Lundin Petroleum AB (publ)

Report for the NINE MONTHS ended 30 September 2005

	30 September 2005 9 months	30 September 2004 9 months	31 December 2004 12 months
• Production in boepd	33,921	25,685	28,921
• Operating income in MSEK	3,164.9	1,633.6	2,468.3
• Net result in MSEK	885.8	391.7	605.3
• Earnings/share in SEK	3.47	1.55	2.39
• Diluted earnings/share in SEK	3.45	1.54	2.37
• Operating cash flow in MSEK	2,011.0	931.4	1,502.8

• Forecasted Group net profit 2005[1]	SEK 1,230 million
• Forecasted Group operating cash flow 2005[1]	SEK 2,600 million

[1] An exchange rate for USD/SEK of 7.45 has been used to arrive at the SEK amount

Dear Fellow Shareholders,

I am very pleased to report that Lundin Petroleum generated record net profit and operating cash flow during the third quarter of 2005. The strong financial performance has been driven not only by strong world oil prices but by increases in production particularly from the United Kingdom. In October 2005 we have successfully completed Phase 2 of the Broom project offshore United Kingdom which will be followed in 2006/2007 by completion of our development projects in Tunisia and Norway providing continued growth for Lundin Petroleum.

Financial Performance

Lundin Petroleum generated a net profit after taxes of MSEK 885.8 (MUSD 121.4) and an operating cash flow of MSEK 2,011.0 (MUSD 275.7) during the first nine months of 2005. This represents increases of over 125 percent and 110 percent respectively in net profit and operating cash flow compared to the same period last year.

Production

Production averaged approximately 34,000 boepd for the nine month period with a realised oil price in excess of USD 52.00 per barrel of oil equivalent. Production in the third quarter was, however, below forecast at 31,600 boepd due primarily to continued facility related issues in the United Kingdom and development delays in Indonesia and Venezuela.

The Broom Phase 2 development drilling program has been successfully completed with gross production from the Broom Field now at over 30,000 bopd. The results of the two new wells have been successful in relation to the well capacity and reservoir properties encountered which we believe will lead to an increase in the current recoverable reserves. Despite the negative impact of the facility related issues on our short term production the Broom Field is performing better than originally anticipated with limited water production. As the most important producing asset in our portfolio I believe this has the potential to add significant value for our shareholders.

As a result of the facility issues restricting Broom production, the extended Thistle Field shutdown and the Indonesia development delays we are now forecasting average production for 2005 of 33,500 boepd.

We still forecast that Lundin Petroleum will be producing in excess of 50,000 boepd by early 2007 following completion of the Alvheim project in Norway and the Oudna project in Tunisia.

Financial Forecast

Despite the lower production forecasts for 2005 our net profit forecast of MSEK 1,230 (MUSD 165) is still expected although our operating cash flow forecast is reduced to MSEK 2,600 (MUSD 350) from MSEK 2,685 (MUSD 360). These forecasts assume a Brent oil price of USD 55.00 per barrel for the remainder of 2005 and foreign exchange rates remaining at the 30 September levels. The lower production forecasts and exploration write off in the Netherlands have been offset by a higher achieved oil price in the third quarter and lower operating cost forecasts.

Exploration and Development

During the third quarter 2005 we have conducted exploration/appraisal activities in Nigeria, Indonesia, France and the Netherlands. As is normal with exploration the results are rarely "black" or "white". In Nigeria the Aje-3 well was completed during the third quarter and was not able to confirm the expected geophysical and geological results at the well location. However, significant hydrocarbons have already been confirmed in the Aje field and we are now incorporating the Aje-3 well results into our technical models to determine the future work program. In the Netherlands our testing program on Luttelgeest was unsuccessful and the costs were fully written off in our third quarter results. In France the log and core analyses give us confidence that we have an oil discovery which I hope will be confirmed through a testing programme later in the year, and in Indonesia we are still drilling. As I have indicated before, exploration by its nature will have its disappointments but over time we believe can create significant shareholder value from a continued exploration investment program. We have grown our exploration portfolio to ensure we have a constant stream of ongoing projects with exploration drilling in the fourth quarter 2005 and 2006 expected in Indonesia, Norway, Ireland and the Netherlands. I am also very encouraged with the developments in Sudan with the peace agreement completed and a new government and National Petroleum Commission all successfully established. Block 5B in the Muglad Basin contains a number of world class exploration prospects and I now feel confident that we will be able to commence field operations in the foreseeable future.

As I mentioned our Broom Phase 2 development project in the United Kingdom has been successfully completed. Our development projects in Norway (Alvheim) and Tunisia (Oudna) are ongoing with all major contracts awarded and drilling activity to commence shortly. These projects will deliver further organic growth for Lundin Petroleum over the next two years independent of exploration success or further acquisitions.

Oil Markets

World oil markets remain strong despite oil prices having fallen from the third quarter peaks. The oil industry continues to be divided as to the direction of oil prices in the short term but the debate now seems to be USD 40.00 per barrel or USD 60.00 per barrel and above versus the historical average of USD 20.00 per barrel. In the long term demand will continue to increase particularly from China and the developing world and I believe that USD 50.00 per barrel plus oil prices are here to stay with a higher probability on the upside than the downside.

There has been a major under investment in the oil industry over recent years particularly in the downstream sector. It will take many years and huge investments to build up capacity and upgrade existing refineries to meet demand and new environmental standards. Lundin Petroleum as an independent upstream company believes it is essential to invest proactively in finding and developing new oil and gas reserves and over time this coupled with a strong oil price environment will deliver excellent returns to our shareholders.

Conclusion

Lundin Petroleum is experiencing frustrating mechanical issues resulting from old equipment which has arguably lacked investment historically from previous owners operating in a lower oil price environment. On the other hand we continue to be successful from a subsurface perspective adding incremental reserves from a proactive investment programme. This coupled with our investment in facilities to improve production uptime creates a real opportunity for a focused independent operator such as Lundin Petroleum.

Our business has grown significantly in a short period of time. However the entrepreneurial spirit of the management team is strong which will allow us to continue to generate exciting new investment opportunities going forward. This will ultimately lead to continued growth and value creation for our shareholders which is the key objective for myself and the management team.

Best regards,

C. Ashley Heppenstall
President & CEO

OPERATIONS

United Kingdom

The net production to Lundin Petroleum in the nine months ended 30 September 2005 was 20,600 bopd representing over 60 percent of the total production for the Group. Production during the third quarter of 2005 was 19,600 bopd and was adversely impacted by Heather platform facilities related issues on Broom production and by the early shutdown of the Thistle Field.

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 responsibilities for the facilities to Petrofac on 1 May 2005. Lundin Petroleum has relocated its operations to a new office in Aberdeen where the primary focus will be investment opportunities on the existing assets as well as new acquisitions.

The production from the Broom Field (Lundin Petroleum Working Interest (WI) 55 %) has averaged 24,700 boepd during the nine month period, with the second water injection well having been successfully completed in difficult weather conditions earlier in the year.

Phase-2 of the Broom development has now been successfully completed subsequent to the period end, increasing Broom production to over 30,000 boepd. Phase-2 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 both producing via the Broom subsea manifold and tied back to the Heather platform. Both wells have been successful in respect of the reservoir characteristics encountered and production capacity. However the Broom/ Heather Field complex is not currently able to operate at full well capacity due to facilities constraints which have had a negative impact on short term production forecasts.

Production from the Thistle Field (WI 99%) averaged 4,300 bopd during the nine month period. The Thistle Field is currently shutdown due to a planned work program to debottleneck production separation capacity in order to increase future production. The shutdown commenced during mid September one month earlier than planned due to the unforeseen refurbishment of safety related equipment and will now result in an extended shutdown period.

Production from the Heather Field (WI 100%) averaged 2,750 bopd for the nine month period. Further drilling activity is planned for 2006 following the completion of capital investment on the platform drilling rig.

Norway

The production from the Jotun Field (WI 7%) offshore Norway was 1,000 bopd for the period. The Jotun field partners sold their interests in the Jotun floating production, storage and offloading vessel (FPSO) during the period 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 progressed satisfactorily during the nine month period. The major project contracts have been awarded and the Alvheim FPSO conversion will be completed in the Far East by early 2006. Drilling on the Alvheim Field has been delayed until early 2006 as a result of time overruns on the current work program of the contracted drilling rig. However it is still anticipated the first production from Alvheim will take place in early 2007 at a forecast rate of 85,000 boepd. The proposed Alvheim drilling program includes further exploration drilling which has the potential to increase the current 180 million barrels of oil equivalent reserve forecast for the field.

The Hamsun Field (WI 35%) to the south of Alvheim remains the subject of ongoing development studies with the most likely option a tie back to the nearby Alvheim facilities.

Lundin Petroleum continues to be actively involved in respect of new exploration activity in Norway with applications in both the APA 2005 and the 19th Licensing Rounds. A drilling rig has been secured for a two well exploration drilling campaign beginning in 2006 on Lundin Petroleum licenses on the Norwegian Continental Shelf.

France

In the Paris Basin the net production during the period was 2,900 bopd. The La Tonelle-1 exploration well in the Nemour Concession (WI 33.3%) has been successfully completed. The well will be tested in the fourth quarter of 2005 based upon positive oil indications from log and core data acquired.

In the Aquitaine Basin (WI 50%) the net production was 1,400 bopd during this period.

Indonesia

Salawati Island and Basin (Papua)

The net production from Salawati (Salawati Island WI 14.5% and Salawati Basin WI 25.9%) was 2,300 bopd during the period. First production from the TBA field offshore Salawati Island has been further delayed due to the non-availability of a floating production and storage vessel. The field which is forecast to add 1,000 boepd net to Lundin Petroleum production is now forecast to come onstream in 2006. An ongoing program of development and exploration drilling continues on Salawati Basin and Island with the exploration drilling yielding disappointing results.

Banyumas (Java)

The Jati-1 exploration well (WI 25%) has been spudded during the third quarter of 2005. The Jati-1 well is testing a large exploration prospect in an under explored basin onshore Southern Java. The well is progressing slower than anticipated due to difficult drilling conditions and is expected to reach its total depth towards year end.

Blora (Java)

An additional exploration well will be drilled on Blora using the onshore drilling rig currently drilling the Jati-1 well. The Tengis-1 (WI 43.3%) exploration well will be drilled in the first half of 2006.

Lematang (South Sumatra)

The negotiations for a gas sales agreement in relation to the Singa gas field (WI 15.88%) continue to progress slowly. A development plan for the Singa project has been agreed and will be initiated once gas sales arrangements have been finalized.

The Netherlands

Gas production from the Netherlands during the period was 2,300 boepd. The production was adversely affected due to the disappointing results from development drilling on the Zuidwal Field (WI 7.8%) in late 2004.

The Luttelgeest-1 exploration well on the onshore Lemmer-Marknesse exploration license (WI 10%) was tested during the third quarter of 2005. The testing programme was unsuccessful and the well has been plugged and abandoned.

During the fourth quarter an exploration well on Block F12-4 (WI 10%) offshore Netherlands will be spudded.

Tunisia

The net oil production from the Isis Field (WI 40%) is 1,100 bopd for the period and continues to decline as anticipated, as the field approaches the end of its economic life. The field is expected to stop production in the first half of 2006 when the Ikdam FPSO currently employed on the Isis Field is redeployed on the Oudna Field.

In relation to the Oudna field development, all commercial arrangements with state owned oil company ETAP were concluded during the period. The Oudna production and water injection wells are now likely to commence drilling in late 2005 with first production expected in the second half of 2006 following drydock modifications to the Ikdam FPSO.

Venezuela

Production from the Colón Block (WI 12.5%) was 2,200 boepd during the period. Development drilling on the La Palma Field will continue into early 2006. One of the new development wells was deepened and has tested oil from new reservoirs below the existing producing La Palma field.

In connection with the Venezuelan government's decision to restructure all operating services agreements in the country, Lundin Petroleum and its partners agreed to commence negotiations towards a joint venture form which will allow direct participation in the Colón Block by the Venezuelan national oil company, PDVSA. The commercial, legal and fiscal terms are subject to further negotiations and approval by the Colón Block parties. The 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 the period. 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 the period Lundin Petroleum acquired a new exploration license in the Donegal Basin (WI 30% operator) where it is expected that Inishbeg, a large gas prospect, will be drilled in 2006.

OPERATIONS-EXPLORATION

Albania

A 400 km2 3D seismic acquisition program on the Durresi Block (WI 50%) will be completed in the fourth quarter 2005. Following the acquisition, processing and interpretation of the seismic data in 2006 exploration drilling is now planned for 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 in 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. The data acquired from the Aje-3 well is currently being evaluated and incorporated into the Aje Field model. In addition, the remaining exploration potential of Block OML 113 is being reviewed to determine the future work program on OML 113.

Sudan

A comprehensive peace agreement was signed in Sudan in early 2005 between the government and the Sudan Peoples 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. We believe that these political developments will be the catalyst for the resumption of full operational activities on Block 5B (WI 24.5%).

The Block 5B partners have approved a multi-well exploration drilling program which will allow part of the large prospectivity of the block to be tested.

RESULT AND CASH FLOW

The results for the consolidated financial statements of Lundin Petroleum AB (Lundin Petroleum or the Group) are presented for the nine month period ended 30 September 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 profit for the nine month period ended 30 September 2005 of MSEK 885.8 (MSEK 391.7) and MSEK 419.8 (MSEK 177.1) for the third quarter of 2005 representing earnings per share attributable to shareholders of the parent company on a fully diluted basis of SEK 3.45 (SEK 1.51) for the nine month period ended 30 September 2005 and SEK 1.62 (SEK

0.69) for the third quarter of 2005. Operating cash flow for the nine month period ended 30 September 2005 amounted to MSEK 2,011.0 (MSEK 931.4) and MSEK 736.4 (MSEK 439.8) for the third quarter of 2005. Operating cash flow per share on a fully diluted basis amounted to SEK 7.84 (SEK 3.65) for the nine month period ended 30 September 2005 and SEK 2.85 (SEK 1.72) per share for the third quarter of 2005.

Net sales of oil and gas for the nine month period ended 30 September 2005 amounted to MSEK 3,027.0 (MSEK 1,553.4) and MSEK 1,123.0 (MSEK 671.4) for the third quarter of 2005. Production for the period amounted to 9,243,351 (6,425,700) barrels of oil equivalent (boe) representing 33,921 (25,685) boe per day (boepd). The average price achieved for a barrel of oil equivalent for the nine month period ended 30 September 2005 amounted to USD 52.20 (USD 35.11).

The average Dated Brent price for the nine month period ended 30 September 2005 amounted to USD 53.76 (USD 36.35) per barrel resulting in a post-tax negative hedge settlement of MSEK 177.3 (MSEK 58.9).

Other operating income for the nine month period ended 30 September 2005 amounted to MSEK 137.9 (MSEK 80.2) and MSEK 49.3 (MSEK 31.7) for the third 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 nine month period ended 30 September 2005 were comprised as follows:

Sales *Average price per barrel expressed in USD*	**1 Jan 2005– 30 Sep 2005 9 months**	**1 Jul 2005– 30 Sep 2005 3 months**	1 Jan 2004– 30 Sep 2004 9 months	1 Jul 2004– 30 Sep 2004 3 months	1 Jan 2004– 31 Dec 2004 12 months
United Kingdom					
- Quantity in boe	5,582,204	1,785,872	1,978,000	1,082,000	3,674,000
- Average price per boe	53.68	61.72	39.31	42.78	41.75
France					
- Quantity in boe	1,190,774	377,599	1,284,431	395,157	1,563,576
- Average price per boe	53.17	62.24	36.16	43.15	36.90
Norway					
- Quantity in boe	291,972	83,938	771,486	351,997	870,746
- Average price per boe	50.96	59.31	37.30	41.65	37.92
Netherlands					
- Quantity in boe	637,957	173,747	707,253	209,228	948,548
- Average price per boe	35.60	36.10	24.59	24.91	25.43
Indonesia					
- Quantity in boe	389,187	118,658	502,630	176,947	579,522
- Average price per boe	48.62	54.04	34.09	39.26	34.79
Tunisia					
- Quantity in boe	328,627	246,080	417,763	–	677,923
- Average price per boe	62.53	67.10	31.58	–	38.65
Ireland					
- Quantity in boe	24,107	–	138,680	34,337	121,371
- Average price per boe	33.31	–	21.34	24.02	26.24
Total					
- Quantity in boe	**8,444,828**	**2,785,894**	5,800,243	2,249,666	8,435,686
- Average price per boe	**52.20**	**60.26**	35.11	40.44	37.67

Income from Venezuela is derived by way of a service fee and interest income. For the nine month period ended 30 September 2005, the service fee earned by Lundin Petroleum amounted to USD 21.96 (USD 17.63) per barrel for the 601,235 boe (664,296 boe) that were sold.

Production	**1 Jan 2005– 30 Sep 2005 9 months**	**1 Jul 2005– 30 Sep 2005 3 months**	1 Jan 2004– 30 Sep 2004 9 months	1 Jul 2004– 30 Sep 2004 3 months	1 Jan 2004– 31 Dec 2004 12 months
United Kingdom					
- Quantity in boe	5,641,661	1,810,617	2,004,945	1,220,011	3,973,761
- Quantity in boepd	20,665	19,681	8,717	13,261	12,341
France					
- Quantity in boe	1,157,275	383,565	1,179,138	380,083	1,561,409
- Quantity in boepd	4,239	4,169	4,303	4,131	4,266
Norway					
- Quantity in boe	269,687	77,941	708,286	292,747	898,519
- Quantity in boepd	988	847	3,335	3,183	3,189
Netherlands					
- Quantity in boe	637,957	173,747	707,253	209,227	948,548
- Quantity in boepd	2,337	1,889	2,581	2,274	2,592
Venezuela					
- Quantity in boe	601,767	182,589	652,914	193,289	827,492
- Quantity in boepd	2,204	1,985	2,383	2,101	2,261
Indonesia					
- Quantity in boe	622,573	201,189	613,897	207,282	840,167
- Quantity in boepd	2,280	2,187	2,241	2,253	2,296
Tunisia					
- Quantity in boe	288,209	78,202	438,093	111,959	574,042
- Quantity in boepd	1,056	850	1,599	1,217	1,568
Ireland					
- Quantity in boe	24,222	–	121,174	34,352	131,517
- Quantity in boepd	151	–	527	373	408
Total					
- Quantity in boe	**9,243,351**	**2,907,850**	6,425,700	2,648,950	9,755,455
- Quantity in boepd	**33,921**	**31,607**	25,685	28,793	28,921
Number of days:					
UK	273	92	230	92	322
Ireland	160	–	230	92	322
DNO's Norwegian assets	273	92	105	92	197
OER	–	–	273	92	328

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 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. In this situation Lundin Petroleum only records the share of the production that it receives for sale.

Production costs for the nine month period ended 30 September 2005 expressed in US dollars were comprised as follows:

Production cost and depletion *in TUSD*	**1 Jan 2005– 30 Sep 2005 9 months**	**1 Jul 2005– 30 Sep 2005 3 months**	1 Jan 2004– 30 Sep 2004 9 months	1 Jul 2004– 30 Sep 2004 3 months	1 Jan 2004– 31 Dec 2004 12 months
Cost of operations	109,598	30,786	89,652	35,019	124,006
Tariff and transportation expenses	13,726	3,400	10,284	3,335	16,173
Royalty and direct taxes	3,752	1,495	2,543	1,108	3,821
Changes in inventory/overlift	7,027	6,811	6,243	-993	2,398
Total production costs	**134,103**	**42,492**	108,722	38,469	146,398
Depletion	79,374	24,798	30,330	16,497	51,946
Total	**213,477**	**67,290**	139,052	54,966	198,344

Production cost and depletion *in USD per boe*	**1 Jan 2005– 30 Sep 2005 9 months**	**1 Jul 2005– 30 Sep 2005 3 months**	1 Jan 2004– 30 Sep 2004 9 months	1 Jul 2004– 30 Sep 2004 3 months	1 Jan 2004– 31 Dec 2004 12 months
Cost of operations	11.86	10.59	13.95	13.22	12.71
Tariff and transportation expenses	1.48	1.17	1.60	1.26	1.66
Royalty and direct taxes	0.41	0.51	0.40	0.42	0.39
Changes in inventory/overlift	0.76	2.34	0.97	-0.38	0.25
Total production costs	**14.51**	**14.61**	16.92	14.52	15.01
Depletion	8.59	8.53	4.72	6.23	5.32
Total cost per boe	**23.10**	**23.14**	21.64	20.75	20.33

Production costs for the nine month period ended 30 September 2005 amounted to MSEK 978.2 (MSEK 812.7) and MSEK 326.8 (MSEK 288.2) for the third quarter of 2005. The reported cost of operations has decreased from USD 12.44 per barrel reported in the first half of 2005 to USD 10.59 per barrel for the third quarter of 2005. This decrease is due to the non-recurring costs incurred in the United Kingdom during the second quarter of 2005 of MUSD 6.4 (MSEK 45.5) in relation to the transfer of duty holder responsibilities to Petrofac Facilities Management Limited.

Depletion of oil and gas properties for the nine month period ended 30 September 2005 amounted to MSEK 579.0 (MSEK 226.7) and MSEK 190.9 (MSEK 123.4) for the third 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 and because the UK was only included within the depletion charge for five months in 2004, distorting the average depletion rate for the year.

Write off of oil and gas properties amounted to MSEK 40.8 (MSEK 3.8) for the nine month period ended 30 September 2005 and MSEK 29.7 (MSEK 2.6) for the third quarter of 2005. The costs written off in the third quarter of 2005 relate primarily to the Luttelgeest exploration well drilled in the Netherlands in 2004. After testing of the well in August 2005 the decision was made to plug and abandon the well. 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 gain of MSEK 195.0. 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 nine month period ended 30 September 2005 amounted to MSEK 5.4 (MSEK 5.1) and MSEK 2.0 (MSEK 2.2) for the third quarter of 2005 and represents fees and costs recovered by Lundin Petroleum from third parties.

General and administrative expenses for the nine month period ended 30 September 2005 amounted to MSEK 70.4 (MSEK 87.5) and MSEK 20.6 (MSEK 26.0) for the third quarter of 2005. Included within the 2005 costs is an accounting charge of MSEK 13.7 for employee stock options issued in 2004 and 2005 following the adoption of IFRS. The comparative period included MSEK 6.4 in relation to the stock options issued in 2004. Depreciation charges included in the general and administrative expenses amounted to MSEK 4.4 (MSEK 3.9) for the nine month period ended 30 September 2005 and MSEK 2.2 (MSEK 1.5) for the third quarter of 2005. The general and administration costs for the nine months of 2004 included an amount of MSEK 8.7 for OER. OER was sold in the fourth quarter of 2004.

Financial income for the nine month period ended 30 September 2005 amounted to MSEK 29.5 (MSEK 15.1) and MSEK 13.8 (MSEK 6.3) for the third quarter of 2005. Interest income for the nine month period ended 30 September 2005 amounted to MSEK 19.8 (MSEK 7.5) and mainly comprises of interest received on bank accounts of MSEK 8.6 (MSEK 3.1), interest received on a loan to an associated company for an amount of MSEK 2.6 (MSEK 1.9), received interest in relation to PRT repayments for an amount of MSEK 4.7 (MSEK -) and the interest fee received from Venezuela for an amount of MSEK 4.0 (MSEK 2.5).

Financial expenses for the nine month period ended 30 September 2005 amounted to MSEK 141.8 (MSEK 65.1) and MSEK 22.7 (MSEK 11.0) for the third quarter of 2005. Interest expense for the nine month period ended 30 September 2005 amounted to MSEK 39.6 (MSEK 25.7) and MSEK 12.2 (MSEK 18.3) for the third 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 first nine month period ended 30 September 2005 amounted to a gain of MSEK 7.7 (MSEK 5.2) and a gain of MSEK 3.5 (MSEK 1.6) for the third quarter of 2005.

The amortisation of financing fees amounted to MSEK 10.2 (MSEK 4.8) for the nine month period ended 30 September 2005 and MSEK 3.3 (MSEK 1.8) for the third 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 nine month period ended 30 September 2005 amounted to MSEK 83.0 (MSEK 25.2) and MSEK 4.5 (MSEK -13.1) for the third quarter of 2005. The exchange losses for the nine month period ended 30 September 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 nine month period ended 30 September 2005 the devaluation of the NOK and the Euro against the USD amounted to approximately 8% and 11% respectively.

The tax charge for the nine month period ended 30 September 2005 amounted to MSEK 698.5 (MSEK 66.5) and MSEK 372.6 (MSEK 83.3) for the third quarter of 2005. The current corporation tax charge of MSEK 160.9 (MSEK -61.0) comprises current corporation tax charges in, mainly 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 of MSEK 110.0 (MSEK 0) of which MSEK 94.4 was incurred in the third quarter of 2005. The deferred corporation tax charge for the nine month period ended 30 September 2005 of MSEK 515.7 (MSEK 137.3) comprises principally of a charge of MSEK 285.1 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 173.7. The petroleum tax charge for the nine month period ended 30 September 2005 amounts to MSEK 14.8 (MSEK -49.6). The deferred petroleum tax charge for the nine month period ended 30 September 2005 amounts to MSEK 7.1 (MSEK 39.8). 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 nine month period ended 30 September 2005 the tax charge generated for Tunisia has exceeded the recorded provision necessitating a further provision of MSEK 14.6 to be recorded with a corresponding credit to the income statement.

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 nine month period ended 30 September 2005 amounts to approximately 44%. The effective tax rate for the nine month period ended 30 September 2005 excluding the Jotun sale and leaseback transaction amounts to approximately 38%.

The net result attributable to minority interest for the nine month period ended 30 September 2005 amounted to MSEK 0.4 (MSEK 7.8) 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 30 September 2005 amounted to MSEK 5,549.2 (MSEK 4,334.0) of which MSEK 5,475.8 (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 first nine month period ended 30 September 2005 can be summarised as follows:

Development expenditure *in MSEK*	**1 Jan 2005– 30 Sep 2005 9 months**	**1 Jul 2005– 30 Sep 2005 3 months**	1 Jan 2004– 30 Sep 2004 9 months	1 Jul 2004– 30 Sep 2004 3 months	1 Jan 2004– 31 Dec 2004 12 months
United Kingdom	460.5	241.7	515.2	240.0	702.3
France	17.3	3.1	54.4	38.0	85.1
Netherlands	30.8	13.7	22.3	13.4	44.3
Venezuela	27.5	7.8	10.0	1.5	12.7
Tunisia	33.6	27.2	2.5	0.8	3.9
Indonesia	54.4	17.6	16.3	4.4	22.9
Ireland	–	–	–	–	2.6
Norway	413.7	188.5	21.4	4.1	81.2
Development expenditure	**1,037.8**	**499.6**	642.1	302.2	955.0

Exploration expenditure *in MSEK*	**1 Jan 2005– 30 Sep 2005 9 months**	**1 Jul 2005– 30 Sep 2005 3 months**	1 Jan 2004– 30 Sep 2004 9 months	1 Jul 2004– 30 Sep 2004 3 months	1 Jan 2004– 31 Dec 2004 12 months
France	6.3	3.9	33.3	5.7	41.1
Indonesia	37.7	15.9	43.8	24.5	63.6
Iran	5.4	0.9	42.0	18.1	51.9
Netherlands	7.5	6.7	18.4	11.6	24.7
Tunisia	0.8	–	–	–	–
Albania	3.9	1.0	1.7	0.3	4.1
Ireland	2.2	0.2	-	-	-
Norway	48.7	24.2	23.3	19.5	30.6
Sudan	2.5	0.5	4.5	1.8	5.6
Nigeria	151.2	77.9	–	–	–
United Kingdom	11.3	3.9	1.8	0.3	2.0
Other	10.9	4.5	7.6	4.6	9.2
Exploration expenditure	**288.4**	**139.6**	176.4	86.4	232.8

Other tangible fixed assets as at 30 September 2005 amounted to MSEK 73.4 (MSEK 38.0).

Financial fixed assets

Financial fixed assets as at 30 September 2005 amounted to MSEK 501.4 (MSEK 481.0) and are analysed in Note 8 to the Financial Statements. Restricted cash includes cash amounts deposited to support letters of credit issued in support of exploration work commitments. Restricted cash has increased from 31 December 2004 following the deposit of MUSD 4.1 in support of the work commitment in Nigeria. Shares and participations amount to MSEK 52.5 (MSEK 21.1) as at 30 September 2005. The increase during the period relates to the shares in Island Oil and Gas plc that the Group received as consideration for the sale of the interest in the Seven Heads gas field offshore Ireland. 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. 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 6.3 (MSEK nil) and primarily relate to the interest rate hedging contracts. Other financial fixed assets amount to MSEK 7.4 (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 980.8 (MSEK 768.9) as at 30 September 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 primarily due to the phasing of the UK sales and the higher average prices achieved for the period. Taxes receivable amounted to MSEK 104.5 (MSEK 117.6) and joint venture debtors amounted to MSEK 70.1 (MSEK 74.1).

Cash and bank

Cash and bank as at 30 September 2005 amounted to MSEK 324.6 (MSEK 268.4).

Provisions and other long term liabilities

Provisions as at 30 September 2005 amounted to MSEK 1,964.5 (MSEK 1,497.7) and are detailed in Note 10 to the Financial Statements. This amount includes a provision for site restoration of MSEK 324.9 (MSEK 296.0) and a provision for deferred tax of MSEK 1,576.6 (MSEK 1,166.1).

Long term interest bearing debt

Long term interest bearing debt amounted to MSEK 848.1 (MSEK 1,343.0) as at 30 September 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 outstanding under the facility at 30 September 2005 amounted to MUSD 109.5.

Current liabilities

Current liabilities as at 30 September 2005 amount to MSEK 1,297.8 (MSEK 641.4) and are detailed in Note 11 to the Financial Statements. Following the adoption of IAS 39, a liability has been recorded to recognise the market value of financial instruments outstanding at the reporting date. As at 30 September 2005, an amount of MSEK 391.9 (MSEK nil) has been accounted for and is primarily relating to the oil price hedging contracts.

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 4.2 (MSEK - 18.3) for the nine month period ended 30 September 2005 and a gain of MSEK 2.1 (MSEK -7.3) for the third quarter of 2005.

The result included administrative expenses of MSEK 35.7 (MSEK 52.2) offset by net financial income and expenses of MSEK 28.5 (MSEK 24.7). Interest income derived from loans to subsidiary companies amounted to MSEK 27.2 (MSEK 22.6). Currency exchange gains amounted to MSEK 1.2 (MSEK 1.8).

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 outstanding at 30 September 2005 amounted to MUSD 109.5. 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
22/10/2002	3.49%	85,000,000	4/1/2005	5/7/2005
22/10/2002	3.49%	75,000,000	5/7/2005	3/1/2006
22/10/2002	3.49%	65,000,000	3/1/2006	3/7/2006
22/10/2002	3.49%	55,000,000	3/7/2006	2/1/2007
11/3/2004	2.32%	40,000,000	1/4/2004	2/4/2007

The Group has entered into the following oil price hedges.

Contract date	USD per barrel Dated Brent	Barrels per day	Start date	End date
11/3/2004	28.40	3,000	1/1/2005	31/12/2005
19/4/2004	29.60	3,000	1/2/2005	31/12/2005
24/1/2005	45.00	5,000	1/2/2005	31/12/2005
8/3/2005	51.00	5,000	8/3/2005	31/12/2005
22/3/2005	53.19	5,000	1/1/2006	31/12/2006

In January 2005 the Group entered into a number of currency hedging contracts for 2005 fixing the rate of exchange from USD into GBP, Euros, NOK and CHF. The contracts run from 20 February 2005 until 20 November 2005. The total amount hedged amounts to MUSD 98.3, of which MUSD 66.2 relates to GBP and MUSD 17.6 relates to Euro. 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 Euros for a total of MEuro 14.4.

CHANGES IN THE BOARD

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

SHARE DATA

Lundin Petroleum AB's share capital at 30 September 2005 amounts to SEK 2,568,167 represented by 256,816,666 shares of nominal value SEK 0.01 each.

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	544,000	1,557,500	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 30 September 2005, there was no convertible debt outstanding.

Exchange rates

For the preparation of financial statements for the nine month period ended 30 September 2005, the following currency exchange rates have been used.

	Period average	Period end
1 EUR equals SEK	9.2162	9.3267
1 USD equals SEK	7.2942	7.7451

Accounting principles

As of 1 January 2005, Lundin Petroleum AB (publ) has adopted the International Financial Reporting Standards (IFRS). As from 2005, Lundin Petroleum will issue its financial reports in accordance with these standards including one (restated) comparative year. The report for the nine month period ended 30 September 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 January 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 amounts 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 share-holders' 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– 30 Sep 2005 9 months**	**1 Jul 2005– 30 Sep 2005 3 months**	1 Jan 2004– 30 Sep 2004 9 months	1 Jul 2004– 30 Sep 2004 3 months	1 Jan 2004– 31 Dec 2004 12 months
Operating income						
Net sales of oil and gas	1	3,027,039	1,123,035	1,553,352	671,379	2,344,005
Other operating income		137,874	49,276	80,232	31,726	124,281
		3,164,913	**1,172,311**	1,633,584	703,105	2,468,286
Cost of sales						
Production costs	2	-978,172	-326,772	-812,703	-288,204	-1,074,491
Depletion of oil and gas properties	3	-578,961	-190,908	-226,716	-123,444	-381,252
Write off of oil and gas properties		-40,845	-29,669	-3,779	-2,624	-150,065
Gross profit		**1,566,935**	**624,962**	590,386	288,833	862,478
Sale of assets		194,799	194,799	–	–	98,192
Other income		5,356	2,037	5,147	2,211	17,710
General, administration and depreciation expenses		-70,418	-20,587	-87,451	-25,986	-129,978
Operating profit		**1,696,672**	**801,211**	508,082	265,058	848,402
Financial income	4	29,481	13,828	15,144	6,309	58,492
Financial expenses	5	-141,776	-22,697	-65,055	-10,960	-60,033
Profit before tax		**1,584,377**	**792,342**	458,171	260,407	846,861
Tax	6	-698,543	-372,581	-66,514	-83,334	-241,603
Net result		**885,834**	**419,761**	391,657	177,073	605,258
Net result attributable to :						
shareholders of the parent company		885,432	419,584	383,827	174,933	598,245
minority interest		402	177	7,830	2,140	7,013
Net result		**885,834**	**419,761**	391,657	177,073	605,258
Earnings per share – SEK 1)		3.47	1.64	1.52	0.69	2.37
Diluted earnings per share – SEK 1)		3.45	1.62	1.51	0.69	2.34

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– 30 Sep 2004 9 months**	1 Jul 2004– 30 Sep 2004 3 months	1 Jan 2004– 31 Dec 2004 12 months
Net result under Swedish GAAP	390,178	179,294	620,154
Reclassification of minority interest	7,830	2,140	7,013
Share based payments	-6,351	-4,361	-10,712
Effects of changes in functional currency	–	–	8,230
Impairment of assets	–	–	-22,359
Taxes	–	–	2,932
Net result under IFRS	**391,657**	177,073	605,258

Consolidated balance sheet in summary

Expressed in TSEK	*Note*	**30 Sep 2005**	31 Dec 2004	1 Jan 2005
ASSETS				
Tangible fixed assets				
Oil and gas properties	7	5,475,766	4,296,024	4,296,024
Other tangible fixed assets		73,446	38,001	38,001
Total tangible fixed assets		**5,549,212**	4,334,025	4,334,025
Financial fixed assets	8	501,376	481,041	545,547
Total fixed assets		**6,050,588**	4,815,066	4,879,572
Current Assets				
Current receivables and inventories	9	980,842	768,870	770,784
Cash and bank		324,597	268,377	268,377
Total current assets		**1,305,439**	1,037,247	1,039,161
Total assets		**7,356,027**	5,852,313	5,918,733
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity including net result for the period		3,242,657	2,367,282	2,269,088
Minority Interest		2,908	2,931	2,931
Total Equity		**3,245,565**	2,370,213	2,272,019
Long term liabilities				
Provisions	10	1,964,533	1,497,692	1,499,975
Long-term interest bearing debt		848,090	1,343,021	1,343,021
Total long term liabilities		**2,812,623**	2,840,713	2,842,996
Current liabilities	11	1,297,839	641,387	803,718
Total shareholders' equity and liabilities		**7,356,027**	5,852,313	5,918,733
Pledged assets		1,132,667	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	Other reserves	Retained earnings	Net result	Minority interest	Total
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	21	14,151	–	–	–	14,172
Employee stock option expense	–	–	6,351	–	–	6,351
Currency translation difference	–	-7,062	-912	–	-134	-8,108
Net result	–	–	–	383,827	7,830	391,657
Balance at 30 September 2004	2,536	991,201	832,403	383,827	27,732	2,237,699
Issuance of shares	1	1,862	–	–	–	1,863
Employee stock option expense	–	–	4,361	–	–	4,361
Currency translation difference	–	-23,885	-39,442	–	-2	-63,329
Disinvestments	–	–	–	–	-23,982	-23,982
Net result	–	–	–	214,418	-817	213,601
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	31	46,071	–	–	–	46,102
Change in hedge reserve	–	-226,203	830	–	–	-225,373
Release of employee stock option expense	–	4,363	-4,363	–	–	–
Employee stock option expense	–	–	13,722	–	–	13,722
Currency translation difference	–	86,346	167,340	–	472	254,158
Investments	–	–	–	–	-897	-897
Net result	–	–	–	885,432	402	885,834
Balance at 30 September 2005	2,568	781,561	1,573,096	885,432	2,908	3,245,565

Reconciliation of shareholders' equity from Swedish GAAP to IFRS *in TSEK*	1 Jan 2004	30 Sep 2004	31 Dec 2004	1 Jan 2005
Shareholders' equity under Swedish GAAP	1,841,195	2,237,032	2,407,375	2,407,375
Reclassification of minority interest	20,036	27,732	2,931	2,931
Change in functional currency	-11,547	-11,008	-4,610	-4,610
Impairment of assets	-16,057	-16,057	-35,483	-35,483
Adjustment for IAS 39	–	–	–	-98,194
Shareholders' equity under IFRS	1,833,627	2,237,699	2,370,213	2,272,019

Group cash flow statement in summary

Expressed in TSEK	**1 Jan 2005– 30 Sep 2005 9 months**	**1 Jul 2005– 30 Sep 2005 3 months**	1 Jan 2004– 30 Sep 2004 9 months	1 Jul 2004– 30 Sep 2004 3 months	1 Jan 2004– 31 Dec 2004 12 months
Cash flow from operations					
Net result	885,834	419,761	391,657	177,073	605,258
Adjustment for depletion and other non cash related items	848,898	169,532	407,272	228,648	816,454
Changes in working capital	106,169	325,094	-212,041	-221,665	-251,549
Total cash flow from operations	**1,840,901**	**914,387**	586,888	184,056	1,170,163
Investment in subsidiary assets	-236	-236	-1,234,848	-5,220	-1,220,191
Sale of assets	194,799	194,799	–	–	226,731
Change in other financial fixed assets	-12,770	66	–	-68	2,092
Other payments	-13,869	-418	–	–	-1,219
Investment in oil and gas properties	-1,326,231	-638,911	-1,254,594	-390,282	-1,628,813
Investment in other fixed assets	-36,496	-12,485	-3,810	-1,564	-30,423
Total cash flow used for/from investments	**-1,194,803**	**-457,185**	-2,493,252	-397,134	-2,651,823
Changes in long-term liabilities	-680,501	-411,960	1,937,746	271,164	1,464,797
Paid financing fees	–	–	-24,870	-6,427	-28,260
Proceeds from share issues	46,102	19,939	14,171	3,847	16,035
Total cash flow from/used for financing	**-634,399**	**-392,021**	1,927,047	268,584	1,452,572
Change in cash and bank	11,699	65,181	20,683	55,506	-29,088
Cash and bank at the beginning of the period	268,377	254,507	301,589	265,835	301,589
Currency exchange difference in cash and bank	44,521	4,909	-3,964	-3,033	-4,124
Cash and bank at the end of the period	**324,597**	**324,597**	318,308	318,308	268,377

Note 1. Segmental information, *TSEK*	**1 Jan 2005– 30 Sep 2005 9 months**	**1 Jul 2005– 30 Sep 2005 3 months**	1 Jan 2004– 30 Sep 2004 9 months	1 Jul 2004– 30 Sep 2004 3 months	1 Jan 2004– 31 Dec 2004 12 months
Net sales of oil and gas					
Sale of crude oil					
- United Kingdom	2,159,587	832,139	588,543	349,449	1,128,193
- France	464,046	179,195	349,071	128,440	426,457
- Norway	107,182	37,867	214,878	109,673	243,808
- Indonesia	136,958	48,462	129,556	52,287	149,645
- Tunisia	152,696	124,379	99,491	–	194,746
	3,020,469	**1,222,042**	1,381,539	639,849	2,142,849
Sale of condensate					
- Netherlands	2,159	479	8,082	1,438	10,143
- Indonesia	1,124	577	–	–	–
- Norway	–	–	2,655	759	3,368
- United Kingdom	26,203	6,595	6,778	4,276	20,007
	29,486	**7,651**	17,515	6,473	33,518
Sale of gas					
- Netherlands	160,260	46,256	129,103	39,051	175,729
- Ireland	5,725	54	20,956	4,370	23,372
- Indonesia	995	340	3,268	469	4,129
- Norway	1,179	453	2,736	139	2,851
	168,159	**47,103**	156,063	44,029	206,081
Service fee					
- Venezuela	96,321	26,323	87,533	29,240	114,797
Oil price hedging settlement	-287,396	-180,084	-89,298	-48,212	-153,240
	3,027,039	**1,123,035**	1,553,352	671,379	2,344,005
Operating profit contribution					
United Kingdom	1,044,680	429,307	80,753	113,720	437,941
France	207,250	80,544	134,365	65,627	151,547
Norway	255,063	212,430	88,415	48,413	167,909
Netherlands	32,977	-21,183	65,592	15,103	81,487
Venezuela	45,368	9,680	46,592	16,416	62,397
Indonesia	91,091	44,149	79,596	34,393	58,168
Tunisia	65,490	53,346	48,643	-6,380	66,205
Ireland	3,339	-474	7,675	2,743	8,902
Other	-48,586	-6,588	-43,549	-24,977	-186,154
	1,696,672	**801,211**	508,082	265,058	848,402

Note 2. Production costs, *TSEK*	**1 Jan 2005– 30 Sep 2005 9 months**	**1 Jul 2005– 30 Sep 2005 3 months**	1 Jan 2004– 30 Sep 2004 9 months	1 Jul 2004– 30 Sep 2004 3 months	1 Jan 2004– 31 Dec 2004 12 months
Costs of operations	799,429	239,038	670,153	262,274	908,909
Tariff and transportation expenses	100,121	26,696	76,872	24,988	118,702
Royalty and direct taxes	27,367	11,320	19,012	8,301	28,045
Changes in inventory/overlift position	51,255	49,718	46,666	-7,359	18,835
	978,172	**326,772**	812,703	288,204	1,074,491

Note 3. Depletion of oil and gas properties, *TSEK*	**1 Jan 2005– 30 Sep 2005 9 months**	**1 Jul 2005– 30 Sep 2005 3 months**	1 Jan 2004– 30 Sep 2004 9 months	1 Jul 2004– 30 Sep 2004 3 months	1 Jan 2004– 31 Dec 2004 12 months
United Kingdom	395,465	133,682	71,420	71,420	175,680
France	49,970	17,402	42,207	13,598	55,665
Norway	19,415	5,881	28,381	13,540	38,328
Netherlands	52,468	14,606	46,168	13,655	61,669
Venezuela	34,237	10,989	22,727	6,724	28,688
Indonesia	12,438	4,011	5,705	1,925	8,903
Tunisia	14,968	4,337	10,108	2,582	12,319
	578,961	**190,908**	226,716	123,444	381,252

Note 4. Financial income, *TSEK*	**1 Jan 2005– 30 Sep 2005 9 months**	**1 Jul 2005– 30 Sep 2005 3 months**	1 Jan 2004– 30 Sep 2004 9 months	1 Jul 2004– 30 Sep 2004 3 months	1 Jan 2004– 31 Dec 2004 12 months
Interest income	19,843	10,879	7,460	2,580	11,468
Dividend	9,638	2,949	7,684	3,729	10,899
Foreign exchange gains, net	–	–	–	–	36,125
	29,481	**13,828**	15,144	6,309	58,492

Note 5. Financial expenses, *TSEK*	**1 Jan 2005– 30 Sep 2005 9 months**	**1 Jul 2005– 30 Sep 2005 3 months**	1 Jan 2004– 30 Sep 2004 9 months	1 Jul 2004– 30 Sep 2004 3 months	1 Jan 2004– 31 Dec 2004 12 months
Loan interest expense	39,609	12,217	25,650	18,297	53,092
Change in market value interest rate hedge	-7,750	-3,458	-5,233	-1,557	- 17,171
Unwind site restoration discount	12,593	4,284	13,811	5,411	14,503
Amortisation of deferred financing fees	10,218	3,310	4,848	1,849	7,224
Foreign exchange losses, net	82,972	4,539	25,222	-13,139	–
Other financial expense	4,134	1,805	757	99	2,385
	141,776	**22,697**	65,055	10,960	60,033

Note 6. Tax, *TSEK*	**1 Jan 2005– 30 Sep 2005 9 months**	**1 Jul 2005– 30 Sep 2005 3 months**	1 Jan 2004– 30 Sep 2004 9 months	1 Jul 2004– 30 Sep 2004 3 months	1 Jan 2004– 31 Dec 2004 12 months
Current corporate tax	160,903	108,750	-60,989	13,962	- 46,086
Deferred corporate tax	515,669	254,983	137,276	72,649	295,556
Current petroleum tax	14,847	395	-49,565	-38,842	- 62,939
Deferred petroleum tax	7,124	8,453	39,792	35,565	55,072
	698,543	**372,581**	66,514	83,334	241,603

Note 7. Oil and gas properties, *TSEK*	**Book amount 30 Sep 2005**	Book amount 31 Dec 2004
United Kingdom	2,439,026	2,034,820
France	840,164	838,521
Norway	1,051,301	548,711
Netherlands	460,352	486,622
Venezuela	215,776	190,617
Indonesia	202,251	92,809
Tunisia	62,140	41,073
Ireland	2,330	31,419
Sudan	23,492	20,909
Albania	8,181	4,085
Nigeria	160,517	–
Others	10,236	6,438
	5,475,766	4,296,024

Note 8. Financial fixed assets, *TSEK*	**Book amount 30 Sep 2005**	Book amount 31 Dec 2004
Shares and participations	52,486	21,153
Restricted cash	54,789	35,722
Deferred financing fees	20,017	21,797
Deferred tax asset	360,368	396,347
Hedging assets	6,308	–
Other financial fixed assets	7,408	6,022
	501,376	481,041

Note 9. Current receivables and inventories, *TSEK*	**Book amount 30 Sep 2005**	Book amount 31 Dec 2004
Inventories	86,064	88,568
Trade receivables	582,484	366,105
Underlift	42,732	35,073
Corporation tax	104,520	117,587
Joint venture debtors	70,078	74,055
Other current assets	94,964	87,482
	980,842	768,870

Note 10. Provisions, *TSEK*	**Book amount 30 Sep 2005**	Book amount 31 Dec 2004
Site restoration	324,856	296,024
Pension	14,020	14,518
Deferred taxes	1,576,562	1,166,132
Provision for hedge settlements	40,677	–
Other	8,418	21,018
	1,964,533	1,497,692

Note 11. Current liabilities, *TSEK*	**Book amount 30 Sep 2005**	Book amount 31 Dec 2004
Trade payables	131,996	72,701
Overlift	61,993	45,562
Tax payables	64,560	35,350
Accrued expenses	473,295	287,719
Acquisition liabilities	38,361	37,102
Hedging liabilities	391,924	–
Other current liabilities	135,710	162,953
	1,297,839	641,387

Parent company income statement in summary

Expressed in TSEK	**1 Jan 2005– 30 Sep 2005 9 months**	**1 Jul 2005– 30 Sep 2005 3 months**	1 Jan 2004– 30 Sep 2004 9 months	1 Jul 2004– 30 Sep 2004 3 months	1 Jan 2004– 31 Dec 2004 12 months
Service income	11,441	5,223	9,174	3,934	11,547
Gross profit	**11,441**	**5,223**	9,174	3,934	11,547
Other income	–	–	213	48	213
General and administrative expenses	-35,673	-12,606	-52,442	-15,116	-71,228
Operating loss	**-24,232**	**-7,383**	-43,055	-11,134	-59,468
Financial income	28,455	9,523	24,723	3,827	30,795
Financial expenses	–	–	–	–	–
Net result before tax	**4,223**	**2,140**	-18,332	-7,307	-28,673
Tax	–	–	–	–	–
Net result	**4,223**	**2,140**	-18,332	-7,307	-28,673

Parent company balance sheet in summary

Expressed in TSEK	**30 Sep 2005**	31 Dec 2004
ASSETS		
Financial fixed assets	860,901	800,036
Total fixed assets	**860,901**	800,036
Current Assets		
Current receivables	9,811	3,454
Cash and bank	5,082	10,289
Total current assets	**14,893**	13,743
Total assets	**875,794**	813,779
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity including net result for the period	872,786	808,739
Current liabilities	3,008	5,040
Total shareholders' equity and liabilities	**875,794**	813,779
Pledged assets	1,132,667	1,124,388
Contingent liabilities	–	–

Parent company cash flow statement in summary

Expressed in TSEK	**1 Jan 2005– 30 Sep 2005 9 months**	**1 Jul 2005– 30 Sep 2005 3 months**	1 Jan 2004– 30 Sep 2004 9 months	1 Jul 2004– 30 Sep 2004 3 months	1 Jan 2004– 31 Dec 2004 12 months
Cash flow from operations					
Net result	4,223	2,140	-18,332	-7,307	-28,673
Adjustment for non cash related items	1,252	-4,142	4,348	4,361	9,356
Changes in working capital	-8,877	-3,720	-12,737	-5,957	-997
Total cash flow used in operations	**-3,402**	**-5,722**	-26,721	-8,903	-20,314
Changes in loans to subsidiary companies	-47,589	-29,631	-97,276	3,515	-99,492
Investment in fixed assets	–	–	62	181	62
Total cash flow used for/from investments	**-47,589**	**-29,631**	-97,214	3,696	-99,430
Proceeds from share issue	46,102	19,939	14,171	3,847	16,035
Total cash flow from financing	**46,102**	**19,939**	14,171	3,847	16,035
Change in cash and bank	-4,889	-15,414	-109,764	-1,360	-103,709
Cash and bank at the beginning of the period	10,289	20,534	112,609	6,244	112,609
Currency exchange difference Bank	-318	-38	2,037	-2	1,389
Cash and bank at the end of the period	**5,082**	**5,082**	4,882	4,882	10,289

Statement of changes in parent company equity

Expressed in TSEK	Share Capital	Restricted reserves	Net result	Total
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	21	14,151	–	14,172
Employee stock option expense	–	6,351	–	6,351
Net result	–	–	-18,332	-18,332
Balance at 30 September 2004	2,536	828,652	-18,332	812,856
New share issue	1	1,862	–	1,863
Employee stock option expense	–	4,361	–	4,361
Net result	–	–	-10,341	-10,341
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	31	46,071	–	46,102
Employee stock option expense	–	13,722	–	13,722
Net result	–	–	4,223	4,223
Balance at 30 September 2005	2,568	865,995	4,223	872,786

GROUP	**1 Jan 2005– 30 Sep 2005 9 months**	**1 Jul 2005– 30 Sep 2005 3 months**	1 Jan 2004– 30 Sep 2004 9 months	1 Jul 2004– 30 Sep 2004 3 months	1 Jan 2004– 31 Dec 2004 12 months
Return on equity, %[1]	32	14	19	8	29
Return on capital employed, %[2]	41	18	15	9	32
Debt/equity ratio, %[3]	16	16	73	73	45
Equity ratio, %[4]	44	44	35	35	41
Share of risk capital, %[5]	66	66	52	52	60
Interest coverage ratio, %[6]	4,318	6,652	1,886	1,523	2,276
Operating cash flow/interest expenses, %[7]	5,353	6,089	3,631	2,404	3,862
Yield, %[8]	–	–	–	–	–

1 Return on equity is defined as the Group's net result divided by average shareholders' equity.

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

3 Debt/equity ratio is defined as the Group's interest-bearing liabilities less cash and bank in relation to shareholders' equity.

4 Equity ratio is defined as the Group's shareholders' equity, including minority interest, in relation to balance sheet total.

5 Share of risk capital is defined as the sum of the shareholders' equity and deferred taxes, including minority interest, divided by balance sheet total.

6 Interest coverage ratio is defined as the Group's income before tax plus interest expenses plus/less exchange differences on financial loans divided by interest expenses.

7 Operating cash flow/interest expenses is defined as the Group's operating income less production costs and less current taxes divided by the interest charge for the period.

8 Yield is defined as dividend in relation to quoted share price at the end of the financial period.

Data per share

GROUP	**1 Jan 2005– 30 Sep 2005 9 months**	**1 Jul 2005– 30 Sep 2005 3 months**	1 Jan 2004– 30 Sep 2004 9 months	1 Jul 2004– 30 Sep 2004 3 months	1 Jan 2004– 31 Dec 2004 12 months
Shareholders' equity, SEK[1]	12.64	12.64	8.83	8.83	9.34
Operating cash flow, SEK[2]	7.84	2.85	3.65	1.72	5.89
Cash flow used in operations, SEK[3]	7.18	7.12	2.30	0.72	4.59
Earnings, SEK[4]	3.47	1.64	1.55	0.70	2.39
Earnings, (fully diluted), SEK[5]	3.45	1.62	1.54	0.69	2.37
Dividend, SEK	–	–	–	–	–
Quoted price at the end of the financial period (regards the parent company), SEK	98.00	98.00	42.90	42.90	38.20
Number of shares at period end	256,816,666	256,816,666	253,522,766	253,522,766	253,748,366
Weighted average number of shares for the period[6]	255,292,932	256,297,139	252,397,444	252,389,878	252,727,926
Weighted average number of shares for the period (fully diluted)[5]	256,445,377	258,456,601	254,942,101	255,006,717	255,134,255

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.

The Company will publish the following reports:

- The year end report 2005 will be published on 22 February 2006
- The three months report (January – March 2006) will be published on 16 May 2006
- The six month report (January – June 2006) will be published on 16 August 2006
- The nine month report (January – September 2006) will be published on 15 November 2006

The Annual General meeting will be held on 17 May 2006 at Berns in Stockholm

Stockholm, 16 November 2005

C. Ashley Heppenstall
President & CEO

The financial information relating to the nine month period ended 30 September 2005 has not been subject to review by the auditors of the company.

Corporate Head Office
Lundin Petroleum AB (publ)
Hovslagargatan 5
SE-111 48 Stockholm
Sweden
Telephone: 46-8-440 54 50
Telefax: 46-8-440 54 59
E-mail: info@lundin.ch

President's Office
Lundin Petroleum AB (publ)
6 rue de Rive
PO Box 3410
CH-1211 Geneva 3
Switzerland
Telephone: 41-22-319 66 00
Telefax: 41-22-319 66 65

Lundin

www.lundin-petroleum.com