

2008 Performance Preview



*Geoff Turbott, Chief Financial Officer
January 2009*

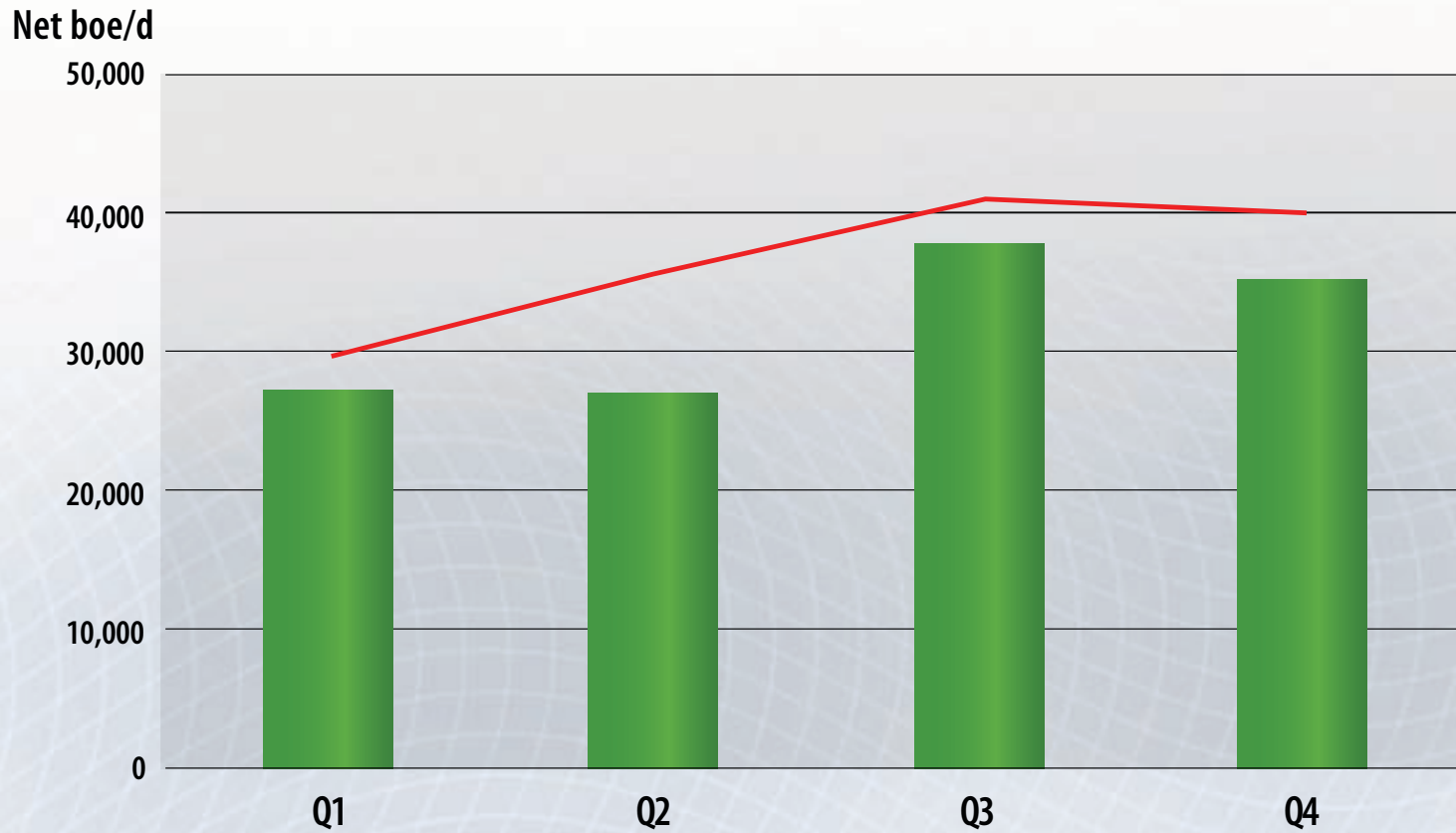
2008 Forecast Production Performance



2008 : 31,800 boepd after minority interest

Actual

Capital Markets Day (CMD) January 2008



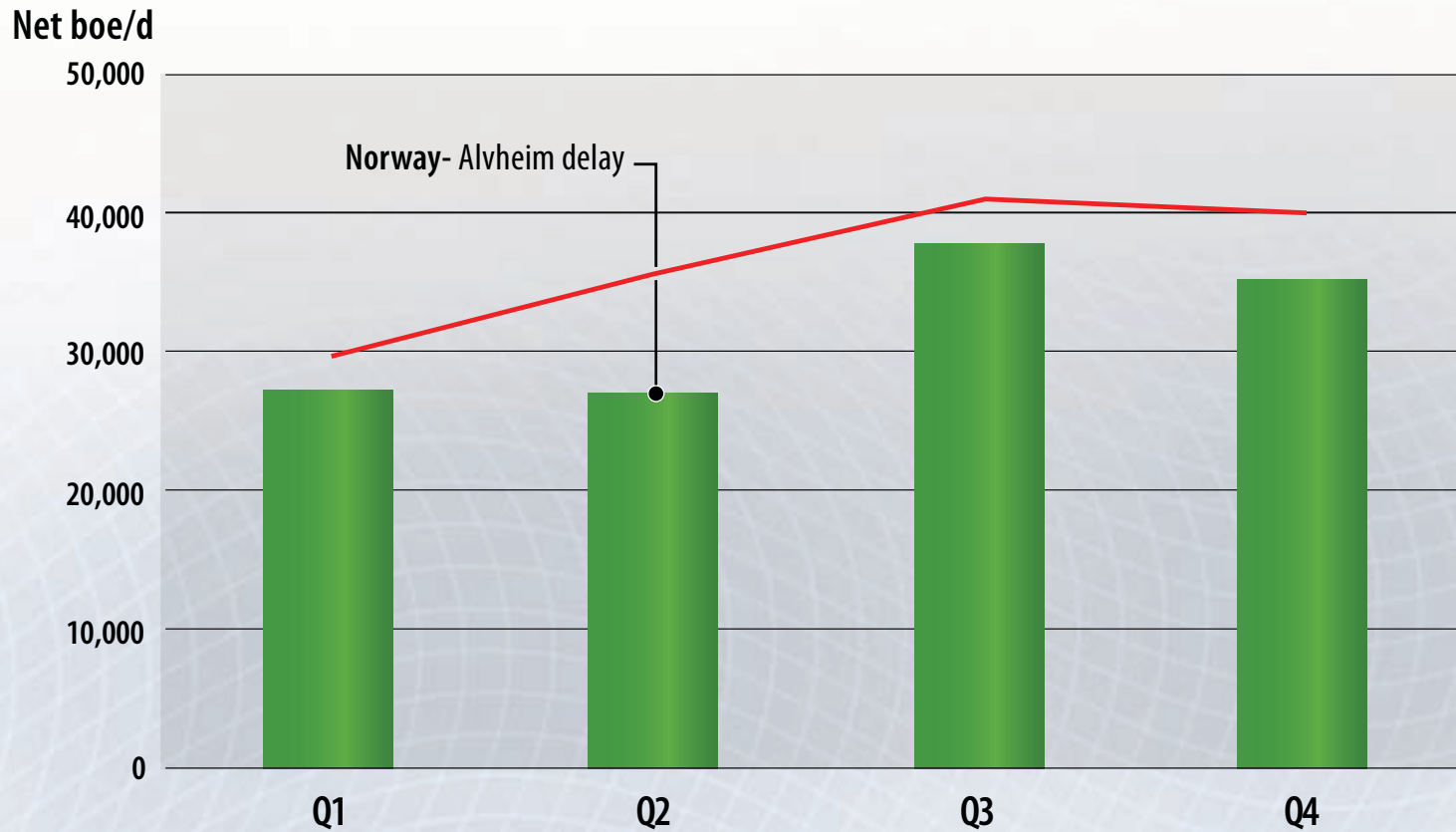
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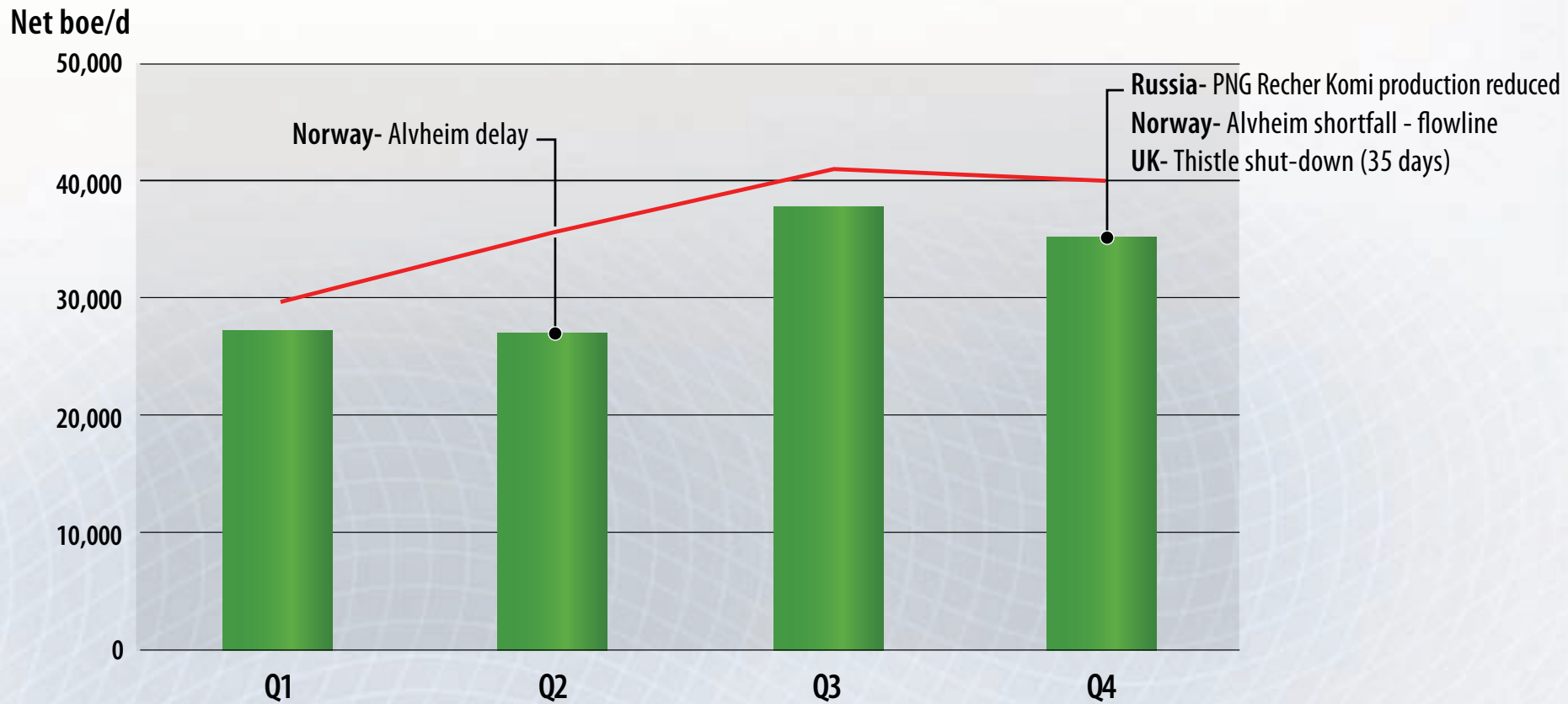
2008 Forecast Production Performance



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Actual

Capital Markets Day (CMD) January 2008



2008 Forecast Margin Netback [USD/boe]



	Forecast 2008	CMD Jan 08
<i>oil price</i>	97.00	85.00
Production (mmboe) before minority	11.90	13.70
Revenue	81.75	74.50
Cost of operations	-21.00	-19.40
Tariffs	-2.70	-2.40
Production taxes	-7.10	-5.55
Stock movements	0.60	-0.40
Cash Margin Netback	51.55	46.75
Depletion	-13.25	-13.25
Exploration costs	-10.90	0.00
Impairment	-6.65	0.00
Margin Netback	20.75	33.50

2008 Forecast Revenue Netback [USD/boe]



	Forecast 2008	CMD Jan 08
Average Brent oil price	97.00	85.00
Sales differential Russia	-6.45	-5.75
Gas price differential	-2.60	-2.80
Other	-1.40	-0.40
Sales price achieved	86.55	76.05
Adjustment sales to production boe	0.80	0.35
Government take	-4.30	-3.15
UK quality difference	-0.85	-1.00
Inventory movements	-2.00	0.40
Tariff receipts & other income	1.55	1.85
Effective sales price per boe produced	81.75	74.50

2008 Forecast Cost of Operations



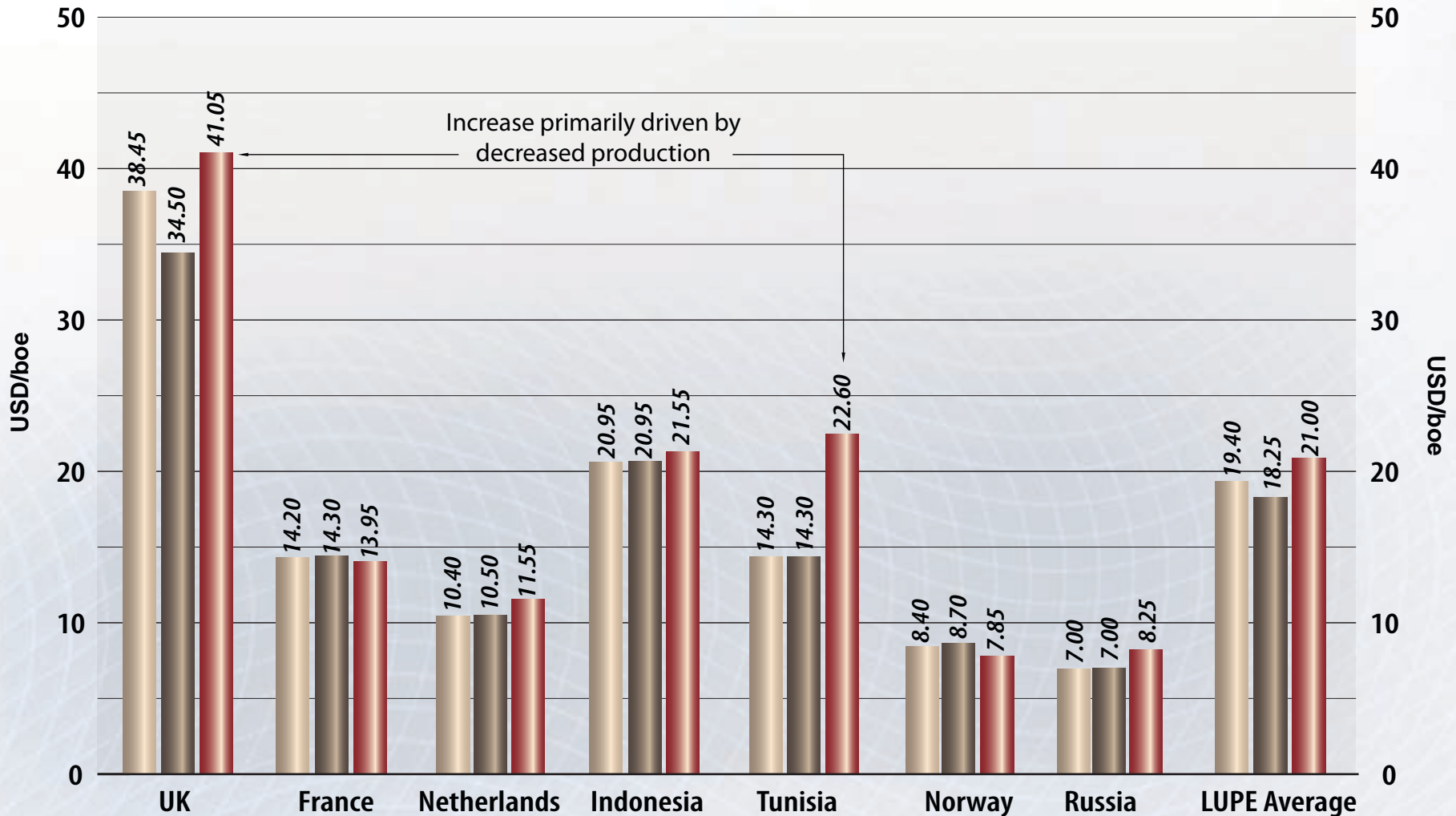
	MMBOE		USD/boe		MUSD
➔ Capital Markets Day 2008	13.7	X	19.40	=	266.7
➔ Forecast 2008	11.9	X	21.00	=	249.6
➔ % Change	-14%	X	8%	=	-6%

2008 Forecast Cost of Operations



FX rates	2008 F/C	2008 CMD
USD : GBP	1.85	2.10
USD : EUR	1.47	1.47
NOK : USD	5.59	5.30

- 2008 CMD
- 2008 CMD FX adjusted
- 2008 Forecast



2008 Forecast Exploration Costs



	2008 Forecast (1) MUSD	Q4 2008 Forecast (1) MUSD	Q4 2008 Forecast after Deferred Tax & Minority Interest MUSD
Sudan including Nyal, Wan Machar, Muny Deng wells	64.6	45.0	37.3
UK including Ridgewood, Torphins wells	20.6	0.0	0.0
Russia Laganskaya well ⁽²⁾	35.8	35.8	20.0
Other	7.7	1.9	1.4
2008 forecast exploration costs	128.7	82.7	58.7

(1) Before deferred tax and minority interest

(2) 30% minority interest

2008 Forecast Impairments

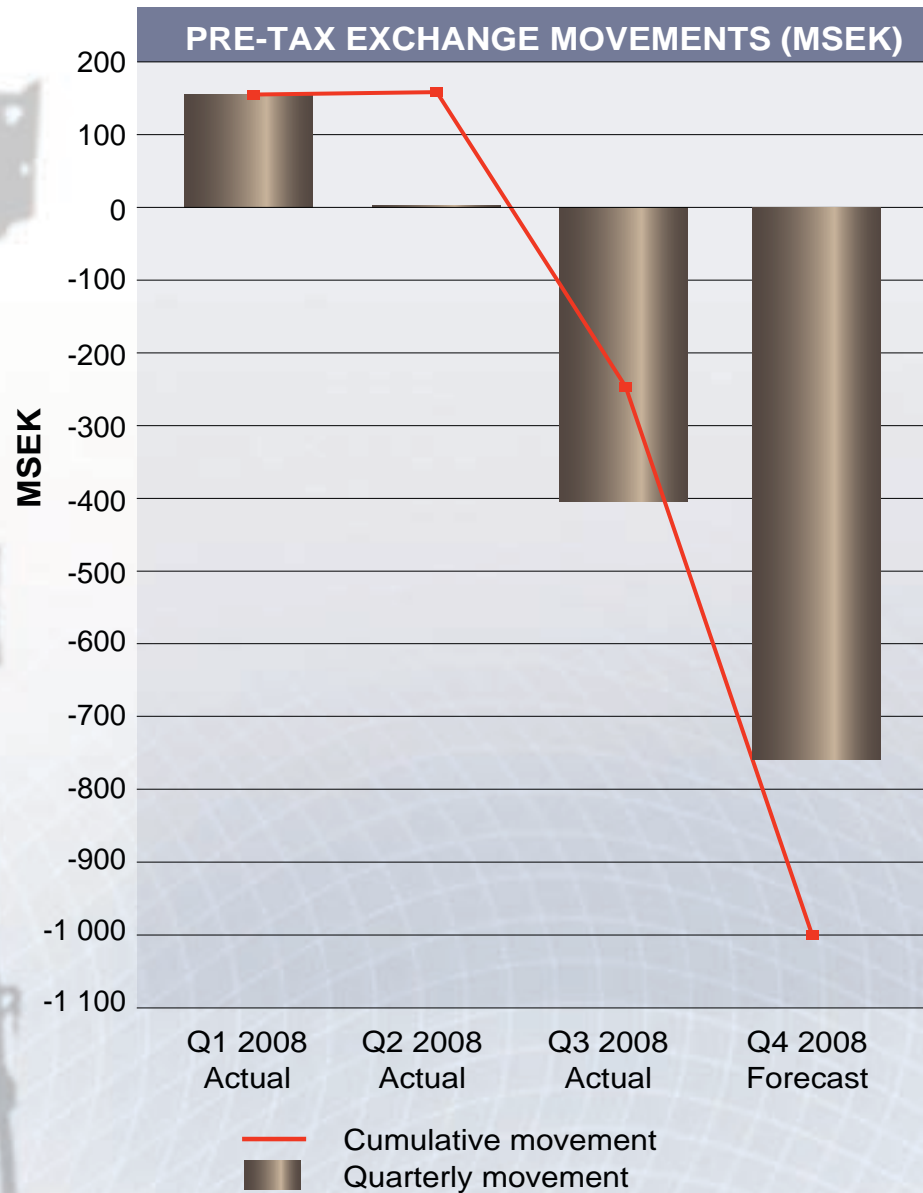


	2008 Forecast MUSD	Deferred Tax and Minority Interest MUSD	Impact on 2008 Profit attributable to LUPE MUSD
Russia - Kalmeastern ⁽¹⁾	39.0	-20.0	19.0
Russia - Oilgaztet ⁽²⁾	12.5	-7.9	4.6
Tunisia - Oudna	19.0	-1.9	17.1
Indonesia - Salawati Island	8.5	-3.1	5.4
2008 forecast impairments	79.0	-32.9	46.1

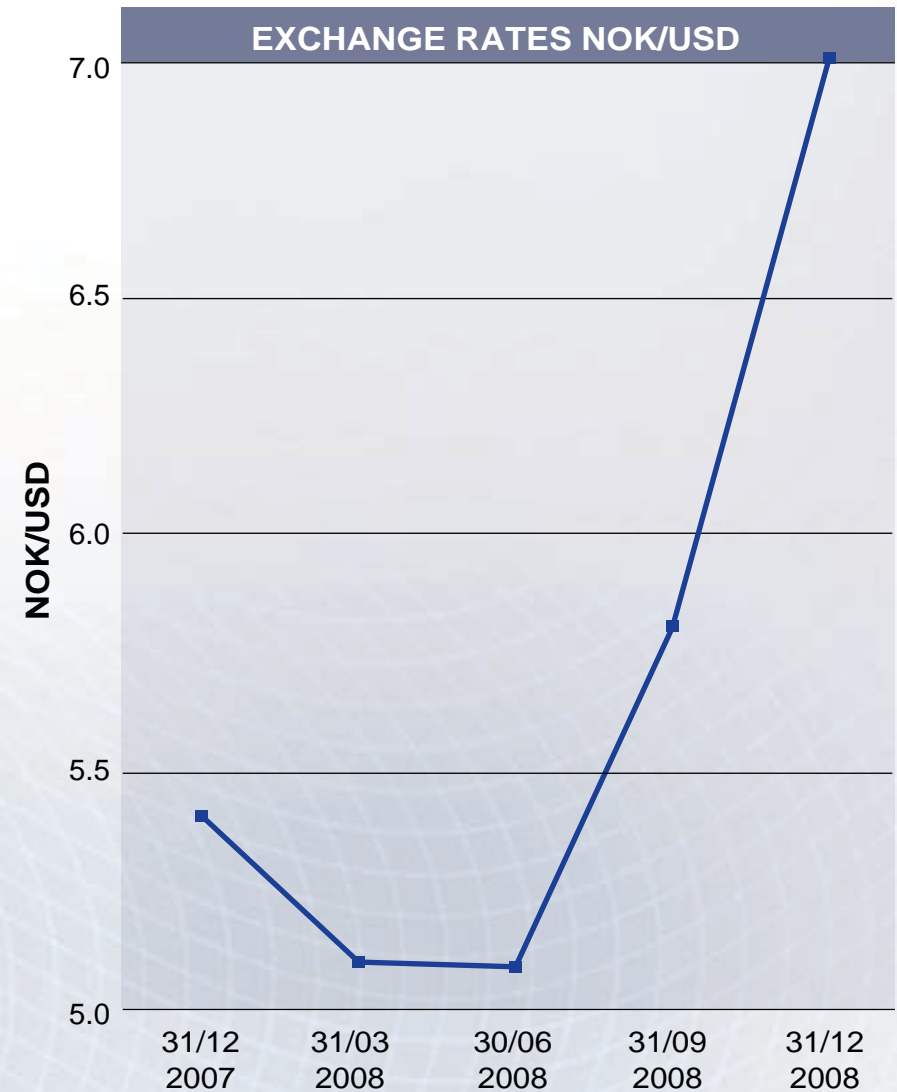
⁽¹⁾ 49% Minority Interest

⁽²⁾ 50% Minority Interest

2008 Forecast Financial Items - Exchange Movements



→ **Average Tax Rate: 44%**



⇒ Revus Shares

- Bought 9.2% of issued shares @ 57 NOK/share
- Sold @ NOK 110/share
- Profit MUSD 31.8
- No tax charge recorded

⇒ Thistle Incident Insurance Claim

- MUSD 14.4 gain booked in Q4 2008 to the Income Statement as financial items
- Tax charge 75% (PRT Inclusive)

2008 Forecast Taxation



- 2008 effective rate of tax 101%

- Current tax charge (0.50) USD/boe

- Deferred tax charge 11.70 USD/boe

- Note: Norway 2008 exploration cash tax refund to be received Dec 2009 350 MNOK (5.30 USD/boe)

Effective Forecast Tax Rate Reconciliation



- **2008 effective tax rate before one-off items:** → **52%**
 - Exploration costs - Sudan and Russia
 - Impairments - Russia, Tunisia and Indonesia
 - Financial items - Exchange Movements,
Revus shares and Thistle Insurance

- **2008 effective tax rate:** → **101%**

2008 Forecast Operating Cash Flow Netback (USD/boe)

	2008 Forecast
Revenue	81.75
Cost of operations	-21.00
Tariffs	-2.70
Production taxes	-7.10
Stock movements	0.60
Cash Margin Netback	51.55
Cash taxes	0.50
Operating Cash Flow Netback	52.05