in Baripetrol SA received upon the conversion of the 12.5% interest in the Colón Block in Venezuela amounting to MSEK 129.5 as at 31 December 2006. Deferred financing fees relate to the costs incurred establishing the bank credit facility and are being amortised over the period of estimated usage of the facility. Other financial assets amount to MSEK 78.5 (MSEK 8.2) and includes funds held by joint venture partners in anticipation of future expenditures and an amount of MSEK 67.9 representing VAT paid on exploration costs in Russia that are expected to be recovered from future project revenues.

The deferred tax asset relates primarily to tax losses carried forward in the Tunisia, France and Norway.

Receivables and inventories
Current receivables and inventories amounted to MSEK 1,200.3 (MSEK 1,043.5) as at 31 December 2006 and are detailed in Note 9. Inventories include hydrocarbons and consumable well supplies. Corporation tax receivables as at 31 December 2006 amounted to MSEK 115.0 (MSEK 117.3) and related to tax refunds due in Norway and the Netherlands. Other assets amounted to MSEK 101.5 (MSEK 59.0) as at 31 December 2006.

Cash and cash equivalents
Cash and cash equivalents as at 31 December 2006 amounted to MSEK 297.2 (MSEK 389.4).

Non-current liabilities
Provisions as at 31 December 2006 amounted to MSEK 4,481.5 (MSEK 2,087.3) and are detailed in Note 10. This amount includes a provision for site restoration of MSEK 624.7 (MSEK 329.2). The increase in the site restoration provision at 31 December 2006 is the result of changes in the estimates of the cost to dismantle facilities and plug and abandon wells after the cessation of production. The provision for

deferred tax amounted to MSEK 3,832.6 (MSEK 1,735.1) and is mainly arising on the excess of book value over the tax value of oil and gas properties. The amount has increased during 2006 following the deferred tax gross up of the excess purchase price allocated to the acquired Valkyries assets.

Long term interest bearing debt amounted to MSEK 1,391.1 (MSEK 736.2) as at 31 December 2006. 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 United Kingdom, and cash drawings of MUSD 350.0. The amount of cash drawings outstanding under the facility at 31 December 2006 amounted to MUSD 185.0. The long term interest bearing debt also includes the long-term portion of a bank loan drawn by a subsidiary of Valkyries.

Current liabilities
Current liabilities as at 31 December 2006 amounted to MSEK 1,245.0 (MSEK 1,256.3) and are detailed in Note 11. Joint venture creditors amounted to MSEK 650.8 (MSEK 642.6) and mainly relates to the amounts payable for the development activities in progress in Norway, Tunisia and Indonesia. Short-term interest bearing debt amounted to MSEK 47.4 and relates to the current portion of a bank loan drawn by a subsidiary of Valkyries.

DERIVATIVE FINANCIAL INSTRUMENTS

The Group had entered into the following oil price hedges:

Contract date	USD per barrel Dated Brent	Barrels per day	Start date	End date
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 were effective and qualified for hedge accounting. Changes in fair value of these contracts were charged directly to the shareholders' equity. Upon settlement of the hedge transaction the reserve is released to the income statement.

The Group had 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%	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 had been entered into in relation to a previous credit facility, which was repaid and cancelled in 2003. As of 1 January 2004, this contract had been recorded at fair value with changes in fair value being recorded in the income statement.
The 2.32% interest rate contract relates to the current credit facility. As from 1 January 2005, the contract met the conditions of IAS 39 to qualify for hedge accounting with changes in fair value being charged directly to shareholders' equity. 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 and hedge accounting could no longer be applied. As from this date, changes in fair value of this contract were therefore charged to the income statement.

The Group had entered into the following currency hedging contracts:

Buy	Sell	Average contractual exchange rate	Settlement period
MGBP 36.0	MUSD 63.3	1.7588	20 Dec 2005 – 20 Nov 2006
MEUR 14.4	MUSD 18.3	1.2716	20 Dec 2005 – 20 Nov 2006
MCHF 10.0	MUSD 7.7	0.7711	20 Dec 2005 – 20 Nov 2006

The currency hedging contracts are treated as being ineffective and therefore do not qualify for hedge accounting under IAS 39. Changes in fair value of these contracts are directly charged to the income statement.

Business combination

On 31 July 2006 Lundin Petroleum acquired 100% of Valkyries Petroleum Corp. ("Valkyries") in exchange for shares in Lundin Petroleum AB. The financial results of Valkyries have been fully consolidated within the Lundin Petroleum group from 1 August 2006.

The acquired business contributed revenues of 203.7 MSEK and net gain of 3.9 MSEK to Lundin Petroleum for the period 1 August to 31 December 2006. There have been no audited accounts prepared for the Valkyries group of companies during 2006 and as a result there is no reliable information available upon which the calculation of what Valkyries would have contributed to Lundin Petroleum had the company been acquired for the full year can be based.

Valkyries was acquired by the issuance of 55.8 million new Lundin Petroleum shares to the former shareholders of Valkyries in exchange for their shares in Valkyries. The issued shares have been valued at 88.50 SEK per share representing the closing price of Lundin Petroleum on 31 July 2006. On 31 July 2006 there were 642,500 incentive warrants outstanding that had been previously issued by Valkyries. These incentive warrants have been converted to Lundin Petroleum incentive warrants on the closing date. Where the incentive warrants had a vesting date prior to the acquisition date they have been valued at the closing price of Lundin Petroleum on 31 July 2006 less the exercise price of the incentive warrant. Where the incentive warrant had not vested at the acquisition date they have been valued using the Black and Scholes valuation method.

An additional 1 million Lundin Petroleum shares have been reserved for issuance to the previous holder of Valkyries' interest in the Caspiskaya Field, upon the Caspiskaya Field producing 2,500 bopd for a continuous period of thirty days. This consideration has been valued at the closing price at 31 July 2006 and included in the purchase price.

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

Purchase price calculation	
- share issue of 55,855,414 shares	4,943,204
- conversion of 642,500 incentive warrants	22,572
- 1 million shares to be issued in relation to the Caspiskaya Field	88,500
- direct costs relating to the acquisition	13,287
Total purchase consideration	**5,067,563**

The excess of the purchase consideration over the fair value of the acquired assets has been attributed to goodwill. The goodwill is attributable to the establishment of the business unit focusing on opportunities in Russia and neighbouring states as well as the potential upside within the Valkyries existing assets. Key projects include a 50% interest in the producing Sotchemyu-Talyu and North Irael Fields in the Komi Republic; a 51% interest in the producing Caspiskaya Field in the Kalmykia Republic; a 50% interest in the producing Ashirovskoye field in Orenburg; and a 70% interest in the highly prospective Lagansky exploration block offshore in the Caspian Sea. Preparations are underway for the drilling of the Morskoye #1 exploration well in the Lagansky Block and drilling operations are expected to commence during 2007.

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

	Fair value
Oil and gas properties	7,683,504
Other tangible fixed assets	12,107
Goodwill	862,137
Financial assets	11,899
Receivables and inventories	125,705
Minority interest	-1,714,035
Provisions	-10,534
Deferred tax liability	-1,668,152
Long-term interest bearing debt	-157,349
Current liabilities	-131,976
Net assets acquired	**5,013,306**
Cash and cash equivalents in subsidiary acquired	54,257
Purchase consideration	**5,067,563**

At the date of the acquisition Valkyries had four contingent liabilities outstanding. Two of the contingent liabilities relate to the Lagansky Block and amount to MUSD 12.5 to be paid in the event of a commercial discovery and MUSD 10.0 to be paid upon the award of a development license for a resulting discovery. An additional MUSD 1 is due to the vendor for the Ashirovskoye Field, following the first calendar year in which production from this field exceeds 100,000 metric tons. These contingent liabilities are stated on the face of the balance sheet but have not been accrued.

Valkyries had agreed to pay an additional 1 USD per metric ton of oil discovered on newly discovered fields in the Orenburg license area, assuming commercial quantities of oil. This is a contingent liability from the Oilgaztet acquisition for which none of the conditions has been met at this date. This contingent liability has been assumed by Lundin Petroleum but due to the uncertainty, no value has been assigned for this contingent liability.

PARENT COMPANY

The business of the Parent Company is investment in and management of oil and gas assets. The net profit for the parent company amounted to a profit of MSEK 1,754.8 (MSEK 6.3) for the year ended 31 December 2006 and a profit of MSEK 1,741.4 (MSEK 2.0) for the fourth quarter of 2006.

The profit included general and administrative expenses of MSEK 34.2 (MSEK 52.1). Interest income derived from loans to subsidiary companies amounted to MSEK 37.7 (MSEK 37.2). Currency exchange losses amounted to MSEK 17.9 (MSEK 2.4). Lundin Petroleum AB accrued an anticipated dividend due from a subsidiary of MSEK 1,768.3 during the year ended 31 December 2006.

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

DIVIDEND

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

SHARE DATA

Lundin Petroleum AB's registered share capital at 31 December 2006 amounts to SEK 3,139,076 represented by 313,907,580 shares with a quota value of SEK 0.01 each. In addition there are 307,500 shares that have been issued in exchange for incentive warrants that have been exercised but were not registered by the 31 December 2006.

The following incentive warrants have been issued under the Groups incentive programme for employees. The incentive warrants for 2004, 2005 and 2006 were issued at a 10% premium to the average closing price of Lundin Petroleum shares for the ten days after the AGM. From these programmes the incentive warrants outstanding at the end of the period and their expiry date and exercise prices are shown below:

	Issued 2004	Issued 2005	Issued 2006
Exercise price (SEK)	45.80	60.20	97.40
Number authorised	2,250,000	3,000,000	3,250,000
Number outstanding	841,000	2,565,000	3,196,000
Exercise period	31 May 2005- 31 May 2007	15 June 2006- 31 May 2008	15 June 2007- 31 May 2009

In addition to these incentive warrants, 642,500 incentive warrants were acquired and converted to Lundin Petroleum incentive warrants and another 371,500 incentive warrants in Lundin Petroleum were issued in connection with the acquisition of Valkyries. The exercise prices of the converted acquired incentive warrants and the incentive warrants issued after the date of acquisition have an exercise price in the range 17.87 – 97.40 SEK with various exercise periods up to 31 May 2009. The number of outstanding options at 31 December 2006 amounted to 966,500.

CHANGES IN BOARD

During 2006, there were two changes to the board of directors of Lundin Petroleum. In September 2006, Mr. Adolf H Lundin, the Honorary Chairman and a director of Lundin Petroleum, passed away. In addition, Mr. Carl Bildt resigned as a director of Lundin Petroleum in October 2006 after being appointed Minister of Foreign Affairs for Sweden.

EXCHANGE RATES

For the preparation of the financial statements for the year ended 31 December 2006 the following currency exchange rates have been used.

	Average	Period end
1 EUR equals SEK	9.2533	9.0404
1 USD equals SEK	7.3690	6.8644

ACCOUNTING PRINCIPLES

The financial statements of the Group have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Reporting, and the Swedish financial accounting standards RR31. The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2005 with the following clarification.

Principles of consolidation

As stated in the annual report of the Group a subsidiary is an entity over which the Group has the sole right to exercise control over the operations and govern the financial policies generally accompanying a shareholding of more than half of the voting rights. A subsidiary that is controlled by the Group will be fully consolidated within the results of Lundin Petroleum.

Joint control exists when the Group does not have the power to determine the strategic operating, investing and financing policies of a partially owned entity without the co-operation of others. When this is the case and the Group holds a shareholding of greater than 5% the entity can be proportionally consolidated in accordance with the IFRS definition of joint control.

For certain companies acquired within Valkyries, Lundin Petroleum has the right to exercise control and these companies have been fully consolidated. For the companies acquired that Lundin Petroleum does not have full control, proportional consolidation has been used.

The table below shows the companies within Valkyries in which ownership is less than 100%:

Company	Ownership	Consolidation method
Mintley Caspian Ltd. (LLC PetroResurs)	70%	Full consolidation with minority
CJSC Kalmeastern	51%	Full consolidation with minority
CJSC Oilgaztet	50%	Full consolidation with minority
Oil Service	50%	Proportional consolidation
RF Energy Investments Ltd. (CJSC Pechoraneftegas)	50%	Proportional consolidation

GROUP INCOME STATEMENT<<

Expressed in TSEK	Note	**1 Jan 2006-31 Dec 2006 12 months**	1 Oct 2006-31 Dec 2006 3 months	1 Jan 2005-31 Dec 2005 12 months	1 Oct 2005-31 Dec 2005 3 months
Operating income					
Net sales of oil and gas	1	4,233,348	1,105,372	3,995,477	968,438
Other operating income		181,158	33,282	194,707	56,833
		4,414,506	1,138,654	4,190,184	1,025,271
Cost of sales					
Production costs	2	-1,575,781	-541,995	-1,310,905	-332,733
Depletion of oil and gas properties	3	-776,735	-211,630	-753,428	-174,467
Write off of oil and gas properties		-123,469	-18,725	-208,135	-167,290
Gross profit		**1,938,521**	366,304	1,917,716	350,781
Sale of assets		-	-	192,122	-2,677
Other income		9,618	3,342	6,438	1,082
General, administration and depreciation expenses		-116,818	-41,055	-103,118	-32,700
Operating profit	1	**1,831,321**	328,591	2,013,158	316,486
Result from financial investments					
Financial income	4	96,395	51,672	44,012	14,531
Financial expenses	5	-96,364	-19,798	-196,461	-54,685
		31	31,874	-152,449	-40,154
Profit before tax		**1,831,352**	360,465	1,860,709	276,332
Tax	6	-1,036,917	-164,547	-866,734	-168,191
Net profit		**794,435**	195,918	993,975	108,141
Net profit attributable to :					
Shareholders of the parent company		803,005	203,856	993,507	108,075
Minority interest		-8,570	-7,938	468	66
Net profit		**794,435**	195,918	993,975	108,141
Earnings per share – SEK 1)		2.86	0.65	3.89	0.42
Diluted earnings per share – SEK 1)		2.85	0.65	3.87	0.42

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

>>GROUP BALANCE SHEET

Expressed in TSEK	Note	**31 Dec 2006**	31 Dec 2005
ASSETS			
Non-current assets			
Oil and gas properties	7	14,407,846	5,732,871
Other tangible fixed assets		117,424	94,136
Goodwill		817,185	-
Financial assets	8	357,442	204,686
Deferred tax		488,024	297,788
Total non- current assets		**16,187,921**	6,329,481
Current assets			
Receivables and inventories	9	1,200,269	1,043,477
Cash and cash equivalents		297,221	389,415
Total current assets		**1,497,490**	1,432,892
TOTAL ASSETS		**17,685,411**	7,762,373
EQUITY AND LIABILITIES			
Equity			
Shareholders´ equity		8,952,680	3,679,616
Minority interest		1,615,131	3,050
Total equity		**10,567,811**	3,682,666
Non-current liabilities			
Provisions	10	4,481,496	2,087,250
Long-term interest bearing debt		1,391,063	736,151
Total non-current liabilities		**5,872,559**	2,823,401
Current liabilities	11	**1,245,041**	1,256,306
TOTAL EQUITY AND LIABILITIES		**17,685,411**	7,762,373
Pledged assets		1,986,537	1,128,763
Contingent liabilities		161,313	-

GROUP STATEMENT OF CASH FLOW<<

Expressed in TSEK	**1 Jan 2006- 31 Dec 2006 12 months**	1 Oct 2006- 31 Dec 2006 3 months	1 Jan 2005- 31 Dec 2005 12 months	1 Oct 2005- 31 Dec 2005 3 months
Cash flow from operations				
Net profit	794,435	195,918	993,975	108,141
Adjustments for depletion and other non-cash related items	1,399,723	380,404	1,436,152	587,254
Changes in working capital	-118,762	-126,549	111,217	5,048
Total cash flow from operations	**2,075,396**	449,773	2,541,344	700,443
Cash flow used for investments				
Investment in subsidiary assets	40,971	-13,286	-236	-
Sale of assets/investments	-	-	192,122	-2,677
Investment/divestment of real estate	-18,587	-4,440	-40,190	-40,190
Change in other financial fixed assets	-1,793	1,407	16,850	29,620
Other payments	-28,324	593	-13,419	450
Investment in oil and gas properties	-2,782,309	-969,524	-1,852,415	-526,184
Investment in other fixed assets	-19,398	-4,712	-16,137	20,359
Total cash flow used for investments	**-2,809,440**	-989,962	-1,713,425	-518,622
Cash flow used from / for financing				
Changes in long-term bank loan	651,574	574,079	-822,240	-141,739
Proceeds from share issues	40,648	5,656	59,275	13,173
Dividend paid to minority	-2,125	-2,125	-	-
Total cash flow used from / for financing	**690,097**	577,610	-762,965	-128,566
Change in cash and cash equivalents	-43,947	37,421	64,954	53,255
Cash and cash equivalents at the beginning of the period	389,415	281,463	268,377	324,597
Currency exchange difference in cash and cash equivalents	-48,247	-21,663	56,084	11,563
Cash and cash equivalents at the end of the period	**297,221**	297,221	389,415	389,415

>>GROUP STATEMENT OF CHANGES IN EQUITY

Expressed in TSEK	Share capital	Additional paid-in-capital/ Other reserves*	Retained earnings	Net profit	Minority interest	Total Equity
Balance at 1 January 2005	**2,537**	**830,630**	**837,676**	**598,245**	**2,931**	**2,272,019**
Transfer of prior year net profit	-	-	598,245	-598,245	-	-
Transfer of hedge reserve	-	98,194	-98,194	-	-	-
Currency translation difference	-	301,587	-	-	531	302,118
Change in hedge reserve	-	-61,931	-	-	-	-61,931
Fair value adjustment	-	99,109	-	-	-	99,109
Income and expenses recognised directly in equity	**-**	**338,765**	**-**	**-**	**531**	**339,296**
Net profit	-	-	-	993,507	468	993,975
Total recognised income and expense for the period	**-**	**338,765**	**-**	**993,507**	**999**	**1,333,271**
Issuance of shares	34	59,241	-	-	-	59,275
Transfer of share based payments	-	6,575	-6,575	-	-	-
Share based payments	-	-	18,981	-	-	18,981
Investments	-	-	-	-	-880	-880
Balance at 31 December 2005	**2,571**	**1,333,405**	**1,350,133**	**993,507**	**3,050**	**3,682,666**
Transfer of prior year net profit	-	-	993,507	-993,507	-	-
Currency translation difference	-	-695,258	-	-	-88,997	-784,255
Fair value adjustment	-	-19,190	-	-	-	-19,190
Income and expenses recognised directly in equity	**-**	**-714,448**	**-**	**-**	**-88,997**	**-803,445**
Net profit	-	-	-	803,005	-8,570	794,435
Total recognised income and expense for the period	**-**	**-714,448**	**-**	**803,005**	**-97,567**	**-9,010**
Transfer of hedges to income statement	-	62,216	-	-		62,216
Distributions	-	-	-	-	-2,125	-2,125
Acquired minority	-	-	-	-	1,714,036	1,714,036
Issuance of shares	571	5,094,354	-	-	-	5,094,925
Transfer of share based payments	-	5,184	-5,184	-	-	-
Share based payments	-	-	27,366	-	-	27,366
Investments	-	-	-	-	-2,263	-2,263
Balance at 31 December 2006	**3,142**	**5,780,711**	**2,365,822**	**803,005**	**1,615,131**	**10,567,811**

* Other reserves comprises available-for-sale reserve, hedge reserve and currency translation reserve.

Note 1. Segmental information, *TSEK*	**1 Jan 2006- 31 Dec 2006 12 months**	1 Oct 2006- 31 Dec 2006 3 months	1 Jan 2005- 31 Dec 2005 12 months	1 Oct 2005- 31 Dec 2005 3 months
Net sales of:				
Crude oil				
- United Kingdom	2,670,527	491,095	2,908,682	749,095
- France	634,301	146,823	629,842	165,796
- Norway	141,812	36,093	140,713	33,531
- Indonesia	272,333	130,827	179,673	42,715
- Russia	203,604	109,601	-	-
- Tunisia	180,912	122,460	153,751	1,055
	4,103,489	1,036,899	4,012,661	992,192
Condensate				
- United Kingdom	40,160	9,471	36,527	10,324
- Netherlands	6,328	1,564	3,467	1,308
- Indonesia	901	62	1,234	110
	47,389	11,097	41,228	11,742
Gas				
- Norway	442	149	1,746	567
- Netherlands	269,337	72,153	229,617	69,357
- Indonesia	820	145	1,328	333
- Ireland	-	-	5,776	51
	270,599	72,447	238,467	70,308
Service fee				
- Venezuela	23,478	-1,540	127,408	31,087
Oil price hedging settlement	-211,607	-13,531	-424,287	-136,891
	4,233,348	1,105,372	3,995,477	968,438
Operating profit contribution				
- United Kingdom	1,268,597	191,328	1,397,827	353,147
- France	385,285	80,149	277,100	69,850
- Norway	72,682	11,121	267,559	12,496
- Netherlands	140,348	39,929	62,206	29,230
- Venezuela	-49,280	-17,269	57,146	11,778
- Russia	-21,875	-36,910	-	-
- Indonesia	106,094	30,420	119,655	28,564
- Tunisia	89,115	98,406	57,899	-7,592
- Ireland	-44,221	-4,258	4,222	883
- Nigeria	-	-	-158,174	-158,174
- Iran	-	-	-6,078	-595
- Other	-115,424	-64,325	-66,204	-23,101
Total operating profit contribution	**1,831,321**	328,591	2,013,158	316,486

Note 2. Production costs, *TSEK*	**1 Jan 2006- 31 Dec 2006 12 months**	1 Oct 2006- 31 Dec 2006 3 months	1 Jan 2005- 31 Dec 2005 12 months	1 Oct 2005- 31 Dec 2005 3 months
Cost of operations	1,358,253	420,036	1,107,591	308,162
Tariff and transportation expenses	149,665	44,474	133,492	33,371
Direct production taxes	155,197	80,213	35,805	8,438
Changes in inventory/overlift position	-87,334	-2,728	34,017	-17,238
	1,575,781	541,995	1,310,905	332,733

Note 3. Depletion of oil and gas properties, *TSEK*	**1 Jan 2006- 31 Dec 2006 12 months**	1 Oct 2006- 31 Dec 2006 3 months	1 Jan 2005- 31 Dec 2005 12 months	1 Oct 2005- 31 Dec 2005 3 months
United Kingdom	427,516	93,728	508,519	113,054
France	66,420	15,804	67,651	17,681
Norway	25,993	6,376	26,663	7,248
Netherlands	60,402	15,846	70,834	18,366
Indonesia	24,944	7,964	16,192	3,754
Russia	37,555	28,190	-	-
Tunisia	66,568	25,969	18,831	3,863
Venezuela	67,337	17,753	44,738	10,501
	776,735	211,630	753,428	174,467

Note 4. Financial income, *TSEK*	**1 Jan 2006- 31 Dec 2006 12 months**	1 Oct 2006- 31 Dec 2006 3 months	1 Jan 2005- 31 Dec 2005 12 months	1 Oct 2005- 31 Dec 2005 3 months
Interest income	31,572	10,810	31,195	11,352
Dividends received	12,028	2,905	12,817	3,179
Other financial income	6,579	1,975	-	-
Foreign exchange gain, net	46,216	35,982	-	-
	96,395	51,672	44,012	14,531

Note 5. Financial expenses, *TSEK*	**1 Jan 2006- 31 Dec 2006 12 months**	1 Oct 2006- 31 Dec 2006 3 months	1 Jan 2005- 31 Dec 2005 12 months	1 Oct 2005- 31 Dec 2005 3 months
Loan interest expenses	41,803	10,354	45,003	5,394
Change in market value of interest rate hedge	691	-2,573	-7,949	-199
Unwind site restoration discount	24,123	5,191	17,082	4,489
Amortisation of deferred financing fees	18,633	4,597	15,182	4,964
Foreign exchange loss, net	-	-	121,971	38,999
Other financial expenses	11,114	2,229	5,172	1,038
	96,364	19,798	196,461	54,685

Note 6. Tax, *TSEK*	**1 Jan 2006- 31 Dec 2006 12 months**	1 Oct 2006- 31 Dec 2006 3 months	1 Jan 2005- 31 Dec 2005 12 months	1 Oct 2005- 31 Dec 2005 3 months
Current corporation tax	535,035	-26,964	240,653	79,750
Deferred corporation tax	477,036	217,407	647,131	131,462
Current petroleum tax	32,674	5,563	11,270	-3,577
Deferred petroleum tax	-7,828	-31,459	-32,320	-39,444
	1,036,917	164,547	866,734	168,191

Note 7. Oil and gas properties, *TSEK*	**Book amount 31 Dec 2006**	Book amount 31 Dec 2005
United Kingdom	2,589,545	2,560,154
France	865,059	844,738
Norway	1,980,342	1,237,580
Netherlands	434,797	470,630
Venezuela	-	219,183
Indonesia	274,913	232,339
Russia	7,524,638	-
Tunisia	543,155	99,085
Ireland	-	2,622
Sudan	75,347	28,865
Albania	30,283	30,269
Congo (Brazzaville)	74,232	-
Others	15,535	7,406
	14,407,846	5,732,871

Note 8. Financial assets, *TSEK*	**Book amount 31 Dec 2006**	Book amount 31 Dec 2005
Shares and participations	260,265	151,928
Restricted cash	18,641	23,827
Deferred financing fees	-	18,905
Derivative instrument	-	1,825
Other financial assets	78,536	8,201
	357,442	204,686

Note 9. Receivables and inventories, *TSEK*	**Book amount 31 Dec 2006**	Book amount 31 Dec 2005
Inventories	123,679	99,943
Trade receivables	621,273	523,315
Underlift	46,936	49,482
Corporation tax	114,963	117,283
Joint venture debtors	187,670	180,989
Derivative instruments	4,199	13,430
Other assets	101,549	59,035
	1,200,269	1,043,477

Note 10. Provisions, *TSEK*	**Book amount 31 Dec 2006**	Book amount 31 Dec 2005
Site restoration	624,675	329,173
Pension	10,127	13,810
Deferred taxes	3,832,648	1,735,058
Other	14,046	9,209
	4,481,496	2,087,250

Note 11. Current liabilities, *TSEK*	**Book amount 31 Dec 2006**	Book amount 31 Dec 2005
Trade payables	220,734	135,394
Overlift	17,986	67,911
Tax payables	173,998	117,691
Accrued expenses	56,645	45,445
Acquisition liabilities	37,183	38,615
Derivative instruments	-	193,777
Joint venture creditors	650,845	642,575
Short-term bank loans	47,364	-
Other liabilities	40,286	14,898
	1,245,041	1,256,306

PARENT COMPANY INCOME STATEMENT IN SUMMARY

Expressed in TSEK	**1 Jan 2006- 31 Dec 2006 12 months**	1 Oct 2006- 31 Dec 2006 3 months	1 Jan 2005- 31 Dec 2005 12 months	1 Oct 2005- 31 Dec 2005 3 months
Service income	39,218	8,552	18,776	7,335
Gross profit	**39,218**	8,552	18,776	7,335
General and administrative expenses	-34,192	9,386	-52,141	-16,468
Operating loss	**5,026**	17,938	-33,365	-9,133
Financial income	1,806,299	1,778,195	39,846	11,391
Financial expenses	-56,492	-54,725	-216	-216
Net profit before tax	**1,754,833**	1,741,408	6,265	2,042
Tax	-	-	-	-
Net profit	**1,754,833**	1,741,408	6,265	2,042

PARENT COMPANY BALANCE SHEET IN SUMMARY

Expressed in TSEK	**31 Dec 2006**	31 Dec 2005
ASSETS		
Non-current assets		
Financial assets	5,974,079	875,237
Total non-current assets	**5,974,079**	875,237
Current Assets		
Current receivables	1,791,160	11,136
Cash and bank	8,962	10,856
Total current assets	**1,800,122**	21,992
Total assets	**7,774,201**	897,229
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	7,764,091	893,260
Current liabilities	10,110	3,969
Total shareholders' equity and liabilities	**7,774,201**	897,229
Pledged assets	1,986,537	1,128,763
Contingent liabilities	161,313	-

PARENT COMPANY CASH FLOW STATEMENT IN SUMMARY

Expressed in TSEK	**1 Jan 2006- 31 Dec 2006 12 months**	1 Oct 2006- 31 Dec 2006 3 months	1 Jan 2005- 31 Dec 2005 12 months	1 Oct 2005- 31 Dec 2005 3 months
Cash flow from operations				
Net profit	1,754,833	1,741,408	6,265	2,042
Adjustment for non cash related items	-8,202	-26,457	16,780	15,528
Changes in working capital	-1,787,768	-1,780,065	-9,063	-186
Total cash flow from operations	**-41,137**	-65,114	13,982	17,384
Changes in loans to subsidiary companies	-3,242	51,560	-72,911	-25,322
Investment in subsidiaries	-	149	-	-
Total cash flow used for investments	**-3,242**	51,709	-72,911	-25,322
Proceeds from share issue	40,648	5,656	59,275	13,173
Total cash flow from financing	**40,648**	5,656	59,275	13,173
Change in cash and bank	-3,731	-7,749	346	5,235
Cash and bank at the beginning of the period	10,856	15,806	10,289	5,082
Currency exchange difference Bank	1,837	905	221	539
Cash and bank at the end of the period	**8,962**	8,962	10,856	10,856

STATEMENT OF CHANGES IN PARENT COMPANY EQUITY

	Restricted equity		Unrestricted equity			
	Share capital	Statutory reserve	Other reserves*	Retained earnings	Net profit	Total equity
Balance at 1 January 2005	2,537	824,163	-	10,712	-28,673	808,739
Transfer of prior year net profit	-	-28,673	-	-	28,673	-
New share issuance	34	59,241	-	-	-	59,275
Transfer of share based payments	-	6,575	-	-6,575	-	-
Share based payments	-	-	-	18,981	-	18,981
Net profit	-	-	-	-	6,265	6,265
Balance at 31 December 2005	**2,571**	**861,306**	**-**	**23,118**	**6,265**	**893,260**
Transfer of prior year net profit	-	-	-	6,265	-6,265	-
New share issuance	571	-	5,094,354	-	-	5,094,925
Transfer of share based payments	-	-	5,184	-5,184	-	-
Share based payments	-	-	-	27,366	-	27,366
Currency translation difference	-	-	-6,293	-	-	-6,293
Net profit	-	-	-	-	1,754,833	1,754,833
Balance at 31 December 2006	**3,142**	**861,306**	**5,093,245**	**51,565**	**1,754,833**	**7,764,091**

* Other reserves comprises fair value reserve and share premium reserve.

GROUP KEY FINANCIAL DATA<<

Data per share	**1 Jan 2006- 31 Dec 2006 12 months**	1 Oct 2006- 31 Dec 2006 3 months	1 Jan 2005- 31 Dec 2005 12 months	1 Oct 2005- 31 Dec 2005 3 months
Shareholders' equity SEK per share[1]	33.63	33.63	14.32	14.32
Operating cash flow SEK per share [2]	8.05	1.96	10.22	2.39
Cash flow from operations SEK per share[3]	7.35	1.82	9.89	9.84
Earnings SEK per share[4]	2.83	0.62	3.89	0.42
Earnings SEK per share fully diluted[5]	2.81	0.62	3.87	0.42
Dividend per share	-	-	-	-
Quoted price at the end of the financial period (regards the parent company), SEK	79.50	79.50	85.00	85.00
Number of shares at period end	314,215,080	314,215,080	257,140,166	257,140,166
Weighted average number of shares for the period[6]	280,867,805	314,111,333	255,685,730	256,305,872
Weighted average number of shares for the period (fully diluted)[6]	282,251,337	315,199,997	256,974,123	258,219,903

1 the Group's shareholders' equity divided by the number of shares at period end.

2 the Group's operating income less production costs and less current taxes divided by the weighted average number of shares for the period.

3 cash flow from operations in accordance with the consolidated statement of cash flow divided by the weighted average number of shares for the period.

4 the Group's net profit divided by the weighted average number of shares for the period.

5 the Group's net profit divided by the weighted average number of shares for the period after considering the dilution effect of outstanding warrants.

6 the number of shares at the beginning of the year with new issue of shares weighted for the proportion of the period they are in issue.

Key data group	**1 Jan 2006- 31 Dec 2006 12 months**	1 Oct 2006- 31 Dec 2006 3 months	1 Jan 2005- 31 Dec 2005 12 months	1 Oct 2005- 31 Dec 2005 3 months
Return on equity, %[7]	11	3	33	3
Return on capital employed, %[8]	22	4	49	7
Debt/equity ratio, %[9]	12	12	9	9
Equity ratio, %[10]	51	51	47	47
Share of risk capital, %[11]	81	81	70	70
Interest coverage ratio, %[12]	4,010	4,563	4,231	3,796
Operating cash flow/interest ratio[13]	4,848	7,652	5,833	8,244
Yield[14]	-	-	-	-

7 the Group's net profit divided by the Group's average total equity.

8 the Group's income before tax plus interest expenses plus/less exchange differences on financial loans divided by the average capital employed (the average balance sheet total less non-interest bearing liabilities).

9 the Group's interest bearing liabilities in relation to shareholders' equity.

10 the Group's total equity in relation to balance sheet total.

11 the sum of the total equity and the deferred tax provision divided by the balance sheet total.

12 the Group's profit after financial items plus interest expenses plus/less exchange differences on financial loans divided by interest expenses.

13 the Group's operating income less production costs and less current taxes divided by the interest charge for the period.

14 dividend in relation to quoted share price at the end of the financial period.

FINANCIAL INFORMATION

The Company will publish the following reports:

- The three month report (January- March) will be published on 15 May 2007.
- The six month report (January- June) will be published on 15 August 2007.
- The nine month report (January – September) will be published on 14 November 2007.

Estimated distribution of the 2006 annual report will be April 2007 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 16 May 2007 at Berns in Stockholm.

Stockholm 21st February 2007

C. Ashley Heppenstall, President & CEO

This report has not been subject to review by the auditors of the company.