Svenska Petroleum Exploration

Annual Review 2011

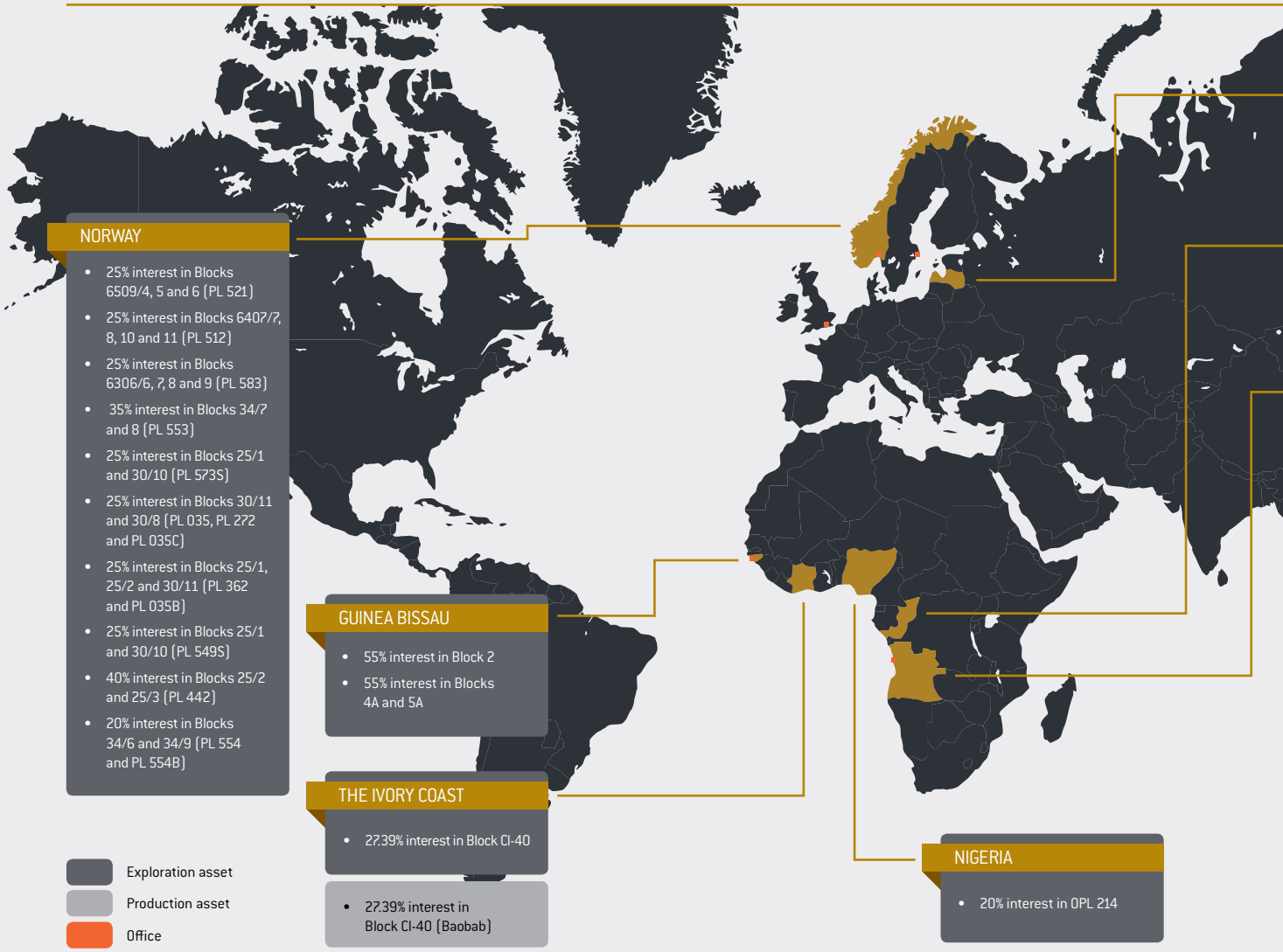
© 2012 Svenska Petroleum Exploration AB
Production: Frank PR
Print: TMG Sthlm
We accept no responsibility for any printing errors.

Svenska
Annual Review 2011

TABLE OF CONTENTS

02 Company overview
06 A letter from the CEO
08 Svenska's strategy
09 Svenska's team
10 Exploration overview
11 Production overview
12 Operational update: Norway
15 Operational update: Latvia
16 Operational update: Nigeria
18 Operational update: Guinea Bissau
19 Operational update: Republic of the Congo
20 Operational update: Ivory Coast
22 Operational update: Angola
24 Business Support
25 Business Development
26 CSR
28 HSE
30 Personnel
32 History
35 Business review
38 Financial report
43 Individual items
47 List of Group companies
48 Restatement
52 Board of Directors
53 Executive Management
54 Terms & Definitions
56 Addresses

Svenska in brief
Assets overview



Svenska in brief
The Year in Review

Svenska Petroleum Exploration AB (Svenska) is a privately held Swedish company engaged in the business of finding and producing oil and gas. Our exploration activities extend across the Baltic Sea, infrastructure-dense Norway and the hydrocarbon-rich basins of West Africa. Our production mainly comes from the Ivory Coast with a small contribution from Angola.

Svenska is wholly owned by Petroswede which in turn is owned by Sheikh Mohammed H. Al-Amoudi, one of Sweden's largest private investors.

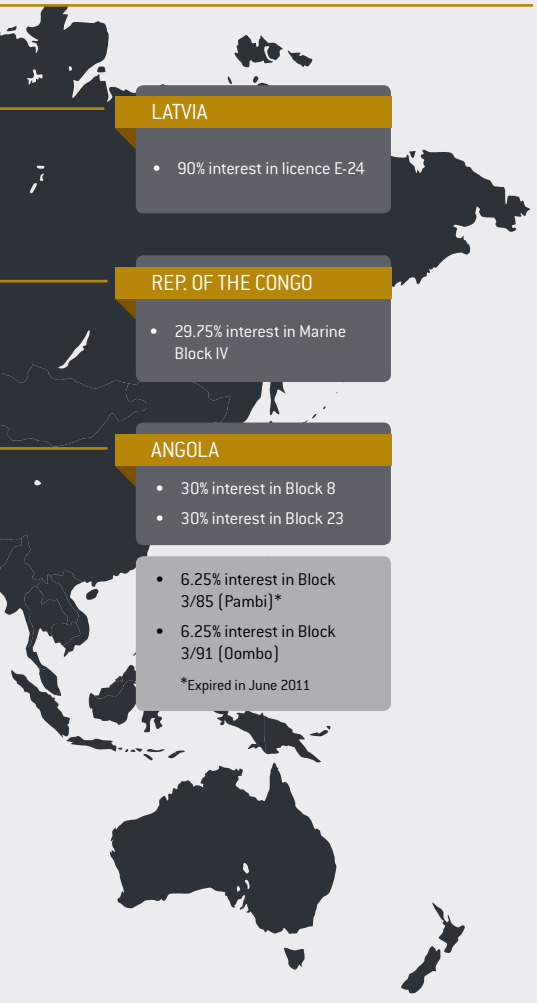
Another active year for Svenska

In 2011, Svenska was awarded equity in two licences in Norway's Awards in Predefined Areas 2010, as well as having farmed into one. Soon after, Svenska made two discoveries in two attempts at Krafla Main and Krafla West.

In Guinea Bissau, the Svenska team has identified a series of prospects and leads, some of which will be matured to drillable status in 2012.

In Baobab, reservoir modelling dominated 2011 for our Ivory Coast team ahead of upcoming production enhancement work. A development-focused, full-field, history-matched dynamic reservoir model was finished in Q3. Phase III production drilling is set to start in late 2012.
In late 2011, Svenska and its licence

Svenska's share of resources
Discoveries and producing assets



FIELD	SVENSKA'S INTEREST	OIL (MMBO)	GAS (BCF)	TOTAL (MMBOE)
DISCOVERIES				
Norway				
Krafla Main & West	25%	10.90	34.04	16.96
Frigg GammaDelta	40%	27.13	30.87	32.63
Fulla	25%	1.09	47.05	9.47
Guinea Bissau				
Sinapa	55%	14.47		14.47
Ivory Coast				
Kossipo	27.39%	10.31		10.31
Nigeria				
Uge	20%	53.60		53.60
Orso	20%	2.00		2.00
TOTAL DISCOVERIES		**119.49**	**111.96**	**139.44**
PRODUCTION				
Angola				
Pambi	6.25%	0.01		0.01
Oombo	6.25%	0.18		0.18
Ivory Coast				
Baobab Phase I - II	27.39%	18.12	2.47	18.56
Baobab Phase III-V	27.39%	31.38		31.38
TOTAL PRODUCING FIELDS		**49.69**	**2.47**	**50.13**

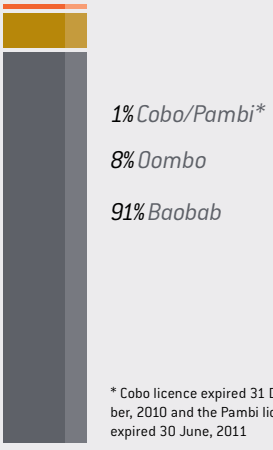
Conversion factor for Gas (bcf) to mmboe = *0.1781
Source: Gaffney, Cline & Associates

partners shared in the success of the first pre-salt discovery at the Azul-1 well in Angola's Kwanza basin.

In the Republic of the Congo, the 360 square kilometre 3D "Kaba" survey supplemented the 470 square kilometres 3D "Sendji" survey of 2010 to provide an improved image of the area.

Early in 2012, we will be batch drilling the Uge North and Nza prospects offshore Nigeria.

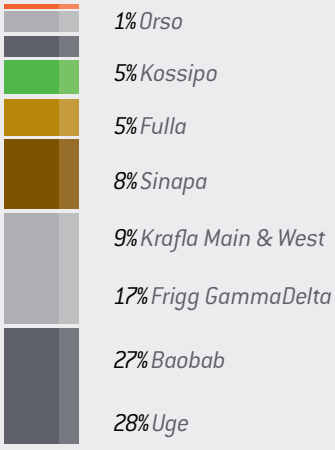
OIL PRODUCTION BY FIELD



* Cobo licence expired 31 December, 2010 and the Pambi licence expired 30 June, 2011

OIL RESOURCES BY FIELD

Source: Gaffney, Cline & Associates



Legal Structure & Management

LEGAL STRUCTURE

Svenska Petroleum Exploration AB

100 per cent

- SPE Angola AB
- Svenska Petroleum Exploration UK Ltd
- Svenska Petroleum Exploration CI Holding AB
  - Svenska Petroleum Exploration CI AB
    - Svenska Petroleum Exploration CI Finance AB
- SPE Nigeria AB
- Svenska Petroleum Exploration AS
- Svenska Petroleum Exploration Guinea Bissau AB
- Svenska Petroleum Exploration Congo AB
- SPE New Ventures AB
- Oljeprospektering AB (OPAB)
- Petroswede Insurance Company Ltd

EXECUTIVE MANAGEMENT

PRESIDENT AND CEO
Fredrik Öhrn

EVP DEVELOPMENT & PRODUCTION

Jan Hagen

Manages the development and production of Svenska assets while leading the Reservoir & Facilities Engineering team.

EVP LICENCE MANAGEMENT

Bjørn Inge Tønnessen

Oversees all licences as well as relations with licence partners and country authorities. Licence managers report to Mr. Tønnessen.

VP EXPLORATION

Torgny Berglund

Manages the exploration activity in the company. Provides licence managers, project teams and Business Development with geological and geophysics support.

CFO & VP BUSINESS SUPPORT

Lars Schennings

Manages Svenska operations financing, accounting and infrastructure. Mr. Schennings is head of the function Business Support.

VP BUSINESS DEVELOPMENT

Duncan Rushworth

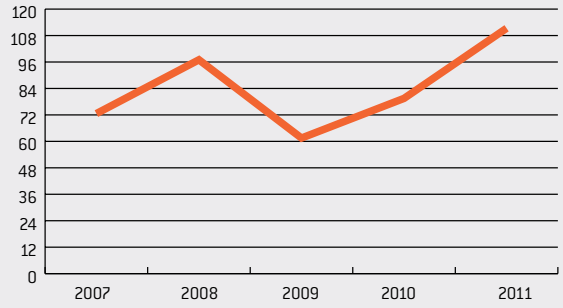
Manages and develops Svenska's licence portfolio while developing and maintaining Svenska's industry network. Mr. Rushworth is head of the function Business Development.

VP LEGAL

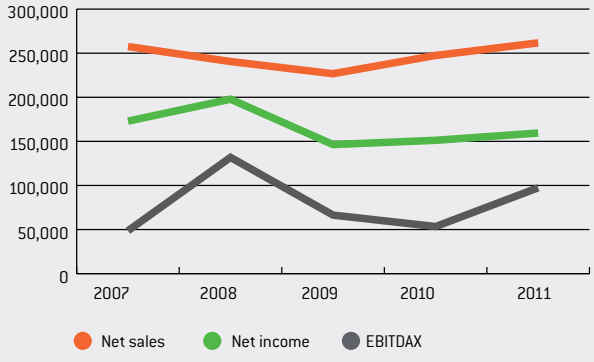
Ann-Charlotte Högberg

Manages all legal issues relating to the Svenska Group and the asset portfolio.

AVERAGE OIL PRICE DEVELOPMENT (USD/BBL)



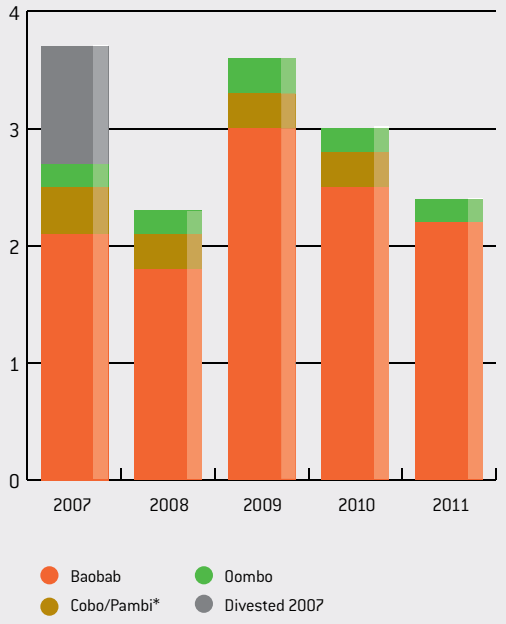
NET TURNOVER & NET INCOME (USD THOUSANDS)



Financial overview
Production & Turnover

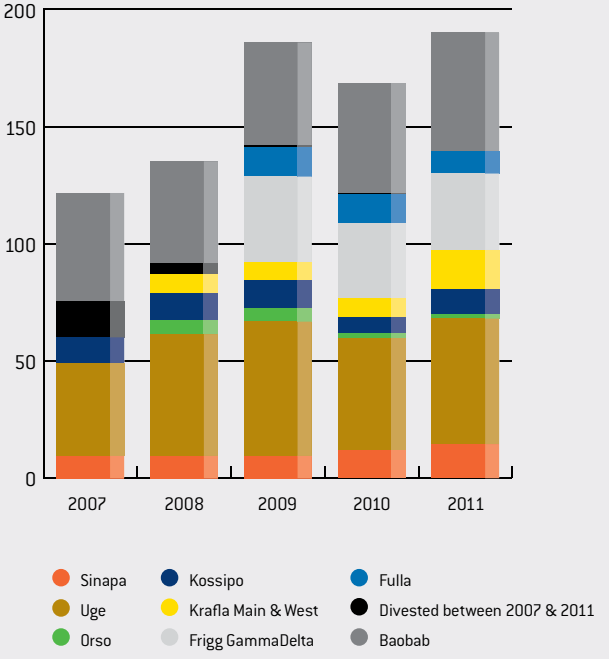
OIL PRODUCTION (MMBOE)

* Cobo licence expired 31 December, 2010 and the Pambi licence expired 30 June, 2011



REMAINING OIL RESOURCES (MMBOE)

Source: Gaffney, Cline & Associates



FIVE-YEAR OVERVIEW

(USD THOUSANDS)	2007	2008	2009[1]	2010[1]	2011
Net sales	257,550	240,532	226,726	247,460	261,692
EBITDAX	172,907	197,827	146,359	151,208	159,462
Operating income	110,328	160,271	107,729	70,504	129,331
Net income	48,629	131,825	66,367	53,396	97,379
Operating margin	42.8%	66.6%	47.5%	28.5%	49.4%
Profit margin	18.9%	54.8%	29.3%	21.6%	37.2%
Net debt/equity ratio	0.01	0.03	-0.09	-0.16	-0.10
Equity/assets ratio	0.57	0.69	0.75	0.71	0.71
Return on equity	12.9%	22.7%	11.3%	9.4%	15.3%
Oil production (mmbo)	3.7	2.4	3.6	3.0	2.4
Average production (mbopd)	10.1	6.7	9.9	8.2	6.5
Resource/production ratio	35.6	62.4	51.3	56.4	79.0

1) Restated

Definitions used in five-year overview

EBITDAX: Earnings Before Interest, Taxes, Depreciation, Depletion, Amortisation and Exploration Expenses.

Operating margin: Operating income/Net sales

Profit margin: Net income/Net sales

Net debt/Equity ratio: Interest-bearing liabilities less cash & cash equivalents/equity

Equity/Asset ratio: Equity/Total assets

Return on equity: Net income/Average equity for the year

Building on the Rewards

Historic change on the African continent and in the Middle East coloured much of 2011. Sociopolitical events altered the lives of ordinary people and tested industry's resolve.

Some of those events confirmed Svenska's strategy of maintaining a diversified exploration, production and sales base. By the end of the year, the success rate of Svenska's staff was an astonishing ten discoveries from our last ten wells drilled.

Financial fortitude

Our efforts to continue to mature our portfolio, planning and production helped make 2011 a strong financial year and rounded out risk. 2011 saw continued strong financial results, and our strong balance sheet will help us to continue to implement our strategy with the ultimate goal of increasing future production. Free of debt, and with financial facilities in place, we are in a position to concentrate on areas that generate the greatest rewards.

Business goals met

Our efforts to develop Svenska are now starting to pay off. We have built a portfolio that is reaching critical mass with a substantial inventory of drillable prospects in a wide range of licences. The past year has brought both new licences in Norway as well as exploration successes, both in Angola and Norway. The Krafla discoveries in PL 035/272 in Norway are now candidates for a fast-track, sub-sea development. In Angola, we struck oil in the pre-salt of the Azul field. This potentially transformational discovery for Svenska is mirrored elsewhere in the Kwanza basin, where local geology is reminiscent of Brazil. In Guinea Bissau, where Svenska is an active licence operator, prospects point to high impact drilling in both shallow and deep water. In Nigeria,

"Our drilling successes have helped us achieve the key goals of our business development strategy as set out in 2008."

we are batch drilling the promising Uge North and Nza prospects with the ambition to add resources to our Uge discovery.

Our drilling successes have helped us achieve the key goals of our business development strategy as set out in 2008. With the new reserves and resources added during the year, our resources and reserves total 190 mmboe.

In the Ivory Coast, our main producing asset managed to maintain production throughout the devastating civil war that marred the country in the first half of the year. Together with our partners we are committed to the Phase III development of the producing Baobab field which will add additional production by 2014. The Baobab field is currently producing around 19,000 bopd.

From strength to strength

The strong cash flow delivered by our producing assets covered all our exploration efforts in 2011.

Our financial strength, complementing our technical expertise and the proceeds of our producing assets, will help move other licences on towards production. Svenska has continued the string of successes with another three discoveries from three wells drilled in 2011. This brings our efforts to a total of ten consecutive hydrocarbon bearing wells in a row. This is a result that we are justifiably proud of.

With a deepwater bias in our current portfolio we are looking at some excellent near-shore and onshore opportunities in Africa and the Middle East. Strong financials give us the freedom to diversify our business by pursuing lower-cost licences.

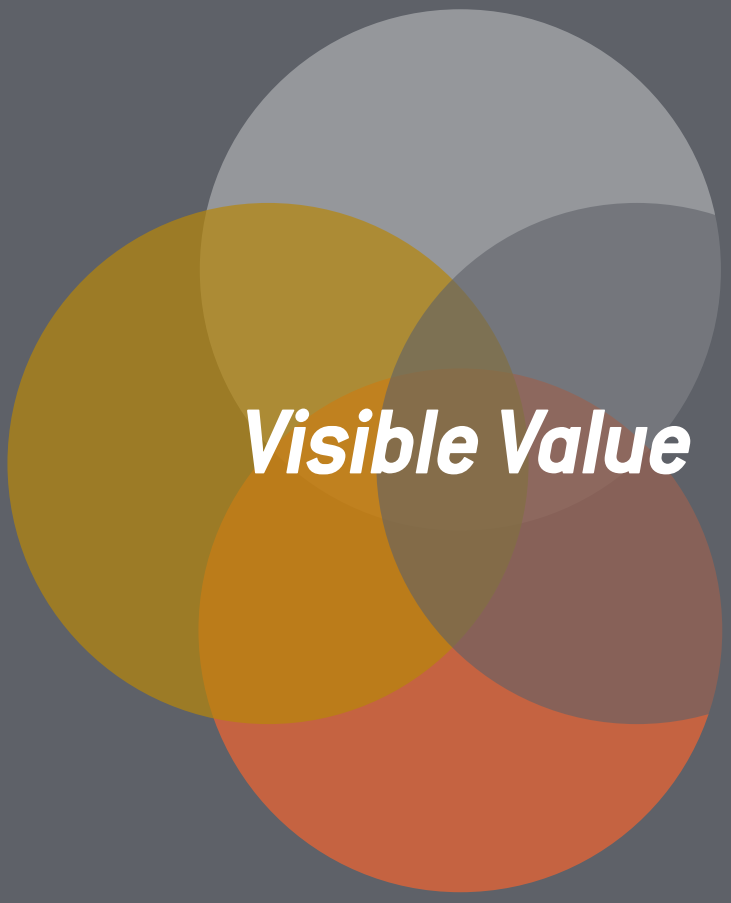
Outlook 2012

The New Year will start where 2011 ended, with back-to-back drilling programmes in Nigeria and in newly discovered Krafla Main in Norway, where nearby infrastructure and experienced suppliers offer the promise of early production starts. All eyes might, however, be focused on Angola's Azul discovery and the future exploration of the highly prospective Block 23.

I would like to thank all of our employees for the hard work and the dedication you have shown throughout the year. Together, we have the ability to continue to transform this company into something even more exciting in years to come.

Finally, I would like to thank our Board of Directors and our shareholder, Sheikh Mohammed H. Al-Amoudi, for their continued support. I am looking forward to another successful year for Svenska in 2012.

Stockholm, February 2012
Fredrik Öhrn
CEO



Visible Value

VISION

Svenska's vision is to become a leading international black oil exploration and production company with a strong presence in West Africa and the North Sea. The company will secure growth via a balance of E&P assets, play types and geographic spreads.

MISSION

Svenska is delivering growth and value for our owner, employees and partners. We strive to maintain the highest standards of safety and working conditions while committing to minimise the impact of our operations on the environment. Svenska's ambition is to establish ourselves as partner-of-choice for our host countries, licence partners and employees.

STRATEGY

Svenska will focus on finding and developing high-value assets where our local knowledge, commercial strength and technical expertise can add and protect value.

TACTICS

Svenska's short-term objective is to diversify our producing base while securing new proven reserves. In the medium and long terms, managing assets and securing new resources by acquisitions, farm-ins and licence rounds aim to complement investments in low-risk exploration, discoveries and early stage developments.

MARKETING

Svenska markets its production to a wide range of major oil companies on an arm's length basis. We aim to achieve prices equal to the annual average for our respective crudes.

ORGANISATION

Svenska's staff has largely geoscientific backgrounds. In a deliberate pattern of support across the Company, operations and management personnel in our international offices interact to provide instantly accessible expertise.

Value partners

By being an active partner in West Africa and Norway, Svenska strives to add value for all stakeholders. Our ambition is to use our expertise to provide a second opinion on challenging issues, but also to go in-depth on technical issues, adding our knowledge and experience to that of our partners.

Host governments experience more efficient utilisation of their resource base when partners participate on equal footing to enhance the value of the respective licences.

Our goal is to balance the need for exploration with the desire to produce. We believe value lies in the right and timely conversion of our sizeable resource portfolio into producing assets. We continue the work to transform the company from a tail-end producer to an explorer with discoveries in the pipeline heading for first oil. Our transition in Norway with four discoveries in four exploration attempts since the current strategy was launched, as well as a string of exploration and appraisal successes in Africa, confirm that our approach is working.

As a hard-working and respected partner, Svenska is also ready to build value by acquisition. We believe our reputation as partner adds value and will help the company to grow, as well as developing our assets.

A dynamic yet flat company structure efficiently connects exploration expertise in London, Oslo and Stockholm via modern communication systems, frequent dialogue and up-to-date working tools. A management group providing decades of international experience guides our teams working in several of the world's richest petroleum basins.

Consolidating our existing offshore portfolio and entering new onshore regions is a priority for Svenska. The quest to find high-value licence stakes has become a recruiting advantage, as talented staff find rewards overseeing licences and assimilating the experience of international projects.

Exploration

Svenska added exploration assets in 2011 and advanced the growth story with drilling success to start and close the year. Discoveries at Krafla Main and Krafla West in Norway proved new oil and gas resources, while in the Angola Kwanza Basin, the Azul-1 well discovered producible oil in pre-salt reservoirs, a true play opener.

In Norway, continued technical work has matured prospects to drillable status in PL 553 and PL 554/554B. A drill-or-drop decision on PL553 will be taken early in 2012.

In our operated Guinea Bissau blocks, a series of drillable prospects and leads are identified. Interesting exploration and appraisal well targets are identified and a decision on where to drill will be taken during first half of 2012. Drill planning for 2013 is under way.

The block offshore the Republic of the Congo saw processing and interpretation of the new 3D Sendji data as well as acquisition of new 3D data over the Kaba area to target the pre-salt.

Nigerian exploration drilling started late in the year with the Uge North well, to be followed by the back-to-back drilling of the Nza prospect. Both of the prospects have a high chance of success. A successful outcome will add to the proved resources in Uge Main and push Uge over the threshold to commercial discovery for development. Meanwhile, new seismic mapping has revealed a number of interesting prospects and leads in the block and further work will form a basis for proposal of OML conversion and relinquishment of remaining area.

Production

Average daily production from Baobab in 2011 was 19,700 bopd or the equivalent of approximately 5,400 bopd net to Svenska. Together the average production from the Baobab field in the Ivory Coast and the Pambi and Oombo fields in Angola reached nearly 6,000 barrels per day. The production licence 3/85 for the Pambi field expired at the end of June this year after 20 years of production.

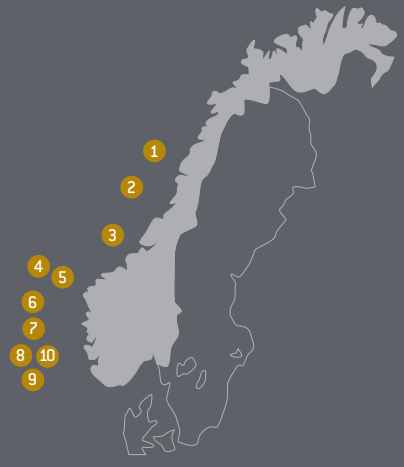
Svenska and its joint venture partners in the CI-40 licence in the Ivory Coast have been working throughout the year with studies and preparations for further development of the Baobab field. Emphasis has been on the development of a history-matched dynamic reservoir model to be used in the identification of optimal drilling targets and the utilisation of the redundant capacity in the installed sub-sea system. Subsequently a Phase III drilling campaign is beginning to take shape. The target for this phase is to achieve first oil production from the new wells in 2014.

The Baobab field will remain Svenska's top priority for 2012, together with the efforts to firm up additional reserves in the OPL 214 licence in Nigeria to progress the Uge field to development status and to add new producing reserves to the current asset base. The drilling of two exploration wells, Uge North and Nza prospects commenced at the end of 2011 and results are due during the first half of 2012.

In Norway focus will be on a possible fast-track development of the Krafla discoveries and the ongoing work to establish development solutions for the Fulla and Frigg GammaDelta discoveries. Krafla Main contains predominantly oil and Krafla West predominantly gas, both in good quality reservoirs.

Licences
Norway

THE NORTH SEA



1. 25% interest in Blocks 6509/4, 5 and 6 (PL 521)
2. 25% interest in Blocks 6407/7, 8, 10 and 11 (PL 512)
3. 25% interest in Blocks 6306/6, 7, 8 and 9 (PL 583)
4. 35% interest in Blocks 34/7 and 8 (PL 553)
5. 20% interest in Blocks 34/6 and 34/9 (PL 554 and PL 554B)
6. 25% interest in Blocks 30/11 and 30/8 (PL 035, PL 272 and PL 035C)
7. 25% interest in Blocks 25/1, 25/2 and 30/11 (PL 362 and PL 035B)
8. 25% interest in Blocks 25/1 and 30/10 (PL 549S)
9. 25% interest in Blocks 25/1 and 30/10 (PL 573S)
10. 40% interest in Blocks 25/2 and 25/3 (PL 442)

A New Norwegian Exploration Model

Norway rewarded Svenska's exploration effort in 2011 with two discoveries from two attempts. While we cheered Krafla and Krafla West, the spectacular success of a new play type for Norway was confirmed in the John Sverdrup discovery, with potential for several billion barrels.

Toward production

In all, four recent discoveries — Krafla Main, Krafla West, Frigg GammaDelta and Fulla — are to be brought on stream and will help Svenska move from a tail end production company to one involved in the upside of new oil fields.

It has been a year of portfolio renewal. Our asset count rose to 14 in January 2012 with the award of 25 per cent interests in two licences from the Awards in Predefined Areas (APA) 2010 and in one licence in APA 2011. The search for worthwhile assets also led us to farm-in to production licence PL 554/ PL 554B.

The growth in assets is focused on five new geographic areas where detailed knowledge has been carefully built up. Studies reveal our Norwegian licences abound in high-reward prospects.

PL 035/272, Krafla Main

Drilling confirmed the Krafla oil discovery by May 2011. Well 30/11-8S uncovered a 200-metre oil column in the Jurassic Brent Group. The 42 mmboe recoverable volume (with possible additional commercial amounts of condensate gas) makes Krafla a candidate for fast-track development with standard sub-sea solutions. Development concepts with and without Krafla West are being drawn up to bring first oil by 2014 — less than 3.5 years after discovery. Krafla project economics and an excellent black oil reservoir indicate breakeven at an oil price of just 40 USD/bbl.

Operator Statoil holds a 50 per cent interest in the field. Svenska and Det norske each hold 25 per cent.

PL 035/272, PL035C Krafla West

Success at Krafla convinced the partnership to drill a sidetrack from the Krafla wellhead site. The well led to the Krafla West discovery. This separate deposit in the jointly operated licence lies amid several other interesting prospects. The 27 mmboe recoverable rich-gas condensate is topped by a 5 mmbbl recoverable oil layer.

This second consecutive exploration success encouraged further survey data analysis of interesting nearby prospects based on the same play type. Meanwhile, Statfjord formation prospects are being matured ahead of 2013 drilling. The exploration acreage was extended into block 30/8 (PL 035C) with the APA 2011 award.

PL 362/035B, Fulla

The Fulla gas condensate discovery matured in 2011 into sub-sea work and tie-in development studies which will accelerate in 2012 toward a submitted Plan for Development and Operation (PDO) in early 2013. Recoverable volumes in the Fulla discovery are estimated at 50 mmboe, although extra exploration potential has been identified and will be matured in 2012.

Svenska (25 per cent interest) is partnered in the licence with operator Statoil (50 per cent), Det norske (15 per cent) and Dana Petroleum (10 per cent interest).

PL 442, GammaDelta

A better picture of the Frigg GammaDelta oil and gas discovery of late 2009 was built up during 2011. We went from static reservoir model to a fully dynamic reservoir model.

The target PDO delivery was postponed to late 2012 and then to early 2014 due to changing area tie-in candidates. Concept studies to produce gross recoverable reserves of 91 mmboe (of which 75 per cent is oil) suggest that a considerable investment would be

> *"Just north of PL 553 lies the Garantiana prospect. The opportunity to drill a well into this promising prospect was made possible by the March 2011 farm-in."*

between a gas cap and an active aquifer. Improving project economics remains a focus in PL 442. The licence contains other prospects being worked up to drillable status.

Svenska and operator Statoil each hold 40 per cent interests. Partner Det norske holds 20 per cent.

PL 512

Technical work maturing several prospects in this area near the producing Njord Field required an 18-month extension in order to de-risk several prospects. Reprocessed data in 2012 will lead to a comprehensive AVO analysis and enhanced image. Svenska's expertise is a key driver in the block.

Svenska, with its 25 per cent interest, is partnered with operator Det norske (30 per cent), Repsol (25 per cent) and Bayerngas (20 per cent).

PL 521

The Husvær prospect with its 185 mmboe in recoverable reserves is a large target for which 3D seismic data has now been reprocessed. In July 2010, our partner Statoil will drill the adjacent PL 386 Lovund, then Svenska will know if Lovund is fed by a working hydrocarbon system. Our experts have mapped prospects and driven projects toward the best interests, identifying one other prospect named Hestøy, equally large to Husvær.

Svenska, with a 25 per cent interest, is joined by operator Statoil (40 per cent) and PGNiG (35 per cent).

PL 583

This is a new licence award from APA 2010 comprising Blocks 6306/6, 7, 8 and 9. A seismic survey in the licence was completed in August in record time, and prospect evaluation has begun along with a new-model charge system analysis akin to the Avaldsnes play type. Svenska owns a 25 per cent interest in the holding along with Spring Energy (30 per cent), Lundin Petroleum (20 per cent) and Bayerngas (25 per cent).

PL 549S

This licence in the very prospective Frigg area west of the Fulla discovery underwent a geophysical survey and analysis of its main prospect, the Kolsås gas prospect. Reprocessing of 3D survey data is in progress.

Svenska, with our 25 per cent interest, is joined by operator Det norske with 35 per cent and 20 per cent partners Dana Petroleum and Bayerngas.

PL 553

A drill-or-drop decision in 2012 must be made in this mature-area licence. PL 553 contains various play types. The 100 mmbbl Kvitvola prospect has been de-risked to a drillable status, although a final drill decision still has to be made.

Svenska, with a 35 per cent interest, is partnered with operator Det norske (40 per cent) and Bayerngas (25 per cent).

PL 554/554B, Garantiana

Just north of PL 553 lies the Garantiana prospect. Drilling a well into this promising prospect was made possible by the March 2011 farm-in into licences PL 554/554B near the Visund field. The licences include parts of Blocks 34/6, 34/9 and several Triassic and Jurassic prospects as well as Garantiana and Angulata.

Svenska (20 per cent) is joined in these blocks by operator Total (40 per cent), Bridge Energy (20 per cent) and Det norske (20 per cent). Total took over as operator on 31 May 2011.

PL 573S

An APA 2010 award, this licence west of the Fulla discovery contains the Odin South prospect. A 3D survey of the prospect has been acquired, and data was being reprocessed at the end of the year. A number of shallow tertiary leads are being studied for possible de-risking using electromagnetic survey.

Svenska, with 25 per cent, is partnered in the licence with operator Det norske (30 per cent), Bayerngas (20 per cent) and Dana Petroleum (20 per cent).

Ready and Waiting

Exploration and production in Svenska's Latvian licence abutting the Swedish and Lithuanian border awaits a cross-border political agreement to delineate national economic zones. As soon as the border issue is resolved the licence becomes effective and we have a drill commitment.

Baltic trove

Svenska's acreage contains a large low-risk prospect in 120 metres of water. While too deep for a jack-up rig, the widespread Cambrian sandstone reservoirs are proven and extend onshore in the Baltic states and offshore Poland.

Svenska has had a presence in Latvia since the early nineties. Today, the low-level licence activity focuses on the activation of our E-24 exploration licence rights in the southern Baltic Sea.

At the heart of the licence is the Dalders structure, where the geology and geoscience indicate vast commercial potential: up to 300 mmbbls of recoverable oil reserves are estimated in this the largest undrilled prospect in the Baltic Sea.

E-24

Svenska's first well will be directed at the Latvian side of the Dalders prospect, part of the E-24 licence where OPAB has long held a 90 per cent interest. The Republic of Latvia holds the remaining 10 per cent as a carried interest in the exploration phase.

Ratification of a Latvian-Lithuanian border deal in the Latvian parliament would open a two-year period during which Svenska's 100 per cent subsidiary OPAB is committed to drill a well.

Licences
Latvia

1. 90% interest in licence E-24 (Dalders)

PVR 18/88
PVR 18/88

Consolidation and Renewal

While Nigerians contemplated changes to their country's Petroleum Law, Svenska was provided with an unexpected pause when we concentrated on re-focusing effort in this promising region. Great care was employed deciding which assets to divest, which to de-risk and which to drill. As 2011 ended, we were batch drilling the Uge North and the Nza prospects.

Drilling had been on hold in Nigeria while we anticipated the effects of legislative change on planning timetables. When drilling commenced, Uge North proved an oil discovery. This new find and possible discovery at Nza will improve the robustness of the Uge development project. The exploration success and news of another licensing round in the pipeline makes us optimistic about the secure future development of OPL 214.

Block 214 (OPL 214), Uge North and Nza

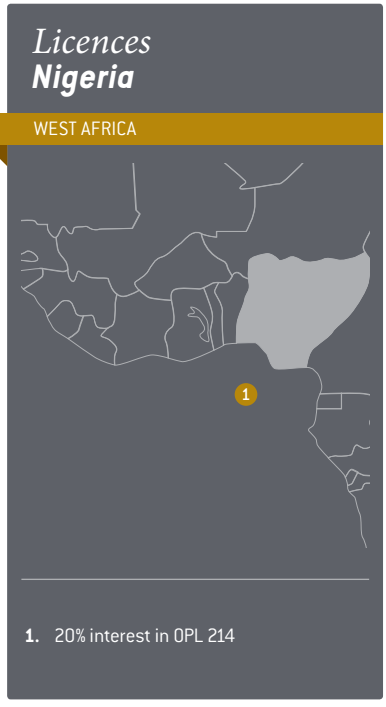
The main discovery in the block, Uge, has recoverable reserves of 270 mmbbls of oil. Development of this large oil field has become more likely after additional oil volume has been proven in the Uge North prospect. If the Nza prospect, which will be drilled after Uge North, also proves oil, the pace of the development process is likely to increase. Several large prospects in the Uge licence have been identified, and these prospects will be retained when the licence is converted from OPL to OML (Oil Mining Lease) in June 2012.

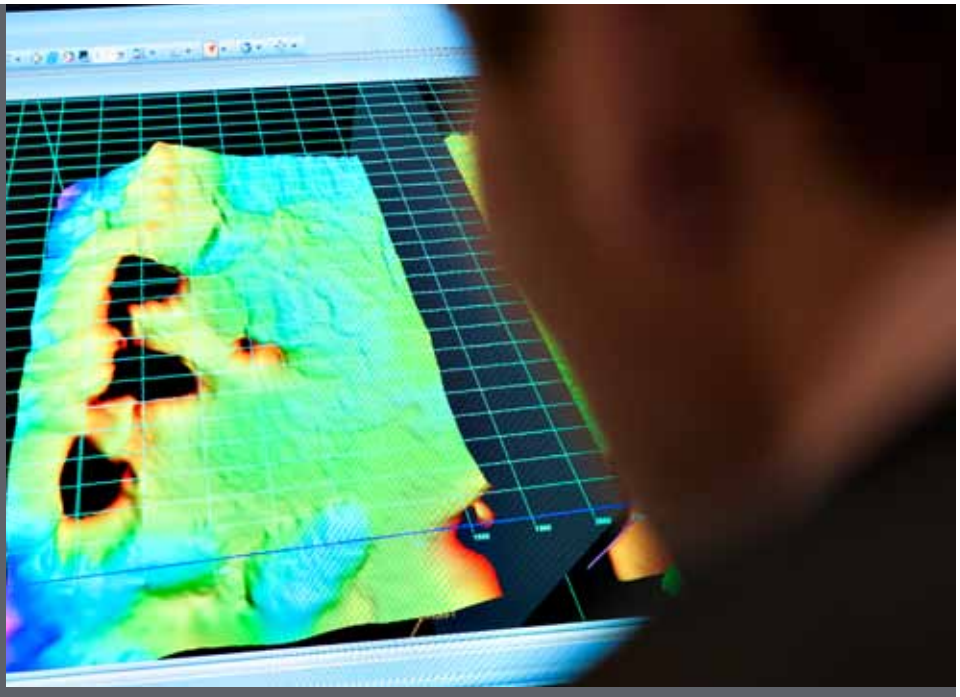
The production sharing agreement for OPL 214 became effective in June 2002. Operator ExxonMobil and partners Chevron, ConocoPhillips and Svenska each hold a 20 per cent interest. The Nigerian Petroleum Development Company, or NPDC, holds a 15 per cent interest, while Sasol retains the remaining 5 per cent.

Block 244 (OPL 244), Ekaaro

Unlike OPL 214, it has not been possible to find an economically viable prospect in OPL 244.

The partnership of Svenska (30 per cent), operator ENI (60 per cent) and NPDC (10 per cent) has decided to let OPL 244 expire without drilling.





Mapping the Prospects

A commitment since 2009 to better size up Guinea Bissau's exploration potential paid off during 2011 with the mapping of a dozen leads and prospects.

Sinapa Block, Esperanca Blocks 4A, 5A

In 2011 intensive activity revolved around the extensive processing and interpretation of new data. This work particularly focused on the processing of the 1,640 square kilometre 3D seismic data set and the almost as large Gravity Gardiometry survey.

To date, Pre-stack Time Migrated (PSTM) and Pre-stack Depth Migrated (PSDM) seismic data sets have been generated and are being interpreted in conjunction with the 3D density volume. The interpretation of these data sets will require some further work in 2012, but existing structures, leads and prospects have been confirmed and volumetrics for these together with chances of success (COS), as well as drilling locations will be finalised shortly. A large number of previously unrecognised structures have been identified as leads and these will also be firmed up to prospect status early in 2012. The new data sets are also being used to better understand the reservoir distributions and geometries, not only using direct structural stratigraphic interpretations but also seismic attribute analysis.

Svenska retains a 55 per cent equity interest in our operated Sinapa Block 2 and Esperanca Blocks 4A and 5A licences. Our licence partners are Guinea Bissau's national energy company Petroguin (30 per cent) and FAR holding the remaining 15 per cent.

The licences lie 180 kilometres offshore Guinea Bissau's Rio Geba estuary. The Guinea Bissau government has extended Phase I exploration on these licences to November 2012, and all licences commitments have been met.

Licences
Guinea Bissau

WEST AFRICA

1. 55% interest in Block 2 (Sinapa)
2. 55% interest in Blocks 4A and 5A (Esperanca)

Building a Complete Picture

Extensive exploration activity were the operative words in 2011 in the Republic of the Congo. Two years and two far-reaching geophysical surveys after entering the Congo Brazzaville Marine IV licence, Svenska has renewed the search for Congolese offshore oil fields in this oil-rich basin.

Marine Block IV

The licence acreage contains a variety of play types which have proved large fields elsewhere in the basin. It is hoped that the 360 square kilometre 3D "Kaba" study in 2011, and its predecessor — the 470 square kilometre 3D "Sendji" survey of 2010 — will provide an improved image of the geology, especially below the salt.

The Sendji survey has been processed and is now being interpreted. The Kaba survey of October replaced data lost in a previous survey and was shot over the central part of the licence.

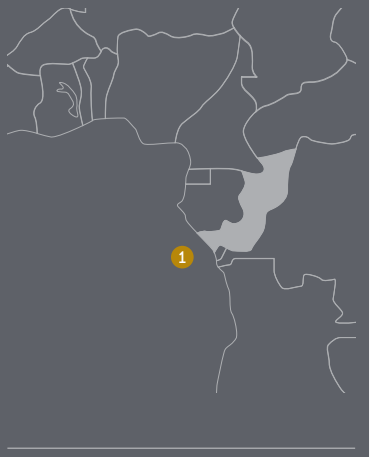
Interpretation of the two 3D surveys will be used in selecting a drilling target for the second phase commitment well, to be drilled in late 2012. The 470 square kilometres survey provided a good 3D image over the southwest part of the licence for the first time.

The 2011 Kaba survey was on time and on budget and is currently being processed. The Congolese government has extended Svenska's second-phase exploration permit to December 2012. However, due to circumstances beyond the control of the partnership, the 2011 survey study will not be available until mid-2012. The resulting shortened window for commitment-well drilling in 2012 could be eased by a timely rig availability.

Svenska holds a 29.75 per cent interest in this offshore exploration permit, while operator Perenco retains a 55.25 per cent share. The Republic of the Congo's direct financial interest, SNPC, holds 15 per cent.

Licences
Republic of the Congo

WEST AFRICA



1. 29.75% interest in Marine Block IV

Reinforcing the Future

Svenska emerged from Ivory Coast's recent political turmoil without loss, and peace has largely returned to the country after contested but largely accepted national elections. Production from the Baobab field was not interrupted although certain measures were put in place to protect the safety of personnel and the installation. Sustained production and preparation for future field development have been the primary topics of the year.

Baobab Phase III Drilling Campaign

Extensive reservoir evaluation work throughout 2011 greatly increased our understanding of the Baobab oil field and its needs.

A new static geological model has been generated which better reflects the complex geological layering in the reservoir. It has all the updated well information from Phase II, which covers the new petrophysical analysis and incorporates the reprocessed seismic data. This static model was then used to develop a full field history-matched dynamic reservoir model which was completed in third quarter 2011. The model was subjected to a detailed QC process by Svenska and the Operator and is now considered fit-for-purpose for the Phase III development. The Baobab Phase III Drilling Campaign is concentrating on full exploitation of existing infrastructure by adding wells to the existing two drill centres through spare slots and "daisy chaining".

The Project Select Gate was passed around the turn of the year and preparations for placing of orders for procurement of Long Lead Items are in progress. Project sanction, i.e. the decision to enter into a drilling rig contract, is expected to take place towards the end of 2012, which would allow drilling to start sometime in 2013 with the first well on production during 2014. Up to five new producing wells and possibly a water injection well, if economically viable, are envisaged. It is expected that this Phase III campaign will provide invaluable technical information for any future drilling campaigns in the Baobab field.

CI-40 Production

Cumulative production at the Baobab Field for the year 2011 was 7.2 mmbbls. The daily average oil production during the year averaged 19,700 bpd, which compares to 23,000 bpd in 2010.

A prolonged period of stable production decline is underway in line with the decline seen in Phase I wells. Baobab lies 2,200 metres below the seabed in 1,500 metre water depth south of the Espoir Field in Block CI-26. Production from the field commenced in August 2005 from ten horizontal wells aided by three water injectors. The well stream flows via two sub-sea manifolds situated in 1,100-metre water on the shoulder of the canyon that runs across the field from north to south, to an FPSO moored in 900 metres of water. The vessel has a process capacity of 70,000 bpd of oil and storage capacity of 2.4 mmbbl. The processed crude oil is exported via tankers to be sold on the international market.

Produced gas is utilised for power generation and compression on board the FPSO whilst the excess gas is piped via the Espoir export gas system to shore at Jaqueville and from there to the Azito power generation plant to be used as feed stock for

STATISTICS
Baobab field

Licence/Block: CI-40

Operator: CNR International

Svenska's interest: 27.39%

Obtained by Svenska: 1998

Production start: 2005

Total developed reserves: 122.4 mmbo

Remaining developed reserves: 66.2 mmbo

Remaining undeveloped commercial reserves: 114.6 mmbo

Estimated ultimate recoverable reserves: 237.0 mmbo

Production 2011: 7.2 mmbo

electricity production.

The highlight of the year has been the restoration of production achieved by choke replacement, successful removal of hydrate blockage and prudent reservoir management, resulting in sustained uninterrupted production of reservoir and facilities.

Svenska, with a 27.39 per cent interest, is joined by operator Canadian Natural Resources International (CNR), with 57.61 per cent and the national oil company Petroci with 15 per cent.

CI-24 Exploration

In 2010, the Virgo-1 exploration well in this licence discovered gas in an Albian sandstone reservoir target.

Due to the sub-commercial nature of the Virgo discovery and lack of remaining prospectivity, Svenska decided to withdraw from the licence on 1 December 2011. Svenska will use the data and knowledge gained from CI-24 to further evaluate prospectivity in the surrounding area. Svenska held a 20 per cent interest in CI-24 with partners Edison International Holding (33.75 per cent), Kufpec Oil Holding (33.75 per cent) and national energy company Petroci (10 per cent).

Licences
Ivory Coast

WEST AFRICA

1. 27.39% interest in Block CI-40
2. PRODUCTION LICENCE
   27.39% interest in Block CI-40 (Baobab)

STATISTICS
Oombo field

Licence/Block: 3/91

Operator: Sonangol P&P
(From 1 January 2011)

Svenska's interest: 6.25%

Obtained by Svenska: 1991

Production start: 1997

Recoverable Reserves: 72.1 mmbo

Remaining reserves: 13.5 mmbo

Production 2011: 2.9 mmbo

The Potential to Transform

Success drilling the Azul-1 well in Angola's Kwanza basin in late 2011 ended a wait through rig scarcity and survey delays while marking a new era of exploration in the West African country's "Brazil-like" plays.

The Kwanza Basin

Excitement increased ahead of the late-year drilling in Block 23. The play-opening discovery of the Aptian pre-salt of the largely unexplored Kwanza basin was one of the highlights of the year.

Block 8

This block starts on the beach of the Kwanza and extends westward in waters down to 800 metres on Angola's continental shelf in the South Atlantic Ocean.

The main geological objectives in the block are early Cretaceous pre-salt and post-salt reservoirs. The pre-salt petroleum systems are proven in the adjacent Block 9, and in our newly drilled Block 23 Azul-1 exploration well. Azul-1 well proved a complete working pre-salt petroleum system.

Block 8's 1,200 square kilometre Pre-stack Depth Migrated (PSDM) 3D survey of 2009 has been completely interpreted and has helped identify several drillable prospects. An exploration well is planned for 2012 targeting the pre-salt Diamante prospect. A second exploration well is planned to be drilled in 2013.

Block 23

The block's deep water extends westwards from around 900 metres in the east to some 1,800 metres in the west. A working pre-salt petroleum system has been identified in this previously undrilled block.

The Azul-1 exploration well crowned a five-year exploration effort which included a 3,000 square kilometre 3D seismic survey. The drilling of Azul-1 ended in November 2011 and has proven the existence of a fully working pre-salt oil play in the Kwanza Basin.

The Azul-1 is the first ever deep water well targeting pre-salt in the Kwanza Basin and is the first well in Block 23. The well was drilled in 923 metres of water and proved pre-salt producible reservoirs containing good oil quality with an estimated flow capacity in excess of 3,000 barrels of oil per day.

The partnership is now evaluating the well results and plans to continue appraisal and exploration work on the block based on these very encouraging results. Exploration/appraisal wells are expected to be drilled in 2013/2014.

Svenska (30 per cent interest) is partnered in Block 8 and Block 23 with operator Maersk Oil (50 per cent) and Sonangol (20 per cent).

Block 3/91, Oombo

Water injection helped produce 2.9 mmbbls of oil at Oombo in 2011, and 180,600 bbls went to Svenska.

Svenska's interest in Block 3/91 was awarded by Sonangol in 1991, and a vigorous exploration uncovered the Oombo field. Remote-controlled production from two sub-sea wells began

in 1997 from a reservoir 2,800 metres below the seabed. Flowlines take oil to a larger Cobo process site before it moves onward to the Palanca terminal for export. The licence expires in December 2012.

Svenska (6.25 per cent interest) is partnered at Oombo with operator Sonangol P&P (6.25 per cent), Total (50 per cent), ENI (15 per cent), Ajoco 91 (12.5 per cent), Nis Naftagas (5 per cent), Ina Naftaplin (5 per cent).

Block 3/85, Pambi

Although the block expired in June 2011, six months of production from the Pambi field accrued to 230,000 bbls, of which 14,000 bbls were net to Svenska.

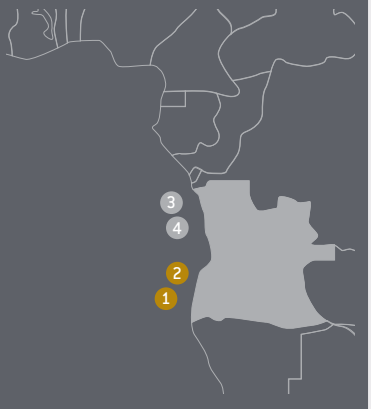
Svenska's 25-year history in Angola began when Sonangol awarded licence interests in this block.

Pambi has flowed since 1995 from four production wells assisted by two injectors. Wells which tapped a reservoir 3,000 metres below the seabed were tied back to a wellhead platform and a production platform. Oil was piped to and exported from the Palanca Export Terminal.

Svenska (6.25 per cent) was partnered at Pambi with operator Sonangol P&P (6.25 per cent). The remaining participants were identical to those in Oombo.

Licences
Angola

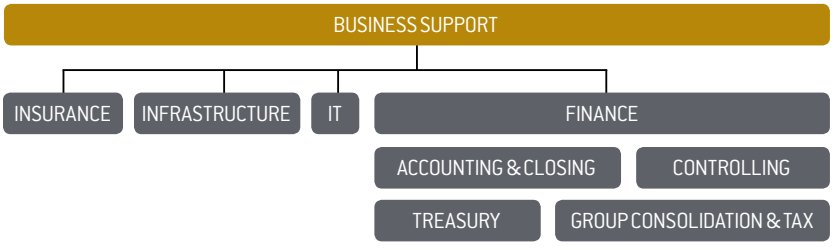
WEST AFRICA



1. 30% interest in Block 8
2. 30% interest in Block 23
3. PRODUCTION LICENCE
   6.25% interest in Block 3/85 (Pambi)
4. PRODUCTION LICENCE
   6.25% interest in Block 3/91 (Oombo)

Business Support

Support to Svenska throughout 2011 entailed improving reporting and addressing compliance issues. Growth in the company was shown by broader business scope, increases in the number of employees, and managed O&G assets.



Overall, Svenska is on the fast-track to potentially transformational growth. The road to new volumes was secured when Svenska signed two new financing facilities with international banks in 2010. A key objective for 2011 was to further strengthen the finance team and streamline finance and treasury reporting processes for the benefit of Svenska's key stakeholders.

A successful asset management software implementation completed in 2011 provides management with a transparent view of the licence portfolio, enabling real time portfolio performance monitoring and other forward-looking production and cash flow projections.

The Business Support Function provides the tools and solutions to make the three Svenska offices operate as one entity.

The increase in our total managed database has made the efficient retrieval and presentation of selected data from suppliers, farm-in and bid round data rooms a key business activity.

Portfolio growth combined with more sophisticated data acquisition in 3D has triggered a rapid growth in the amount of geological data stored in Svenska. Simultaneously, technical teams must be able to cooperate between offices and in joint data interpretation work, where consistency in version control and data security are obvious key success factors.

Business Support has supplied a common geo-data platform which includes centralised data storage and remote data interpretation capabilities. The new platform rationalises hardware and software investment needs and increases the number of productive hours for the technical team.

Business Development

Svenska's efforts to diversify into the Middle East were hampered in 2011 by the political changes in Egypt and the ongoing turmoil in Syria and Yemen. Several opportunities in the area, including the onshore licensing round in Syria, were evaluated in some detail.

Progress largely came a standstill in early 2011 due to the uncertain business climate caused by security concerns.

The company continues to review opportunities in certain parts of the region and has registered an interest to the Ministry of Oil and Gas in Oman regarding participating in an onshore licensing round to be conducted in 2012.

In Africa the company has continued to review a considerable range of opportunities particularly in Cameroon, the Republic of the Congo and Ivory Coast. The company is well positioned to pursue a number of initiatives in West Africa in 2012 including the participation in licensing round activity.

In addition to licensing round work in Norway, the company has become more active in seeking opportunities via farm-in and completed a farm-in to PL 554. A well is due to be drilled on the licence in mid-2012 as a result of the deal.

The efforts to introduce a portfolio management system into the company are now fully complete. As the Svenska exploration portfolio develops it is becoming increasingly important to maintain a balance of risk and reward. Portfolio management efforts are likely to become more dynamic in 2012; in addition to a number of farm-ins and asset acquisitions the company will also be aiming to farm down or cross assign certain assets to ensure a certain risk/reward balance is maintained.

Svenska in Support

Corporate responsibility means leading by example and engaging society in safeguarding quality of life. In an effort to give back to the communities near our operations, Svenska employees have travelled to Angola, Guinea Bissau and the Ivory Coast to lend their support. They learned of people's needs and observed the positive social effects secured by a hospital project and Svenska's support of three SOS Children's Villages. Such visits are cherished dates on our staff's calendars.

SOS Children's Villages

Svenska employees across the company have journeyed to meet with SOS Children's Villages, a non-governmental development organisation focused on the rights of young people.

The organisation provides safety and stability for children not always able to grow up with their biological families. SOS Mothers — strong family-first women — are at the heart of close-knit groups of children in the villages that come complete with schools and clinics.

SOS Youth Facility, Abobo Gare, Ivory Coast

Svenska sponsorship of this facility affords structure and guidance for young people moving from a caring SOS Children's Village to independence as young adults.

Helping young people manage their daily lives and develop a sense of responsibility is a key goal at Abobo Gare. Young people are also offered shared accommodation while attending seconding school or vocational training courses.

Abobo Gare village supports 716 children and young adults.

SOS Social Centre, Lubango, Angola

The family-strengthening program at Lubango helps mothers and fathers earn enough to provide for their children.

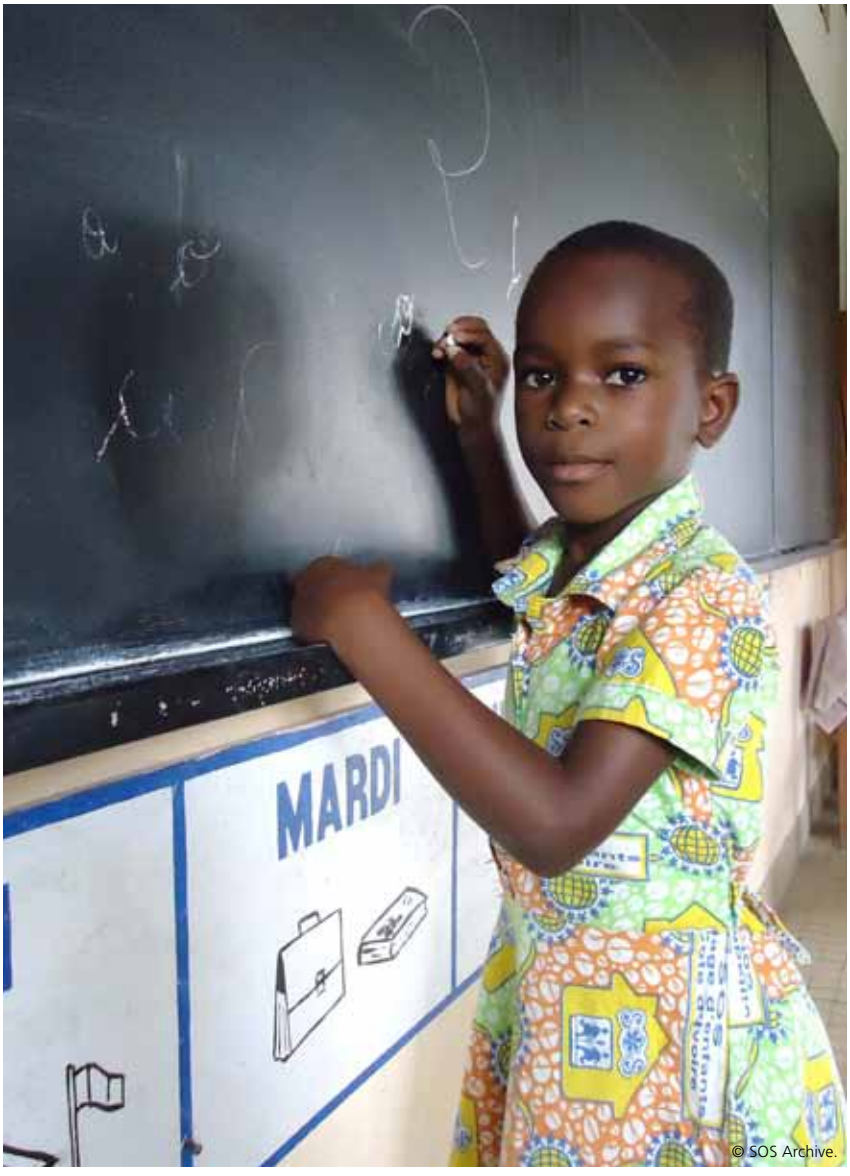
While economic growth in Angola has outpaced much of West Africa since the end of the civil war in 2002, infant mortality, child poverty and ill-health are still widespread. The Centre's micro-credits offer support for single mothers and help children hold on to their natural families.

The Centre also offers scholarships, school materials and medical care. In 2011, the secure Lubango environment helped students leaving upper secondary education find employment, and helped 60 children through preschool. The SOS village also celebrated that two local youths had nearly finished their university studies.

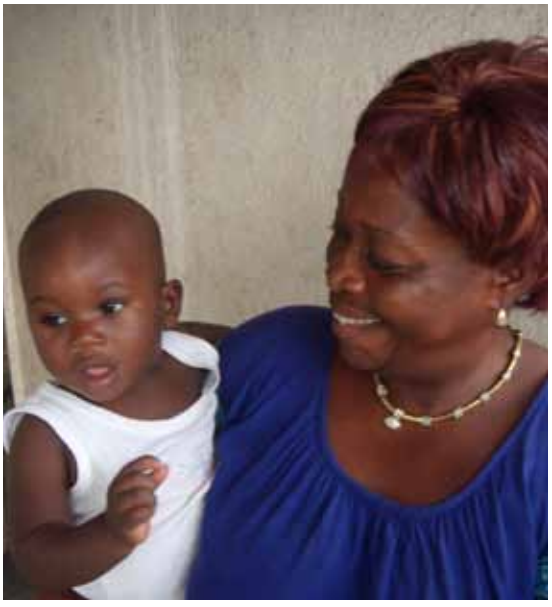
Self-sufficiency is the goal for the 118 families and 462 children at Lubango.

SOS Hermann Gmeiner Primary & Secondary School, Guinea Bissau

Svenska helps fund this open school for children from SOS Villages and the local community. Twelve school classrooms now serve 420 pupils attending regular classes and vocational training.



© SOS Archive.



© SOS Archive.

Bula Medical Training Facility, Guinea Bissau

Svenska funded the renovation of Bula Medical Training Centre, part of the Simão Mendes Hospital.

In December, Fredrik Öhrn and Bjørn Inge Tønnessen, invited by the request of the Guinea Bissau Prime Minister Carlos Gomes Junior, attended the graduation ceremony for the first group of medical doctors and midwives to be trained at the Bula Medical Training Facility by Cuban doctors.

"We're happy to be able to help rebuild the SOS Youth Centre in Abobo Gare in Abidjan, and I'm proud to have been part of refurbishing the Bula Medical Training Centre in Guinea Bissau," Mr. Öhrn said.

"Working in countries where we are present, I believe that we have an obligation to give something back to the communities just because we can," Mr. Öhrn said, adding, "The response from our host countries for refurbishing the Hospital in Bissau and the sponsorship of SOS Children's Villages in Guinea Bissau, Ivory Coast and Angola has been overwhelmingly positive."

Svenska has pledged to continue its support of social infrastructure projects.

"In 2011, the secure Lubango environment helped students leaving upper secondary education find employment."

Svenska supports:

SOS CHILDREN'S VILLAGES INTERNATIONAL

Our Health & Safety Pledge

The Svenska Management Group believes that we as licence partners make a difference in joint efforts to safeguard the wildlife and communities where we operate.

We respect the rights of people our operations might affect, and we seek to avoid adverse human effects. Our joint venture agreements with business partners include an evaluation of available industry practices and technologies to best protect human health, safety and the environment (HSE).

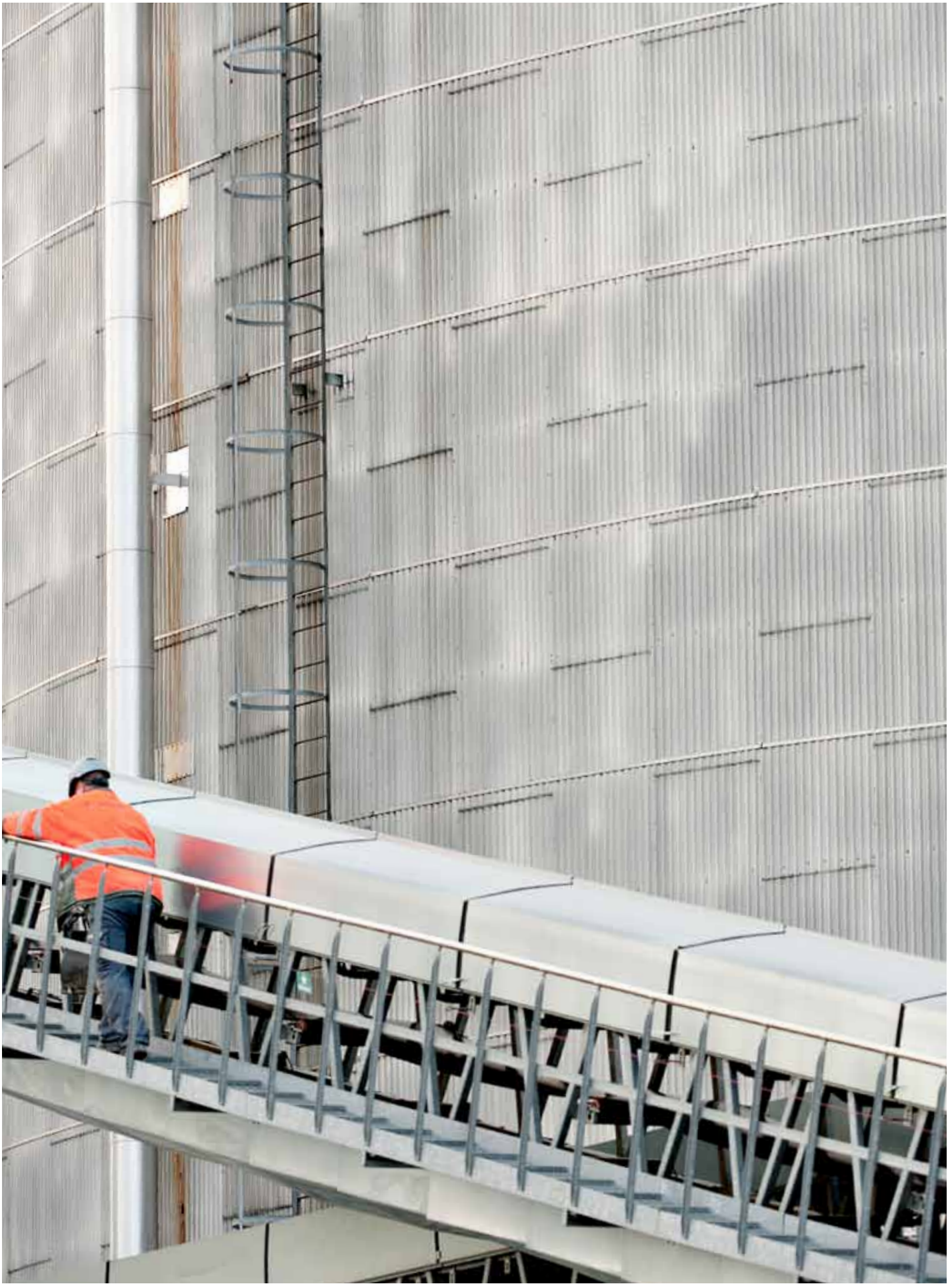
Clear HSE standards in daily operations contribute to operational excellence and systemic integrity.

Committing to that vision, Svenska maintains an HSE culture and organisation to oversee operations. The safe, responsible business we have run reflects a high level of corporate awareness that spans our various operational theatres.

The build-up of health and safety oversight and practices are core to Svenska's strategy of increasing our operating capability. Consequently in 2011, Svenska recruited HSE expertise to ensure HSE considerations remain a top priority in our own organisation and in the licences where we are partner.

Svenska pledges to:

- Strive for an injury-free work environment and zero negative effects on the local community and ecosystem
- Promote biodiversity, safety and quality in our work
- Comply with best industry practices, company policy and the regulatory requirements of countries in which we operate
- Apply adequate barriers of control and mitigation to reduce the risk and impact of major accidents
- Establish and communicate effective emergency response plans
- Provide safety training and higher HSE qualifications
- Influence partners and vendors to exceed minimum requirements set by law if environmentally justified



A Place to Grow

Svenska employees preside over international projects and assume commensurate levels of responsibility. They learn and advance based on their ability and the tasks they take on. Some have been overseeing Svenska's business since the company strategy they helped orchestrate began transforming the company. Svenska is fuelled by exploration success, and the proof is a growing number of projects and solid economic performance. Staff said the following about why this "new Svenska" provides a satisfying place to work and where pride in achievement is tangible.

Ron Daniel
Senior Geologist
LONDON

Professionally satisfying
Working at Svenska for the last 18 months has allowed me to have a greater say in technical decisions and forming strategy than would be possible in a larger company. I have also furthered my technical development by working with some very talented geoscientists and the tools and techniques that they use.

Pride in accomplishment
I am most proud of my organisation and execution of our recent field trip to Greece, which was very successful from an educational, social, health and safety angles.

Alvaro Cottini
Senior Reservoir Engineer
LONDON

Professionally satisfying
I have worked for Svenska since April 2008. I have experienced much varied and challenging work in my discipline on projects in Europe and in West Africa. I feel very privileged to be part of Svenska's team, enjoying what I do while at the same time having the real appreciation and recognition of management for my contribution to the company.

Pride in accomplishment
One of my achievements was to successfully produce, along with the in-house team, a history-matched dynamic model for the Baobab field at a time when there was a strong need for this tool in the partnership.

Alexandra Haido
Accountant
STOCKHOLM

Professionally satisfying
Every day at Svenska is full of challenges that make me grow, both in my work and as a person.

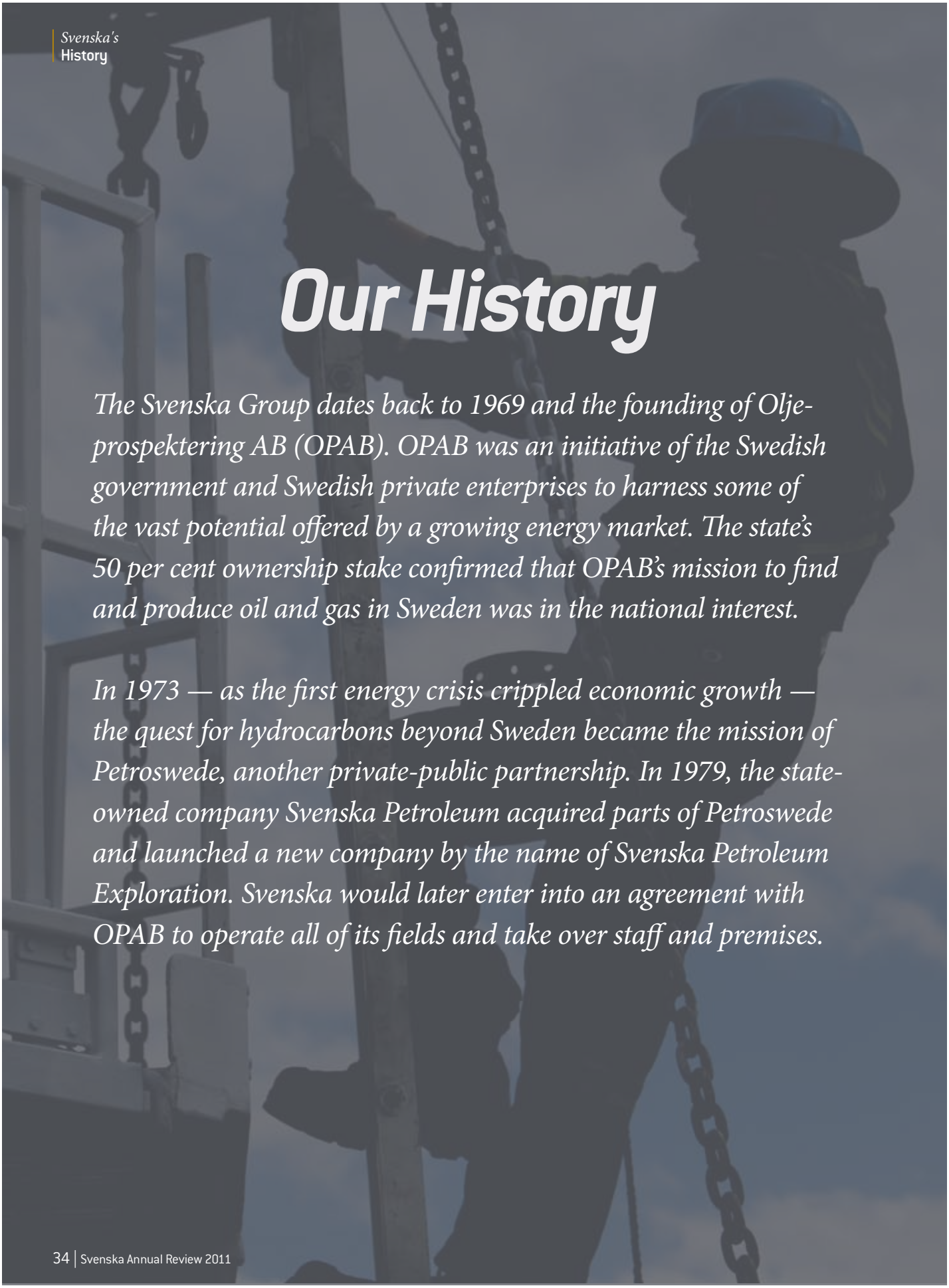
Pride in accomplishment
I feel I have the potential to go further within the organisation, and I feel that Svenska really supports me.

"Every day at Svenska is full of challenges that make me grow, both in my work and as a person."

Rolf Aasheim
Senior Geologist
OSLO

Professionally satisfying
My years of work with Svenska have been varied and challenging with room for individual development. It is challenging and at times hectic work, but closely integrated relations with other skilled persons in the company achieves goals. We see our successful efforts consummated over time.

Pride in accomplishment
I am proud of having worked hard on asset teams which have helped see the portfolio of new finds headed for development and growth. They are professionals who have succeeded in maturing drillable prospects in a challenging area to ensure a future focus for the company as a major player in the Kwanza basin.



Our History

The Svenska Group dates back to 1969 and the founding of Olje-prospektering AB (OPAB). OPAB was an initiative of the Swedish government and Swedish private enterprises to harness some of the vast potential offered by a growing energy market. The state's 50 per cent ownership stake confirmed that OPAB's mission to find and produce oil and gas in Sweden was in the national interest.

In 1973 — as the first energy crisis crippled economic growth — the quest for hydrocarbons beyond Sweden became the mission of Petroswede, another private-public partnership. In 1979, the state-owned company Svenska Petroleum acquired parts of Petroswede and launched a new company by the name of Svenska Petroleum Exploration. Svenska would later enter into an agreement with OPAB to operate all of its fields and take over staff and premises.

1969
The 50/50 joint venture OPAB is founded in April by the Swedish government and a consortium of Swedish enterprises (AGA, Boliden, Gränges and Sydkraft). Their objective is to explore for oil and gas in Sweden.

1973
Petroswede AB is formed in July by another 50/50 joint enterprise between the Swedish state and the companies LKAB, the Sahlén Group, the Axel Johnson Group and KemaNord. E&P outside Sweden is the new company's mission.

1974
OPAB discovers oil on the Swedish island of Gotland.

1979
In February, state-owned refining and marketing company Svenska Petroleum buys part of Petroswede and changes its name to Svenska Petroleum Exploration. OPAB becomes a subsidiary of Svenska.

1983
Svenska acquires interests in Conoco's Ula discovery on the Norwegian continental Shelf.

1986
Svenska and Oljekonsumenternas Förbund (OK Union) merge to create OK Petroleum (OKP). KF (the Cooperative Union) is the largest shareholder, while the Swedish state and Finnish Neste Petroleum hold the remaining shares. All upstream activities are concentrated in Svenska.

1991
The Swedish Parliament approves selling the government's stake in Svenska to OKP making the latter sole owner.

1993
Svenska becomes operator of the Genciai oil field in Latvia. Production activity begins at the Cobo field in Angola.

1994
Sheikh Mohammed H. Al-Amoudi acquires OKP through his investment company Moroncha Holdings.

1995
First oil is produced from the Pambi field in Angola.

1996
OKP becomes Preem Petroleum and divests its shares in Svenska to a newly established holding company which inherited the name Petroswede (through Moroncha Holdings). OPAB becomes a wholly-owned subsidiary of Svenska after the acquisition of Sydkraft's shares.

1997
First oil is produced from the Oombo field in Angola.

1998
Svenska acquires an interest in the promising Block CI-40 offshore the Ivory Coast.

2005
First oil is produced from the Ivory Coast oil field Baobab.

2006
Svenska divests its 50 per cent interest in the joint venture UAB Genciu Nafta.

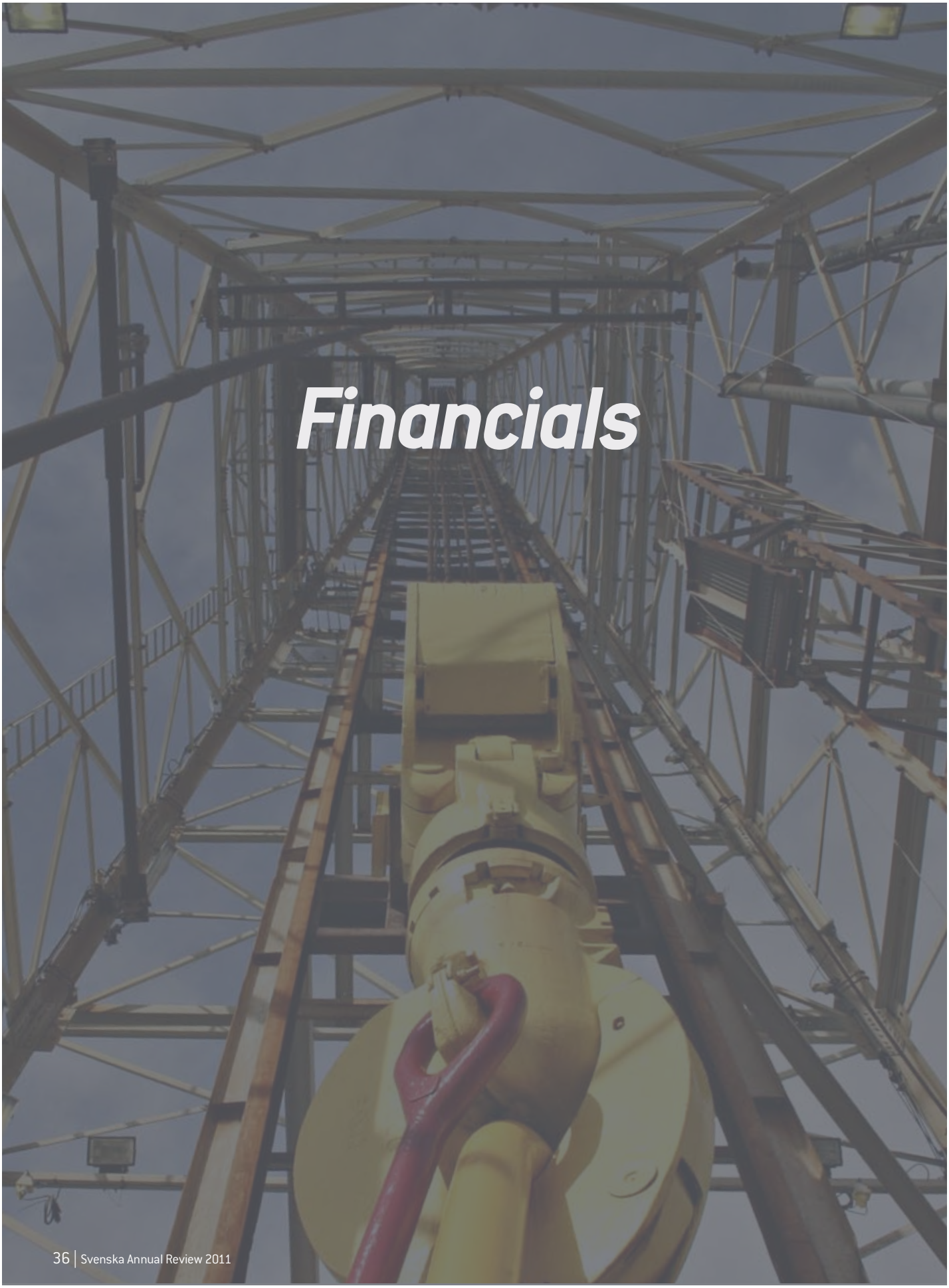
2007
Svenska acquires Occidental Petroleum Corp.'s West African licence portfolio with an array of exploration assets in Angola, Guinea Bissau and Nigeria.

2008
Svenska divests its interests in the Ula field off Norway and the Janice and Nelson fields offshore Britain.

2009
Svenska celebrates 40 years of operations. The company acquires an interest in the Republic of the Congo's Marine Block IV. In Norway, the Fulla and Frigg Delta fields are discovered.

2010
Operator Svenska completes a 3D seismic survey of the Sinapa and Esperanca licences offshore Guinea Bissau. Norway's Awards in Predefined Areas 2010 provides two new licences. Gas is found in the Virgo-1 well of Block CI-24, the Ivory Coast.

2011
One new licence award in Norway's APA 2011 came as a prelude to the discoveries at Krafla Main and Krafla West. Despite unrest and fighting in Ivory Coast no interruption to the Baobab oil production was experienced. The Azul 1 well in Angola finds oil in the pre-salt.



Financials

Business review

Svenska Petroleum Exploration in 2011

Introduction
Svenska is engaged in exploration and production of oil and gas as well as associated activities. The Group is active in all aspects of oil extraction, from exploration to production, through participation in joint venture projects. Today, business operations are conducted in Norway, the Ivory Coast, Angola, Nigeria, Guinea Bissau, the Republic of the Congo, Latvia, the UK and Sweden. Production of oil and gas is sold to a large number of refineries worldwide.

Ownership and group structure
Svenska Petroleum Exploration AB (Svenska) is wholly owned by Petroswede AB, which in turn is wholly owned by Moroncha Holdings Ltd, Cyprus.

Svenska has ten direct wholly-owned subsidiaries registered in Ireland, Norway, Sweden and the UK. Some of the subsidiaries also have their own wholly-owned subsidiaries, overseas registered branches or representation offices. A full list of the group's legal entities can be found in the table on page 47.

Group organisation
Investments are normally made through subsidiaries, directly or indirectly. The business is supported by the offices in Bissau, London, Oslo and Stockholm where staff is employed. Knowledge and competence are spread across the offices, while a team that manages a particular asset often consists of staff from more than one office in order to ensure best use of competence. Insurance is managed through the wholly owned subsidiary Petroswede Insurance Company Ltd. (Ireland).

Operations review

During the year, Svenska's share of the production from the Baobab field in the Ivory Coast was lower than that of 2010. The average production for the field was 5,975 (7,021) barrels per day. The lower production was due to normal decline of the field.

Production from the Oombo and Pambi fields in Angola was lower in 2011 than in the previous year because of the expiry of the Cobo and Pambi licences, combined with production challenges at Oombo by the end of 2011. The Cobo licence expired in December 2010, while the Pambi licence expired on 30 June 2011. The Oombo licence will expire in December 2012. The fields will still be producing after the exit of Svenska and will be integrated by the operator, Sonangol, into other fields. Average production in Angola was 534 (1,274) barrels per day. In November 2011, Svenska was notified by the operator that technical issues had been discovered in one pipeline, requiring the temporary shut-in of one producing well. The operator has presented a plan for repair of the pipeline with a target re-opening date for the well in early 2012.

In March 2011, Svenska acquired a 20 per cent interest in licences PL 554 and PL 554B from Det norske oljeselskap. Svenska carries part of Det norske oljeselskap's interest in the first well, which is expected to be drilled in 2012 by the new operator Total. During the first half of 2011, Svenska participated in two successful discoveries, Krafla Main and Krafla West, in Norway. The discoveries are located in the northern North Sea and are candidates for fast-track development.

The Azul 1x exploration well in the Block 23 licence offshore Angola was spudded and completed during the year. Sonangol, the administrative arm of the Angolan state within the hydrocarbon sector, has officially declared it a commercial discovery. The Uge North 1x exploration well in the OPL 214 licence in Nigeria was spudded at the end of the year and will be completed in 2012.

During the year, the average annual price for Brent crude oil increased by 40 per cent to USD 111.3 per barrel. The

price at the start of 2011 was USD 92.6 per barrel, and USD 106.5 by the end of the year. At the end of January 2012, the price was USD 110.98 per barrel (31 January 2012). In 2011, the US dollar weakened against the Swedish krona, with the average rate falling by 10 per cent to USD/SEK 6.4953.

Events after the end of the financial year

On 17 January 2012, the Norwegian Ministry of Petroleum and Energy announced that Svenska had been granted a 25 per cent interest in the PL 035C exploration licence on the Norwegian continental shelf, as part of the award of licences in predefined areas (APA 2011).

Financial review

Earnings and cash flow

The Group's operating profit for the 2011 financial year was USD 129 (71) million. The increase was a result of a higher oil price and lower depreciation and impairments.

Cash flow from operations before changes in working capital was USD 109 (148) million.

Comparative figures in this section have been restated due to changed accounting policies. See the tables showing the effects on page 48.

Operating income and costs

Consolidated net sales during the year were USD 262 (248) million. The increase is due to a higher oil price, which compensated for the fall in production in relation to the previous year.

Production was 2.4 million barrels of crude oil in 2011, compared with 3.0 million barrels the previous year. The average production was 6,509 (8,295) barrels per day. The decrease was mainly attributable to normal field decline but also includes the impact of the expired Cobo and Pambi licences and lower production in Oombo as mentioned above.

A total of 2,358,050 (3,132,223) barrels of oil were sold during the year, at an average price of USD 109.01 (77.33) per barrel.

Total operational and exploration costs in 2011 amounted to USD 91 (92) million. The total figure is broken down into the following cost items: operating expenses USD 34 (35) million, royalty costs USD 26 (32) million, exploration and project expenses USD 5 (18) million and an increased oil tax operational (the host government's tax share in Production Sharing Contracts) of USD 26 (7) million. In 2011, the investment capital expenditure in the Baobab field was essentially recovered, triggering allocation of a higher share of the production to the host government, as per the PSC, in the form of higher corporate income taxes. The high oil price during the year brought this inflection point earlier than expected. Consolidated depreciation and impairment of oil and gas assets for 2011 amounted to USD 25 (63) million.

Employee payroll costs for 2011 were USD 10 (9) million. The number of employees was 44 (44) as of 31 December 2011.

Net financial items for 2011 were USD -4 (-5) million. Financial items are mainly revaluation of financial receivables and payables.

In 2011, tax expenses for the Group were USD 28 (12) million, corresponding to an effective tax rate of 22 per cent (18).

Comparative figures in this section have been restated due to changed accounting policies. See the tables showing the effects on page 48.

Investments and financial position

Noncurrent assets totalled USD 704 (603) million as of 31 December 2011.

The investments during the year were mainly in intangible assets, which amounted to USD 121 (49) million. Notable activities were exploration drilling in Norway (Krafla) and Angola (Azul-1x), but also Nigeria (Uge North 1x).

Cash and cash equivalents were USD 61 (91) million as of 31 December 2011 after the announcement of a USD 30 million dividend to Moroncha Holding Ltd.

Additional dividends amounting to USD 2.6 million have been distributed to shareholders during 2011.

Svenska has two financing facilities in place, a USD 115 million Reserves Based Lending Facility and a NOK 300 million Exploration Financing Facility. As of 31 December 2011, both facilities were undrawn.

Other provisions amounted to USD 10 (10) million as of 31 December 2011.

Comparative figures in this section have been restated due to changed accounting policies. See the tables showing the effects on page 49.

Corporate responsibility

Health, safety and environment

Svenska complies with applicable international safety and environmental regulations in all its activities. However, to further ensure that operations are managed in a responsible manner, policies and other governing documents have been drawn up to provide guidance in the areas of health, safety and the environment (HSE). Svenska pledges to strive for an injury-free work environment and zero negative effects on the local community and ecosystem, promote biodiversity, safety and quality in our work and comply with best industry practices, company policy and the regulatory requirements of countries in which we operate. Svenska also pledges to apply adequate barriers of control and mitigation to reduce the risk and impact of major accidents, establish and communicate effective emergency response plans and provide safety training and higher HSE qualifications. In addition to the above, Svenska pledges to influence partners and vendors to go beyond minimum compliance with the defined requirements.

Corporate social responsibility

Svenska also works actively within the CSR area, and has launched a partnership with SOS Children's Villages, whereby the Group supports a school in SOS Children's Villages in Bissau, Guinea Bissau. Svenska also supports an SOS youth center in Abobo Gare in the Ivory Coast, and the everyday activities of an SOS social centre in Lubango, Angola. Svenska also funded the renovation of the Bula Medical School in Guinea Bissau.

Personnel

A vital factor in implementing Svenska's expansion strategy and in carrying out our operating activities is Svenska's skilled and dedicated personnel. Access to skilled personnel is ensured through consciously working towards the development of a project-oriented organisation. The Group's ambition is to unite different cultures and establish a common approach in the Group.

The work of the Board of Directors

The Board of Directors, which had five members at the end of the year, held eight meetings during the past year. During 2011 Dr. Ghazi Habib and Sven-Erik Zachrisson left the Board of Directors.

Additional information regarding the Company's financial results and financial position is available in the following Income Statement and Balance Sheet and the associated Notes to the Financial Statements.

Consolidated statement of comprehensive income

(USD Thousands)

	Note	31 Dec, 2011	31 Dec, 2010 [1)]
Net sales		261,692	247,460
Other operating income		5,644	4,661
Total net sales	2	**267,336**	**252,121**
Stock variation		2,884	-4,990
Operational and exploration costs	3	-91,430	-92,275
Other external costs		-11,870	-10,576
Personnel expenses		-10,285	-9,155
Depreciation	2, 5	-24,637	-62,750
Other operating expenses		-2,667	-1,871
Operating profit	2	**129,331**	**70,504**
Finance income		10,058	4,338
Finance costs		-14,464	-9,679
Net financial items		**-4,406**	**-5,341**
Profit before tax		**124,925**	**65,163**
Tax on profit for the year	4, 5	-27,546	-11,767
NET PROFIT FOR THE YEAR		**97,379**	**53,396**
Other comprehensive income			
Exchange differences for the year		3,026	-1,001
Total other comprehensive income		**3,026**	**-1,001**
Total comprehensive income		**100,405**	**52,395**

1) Comparative figures were restated due to changed accounting policies. See tables showing the effects on page 48.

Consolidated statement of financial position

(USD Thousands)

	Note	31 Dec, 2011	31 Dec, 2010[1)]
ASSETS			
Non-current assets			
Intangible assets	5	446,157	325,242
Tangible assets	5	256,997	277,653
Financial assets		45	45
Other non-current receivables		597	408
Total non-current assets		**703,796**	**603,348**
Current assets			
Inventories		10,755	10,307
Trade receivables		19,788	41,730
Prepayments and accrued income		28,805	26,126
Other receivables		42,438	15,746
Prepaid tax		32,294	11,950
Cash and bank balances		60,527	91,412
Total current assets		**194,607**	**197,271**
TOTAL ASSETS		**898,403**	**800,619**

1) Comparative figures were restated due to changed accounting policies. See tables showing the effects on page 49.

Consolidated statement of financial position

(USD Thousands)

	Note	31 Dec, 2011	31 Dec, 2010 [1]
EQUITY AND LIABILITIES			
Equity			
Share capital		15	15
Paid-in capital		25,919	25,919
Reserves		7,131	-12,498
Retained earnings including net profit/loss for the year		601,802	553,654
Total equity		**634,867**	**567,090**
Liabilities			
Deferred tax liabilities	5	148,581	129,999
Other provisions		9,644	10,308
Total non-current liabilities		**158,225**	**140,307**
Trade payables		10,236	13,001
Other liabilities		3,529	8,236
Accruals and deferred income		81,349	50,692
Current tax liabilities		10,197	21,293
Total current liabilities		**105,311**	**93,222**
Total liabilities		**263,536**	**233,529**
TOTAL EQUITY AND LIABILITIES		**898,403**	**800,619**
Pledged assets		**6,000**	**36,100**
Contingent liabilities		**6,010**	**6,138**

1) Comparative figures were restated due to changed accounting policies. See tables showing the effects on page 49.

Consolidated statement of changes in equity

(USD Thousands)

	Share capital	Paid-in capital	Translation reserve [2]	Retained earnings incl. net profit/ loss	Total equity
Equity, opening balance 1 jan, 2010 [1]	**15**	**25,919**	**6,010**	**555,857**	**587,801**
Net profit for the year	-	-	-	53,396	53,396
Other comprehensive income	-	-	-18,508	17,507	-1,001
Dividend	-	-	-	-73,106	-73,106
Changes in wealth recognised directly in equity, excluding transaction with the Company's owner	-	-	-18,508	-2,203	-20,711
Equity, closing balance 31 Dec, 2010 [1]	**15**	**25,919**	**-12,498**	**553,654**	**567,090**
Net profit for the year	-	-	-	97,379	97,379
Other comprehensive income	-	-	19,629	-16,603	3,026
Dividend	-	-	-	-32,628	-32,628
Changes in wealth recognised directly in equity, excluding transaction with the Company's owner	-	-	19,629	48,148	67,777
Equity, closing balance 31 Dec, 2011	**15**	**25,919**	**7,131**	**601,802**	**634,867**

1) Comparative figures were restated due to changed accounting policies. See tables showing the effects on page 51.

2) The translation reserve comprises all exchange differences arising on translation of the financial statements of foreign operations which have prepared their own financial statements in a currency other than the Group's presentation currency. Closing reserve includes USD -2,890 attributable to the Group's presentation in SEK. USD 8,939 is attributable to currency effects in Non-current assets (monetary non-monetary method) and USD 1,082 is related to currency effects in Paid-in capital.

Consolidated statement of cash flows

(USD Thousands)

	Note	31 Dec, 2011	31 Dec, 2010[1)]
Indirect method			
Operating activities			
Profit before taxes		124,925	65,163
Reversal of non-cash items		-12,393	54,317
Sub-total, cash flow from operating activities		112,532	119,480
Taxes paid		-3,119	28,059
Cash flow from operating activities before changes in working capital		**109,413**	**147,539**
Cash flow from changes in working capital			
Decrease(+)/increase(-) in inventories		-448	-371
Decrease(+)/increase(-) in current receivables		-7,616	-5,472
Decrease(-)/increase(+) in current liabilities		24,060	21,500
Cash flow from operating activities		**125,409**	**163,196**
Cash flow from investing activities			
Acquisition of intangible assets	5	-120,913	-49,624
Acquisition of tangible assets	5	-2,753	-662
Cash flow from investing activities		**-123,666**	**-50,286**
Cash flow from financing activities			
New loans		5,139	5,081
Repayment of borrowings		-5,139	-5,081
Dividend paid		-32,628	-73,106
Cash flow from financing activities		**-32,628**	**-73,106**
Cash flow for the year		**-30,885**	**39,804**
Cash & cash equivalents at beginning of year		91,412	51,608
Cash & cash equivalents at end of year		**60,527**	**91,412**

1) Comparative figures were restated due to changed accounting policies. See tables showing the effects on page 48–51.

Note 1

Significant accounting policies (amounts are in USD thousands unless otherwise specified).

Statement of compliance

The year-end report for the financial year ended 31 December 2011 has been prepared in accordance with IAS 34 and the Swedish Annual Accounts Act. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB) and interpretations from the International Reporting Interpretations Committee (IFRIC) as endorsed by the European Commission for application within the EU.

In addition, the Swedish Financial Reporting Board's standard RFR 1.2 Supplementary Accounting Regulations for Groups has been adopted.

The accounting policies applied for the year-end report are the same as those applied for the 2011 financial year and described in the 2011 Annual Report. New or revised standards, interpretations and changes adopted by the European Union that are effective from 1 January 2011 have had no impact on the Group. Consequently, application of the relevant IFRS has not been disclosed as a change in accounting policy.

The year-end report does not contain all the information and disclosures provided in the annual report; the year-end report should therefore be read together with the annual report for 2011.

Changes to accounting policies

A number of changes to the accounting policies have been introduced for 2011. This has been recognised in this year-end report by restating figures for earlier years. The restatement summary can be found on page 48–51.

Revenue recognition

As from 1 January 2011, revenue from the production of crude oil, in oil fields where Svenska participates, is recognised in the statement of comprehensive income based on actual production in the period regardless of whether the production is sold. This method is based on observable market prices and a minimal risk to the seller in terms of sale and distribution.

The difference between production and actual sales is recorded as accrued income (underlift) if positive, and accrued expenses (overlift) if negative, except for the portion of the cost of production recorded as other assets or other liabilities. The difference in the cost of production portion, from period to period, is shown as stock variation in the statement of comprehensive income. In total, underlift and overlift is valued at net realisable value on the balance sheet date.

Oil tax

As from 1 January 2011, Svenska shows part of the corporate income tax payable in certain Production Sharing Contracts (PSC), directly related to production and the business in which Svenska is engaged as an operational cost (see note 3). While the tax in question is a corporate income tax, the agreed tax level is related to the production and the split of cost as per the PSC. This type of tax is common within the oil industry. At present, for Svenska, this relates to the business in Ivory Coast.

Currency translation method

As from 1 January 2011, Svenska uses the monetary - non-monetary method for currency translation when preparing its year-end report in USD. This ensures that, when translating from the Group's legal reporting currency (SEK) to US dollars, the historical cost of non-current assets is also fixed in US dollars. Annual average exchange rates are used for currency translation.

Basis of preparation

The Financial Statements are presented in US dollars, rounded to the nearest thousand. Assets and liabilities are stated at historical cost except certain financial instruments, which are stated at their fair value. Financial instruments which are stated at fair value comprise financial assets classified as at fair value through profit or loss.

Annual review

This year-end report has not been reviewed by the Company's auditors. The audited annual report of Petroswede AB with consolidated financial statements is available on the Company's website svenska.com or can be ordered from the Company's head office, P.O. Box 27823, SE-115 93 Stockholm, Sweden.

Note 2

Segment Reporting (USD Thousands)

The Group's operations are divided into operating segments based on the components that Svenska's chief operating decision-maker reviews regularly. The Group has identified Group Management as its chief operating decision-maker. The Svenska Group's operations are organised in such a way as to allow Group Management to monitor and review operating profit (EBIT), investments, assets and liabilities for the Group's different geographical areas. As Group Management reviews financial performance and decides on resource allocation based on geographical areas (countries), these represent the operating segments. The Svenska Group's internal reporting is therefore structured in such a way as to allow Group Management to review the performance and results of the geographical areas. It is on the basis of this reporting that the Group's segments have been identified. Inter-segment pricing or transfer is determined on an arm's-length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly interest income, exchange gains, interest expenses, exchange losses, tax expenses and administration costs. Allocated non-current assets and deferred taxes can be found in note 5.

	Ivory Coast		Angola		Norway		Nigeria	
	31 Dec, 2011	**31 Dec, 2010**	**31 Dec, 2011**	**31 Dec, 2010**	**31 Dec, 2011**	**31 Dec, 2010**	**31 Dec, 2011**	**31 Dec, 2010**
Total net sales	236,601	207,072	26,792	42,053	-	-	-	-
Operating profit/loss before depreciation	167,925	161,226	6,964	6,213	-17,051	-9,434	-	-12,254
Depreciation	-24,266	-42,181	-212	-772	-159	-190	-	-18,664
Operating profit/loss	143,659	119,045	6,752	5,441	-17,210	-9,624	-	-30,918

	Congo		Guinea Bissau		Other/ group adjustments		Total	
	31 Dec, 2011	**31 Dec, 2010**	**31 Dec, 2011**	**31 Dec, 2010**	**31 Dec, 2011**	**31 Dec, 2010**	**31 Dec, 2011**	**31 Dec, 2010**
Total net sales	-	-	-	-	3,943	2,996	267,336	252,121
Operating profit/loss before depreciation	-182	-	272	1	-3,960	-12,498	153,968	133,254
Depreciation	-	-	-	-	-	-943	-24,637	-62,750
Operating profit/loss	-182	-	272	1	-3,960	-13,441	129,331	70,504

Comparative figures were restated due to changed accounting policies. See tables showing the effects on page 48.

Note 3

Operational and exploration costs (USD Thousands)

	31 Dec, 2011	31 Dec, 2010
Operational and exploration costs	-91,430	-92,275
of which:		
Royalty	-25,652	-32,188
Operating expenses	-34,047	-34,707
Oil tax, operational	-26,235	-7,426
Exploration & project expenses	-5,496	-17,954

Comparative figures were restated due to changed accounting policies. See tables showing the effects on page 48.

Note 4

Taxes (USD Thousands)

Specification of tax expense	31 Dec, 2011	31 Dec, 2010 [1]
Tax expense for the period	-6,226	-11,679
Adjustment for prior years	550	1,601
Current tax expense	**-5,676**	**-10,078**
Deferred taxes relating to temporary differences	-21,870	-1,689
Deferred tax income/expense	**-21,870**	**-1,689**
Total tax expense for the Group	**-27,546**	**-11,767**
RECONCILIATION OF EFFECTIVE TAX RATE		
Group		
Profit before taxes	124,925	65,163
Tax at domestic rate of 26.3%	-32,855	-17,138
Non-deductible expenses	-276	-421
Non-taxable income	1,799	138
Tax effect of deduction for petroleum tax	-5,319	1,916
Effect of different tax rates for foreign subsidiaries	439	322
Calculated petroleum tax (50%) Norway	8,005	4,084
Other items	111	-2,269
Tax attributable to prior years	550	1,601
Tax expense	**-27,546**	**-11,767**
Effective tax rate	**22.1%**	**18.1%**

1) Comparative figures were restated due to changed accounting policies. See tables showing the effects on page 48.

Note 5

Non-current assets (USD Thousands)

	Ivory Coast	Angola	Norway	Nigeria	Guinea Bissau	Congo	Other/ group adjust-ments [2]	Total
INTANGIBLE ASSETS								
Exploration costs								
Capex								
Opening balances	15,510	37,821	46,852	228,338	33,848	5,297	8,409	376,075
Purchase	-	74,819	27,628	6,166	4,572	645	7,083	120,913
Closing balances	15,510	112,640	74,480	234,504	38,420	5,942	15,492	496,988
Depreciation and impairment								
Opening balances	-15,510	-	-	-19,769	-15,526	-	-28	-50,833
Depreciation and impairment for the year	-	-	-	-	-	-	2	2
Closing balances	-15,510	-	-	-19,769	-15,526	-	-26	-50,831
Residual value for each field 2011	**-**	**112,640**	**74,480**	**214,735**	**22,894**	**5,942**	**15,466**	**446,157**
Residual value for each field 2010	-	37,821	46,852	208,569	18,322	5,297	8,381	325,242
TANGIBLE ASSETS								
Oil/ gas and machinery/ equipment								
Capex								
Opening balances [1]	403,989	85,496	521	-	-	-	3,850	493,856
Purchase	2,644	-	-	-	-	-	109	2,753
Closing balances	406,633	85,496	521	-	-	-	3,959	496,609
Depreciation and impairment								
Opening balances [1]	-129,855	-85,415	-	-	-	-	-933	-216,203
Depreciation and impairment for the year	-23,060	-81	-	-	-	-	-268	-23,409
Closing balances	-152,915	-85,496	-	-	-	-	-1,201	-239,612
Residual value for each field 2011	**253,718**	**-**	**521**	**-**	**-**	**-**	**2,758**	**256,997**
Residual value for each field 2010	274,134	81	521	-	-	-	2,917	277,653
NON-CURRENT ASSETS IN TOTAL								
Residual value for each field 2011	**253,718**	**112,640**	**75,001**	**214,735**	**22,894**	**5,942**	**18,224**	**703,154**
Residual value for each field 2010	274,134	37,902	47,373	208,569	18,322	5,297	11,298	602,895
DEFERRED TAX PER FIELD								
Deferred tax 2011	**41,612**	**-**	**46,604**	**37,589**	**255**	**-**	**22,521**	**148,581**
Deferred tax 2010	39,683	-	31,305	40,019	256	-	18,736	129,999

1) Opening balances for investments in Ivory Coast and in Angola, which amounted to USD 5,961, are reported net in the specification.

2) Capitalised seismic costs in Norway are displayed in column "Other"/ Intangible assets.

List of Group companies

Information about Group companies, corporate identity numbers and registered offices

Direct and indirect holdings	Registration number	Registered office
Svenska Petroleum Exploration AB	556093-2583	Stockholm, Sweden
Oljeprospektering AB	556126-4671	Stockholm, Sweden
Svenska Petroleum Exploration AS	910229958	Oslo, Norway
Petroswede Insurance Company Ltd	266707	Dublin, Ireland
Svenska Petroleum Exploration U.K. Ltd (dormant)	1191501	London, UK
SPE Angola AB	556594-2553	Stockholm, Sweden
Svenska Petroleum Exploration Congo AB	556710-9441	Stockholm, Sweden
SPE New Ventures AB	556820-2963	Stockholm, Sweden
SPE Nigeria AB	556594-2512	Stockholm, Sweden
Svenska Nigerian Holdings Ltd	*36352*	*Bermuda*
Svenska Nigerian Investment LLC		*Nevis*
Svenska Nigeria Exploration & Production Ltd		*Nigeria*
Svenska Nigerian Holdings II Ltd		*Bermuda*
Svenska Nigerian Investments 2 LLC	*4065788*	*Delaware, USA*
Svenska Nigeria (Deepwater 1) Limited		*Nigeria*
SPE Guinea Bissau AB	556710-9458	Stockholm, Sweden
Svenska of Guinea Bissau Ltd		*Bermuda*
Svenska of Guinea Bissau LLC		*Nevis*
SPE West Africa BV NL		*The Hague, Netherlands*
Svenska Petroleum Exploration CI Holding AB	556688-3541	Stockholm, Sweden
Svenska Petroleum Exploration CI AB	*556665-4884*	*Stockholm, Sweden*
Svenska Petroleum Exploration CI Finance AB	*556635-2935*	*Stockholm, Sweden*

Indirect holdings in italics. All holdings are wholly owned.

Effects of the transition on 2010 income statement and balance sheet according to IAS 18, revenue recognition, IAS 21, changes in foreign exchange rates and reclassifications.

Consolidated statement of comprehensive income 2010

(USD Thousands)

		RESTATEMENT				
	Jan-Dec 2010	Restatement Revenue recognition 2010[1)]	Restatement Revenue recognition 2009[1)]	Oil tax, operational	Changed method of currency translation	Restated Jan-Dec 2010
Net sales	244,668	7,908	-3,664	-	-1,452	247,460
Other operating income	3,844	-	-	-	817	4,661
Total net sales	**248,512**	**7,908**	**-3,664**	**-**	**-635**	**252,121**
Stock variation	-5,075	-	-	-	85	-4,990
Operational and exploration costs	-81,315	-4,301	120	-7,426	647	-92,275
Other external costs	-10,413	-	-	-	-163	-10,576
Personnel expenses	-9,224	-	-	-	69	-9,155
Depreciation	-62,122	-	-	-	-628	-62,750
Other operating expenses	-1,899	-	-	-	28	-1,871
Operating profit	**78,464**	**3,607**	**-3,544**	**-7,426**	**-597**	**70,504**
Finance income	4,211	-	-	-	127	4,338
Finance costs	-9,507	-	-	-	-172	-9,679
Net financial items	**-5,296**	**-**	**-**	**-**	**-45**	**-5,341**
Profit before taxes	73,168	3,607	-3,544	-7,426	-642	65,163
Tax on profit for the year	-19,036	-1,255	1,201	7,426	-103	-11,767
NET PROFIT FOR THE YEAR	**54,132**	**2,352**	**-2,343**	**-**	**-745**	**53,396**
Other comprehensive income						
Exchange differences for the year	-1,888	-	-	-	887	-1,001
Total other comprehensive income	**-1,888**	**-**	**-**	**-**	**887**	**-1,001**
Total comprehensive income	**52,244**	**2,352**	**-2,343**	**-**	**142**	**52,395**

1) For information about definition, see note 1, revenue recognition.

Consolidated statement of financial position 2010

(USD Thousands)

		RESTATEMENT				
	31 Dec, 2010	Restatement Revenue recognition 2010[1)]	Restatement Revenue recognition 2009[1)]	Oil tax, operational	Changed method of currency translation	Restated 31 Dec, 2010
ASSETS						
Non-current assets						
Intangible assets	325,242	-	-	-	-	325,242
Tangible assets	277,653	-	-	-	-	277,653
Financial assets	45	-	-	-	-	45
Other non-current receivables	408	-	-	-	-	408
Total non-current assets	**603,348**	**-**	**-**	**-**	**-**	**603,348**
Current assets						
Inventories	10,307	-	-	-	-	10,307
Trade receivables	41,730	-	-	-	-	41,730
Prepayments and accrued income	22,304	3,822	-	-	-	26,126
Other receivables	15,746	-	-	-	-	15,746
Prepaid tax	11,950	-	-	-	-	11,950
Cash and bank balances	91,412	-	-	-	-	91,412
Total current assets	**193,449**	**3,822**	**-**	**-**	**-**	**197,271**
TOTAL ASSETS	**796,797**	**3,822**	**-**	**-**	**-**	**800,619**
EQUITY AND LIABILITIES						
Equity						
Share capital	15	-	-	-	-	15
Other paid-in capital	27,481	-	-	-	-1,562	25,919
Reserves	6,373	-	-	-	-18,871	-12,498
Retained earnings incl. net profit/ loss for the year	530,729	2,492	-	-	20,433	553,654
Total equity	**564,598**	**2,492**	**-**	**-**	**-**	**567,090**
Liabilities						
Deferred tax liabilities	128,669	1,330	-	-	-	129,999
Other provisions	10,308	-	-	-	-	10,308
Total non-current liabilities	**138,977**	**1,330**	**-**	**-**	**-**	**140,307**
Trade payables	13,001	-	-	-	-	13,001
Other liabilities	8,236	-	-	-	-	8,236
Accruals and deferred income	50,692	-	-	-	-	50,692
Current tax liabilities	21,293	-	-	-	-	21,293
Total current liabilities	**93,222**	**-**	**-**	**-**	**-**	**93,222**
Total liabilities	**232,199**	**1,330**	**-**	**-**	**-**	**233,529**
TOTAL EQUITY AND LIABILITIES	**796,797**	**3,822**	**-**	**-**	**-**	**800,619**

1) For information about definition, see note 1, revenue recognition.

Consolidated statement of financial position 2009

(USD Thousands)

		RESTATEMENT			
	31 Dec, 2009	Restatement Revenue recognition 2009[1)]	Restatement Revenue recognition 2008[1)]	Changed method of currency translation	Restated Jan 1, 2010
ASSETS					
Non-current assets					
Intangible assets	307,931	-	-	-	307,931
Property, plant & equipment	305,667	-	-	-	305,667
Financial assets	42	-	-	-	42
Other non-current receivables	172	-	-	-	172
Total non-current assets	**613,812**	**-**	**-**	**-**	**613,812**
Current assets					
Inventories	9,936	-	-	-	9,936
Trade receivables	43,038	-	-	-	43,038
Prepayments and accrued income	21,604	3,541	-	-	25,145
Other receivables	10,213	-	-	-	10,213
Prepaid tax	33,808	-	-	-	33,808
Cash and bank balances	51,608	-	-	-	51,608
Total current assets	**170,207**	**3,541**	**-**	**-**	**173,748**
TOTAL ASSETS	**784,019**	**3,541**	**-**	**-**	**787,560**
EQUITY AND LIABILITIES					
Equity					
Share capital	14	-	-	1	15
Other paid-in capital	25,919	-	-	-	25,919
Reserves	6,010	-	-	-	6,010
Retained earnings incl. net profit/loss for the year	553,517	2,341	-	-1	555,857
Total equity	**585,460**	**2,341**	**-**	**-**	**587,801**
Liabilities					
Deferred tax liabilities	125,226	1,200	-	-	126,426
Other provisions	8,800	-	-	-	8,800
Total non-current liabilities	**134,026**	**1,200**	**-**	**-**	**135,226**
Trade payables	2,211	-	-	-	2,211
Other liabilities	16,034	-	-	-	16,034
Accruals and deferred income	30,989	-	-	-	30,989
Current tax liabilities	15,299	-	-	-	15,299
Total current liabilities	**64,533**	**-**	**-**	**-**	**64,533**
Total liabilities	**198,559**	**1,200**	**-**	**-**	**199,759**
TOTAL EQUITY AND LIABILITIES	**784,019**	**3,541**	**-**	**-**	**787,560**

1) For information about definition, see note 1, revenue recognition.

Consolidated statement of changes in equity

(USD Thousands)

	Share capital	Other paid-in capital	Translation reserve*	Earnings inc. net profit/ loss	Total equity
Equity, closing balance 31 Dec, 2009	14	25,919	6,010	553,517	585,460
Restatement 2009	1	-	-	2,340	2,341
Adjusted opening balance	15	25,919	6,010	555,857	587,801
Net profit for the year	**-**	**-**	**-**	**53,396**	**53,396**
Other comprehensive income	-	-	-18,508	17,507	-1,001
Dividend	-	-	-	-73,106	-73,106
Changes in wealth recognised directly in equity, excluding transaction with the Company's owner	-	-	-18,508	-2,203	-20,711
Equity, closing balance 31 Dec, 2010	**15**	**25,919**	**-12,498**	**553,654**	**567,090**

* The translation reserve comprises all exchange differences arising on translation of the financial statements of foreign operations which have prepared their own financial statements in a currency other than the Group's presentation currency.

Board of Directors

Sheikh Mohammed H. Al-Amoudi
Born 1946

Chairman of Petroswede since 2008 and member of the board of Petroswede since 1997. Chairman and member of the board of Svenska Petroleum Exploration since August 2009.

Sheikh Mohammed H. Al-Amoudi is a large investor mainly in Europe, the Middle East and Africa. His business activities are conducted through a number of business groups, the Corral Group, Midroc Europe, Midroc Ethiopia and ABV Rock Group. In total his businesses have a turnover of approximately 15 billion USD annually and employ over 70,000 people. In Sweden Mohammed H. Al-Amoudi is one of the largest private investors. In addition to Svenska, Sheikh Al-Amoudi owns Preem AB and Midroc Scandinavia AB.

Jason Milazzo
Born 1962

Member of the board of Svenska Petroleum Exploration and Petroswede since August 2009. Vice Chairman of Svenska Petroleum Exploration and Petroswede since August 2009.

Lennart Alvin
Born 1941

Member of the board of Svenska Petroleum Exploration since 2006.

Richard Öhman
Born 1951

Member of the board of Svenska Petroleum Exploration and Petroswede since 1996. Chairman of Petroswede 2003–2007.

Robert J. Rossetter
Born 1947

Member of the board of Svenska Petroleum Exploration since August 2009.

Executive Management

Fredrik Öhrn
Born 1962

President and CEO, Petroswede AB and Svenska Petroleum Exploration AB. Employed since 2006.

B.Sc. in Geology, Uppsala University, Sweden (1986), MBA, University of Massachusetts, Amherst (1988). Boliden Group 1988–1997, ABB Financial Consulting 1997–1999. CFO Steelscreen 1999–2001, CFO Personal Chemistry 2001–2003 and CFO Carmeda 2003–2005. CFO Svenska Petroleum Exploration AB 2006–2007, CEO Svenska Petroleum Exploration AB 2008–.

Jan Hagen
Born 1952

Executive Vice President, Development & Production. Employed since 1989.

B.Sc. in Naval Architecture and Shipbuilding (1978), University of Newcastle, UK. More than 30 years of experience in the oil industry. Nine years in offshore construction and installation with McDermott International and Aker, three years in engineering and more than 20 years with Svenska as Exploration and Development Manager in Oslo and as Managing Director of SPE UK for the last 17 years.

Lars Schennings
Born 1961

Chief Financial Officer & Vice President, Business Support. Employed since 2008.

B.Sc. in Business Administration, Umeå University, Sweden 1988. Ernst & Whinney (now Ernst & Young) 1988–1989, NCC AB (Construction and Real Estate) 1989–2000, Connex Transport Northern & Eastern Europe 2001–2004, DHL Express Nordic 2004–2008.

Duncan Rushworth
Born 1966

Vice President, Business Development. Employed since 2007.

B.Sc. in Geology and M.Sc. in Sedimentology, University of London. Over 20 years of experience in upstream oil and gas industry. Hardy Oil and Gas 1989–1991, LASMO 1991–1999, Waterous and Co. 1999–2001, Deloitte and Touche 2001–2006, Anadarko Energy Corporation 2006–2007.

Torgny Berglund
Born 1953

Vice President, Exploration. Employed since 2000.

M.Sc. in Petroleum Prospecting at the Technical University of Trondheim (1977). Mobil Exploration 1978–1979, Norsk Hydro E&P 1979–2000 (Norway and internationally), altogether 33 years of oil industry experience.

Bjørn Inge Tønnessen
Born 1960

Executive Vice President, Licence Management. Employed 1990–2001 and since 2007.

B.Sc. in Petroleum Engineering, Stavanger University (1983), B.Sc. in Business Administration and Economics, Stockholm University (1990). More than 20 years of experience in the oil industry (offshore drilling and E&P manager) plus six years in the finance industry (equity research with Handelsbanken and DNB).

Ann-Charlotte Högberg
Born 1973

Vice President Legal. Employed since 2010.

LL.M., Uppsala University, Sweden (1997), Swedish Parliament 1998-2000, Morrison & Foerster LLP, Brussels, Belgium 2000-2001, Mannheimer Swartling, Sweden 2001-2010.

Terms & Definitions

Abandon: To stop work on, or plug, non-productive well, or close down and remove facilities.

Appraisal well: Well drilled close to a discovery well to determine the extent of the find.

Barrel: Unit for crude oil measurement (= 159 litres).

Brent: Reference oil for the North Sea.

Cap rock: An impermeable rock layer capping the oil or gas reservoir and preventing the escape of fluids.

Condensate: Hydrocarbons which are in the gaseous state under reservoir conditions and which become liquid either during passage up the borehole or at the surface due to reduced temperature and pressure.

Crude oil: Includes condensate and natural gas liquids.

Cuttings: Rock fragments or chippings brought to the surface in the drilling fluid.

Field: An area defined by one or more wells which are capable of producing hydrocarbons in commercial quantities.

Gas injection: Injection of gas into a reservoir to maintain reservoir pressure.

Hydrocarbon: An organic hydrogen/carbon compound.

Infill well: Well drilled into previously unswept areas of a defined field.

Injection well: Used to inject gas, oil or water into the reservoir for various purposes: maintaining pressure, flushing out oil, etc.

LNG: Liquefied natural gas, means lean gas, i.e. primarily methane – converted to liquid form through refrigeration to -163°C under atmospheric pressures.

Natural gas: Comprises mainly methane, although heavier gases are also usually present.

NGL: Natural gas liquids, light hydrocarbons consisting mainly of ethane, propane and butane which are liquid under pressure at normal temperature.

Oil equivalents: See "Conversion table".

Petroleum: A collective term for hydrocarbons, whether solid, liquid or gaseous. Gas is a light hydrocarbon and oil is a heavier hydrocarbon.

Probable reserves: The amount which geophysical and engineering data indicates to be in place or recoverable but with a greater element of risk than in "Proven". For the purpose of this definition, there is a 50 per cent chance that the actual quantity will be more than the amount estimated as "Proven and probable" and a 50 per cent chance it will be less.

Proven reserves: The amount which geophysical and engineering data indicates to be in place or recoverable to a high degree of certainty. For the purpose of this definition, there is a 90 per cent chance that the actual quantity will be more than the amount estimated as "Proven" and a 10 per cent chance it will be less.

Recovery factor: The percentage of oil recoverable from a reservoir.

Reservoir: The underground formation where oil or gas has accumulated. It consists of porous rock to hold the oil or gas and a cap rock that prevents its escape.

Royalty: The cash or physical liquid/mineral paid to the ultimate owner, in most cases the host country's government.

Seismic survey: Exploration method in which reflected shock waves, recorded by seismometers, map underground formations.

Structure: A discrete area of deformed sedimentary rocks, where the resultant bed configuration is such as to form a potential trap for migrating hydrocarbons.

VOLUMES

bbl: Barrel

mbbls: Thousand barrels

mmbbls: Million barrels

mbo: Thousand barrels of oil

mmbo: Million barrels of oil

bopd: Barrels of oil per day

mmbopd: Million barrels of oil per day

boe: Barrels of oil equivalents

mboe: Thousand barrels of oil equivalents

mmboe: Million barrels of oil equivalents

boepd: Barrels of oil equivalent per day

mmcf: Million cubic feet

bcf: Billion cubic feet

mcm: Thousand cubic metres

mmcm: Million cubic metres

bcm: Billion cubic metres

mmbngl: Million barrels of NG L

CONVERSION TABLE

1 barrel = 159 litres (at 15 degrees Celsius)

1 barrel of oil equivalent = approximately 6 thousand cubic feet gas

1 barrel of oil equivalent = approximately 1.6 barrels NGL

1 m³ gas = 35.3 cubic feet gas

1 tonne oil = 7.49 barrels oil

Addresses

Head office

SVENSKA PETROLEUM
EXPLORATION AB

Mailing address:
P.O. Box 27823
SE-115 93 Stockholm, Sweden

Visiting address:
Biblioteksgatan 29, Stockholm

Telephone: +46 8 410 545 50
Telefax: +46 8 667 2432
Email: info@svenska.com

Subsidiaries

SVENSKA PETROLEUM
EXPLORATION AB
LONDON BRANCH

Mailing and visiting address:
25 Park Lane
London W1K 1RA, United Kingdom

Telephone: +44 207 647 2500
Telefax: +44 207 647 2501
Email: info@svenska.com

SVENSKA PETROLEUM
EXPLORATION AS

Mailing address:
P.O. Box 153
NO-0216 Oslo, Norway

Visiting address:
Strandveien 35, Lysaker

Telephone: +47 2150 8400
Telefax: +47 2150 8419
Email: info@svenska.com

SVENSKA PETROLEUM
EXPLORATION
GUINEA BISSAU AB

Mailing and visiting address:
Avenue Nacoes Unidas 7
Bissau, Guinea Bissau

Telephone: +245 666 3350
Telefax: +245 590 6870

OLJEPROSPEKTERING AB
(OPAB)

Mailing address:
P.O. Box 27823
SE-115 93 Stockholm, Sweden

Visiting address:
Biblioteksgatan 29, Stockholm

Telephone: +46 8 410 545 50
Telefax: +46 8 667 2432

SVENSKA
PETROLEUM EXPLORATION

www.svenska.com