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Lundin Petroleum AB (publ)

company registration number 556610-8055

Report for the SIX MONTHS ended 30 June 2010

HIGHLIGHTS

Note: This interim report is presented in US Dollars

	1 Jan 2010-30 Jun 2010 6 months	1 Apr 2010-30 Jun 2010 3 months	1 Jan 2009-30 Jun 2009 6 months	1 Apr 2009-30 Jun 2009 3 months	1 Jan 2009-31 Dec 2009 12 months
Production in Mboepd, gross	**33.1**	30.2	39.5	39.7	38.6
Production in Mboepd, after minority	**33.1**	30.2	39.0	39.1	38.2
Operating income in MUSD	**420.7**	189.7	345.6	196.9	805.9
Net result in MUSD	**390.1**	365.6	18.9	7.5	-537.1
Net result attributable to shareholders of the parent company in MUSD	**395.2**	368.4	23.4	6.5	-411.3
Earnings/share in USD[1]	**1.26**	1.17	0.07	0.02	-1.31
Diluted earnings/share in USD[1]	**1.26**	1.17	0.07	0.02	-1.31
EBITDA in MUSD	**290.7**	138.8	216.9	125.2	486.2
Operating cash flow in MUSD	**281.5**	135.8	223.8	120.8	471.9

The numbers included in the table above are based on the total of continuing and discontinued operations.

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

Definitions

An extensive list of definitions can be found on the Lundin Petroleum website www.lundin-petroleum.com under the heading "Definitions".

Abbreviations

EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
CHF	Swiss franc
EUR	Euro
GBP	British pound
NOK	Norwegian krona
RUR	Russian rouble
SEK	Swedish krona
USD	US dollar
TSEK	Thousand SEK
TUSD	Thousand USD

Oil related terms and measurements

boe	Barrels of oil equivalents
boepd	Barrels of oil equivalents per day
bopd	Barrels of oil per day
Mbbl	Thousand barrels (in Latin mille)
Mboe	Thousand barrels of oil equivalents
Mboepd	Thousand barrels of oil equivalents per day
Mbopd	Thousand barrels of oil per day

Dear fellow Shareholders,
I am pleased that during the second quarter of 2010 we generated a profit after tax of over USD 365 million. This was predominantly attributable to the successfully completed spin off of our United Kingdom (UK) business into a new independent oil company, EnQuest plc which was completed during the second quarter. The Lundin family remain the largest shareholder in EnQuest which will be primarily focused on the UK North Sea and whilst the company is independent of Lundin Petroleum we remain confident that it will grow from its current base and create further value for its shareholders.

I am also confident about the future for Lundin Petroleum and we have made good progress with the rest of our asset portfolio during the second quarter of 2010. Production continues to outperform forecasts driven by strong performance from the Alvheim and Volund fields, offshore Norway. We will again deliver healthy reserve replacement ratios this year as a result of likely reserve increases from the Luno field following the appraisal well completed earlier this year. Indeed we are progressing development planning for the Luno field and we expect to firm up our plans with a concept selection decision later this year. We remain very focused on increasing our reserves through exploration drilling. Our exploration programme in the second half of this year is very active with eight exploration wells planned targeting net resource potential of over 200 million barrels of oil equivalent (MMboe).

There has been a major focus on the oil and gas industry over recent weeks as a result of the blowout of BP's Macondo well in the Gulf of Mexico. The environmental implications resulting from the well blowout are clearly very concerning to all industry participants. We accept that we will experience an increased level of government regulations around the world as a result of this incident with the likely consequence of increased costs. The majority of Lundin Petroleum's operations are currently located in Norway where a high level of government regulation is already in place and as a result we have not yet experienced, and in the future are unlikely to experience, major impacts on our cost structure.

During the second quarter 2010 a report was released about the alleged role of Lundin Petroleum and other companies in Sudan in the period 1997 to 2003. This report and the subsequent media coverage in Sweden contain unfounded allegations and accusations regarding our role in the Sudanese conflict. The factual reality is that neither myself, our management team or the Board of Directors were in any way involved or complicit in any alleged wrongdoings in Sudan. At all times, through a process of stakeholder engagement and community development projects we believe that we played a positive role in the peace process and development of Sudan.

Financial Performance
As I mentioned above, we generated strong profitability during the period driven by the profit from the sale of our UK business. We also generated strong operating cash flow of USD 281.5 million during the six month period ended 30 June 2010. For each barrel produced from continuing operations, over USD 49.50 per barrel of operating cash flow was generated. This is such a high number as a result of cost of operations of USD 8.53 per barrel, low cash taxes and the fact that over 90 percent of our production comes from tax/royalty regimes versus production sharing contracts.

As a result of our strong cash flow generation our liquidity position remains strong. Our capital expenditure programme is funded from internally generated cash flows and our drawn debt remains at conservative levels with significant undrawn borrowing capacity.

Production
During the second quarter of 2010 production averaged over 30,000 boepd. Excluding the UK, production increased by 13 percent over the first quarter of 2010 as a result of first production from the Volund field, offshore Norway, which came onstream in April 2010. We expect that production will increase further during the second half of the year when Volund reaches its plateau production. As a result of this performance I am pleased that we are able to increase our guidance range for 2010 production from 29 - 33,000 boepd to 31 - 34,000 boepd.

Development
We are progressing a number of development projects in Norway which over the next 5 years is expected to double production to over 60,000 boepd.

The Gaupe (formerly named Pi) oil and gas development recently received Norwegian Government approval following the submission of the plan of development in the second quarter of 2010. The Gaupe project, operated by BG, is a subsea tieback to the Armada field in the United Kingdom with a plateau production rate of 5,000 boepd net to Lundin Petroleum which is expected to come onstream in late 2011.

Earlier this year we drilled a second successful appraisal well on the Luno field. The well, which encountered excellent reservoir characteristics, has now been incorporated into our Luno subsurface model. As a result I expect that we will announce later this year a material upgrade to our current 95 million barrels of Luno gross certified reserves. The Luno development concept selection will be finalised later this year with a plan of development submission in 2011.

In Russia we are keen to progress development options for the large Morskaya oil discovery in the Northern Caspian. The size and offshore location of this field is such that it is categorised as 'strategic' by the Russian Government and therefore requires 50 percent ownership by a state owned company prior to development. We are in discussions with various parties to facilitate this requirement and therefore allow us to progress the Morskaya development.

Exploration
We have generated over recent years a major exploration portfolio which we have matured through a material investment in seismic acquisition. We are now in a phase of active drilling operations and we are confident that investments will lead to further organic growth of our resource base.

Our major area of activity in the second half of 2010 will be in Norway with a major focus around our existing Greater Alvheim and Greater Luno core areas. We are also well advanced in our 2011 exploration programme which will see the commencement of exploration drilling in the Barents Sea offshore Norway and offshore Malaysia.

During the last quarter the economic sentiment has been more negative following the strong recoveries after the world financial crisis. There is clearly uncertainty associated with the sustainability of economic recovery in developed countries as the various financial stimuli are removed.

Nevertheless the world's emerging economies such as China and India continue to grow and will be the main driver of commodity demand growth going forward. As a result whilst short term oil prices will remain volatile the long term demand for hydrocarbons will remain strong and this coupled with uncertain supply will lead to higher oil prices.

This is clearly positive for Lundin Petroleum. Our reserves and production growth remains strong. We have exposure to exploration with the potential to materially increase our resource base. This will ultimately increase shareholder value which is the key objective for myself and our management team.

Best Regards,

C. Ashley Heppenstall
President and CEO

OPERATIONS

EUROPE

Norway

The net production to Lundin Petroleum for the six month period ended 30 June 2010 from the Alvheim field (Lundin Petroleum working interest (WI) 15%), offshore Norway, was 14,000 barrels of oil equivalent per day (boepd). The Alvheim field has been on production since June 2008 and continues to perform above expectations. This excellent reservoir performance has resulted in increased gross ultimate recoverable reserves during 2009 to 246 million of barrels of oil equivalent (MMboe). Phase 2 of development drilling which involves the drilling of 3 multi-lateral wells commenced in the second quarter of 2010. The cost of operations for the Alvheim field averaged below USD 4 per barrel for the period and is expected to remain at this level for 2010.

The net production to Lundin Petroleum from the Volund field (WI 35%) amounted to 2,100 boepd for the period. The first two development wells (one producer and one water injector) on the Volund field were successfully completed in 2009 but due to limitations in production capacity on the Alvheim FPSO the first Volund production well did not commence production until April 2010. The well is currently producing at a restricted flow rate of 15,000 boepd gross. Phase 2 of Volund development drilling which involves a further two multilateral production wells has been successfully completed and Volund field production is expected to increase shortly to a plateau rate of 8,700 boepd net to Lundin Petroleum.

In October 2009 a new oil discovery on the Marihøne prospect in PL340 (WI 15%) was announced. The discovery is estimated to contain gross resources of 20 to 30 MMboe and will likely be developed as a subsea tieback to the Alvheim FPSO. A further exploration well is planned to be drilled on PL340 in the second half of 2010.

The Luno field located in PL338 (WI 50%) was discovered in 2007 and has subsequently been appraised by two further wells. The results of these appraisal wells are being incorporated into the reservoir model being used for development planning and will most likely result in an upgrade to the 95 MMboe of gross proven and probable (2P) reserves currently assigned by Gaffney Cline & Associates to the Luno field. Conceptual development studies are ongoing for the Luno field to select a development concept by the end of 2010 which will be followed by a development plan submission in 2011.

Lundin Petroleum will drill a new exploration well 16/1-14 in PL338 during the third quarter of 2010. The well will target the Apollo prospect, which is situated immediately to the south of the Draupne field in PL001B, and some 5 kms northwest of and down-dip from the Luno field located in PL338. The main objective of the Apollo well is to test what is believed to be a possible extension of the Draupne field into PL338. Lundin Petroleum currently estimates unrisked gross prospective resources in the range of 20 to 130 MMboe for the Apollo prospect in PL338.

Lundin Petroleum has a major exploration acreage position in the Greater Luno Area covering licences PL359 (WI 40%), PL409 (WI 70%), PL410 (WI 70%) and PL501 (WI 40%). An exploration well in PL501 targeting the Avaldsnes prospect with gross unrisked resource potential of 127 MMboe is currently being drilled.

A plan of development was approved in June 2010 for the Gaupe field in PL292 (WI 40%), where first production is expected in late 2011. The Gaupe field operated by BG has estimated gross reserves of approximately 28 MMboe and is estimated to produce at a plateau production rate net to Lundin Petroleum of 5,000 boepd.

Development planning is ongoing on the Nemo field in PL148 (WI 50%) and the Krabbe field in PL301 (WI 40%). Concept selection decisions are expected to be reached in 2010 for the development of the Nemo and Krabbe fields.

In the first quarter of 2010, an exploration well on the Frusalen prospect in PL476 (WI 30%) was completed as a dry hole and a well on the Luno High prospect in PL359 (WI 40%) was completed as non-commercial.

France

The net production to Lundin Petroleum in the Paris Basin (WI 100%) averaged 2,500 boepd and in the Aquitaine Basin (WI 50%) averaged 600 boepd for the period. The drilling of a water injection well on the Mimosa licence (WI 50%) in the Aquitaine Basin has been successfully completed and is expected to result in increased production in the second half of 2010.

The Netherlands

The net gas production to Lundin Petroleum from the Netherlands averaged 2,200 boepd for the period which was ahead of forecast.

The exploration well De Hoeve-1 in the onshore Gorredijk concession (WI 7.75%) was successfully completed in the first quarter 2010 as a gas discovery.

Ireland

A 3D seismic acquisition programme commenced on the Slyne Basin licence 04/06 (WI 50%) in July 2010.

United Kingdom

The net production to Lundin Petroleum from the United Kingdom averaged 4,500 boepd during the period.

On 6 April 2010, Lundin Petroleum completed the spin-off of its operations in the United Kingdom into EnQuest plc, a newly formed company focusing on the UK North Sea. Production from the UK is included only for the three month period ended 31 March 2010.

SOUTH EAST ASIA

Indonesia

Salawati Island and Basin (Papua)
The net production to Lundin Petroleum from Salawati (Salawati Island WI 14.5%, Salawati Basin WI 25.9%) was 2,100 boepd for the period.

An exploration well, North Walio-1, was successfully completed as an oil discovery and is now producing through the Salawati Basin facilities.

In the Koi area, offshore Salawati Island, a 3D seismic acquisition was successfully completed. 406 km^2 of 3D seismic was acquired and will be interpreted in the second half of 2010 to firm up remaining prospectivity around the Koi discovery.

Lematang (South Sumatra)
The net production to Lundin Petroleum from the Singa gas field (WI 25.9%) during the period amounted to 100 boepd. Production from the Singa field commenced during the second quarter of 2010. Current gross production from the first production well is approximately 15 MMscfd of sales gas and is restricted by surface facility limitations resulting from higher hydrocarbon liquid production than expected. Additional liquid removal facilities will be installed in 2011 and until such time production will remain constrained. Production is expected to increase to a gross plateau rate of 50 MMscfd in 2011 following further development drilling. The original Singa gas sales agreement with PT PLN (Persoro), an Indonesian state owned electricity company, was amended in February 2010 incorporating an increased gas price at in excess of USD 5 per million British thermal units (MMbtu) and to allow PT PGN (Persoro), an Indonesian state owned gas distributor, to buy the first three years of Singa gas production.

Rangkas (Java)
A 474 km 2D seismic acquisition programme will be completed in 2010 on the Rangkas licence (WI 51%).

Baronang/Cakalang (Natuna Sea)
A 975 km^2 3D seismic acquisition programme on the Baronang and Cakalang licences (WI 100%) was completed in April 2010.

Malaysia
A 2,150 km^2 3D seismic acquisition programme on Blocks PM308A (WI 35%), PM308B (WI 75%) and SB303 (WI 75%) was completed in 2009. The seismic data processing and interpretation work is ongoing to identify potential drilling targets for the 2011/2012 drilling campaign. Five exploration wells will be drilled in 2011. Lundin Petroleum signed a new Production Sharing Contract encompassing blocks SB307 & SB308 (WI 42.5%) offshore Sabah. A 330 km^2 3D acquisition programme on blocks SB307 and SB308 was completed during the second quarter of 2010.

Vietnam
The exploration well on the Hoa-Hong-X1 prospect in Block 06/94 (WI 33.33%) was completed in April 2010 encountering uncommercial quantities of gas. A further exploration well on the Hoa Dao High prospect is currently being drilled.

RUSSIA

The net production to Lundin Petroleum from Russia for the period was 3,900 boepd.

In the Lagansky Block (WI 70%) in the Northern Caspian a major oil discovery was made on the Morskaya field in 2008. The discovery due to its offshore location is deemed to be strategic by the Russian Government under the Foreign Strategic Investment Law. As a result a 50 percent ownership by a state owned company is required prior to development. Our work programme in 2010 on Lagansky is limited to the acquisition of 103 km^2 of 3D seismic.

AFRICA

Tunisia
The net production to Lundin Petroleum from the Oudna field (WI 40%) was 1,100 boepd for the period. The Oudna field production continues to outperform expectations.

Congo (Brazzaville)
An appraisal well on the Viodo discovery was completed in the fourth quarter of 2009 as an oil discovery. The results of the well are currently being reviewed with respect to the development potential of the Viodo field.

In Block Marine XIV (WI 21.55%) exploration drilling will commence during late 2010 or early 2011 with the drilling of the Makouala prospect.

THE GROUP

Changes in the Group
During the first quarter of 2010, Lundin Petroleum announced its intention to spin-off the United Kingdom (UK) business. The spin-off was completed on 6 April 2010 with the sale of the UK business in exchange for shares in the newly incorporated company, EnQuest and the subsequent distribution of the EnQuest shares received to Lundin Petroleum shareholders on 9 April 2010. The results of the UK business are included in the Lundin Petroleum accounts up until the end of the first quarter of 2010 and are shown as discontinued operations. For more detail refer to Note 8.

Result
Lundin Petroleum reports a net result from continuing operations for the six month period ended 30 June 2010 of MUSD 20.8 (MUSD 17.9). The net result attributable to shareholders of the Parent Company from continuing operations amounted to MUSD 25.9 (MUSD 22.4) representing earnings per share on a fully diluted basis of USD 0.08 (USD 0.07).

The net result including discontinued operations for the six month period ended 30 June 2010 amounted to MUSD 390.1 (MUSD 18.9). The net result attributable to shareholders of the Parent Company including discontinued operations for the six month period ended 30 June 2010 amounted to MUSD 395.2 (MUSD 23.4) representing earnings per share on a fully diluted basis of USD 1.26 (USD 0.07).

Operating cash flow including discontinued operations for the six month period ended 30 June 2010 amounted to MUSD 281.5 (MUSD 223.8) representing operating cash flow per share on a fully diluted basis of USD 0.90 (USD 0.71). Earnings before interest, tax, depletion and amortisation (EBITDA) including discontinued operations for the six month period ended 30 June 2010 amounted to MUSD 290.7 (MUSD 216.9) representing EBITDA per share on a fully diluted basis of USD 0.93 (USD 0.69).

Revenue
Net sales of oil and gas for the six month period ended 30 June 2010 amounted to MUSD 354.4 (MUSD 246.7) and are detailed in Note 1. The average price achieved by Lundin Petroleum for a barrel of oil amounted to USD 69.16 (USD 47.94). The average Dated Brent price for the six month period ended 30 June 2010 amounted to USD 77.29 (USD 51.68) per barrel.

Other operating income amounted to MUSD 1.8 (MUSD 2.0) Other operating income includes tariff income from France and the Netherlands and income for maintaining strategic inventory levels in France.

Sales for the six month period ended 30 June 2010 were comprised as follows:

Sales Average price per boe expressed in USD	**1 Jan 2010- 30 Jun 2010 6 months**	1 Apr 2010- 30 Jun 2010 3 months	1 Jan 2009- 30 Jun 2009 6 months	1 Apr 2009- 30 Jun 2009 3 months	1 Jan 2009- 31 Dec 2009 12 months
France					
- Quantity in Mboe	590.6	296.5	652.1	310.7	1,277.9
- Average price per boe	76.72	76.07	51.81	58.23	60.94
Norway					
- Quantity in Mboe	3,041.9	1,768.3	2,453.7	1,283.9	5,200.1
- Average price per boe	75.31	76.78	53.14	58.68	60.48
Netherlands					
- Quantity in Mboe	389.1	192.1	405.4	185.3	759.3
- Average price per boe	39.61	35.43	55.74	46.83	50.49
Indonesia					
- Quantity in Mboe	227.0	102.3	279.0	178.6	609.4
- Average price per boe	69.23	67.67	51.72	57.51	60.58
Russia					
- Quantity in Mboe	679.5	340.0	1,094.2	524.5	1,976.4
- Average price per boe	49.38	49.31	30.45	36.66	37.64
Tunisia					
- Quantity in Mboe	195.6	–	261.4	–	465.5
- Average price per boe	78.27	–	46.52	–	54.72
Total from continuing operations					
- Quantity in Mboe	**5,123.7**	2,699.2	5,145.8	2,483.0	10,288.6
- Average price per boe	**69.16**	69.96	47.94	53.01	55.16
Discontinued operations - United Kingdom					
- Quantity in Mboe	814.4	–	1,754.7	1,049.0	3,630.8
- Average price per boe	76.82	–	53.51	59.60	62.83
Total					
- Quantity in Mboe	**5,938.1**	2,699.2	6,900.5	3,532.0	13,919.4
- Average price per boe	**70.22**	69.96	49.35	54.96	57.16

The oil produced in Russia is sold on either the Russian domestic market or exported into the international market. 39 percent (37 percent) of Russian sales for the six month period ended 30 June 2010 were on the international market at an average price of USD 74.10 per barrel (USD 46.02 per barrel) with the remaining 61 percent (63 percent) of Russian sales being sold on the domestic market at an average price of USD 33.61 per barrel (USD 21.46 per barrel).

Production including discontinued operations for the six month period ended 30 June 2010 amounted to 5,988.1 (7,050.5) thousand barrels of oil equivalent (Mboe) representing 33.1 Mboe per day (Mboepd) (39.0 Mboepd) and was comprised as follows:

Production	**1 Jan 2010- 30 Jun 2010 6 months**	1 Apr 2010- 30 Jun 2010 3 months	1 Jan 2009- 30 Jun 2009 6 months	1 Apr 2009- 30 Jun 2009 3 months	1 Jan 2009- 31 Dec 2009 12 months
France					
- Quantity in Mboe	568.1	286.7	627.9	309.9	1,249.2
- Quantity in Mboepd	3.1	3.1	3.5	3.4	3.4
Norway					
- Quantity in Mboe	2,917.5	1,627.2	2,433.4	1,200.3	5,060.9
- Quantity in Mboepd	16.1	17.9	13.4	13.3	13.9
Netherlands					
- Quantity in Mboe	389.1	192.1	405.4	185.3	759.3
- Quantity in Mboepd	2.2	2.1	2.2	2.0	2.1
Indonesia					
- Quantity in Mboe	402.8	205.4	466.4	240.6	896.3
- Quantity in Mboepd	2.2	2.3	2.6	2.6	2.4
Russia					
- Quantity in Mboe	700.1	343.7	989.4	517.6	1,890.0
- Quantity in Mboepd	3.9	3.8	5.5	5.7	5.2
Tunisia					
- Quantity in Mboe	198.3	95.6	263.4	127.1	494.9
- Quantity in Mboepd	1.1	1.0	1.5	1.4	1.4
Total from continuing operations					
- Quantity in Mboe	**5,175.9**	2,750.7	5,185.9	2,580.8	10,350.6
- Quantity in Mboepd	**28.6**	30.2	28.7	28.4	28.4
Minority interest in Russia					
- Quantity in Mboe	–	–	94.9	50.4	162.2
- Quantity in Mboepd	–	–	0.5	0.6	0.4
Total from continuing operations excluding minority interest					
- Quantity in Mboe	**5,175.9**	2,750.7	5,091.0	2,530.4	10,188.4
- Quantity in Mboepd	**28.6**	30.2	28.2	27.8	28.0
Discontinued operations - United Kingdom					
- Quantity in Mboe	812.2	–	1,959.5	1,027.6	3,743.3
- Quantity in Mboepd	4.5	–	10.8	11.3	10.2
Total excluding minority interest					
- Quantity in Mboe	**5,988.1**	2,750.7	7,050.5	3,558.0	13,931.7
- Quantity in Mboepd	**33.1**	30.2	39.0	39.1	38.2

In 2009, Lundin Petroleum fully consolidated the two subsidiaries in Russia over which it had control, with the portion not owned by Lundin Petroleum shown as a minority interest. The average production for Russia for the six month period ended 30 June 2009 adjusted for Lundin Petroleum's share of ownership was 5.0 Mboepd. Lundin Petroleum sold the two controlled Russian subsidiaries during the second half of 2009.

Production quantities in a period can differ from sales quantities for a number of reasons. Timing differences can arise due to inventory, storage and pipeline balances effects. Other differences arise as a result of paying royalties in kind as well as the effects from production sharing agreements.

Production cost

Production costs for the period amounted to MUSD 85.5 (MUSD 68.9) and are detailed in Note 2. The production and depletion costs per barrel of oil equivalent produced from continuing operations are detailed in the table below.

Total production cost and depletion in USD per boe	**1 Jan 2010- 30 Jun 2010 6 months**	1 Apr 2010- 30 Jun 2010 3 months	1 Jan 2009- 30 Jun 2009 6 months	1 Apr 2009- 30 Jun 2009 3 months	1 Jan 2009- 31 Dec 2009 12 months
Cost of operations	8.53	8.48	8.11	8.52	9.22
Tariff and transportation expenses	1.34	1.48	1.64	1.47	1.52
Royalty and direct taxes	4.12	3.89	3.30	3.78	3.96
Changes in inventory/overlift	2.29	2.78	-0.04	0.36	0.01
Other	0.23	0.19	0.29	0.29	0.30
Total production costs	**16.51**	16.82	13.30	14.42	15.01
Depletion	12.67	12.76	11.24	11.26	11.41
Total cost per boe	**29.18**	29.58	24.54	25.68	26.42

The cost of operations in total from continuing operations increased by 12% from the first to the second quarter of 2010 following the commencement of production from the Volund field in Norway and the Singa field in Indonesia, however production also increased by 13% following the start up of these fields. The operating cost of the Volund field consists of an operating expense share and a tariff element. The operating expense share arrangement is based on the volume throughput of the Volund, Alvheim and Vilje fields to the Alvheim production facilities.

The cost of operations per barrel of USD 8.48 per barrel for the second quarter of 2010 was in line with the first quarter. The forecast cost of operations for the remainder of the year is expected to increase to nearer USD 10.00 per barrel with phasing of expenditure increasing the unit cost of operations in the second half of 2010.

The tariff and transportation expenses have increased in the second quarter as a result of the Volund field tariff paid to the Alvheim field owners for use of the Alvheim production facilities. Lundin Petroleum has a 15% working interest in the Alvheim field and a 35% interest in the Volund field and the self-to-self element is eliminated for accounting purposes leaving a net 20% cost in tariff and transportation expenses.

Royalty and direct taxes includes Russian Mineral Resource Extraction Tax ("MRET") and Russian Export Duties. The rate of MRET varies in relation to world oil prices and is levied on the volume of Russian production. MRET averaged USD 13.45 (USD 8.26) per barrel of Russian production for the six month period ended 30 June 2010. The rate of export duty on Russian oil is revised by the Russian Federation monthly and is dependant on the average price obtained for Urals Blend for the preceding one month period. The export duty is levied on the volume of oil exported from Russia and averaged USD 37.88 (USD 15.83) per barrel for the six month period ended 30 June 2010. The royalty and direct taxes have increased compared to the comparative period following the rise in crude prices from the comparative period impacting the cost of Russian MRET and export duty.

There are both permanent and timing differences that result in sales volumes not being equal to production volumes during a period. Changes to the hydrocarbon inventory and under or overlift positions result from these timing differences and an amount of MUSD 11.9 (MUSD -0.2) was charged to the income statement for the six month period ended 30 June 2010. This charge mainly relates to the January 2010 cargo lifting on the Oudna field, Tunisia and an overlifted position at 30 June 2010 on the Volund field, offshore Norway.

Depletion

Depletion of oil and gas properties amounted to MUSD 65.6 (MUSD 58.3) and are detailed in Note 3. Depletion per barrel is in line with forecast for the six month period ended 30 June 2010 and also for the full year. Norway contributes approximately 70% of the total depletion for the six month period at a rate of USD 15.50 per barrel. The depletion charge for the comparative period includes MUSD 6.6 in respect of the Oudna field, Tunisia, which was fully depleted by the end of 2009.

Exploration costs

Exploration costs amounted to MUSD 46.2 (MUSD 41.2) and are detailed in Note 4. Exploration and appraisal costs are capitalised as they are incurred. When exploration drilling is unsuccessful the costs are immediately charged to the income statement as exploration costs. All capitalised exploration costs are reviewed on a regular basis and are expensed where there is uncertainty regarding their recoverability.

During the second quarter of 2010, an unsuccessful exploration well was drilled on the Hoa-Hong-X1 prospect in Block 06/94, Vietnam and a total of MUSD 15.0 was expensed including associated costs.

During the first quarter of 2010, Lundin Petroleum expensed MUSD 33.5 being mainly the costs of the unsuccessful wells on licences PL359 and PL476 in Norway and the costs of the relinquished licences PL486s and PL487s in Norway.

Other income

Other income for the six month period ended 30 June 2010 amounted to MUSD 0.4 (MUSD 0.5) and represents fees and costs recovered by Lundin Petroleum from third parties.

General, administrative and depreciation expenses
General, administrative and depreciation expenses for the six month period ended 30 June 2010 amounted to MUSD 14.2 (MUSD 8.1) and includes an amount of MUSD 5.4 (MUSD -) relating to Lundin Petroleum's fully consolidated subsidiary, Etrion Corporation.

Financial income
Financial income for the six month period ended 30 June 2010 amounted to MUSD 4.0 (MUSD 18.2) and is detailed in Note 5. The comparative period includes MUSD 15.2 relating to foreign exchange gains, compared to a MUSD 0.6 foreign exchange loss in the six month period ended 30 June 2010 shown in financial expenses.

Interest income for the six month period ended 30 June 2010 amounted to MUSD 1.3 (MUSD 2.2) with the comparative period including accrued interest on the Norwegian tax refund in respect of 2008 exploration expenditure.

Other financial income for the six month period ended 30 June 2010 amounted to MUSD 2.3 (MUSD 0.8) and includes a MUSD 1.6 (MUSD -) fee for guaranteeing certain financial obligations for ShaMaran Petroleum in respect of its Kurdistan operations for the six month period ended 30 June 2010.

Financial expenses
Financial expenses for the six month period ended 30 June 2010 amounted to MUSD 16.1 (MUSD 9.6) and are detailed in Note 6.

Interest expenses for the six month period ended 30 June 2010 amounted to MUSD 2.6 (MUSD 3.7) and mainly relates to the bank loan facility.

In January 2008, the Group entered into an interest rate hedging contract to fix the LIBOR rate of interest at 3.75 percent p.a. on MUSD 200 of the Group's USD borrowings for the period from January 2008 until January 2012. An amount of MUSD 3.5 (MUSD 2.3) was charged to the income statement for the six month period ended 30 June 2010 for settlements under the hedging contracts.

In November 2009, Etrion Corporation entered into an interest rate swap arrangement as part of an external loan agreement. A change in the market value of this swap arrangement amounted to an expense of MUSD 1.8 (MUSD -) for the six month period ended 30 June 2010.

A loss of MUSD 3.9 (MUSD -) was realised on the sale of an investment in the six month period ended 30 June 2010.

Net exchange losses amounted to MUSD 0.6 (MUSD -15.2) for the six month period ended 30 June 2010. The US dollar continued to strengthen against the Euro in the second quarter of 2010 generating further exchange losses on the external debt which is borrowed by a subsidiary using a functional currency of the Euro. The Norwegian Kroner weakened against the Euro during the second quarter creating currency gains on the Norwegian Kroner intercompany loan, but the weakening from the end of the first quarter was less than 2% compared to the 10% strengthening of the US dollar against the Euro over the same period. Consequently, the foreign exchange gain of MUSD 4.9 reported in the first quarter of 2010 was reversed during the second quarter and a MUSD 0.6 exchange loss is reported for the six month period ended 30 June 2010.

A provision for the costs of site restoration is recorded in the balance sheet at the discounted value of the estimated future cost. The effect of the discount is unwound each year and charged to the income statement. An amount of MUSD 2.0 (MUSD 1.2) has been charged to the income statement for the period. The increase versus the comparative period is due to increased liabilities following the inclusion of the Volund field, Norway and other cost revisions.

Result from share in associated company
The result from share in associated company for the six month period ended 30 June 2010 amounted to MUSD – (MUSD -1.6) and in 2009 consisted of the 44.81 percent equity share of the result of Etrion owned by Lundin Petroleum. The results of Etrion have been fully consolidated into the Lundin Petroleum consolidated accounts from 30 September 2009 and as such, there is no amount recorded for 2010.

Tax
The tax charge for the six month period ended 30 June 2010 amounted to MUSD 112.2 (MUSD 61.9) and is detailed in Note 7.

The current tax charge on continuing operations for the period ended 30 June 2010 amounted to MUSD 14.4 (MUSD -2.0). The current tax charge comprises primarily of tax charges in the France, the Netherlands, Indonesia and Norway. There is a MUSD 1.9 (MUSD -12.3) accrued current tax payable in respect of Norway operations based on the forecast taxable income for the full year 2010 which shows that in respect of the 28% onshore tax regime, the losses brought forward will be utilised by the year end at current oil prices. The current tax credit in 2009 of MUSD 12.3 arose from a combination of the low oil price achieved and the high exploration and capital expenditure incurred. These two factors created a situation whereby Lundin Petroleum was anticipating a cash tax refund under the Norwegian tax system at the end of the second quarter 2009, however by the year end as a result of the very good performance of the Alvheim field and higher oil prices achieved, no tax refund was due.

The deferred tax charge amounted to MUSD 97.9 (MUSD 63.9) for the six month period ended 30 June 2010 with the increase versus the comparative period due to the higher profit achieved in 2010 driven by the higher oil prices and production from continuing operations.

The Group operates in various countries and fiscal regimes where corporate income tax rates are different from the regulations in Sweden. Corporate income tax rates for the Group vary between 20 percent and 78 percent. The effective tax rate for the Group for the six month period ended 30 June 2010 amounts to 84 percent. This effective rate is the amount calculated from the face of the income statement and does not reflect the effective rate of tax paid within each country of operation. The main contributor to the tax charge is Norway with an effective tax rate of 74 percent. Reported losses in non-operating entities, with zero or low tax credits recorded, increase the effective rate. The effective rate of cash tax payable is 11 percent because tax loss carry forwards and exploration expenditure continue to provide a tax deduction in Norway.

Minority interest
The net result attributable to minority interest for the six month period ended 30 June 2010 amounted to MUSD -5.1 (MUSD -4.5) and mainly relates to the minority interest's share in Etrion which is fully consolidated.

BALANCE SHEET

Non-current assets

Oil and gas properties as at 30 June 2010 amounted to MUSD 1,838.6 (MUSD 2,540.3) and are detailed in Note 9.

Development and exploration expenditure incurred for the six month period ended 30 June 2010 was as follows:

Development expenditure in MUSD	**1 Jan 2010- 30 Jun 2010 6 months**	1 Apr 2010- 30 Jun 2010 3 months	1 Jan 2009- 30 Jun 2009 6 months	1 Apr 2009- 30 Jun 2009 3 months	1 Jan 2009- 31 Dec 2009 12 months
France	7.4	4.2	2.0	1.3	6.3
Norway	62.3	20.3	47.1	25.5	88.1
Netherlands	2.1	1.3	2.7	0.6	5.3
Indonesia	8.1	3.1	20.7	12.4	34.9
Russia	3.7	2.2	4.5	1.9	10.1
Development expenditures from continuing operations	**83.6**	31.1	77.0	41.7	144.7
Discontinued operations -United Kingdom	17.1	–	36.3	20.6	63.5
Development expenditures	**100.7**	31.1	113.3	62.3	208.2

Exploration expenditure in MUSD	**1 Jan 2010- 30 Jun 2010 6 months**	1 Apr 2010- 30 Jun 2010 3 months	1 Jan 2009- 30 Jun 2009 6 months	1 Apr 2009- 30 Jun 2009 3 months	1 Jan 2009- 31 Dec 2009 12 months
France	0.3	0.1	2.4	0.4	3.1
Norway	29.8	1.3	95.4	37.1	198.5
Indonesia	8.0	6.8	5.5	2.4	9.7
Russia	10.7	5.3	12.9	6.9	45.2
Vietnam	9.0	5.1	7.1	6.6	9.2
Congo (Brazzaville)	1.3	0.7	4.4	1.9	13.8
Malaysia	4.7	3.1	7.2	5.8	23.9
Other	0.3	-0.8	2.1	-1.5	4.7
Exploration expenditures from continuing operations	**64.1**	21.6	137.0	59.6	308.1
Discontinued operations -United Kingdom	0.2	–	1.1	0.5	2.3
Exploration expenditures	**64.3**	21.6	138.1	60.1	310.4

Solar power properties amounted to MUSD 67.8 (MUSD 0.6) as at 30 June 2010 and the increase relates to the acquisition of a portfolio of solar assets completed in the second quarter of 2010 as well as solar power plants currently being built in Italy.

Other tangible assets amounted to MUSD 14.2 (MUSD 15.3) as at 30 June 2010 and represents office fixed assets and real estate.

Financial assets amounted to MUSD 86.7 (MUSD 85.4) and are detailed in Note 10. Other shares and participations amounted to MUSD 29.8 (MUSD 32.4) as at 30 June 2010 and primarily relate to the shares held in ShaMaran Petroleum. Capitalised financing expenses as at 30 June 2010 amounted to MUSD 5.7 (MUSD 7.5) and relate to the costs incurred in establishing the bank credit facility and are being amortised over the period of estimated usage of the facility. Long-term receivables as at 30 June 2010 amounted to MUSD 23.8 (MUSD 24.2) and relates to the convertible loan provided to Africa Oil Corporation. Other financial assets amounted to MUSD 26.1 (MUSD 21.1) and mainly represent VAT paid on costs in Russia that is expected to be recovered amounting to MUSD 17.9 (MUSD 17.5) and Indonesian funds held through the Joint Ventures for employee termination schemes of which there is a corresponding liability in the Balance Sheet.

The deferred tax asset as at 30 June 2010 amounted to MUSD 26.0 (MUSD 27.9) and mainly relates to unutilised tax losses in the Netherlands.

Current assets

Receivables and inventories as at 30 June 2010 amounted to MUSD 194.6 (MUSD 198.0) and are detailed in Note 11. Inventories include hydrocarbons and consumable well supplies and as at 30 June 2010 amounted to MUSD 19.2 (MUSD 27.4). Trade receivables amounted to MUSD 78.4 (MUSD 80.7) and include MUSD 51.2 (MUSD 21.4) of Norway trade receivables at the period end following the commencement of Volund field sales. The short-term loan receivable as at 30 June 2010 of MUSD 40.6 (MUSD 33.9) mainly relates to the advance in relation to the acquisition of the 30 percent interest in the Lagansky Block to the minority partner for an amount of MUSD 30.0 (MUSD 30.0) and MUSD 9.2 (MUSD -) of deferred working capital to be paid by EnQuest following the UK spin-off.

Cash and cash equivalents as at 30 June 2010 amounted to MUSD 89.9 (MUSD 77.3). Included in cash and cash equivalents is an amount of MUSD 30.6 (MUSD 23.4) held by Etrion. Cash balances were held at 30 June 2010 to meet operational and investment requirements.

Non-current liabilities
Provisions as at 30 June 2010 amounted to MUSD 641.0 (MUSD 897.6) and are detailed in Note 12. This amount includes a provision for site restoration of MUSD 73.2 (MUSD 132.7). The decrease of the site restoration provision as at 30 June 2010 from the comparative period is mainly due to the UK business spin-off and consequent removal of the United Kingdom liability amount of MUSD 53.7.

The provision for deferred taxes as at 30 June 2010 amounted to MUSD 542.2 (MUSD 743.6) and is arising on the excess of book value over the tax value of oil and gas properties. In accordance with IFRS the amounts for deferred tax asset have been offset against the deferred tax liability where offsetable. The deferred tax provision has decreased from the comparative period mainly due to the UK business spin-off and consequent removal of the United Kingdom liability amount of MUSD 255.6.

The provision for derivative instruments as at 30 June 2010 amounted to MUSD 5.9 (MUSD 3.1) relates to the long term portion of the fair value of the interest rate swap entered into in January 2008 in relation to the Company's MUSD 850 credit facility for an amount of MUSD 2.7 and the interest rate swaps entered into by Etrion for an amount of MUSD 3.2.

Other provisions amounted to MUSD 18.3 (MUSD 16.8) as at 30 June 2010 and relate to an exchange obligation of Etrion amounting to MUSD 5.3 (MUSD 5.7), termination indemnity provisions in Indonesia and Tunisia amounting to MUSD 8.8 (MUSD 4.0) and other provisions amounting to MUSD 4.2 (MUSD 7.1).

Long term interest bearing debt as at 30 June 2010 amounted to MUSD 597.9 (MUSD 545.7). The Group's financing facility consists of a MUSD 850 revolving borrowing base and letter of credit facility with a seven year term expiring in 2014. The cash drawings outstanding under the credit facility amounted to MUSD 548.5 (MUSD 544.0). The long term interest bearing debt also includes the long-term portion of a bank loan drawn by Etrion for an amount of MUSD 49.4 (MUSD 1.3) following the acquisition of a portfolio of solar assets.

Current liabilities
Other current liabilities as at 30 June 2010 amounted to MUSD 200.5 (MUSD 257.5) and are detailed in Note 13. Joint venture creditors as at 30 June 2010 amounted to MUSD 74.5 (MUSD 140.0) and relate to ongoing operational costs. Short-term loans as at 30 June 2010 amounted to 32.7 (MUSD 32.4) and relates mainly to the advance received in relation to the agreement with a subsidiary of Gunvor International BV to acquire a 30% interest in the Lagansky Block for an amount of MUSD 30.0 (MUSD 30.0). Tax payables as at 30 June 2010 amounted to MUSD 20.1 (MUSD 20.9). The short term portion of the fair value of the interest rate swap entered into in January 2008 and the interest rate swaps entered into by Etrion included in current liabilities amounted as at 30 June 2010 to MUSD 8.6 (MUSD 7.1).

Distribution
On 9 April 2010 Lundin Petroleum made a distribution of the EnQuest shares received in consideration for the sale of the UK business in a ratio of 1.3473 shares in EnQuest for each Lundin Petroleum share held. The distribution was valued at the market price of the shares at the time of the distribution and amounted to MUSD 656.3. The value of the distribution is charged against shareholders equity.

Etrion
During the second quarter of 2010, Etrion acquired a portfolio of solar assets in Italy. The assets acquired include 6 megawatts (MW) of operating assets and 10 MW of permitted projects ready for construction in the Puglia region plus more than 150 MW in various stages of permitting. Etrion also acquired during the second quarter of 2010, 3.5 MW of permitted projects ready for construction in the Lazio region of Italy. The balance sheet of Etrion included in the Group's consolidated balance sheet at 30 June 2010 is as follows:

Etrion Balance Sheet

Expressed in TUSD	**30 Jun 2010**	31 Dec 2009
ASSETS		
Non-current assets		
Tangible fixed assets - solar	67,846	644
Intangible fixed assets - solar	3,071	5,132
Other tangible fixed assets	260	218
Other shares and participations	10,368	10,000
Goodwill	674	674
Other financial assets	1,961	986
Deferred tax	2,447	–
Total non-current assets	**86,627**	17,654
Current assets		
Receivables and inventory	8,206	1,329
Cash and bank	30,586	23,447
Total current assets	**38,792**	24,776
Total assets	**125,419**	42,430
EQUITY AND LIABILITIES		
Equity		
Shareholders' equity	23,075	29,845
Minority interest	4	71
Total equity	**23,079**	29,916
Non-current liabilities		
Provisions	11,768	6,607
Bank loans	49,371	1,279
Other non-current liabilities	789	701
Total non-current liabilities	**61,928**	8,587
Current liabilities		
Other current liabilities – group companies	24,774	27
Other current liabilities	15,638	3,900
Total current liabilities	**40,412**	3,927
Total equity and liabilities	**125,419**	42,430

LIQUIDITY

Lundin Petroleum has a secured revolving borrowing base facility of MUSD 850, of which MUSD 548.5 has been drawn in cash as at 30 June 2010. The MUSD 850 facility is a revolving borrowing base facility secured against certain cash flows generated by the company. The amount available under the facility is recalculated every six months based upon the calculated cash flow generated by certain producing fields at an oil price and economic assumptions agreed with the banking syndicate providing the facility. Following the disposal of the UK business, a new borrowing base redetermination was undertaken and an amount of approximately USD 850 million effective 1 July 2010 was approved unanimously by the loan syndicate banks.

Lundin Petroleum has, through its subsidiary Lundin Malaysia BV, entered into four Production Sharing Contracts (PSC) with Petroliam Nasional Berhad, the oil and gas company of the Government of Malaysia ("Petronas"), in respect of the licences PM308A, PM308B, SB307 and SB308, and SB303, in Malaysia. BNP Paribas, on behalf of Lundin Malaysia BV has issued bank guarantees in support of the work commitments in relation to these PSCs amounting to MUSD 89.2. In addition, BNP Paribas have issued additional bank guarantees to cover work commitments in Indonesia amounting to MUSD 16.0.

SUBSEQUENT EVENTS

On 1 July 2010, Lundin Petroleum purchased 637,336 of its own shares, bringing the total amount owned to 6,882,638 shares.

Parent company

The business of the Parent Company is investment in and management of oil and gas assets. The net result for the parent company amounted to MSEK -24.3 (MSEK -7.4) for the six month period ended 30 June 2010.

The result includes financial income of MSEK 12.0 (MSEK -) for guaranteeing certain financial obligations for ShaMaran Petroleum in respect of its Kurdistan operations and accrued interest expense of MSEK 28.0 (MSEK -) on a MSEK 3,951.0 promissory note made to a subsidiary in relation to the United Kingdom business spin off to EnQuest. There is a tax credit of MSEK 7.3 resulting from an adjustment to the prior year tax accrual.

SHARE DATA

Lundin Petroleum AB's issued share capital at 30 June 2010 amounted to SEK 3,179,106 represented by 317,910,580 shares with a quota value of SEK 0.01 each.

Under the authorisation of the Board granted at the AGM held on 6 May 2010, Lundin Petroleum purchased 1,780,590 of its own shares during the second quarter of 2010. At 30 June 2010, Lundin Petroleum held 6,245,302 of its own shares.

In 2008 Lundin Petroleum implemented a LTIP scheme consisting of a Unit Bonus Plan which provides for an annual grant of units that will lead to a cash payment at vesting. The LTIP will be payable over a period of three years from award. The cash payment will be determined at the end of each vesting period by multiplying the number of units then vested by the share price. The share price for determining the cash payment at the end of each vesting period will be the 5 trading day average closing Lundin Petroleum share price prior to and following the actual vesting date.

The AGM held on 13 May 2009 approved the 2009 LTIP and divided it into one plan for certain senior management (being the President and Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer and the Senior Vice President Operations) and one plan for certain other employees.

On 9 April 2010, Lundin Petroleum distributed the shares of EnQuest that it had received in consideration for the sale of the UK business. Under the rules of the various LTIPs the distribution triggered a recalculation of the number of units allocated and the strike price at which the options are exercisable.

The LTIP for senior executives includes the issuance of 5,411,314 phantom options with an exercise price of SEK 53.79 (rebased from 4,000,000 phantom options and SEK 72.76 respectively following the distribution of the EnQuest shares). The phantom options will vest on the fifth anniversary of the date of grant and the recipients will be entitled to receive a cash payment equal to the average closing price of the Company's shares during the fifth year following grant, less the exercise price.

The number of units relating to the 2008 and 2009 LTIP schemes were recalculated following the distribution of the EnQuest shares. The number of units outstanding at 30 June 2010 was 216,992 and 452,635 respectively.

The AGM held on 6 May 2010 awarded 722,450 units to employees under the 2010 LTIP scheme.

Etrion maintains a stock option plan, whereby options can be granted to officers and certain employees. Stock options have a term of between five and ten years. All stock options vest over three years and are exercisable at the market prices for the Etrion shares on the dates that the stock options were granted. Under particular circumstances, Etrion's Compensation Committee may authorise different vesting periods for particular stock options granted.

As at 30 June 2010 the outstanding number of stock options under Etrion's plans amounted to 10,290,300 of which 6,351,967 were exercisable. Exercise prices vary in the range between CAD 0.25 and CAD 3.28.

Etrion has entered into a shareholders agreement with the minority shareholder of the renewable energy company of which Etrion holds a 90 percent interest. This agreement provides for issuance of further at the money options to prevent dilution to the 10 percent shareholder in relation to the first MEUR 100 of value from investments by Etrion. These options are viewed as being granted, subject to a performance condition relating to future investments. It is estimated that the performance condition is likely to be met over a remaining period of 3 years from 30 June 2010 and therefore the company has recorded a non-cash compensation liability of MUSD 2.4 of which MUSD 1.2 has been charged to the income statement in the six month period ended 30 June 2010. The total fair value of the stock options will be expensed over the vesting period, being the period from the grant date until the funds are estimated to be invested.

Etrion is fully consolidated in the Lundin Petroleum accounts due to which the related equity reserve for an amount of MUSD 9.4 is included within the Group's shareholders' equity. Of this amount MUSD 7.0 relates to the outstanding stock options and MUSD 2.4 relates to the mentioned shareholders agreement.

ACCOUNTING PRINCIPLES

The financial statements of the Group have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Reporting, and the Swedish Annual Accounts Act (1995:1554). The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009.

The financial statements of the Parent Company are prepared in accordance with accounting principles generally accepted in Sweden, applying RFR 2.3.

IAS 21 states that a company may present its financial statements in any currency. The generally accepted currency of the oil industry is United States dollars (USD) and as such the Board of Directors of Lundin

Petroleum has resolved that Lundin Petroleum will present its financial statements in USD with effect from 1 January 2010. The Board believes that presenting the financial statements in this currency will further assist readers in understanding the underlying financial position of the company and its results. As a consequence the comparative figures are translated into USD whereby assets and liabilities are translated at the closing rate at the date of that balance sheet and income and expenses are translated at the exchange rates at the dates of the transactions. Equity is translated against historical rates.

For comparative purposes, historical income statements and balance sheets have been presented in USD on the Company's website www. lundin-petroleum.com.

Under Swedish company regulations it is not allowed to report the parent company results in any other currency than SEK and consequently the parent company financial statements are still reported in SEK and not in USD.

RISKS AND UNCERTAINTIES

The major risk the Group faces is the nature of oil and gas exploration and production itself. Oil and gas exploration, development and production involve high operational and financial risks, which even a combination of experience, knowledge and careful evaluation may not be able to fully eliminate or which are beyond the Company's control. Lundin Petroleum's long-term commercial success depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. A future increase in Lundin Petroleum's reserves will depend not only on its ability to explore and develop any properties Lundin Petroleum may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. In addition, there is no assurance that commercial quantities of oil and gas will be discovered or acquired by Lundin Petroleum. Other risks can be categorised into either Operational Risks or Financial Risks.

Operational risk

The Group faces a number of risks and uncertainties in the areas of operation which may have an adverse impact on its ability to successfully pursue its exploration, appraisal and development plans as well as on its production of oil and gas. A more detailed analysis of the operational risks faced by Lundin Petroleum is given in the Company's annual report for 2009.

Lundin Petroleum is, and will be, actively engaged in oil and gas operations in various countries. Risks may arise in changes in laws affecting foreign ownership, government participation, taxation, royalties, duties, rates of exchange and exchange control. Further, certain aspects of Lundin Petroleum's exploration and production programmes require the consent or favourable decisions of governmental bodies. In addition, Lundin Petroleum's exploration, development and production activities may be subject to political and economic uncertainties, expropriation of property and cancellation or modification of contract rights, taxation, royalties, duties, foreign exchange restrictions and other risks arising out of foreign governmental sovereignty over the areas in which Lundin Petroleum's operations are conducted, as well as risks of loss in some countries due to civil strife, acts of war, guerrilla activities and insurrection.

Financial risk

As an international oil and gas exploration and production company operating globally, Lundin Petroleum is exposed to financial risks such as fluctuations in oil price, currency rates, interest rates as well as liquidity and credit risks. The Company shall seek to control these risks through sound management practice and the use of internationally accepted financial instruments, such as oil price, currency and interest rate hedges. Lundin Petroleum uses financial instruments solely for the purpose of minimising risks in the Company's business. A more detailed analysis of the financial risks faced by Lundin Petroleum and how it addresses these risks is given in the Company's annual report for 2009.

Derivative financial instruments

The Group entered into an interest hedging contract on 8 January 2008, fixing the LIBOR rate of interest at 3.75 percent p.a. on MUSD 200 of the Group's USD borrowings for the period January 2008 to January 2012. The interest rate contract relates to the current credit facility. Under IAS 39, the interest rate contract is effective and qualifies for hedge accounting. Changes in fair value of this contract are charged directly to equity. At 30 June 2010, a provision has been recognised in the balance sheet amounting to MUSD 2.7 (MUSD 3.1), representing the long-term portion of the fair value of the outstanding part of the interest rate contract and a current liability in the balance sheet amounting to MUSD 6.3 (MUSD 6.4) representing the short-term portion of the fair value of the outstanding part of the interest rate contract.

Etrion entered into an interest hedging contract on 5 November 2009, fixing the 6-months EURIBOR rate of interest at 3.9 percent p.a. on 90 percent (MEUR 15.5) of Etrion´s non-recourse loan for the period until 30 June 2028. Furthermore Etrion acquired during the second quarter of 2010 a company that has entered into various interest hedging contracts, fixing the EURIBOR rate of interest at an average rate of 3.92 percent p.a. on 100 percent (MEUR 35.4) of the credit facility excluding the VAT facility for the period until 30 June 2024.

Under IAS 39, the interest rate contracts entered into by Etrion are not effective and do not qualify for hedge accounting. Changes in fair value of these contracts are charged through the income statement. At 30 June 2010, a financial asset has been recognised in the balance sheet amounting to MUSD - (MUSD 0.2), a provision for derivative instruments has been recognised representing the long-term portion of the fair value of the outstanding part of the interest rate contract amounting to MUSD 3.2 (MUSD -) and a current liability in the balance sheet amounting to MUSD 2.3 (MUSD 0.7) has been recognised representing the short-term portion of the fair value of the outstanding part of the interest rate contracts.

EXCHANGE RATES

For the preparation of the financial statements for the six month period ended 30 June 2010, the following currency exchange rates have been used.

	Average	Period end
1 USD equals NOK	6.0286	6.4970
1 USD equals Euro	0.7527	0.8149
1 USD equals Rouble	30.0521	31.1971

CONSOLIDATED INCOME STATEMENT

Expressed in TUSD	Note	**1 Jan 2010- 30 Jun 2010 6 months**	1 Apr 2010- 30 Jun 2010 3 months	1 Jan 2009- 30 Jun 2009 6 months	1 Apr 2009- 30 Jun 2009 3 months	1 Jan 2009- 31 Dec 2009 12 months
Continuing operations						
Operating income						
Net sales of oil and gas	1	354,375	188,826	246,672	131,609	567,488
Other operating income		1,804	860	2,005	1,218	4,347
		356,179	189,686	248,677	132,827	571,835
Cost of sales						
Production costs	2	-85,470	-46,288	-68,903	-37,211	-155,311
Depletion of oil and gas properties	3	-65,593	-35,094	-58,285	-29,049	-118,128
Depletion of solar properties		-29	-29	–	–	–
Exploration costs	4	-46,173	-12,670	-41,216	-37,191	-134,792
Impairment costs for oil and gas properties		–	–	–	–	-525,719
Impairment costs for Goodwill		–	–	–	–	-119,047
Gross profit		**158,914**	95,605	80,273	29,376	-481,162
Gain on sale of assets		–	–	–	–	4,589
Other income		428	224	535	431	1,222
General, administration and depreciation expenses		-14,177	-5,503	-8,125	-4,231	-28,841
Operating profit		**145,165**	90,326	72,683	25,576	-504,192
Result from financial investments						
Financial income	5	3,991	-2,025	18,210	11,049	82,031
Financial expenses	6	-16,120	-9,419	-9,553	-5,040	-52,472
		-12,129	-11,444	8,657	6,009	29,559
Result from share in associated company		–	–	-1,569	-656	-25,504
Profit before tax		**133,036**	78,882	79,771	30,929	-500,137
Tax	7	-112,226	-71,663	-61,909	-28,693	-45,669
Net result from continuing operations		**20,810**	7,219	17,862	2,236	-545,806
Discontinued operations Net result from discontinued operations	8	369,275	358,353	1,049	5,223	8,737
Net result		**390,085**	365,572	18,911	7,459	-537,069
Net result attributable to the shareholders of the parent company:						
From continuing operations		25,918	10,041	22,380	1,316	-420,005
From discontinued operations		369,275	358,353	1,049	5,223	8,737
		395,193	368,394	23,429	6,539	-411,268
Net result attributable to Minority interest:						
From continuing operations		-5,108	-2,822	-4,518	920	-125,801
From discontinued operations		–	–	–	–	–
		-5,108	-2,822	-4,518	920	-125,801
Net result		**390,085**	365,572	18,911	7,459	-537,069
Earnings per share – USD[1]						
From continuing operations		0.08	0.02	0.07	0.00	-1.34
From discontinued operations		1.18	1.15	0.00	0.02	0.03
		1.26	1.17	0.07	0.02	-1.31
Diluted earnings per share – USD[1]						
From continuing operations		0.08	0.02	0.07	0.00	-1.34
From discontinued operations		1.18	1.15	0.00	0.02	0.03
		1.26	1.17	0.07	0.02	-1.31

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

Expressed in TUSD	**1 Jan 2010- 30 Jun 2010 6 months**	1 Apr 2010- 30 Jun 2010 3 months	1 Jan 2009- 30 Jun 2009 6 months	1 Apr 2009- 30 Jun 2009 3 months	1 Jan 2009- 31 Dec 2009 12 months
Net result	**390,085**	365,572	18,911	7,459	-537,069
Other comprehensive income					
Exchange differences foreign operations	-103,877	-70,207	23,045	45,090	74,763
Cash flow hedges	-1,004	-47	38,827	33,415	47,583
Available-for-sale financial assets	6,183	-2,600	-746	-740	-19,158
Income tax relating to other comprehensive income	-243	1,429	-17,525	-16,623	-19,064
Other comprehensive income, net of tax	-98,941	-71,425	43,601	61,142	84,124
Total comprehensive income	**291,144**	294,147	62,512	68,601	-452,945
Total comprehensive income attributable to:					
Shareholders of the parent company	297,946	299,458	77,323	66,905	-317,291
Minority interest	-6,802	-5,311	-14,811	1,696	-135,654
	291,144	294,147	62,512	68,601	-452,945

CONSOLIDATED BALANCE SHEET

Expressed in TUSD	Note	**30 June 2010**	31 December 2009
ASSETS			
Non-current assets			
Oil and gas properties	9	1,838,622	2,540,348
Solar power properties		67,846	644
Other tangible assets		14,214	15,283
Goodwill		674	674
Other intangible assets		3,071	5,132
Financial assets	10	86,697	85,437
Deferred tax		26,034	27,850
Total non-current assets		**2,037,158**	2,675,368
Current assets			
Receivables and inventory	11	194,572	197,952
Cash and cash equivalents		89,874	77,338
Total current assets		**284,446**	275,290
TOTAL ASSETS		**2,321,604**	2,950,658
EQUITY AND LIABILITIES			
Equity			
Shareholders´ equity		776,976	1,141,658
Minority interest		89,086	95,555
Total equity		**866,062**	1,237,213
Non-current liabilities			
Provisions	12	640,967	897,622
Bank loans		597,913	545,729
Other non-current liabilities		16,209	12,598
Total non-current liabilities		**1,255,089**	1,455,949
Current liabilities			
Other current liabilities	13	200,453	257,496
Total current liabilities		**200,453**	257,496
TOTAL EQUITY AND LIABILITIES		**2,321,604**	2,950,658
Pledged assets		826,058	699,506
Contingent liabilities		–	–

Expressed in TUSD	**1 Jan 2010- 30 Jun 2010 6 months**	1 Apr 2010- 30 Jun 2010 3 months	1 Jan 2009- 30 Jun 2009 6 months	1 Apr 2009- 30 Jun 2009 3 months	1 Jan 2009- 31 Dec 2009 12 months
Cash flow from operations					
Net result	390,085	365,572	18,911	7,459	-537,069
Gain on sale of discontinued operations	-358,353	-358,353	–	–	–
Adjustments for non-cash related items	255,030	126,612	197,556	118,319	1,005,388
Interest received	294	266	1,726	1,169	3,381
Interest paid	-467	851	-5,098	-3,571	-6,309
Income taxes paid	-10,383	-3,913	-15,605	-7,317	-26,305
Changes in working capital	-55,837	-29,090	-77,186	-36,396	50,512
Total cash flow from operations	**220,369**	101,945	120,304	79,663	489,598
Cash flow used for investments					
Investment in subsidiary assets	-8,633	-8,633	–	–	26,489
Investment in associated companies	225	225	–	–	–
Sale of other shares and participations	478	314	–	–	12,285
Change in other financial fixed assets	247	327	-59	1,581	-194
Other payments	-1,278	-1,163	-1,921	-1,918	-2,050
Divestment	-25,003	–	-888	-899	–
Investment in intangible fixed assets	-184	-184	–	–	-2,161
Investment in oil and gas properties	-165,721	-53,242	-251,527	-122,423	-514,313
Investment in solar power properties	-9,310	-6,477	–	–	-644
Investment in office equipment and other assets	-2,459	-1,708	-1,193	-415	-2,391
Total cash flow used for investments	**-211,638**	-70,541	-255,588	-124,074	-482,979
Cash flow from/used for financing					
Changes in long-term liabilities	11,018	-15,993	146,224	59,949	4,750
Paid financing fees	-51	-3	-79	-38	-97
Purchase of own shares	-7,889	-7,889	–	–	–
Dividend paid to minority	–	–	-46	-46	-46
Total cash flow from/used for financing	**3,078**	-23,885	146,099	59,865	4,607
Change in cash and cash equivalents	11,809	7,519	10,815	15,454	11,226
Cash and cash equivalents at the beginning of the period	77,338	85,326	57,445	59,463	57,445
Currency exchange difference in cash and cash equivalents	727	-2,971	5,954	-703	8,667
Cash and cash equivalents at the end of the period	**89,874**	89,874	74,214	74,214	77,338
Total cash flow from operations					
From continuing operations	543,362	460,298	142,964	88,244	433,227
Used for/from discontinued operations	-322,993	-358,353	-22,660	-8,581	56,371
	220,369	101,945	120,304	79,663	489,598
Total cash flow used for investments					
Used for continuing operations	-169,252	-70,541	-218,085	-102,934	-416,853
Used for discontinued operations	-42,386	–	-37,503	-21,140	-66,126
	-211,638	-70,541	-255,588	-124,074	-482,979
Total cash flow used for investments					
From/used for continuing operations	3,078	-23,885	141,099	59,865	19,607
From/used for discontinued operations	–	–	5,000	–	-15,000
	3,078	-23,885	146,099	59,865	4,607

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Expressed in TUSD	Share capital	Additional paid-in-capital/ Other reserves	Retained earnings	Net result	Minority interest	Total equity
Balance at 1 January 2009	**463**	**754,104**	**613,917**	**93,958**	**179,793**	**1,642,235**
Transfer of prior year net result	–	–	93,958	-93,958	–	–
Total comprehensive income	–	**53,734**	**161**	**23,428**	**-14,811**	**62,512**
Transfer of share based payments	–	4,038	-4,038	–	–	–
Share based payments	–	–	2	–	–	2
Minority share in dividend paid	–	–	–	–	-46	-46
Balance at 30 June 2009	**463**	**811,876**	**704,000**	**23,428**	**164,936**	**1,704,703**
Total comprehensive income	–	**39,495**	**587**	**-434,696**	**-120,843**	**-515,457**
Acquired on consolidation	–	14,899	6,225	–	18,770	39,894
Divestments	–	-26,195	–	–	32,692	6,497
Transfer of share based payments	–	303	-303	–	–	–
Share based payments	–	–	1,576	–	–	1,576
Balance at 31 December 2009	**463**	**840,378**	**712,085**	**-411,268**	**95,555**	**1,237,213**
Transfer of prior year net result	–	–	-411,268	411,268	–	–
Total comprehensive income	–	**-96,905**	**-342**	**395,193**	**-6,802**	**291,144**
Acquired on consolidation	–	–	–	–	333	333
Distributions	–	-358,049	-298,288	–	–	-656,337
Purchase of own shares	–	-7,889	–	–	–	-7,889
Transfer of share based payments	–	3,785	-3,785	–	–	–
Share based payments	–	–	1,598	–	–	1,598
Balance at 30 June 2010	**463**	**381,320**	**–**	**395,193**	**89,086**	**866,062**

Note 1. Segment information, TUSD	**1 Jan 2010- 30 Jun 2010 6 months**	1 Apr 2010- 30 Jun 2010 3 months	1 Jan 2009- 30 Jun 2009 6 months	1 Apr 2009- 30 Jun 2009 3 months	1 Jan 2009- 31 Dec 2009 12 months
Operating income					
Net sales of:					
Crude oil					
- Netherlands	37	–	65	1	139
- France	45,306	22,552	33,784	18,094	77,871
- Norway	216,810	128,599	120,528	71,553	296,231
- Indonesia	15,109	6,388	14,257	10,145	36,617
- Russia	33,548	16,761	33,323	19,228	74,398
- Tunisia	15,308	–	12,161	–	25,469
	326,118	174,300	214,118	119,021	510,725
Condensate					
- Netherlands	482	338	321	206	848
- Indonesia	45	23	85	73	124
	527	361	406	279	972
Gas					
- Norway	12,276	7,180	9,850	3,790	18,257
- Netherlands	14,892	6,470	22,214	8,469	37,354
- Indonesia	562	515	84	50	180
	27,730	14,165	32,148	12,309	55,791
Net sales from continuing operations	**354,375**	188,826	246,672	131,609	567,488
Net sales from discontinued operations	62,567	–	93,895	62,518	228,111
Total net sales	**416,942**	188,826	340,567	194,127	795,599
Operating profit contribution					
- France	26,121	12,735	12,443	8,349	36,230
- Norway	136,330	95,186	59,287	21,779	153,045
- Netherlands	2,873	656	10,937	2,764	15,125
- Russia	1,635	729	1,983	2,562	-700,677
- Indonesia	3,228	1,284	723	-110	3,638
- Tunisia	3,157	-829	420	-1,068	3,159
- Sudan	–	–	1,510	2,377	1,582
- Vietnam	-15,035	-15,035	-7,379	-7,379	-7,203
- Congo (Brazzaville)	–	–	–	–	-2,525
- Other	-13,144	-4,400	-7,241	-3,698	-6,566
Operating profit contribution from continuing operations	**145,165**	90,326	72,683	25,576	-504,192
Operating profit contribution from discontinued operations – United Kingdom	20,774	–	16,077	18,219	35,919
Total operating profit contribution	**165,939**	90,326	88,760	43,795	-468,273

Note 2. Production costs, TUSD	**1 Jan 2010- 30 Jun 2010 6 months**	1 Apr 2010- 30 Jun 2010 3 months	1 Jan 2009- 30 Jun 2009 6 months	1 Apr 2009- 30 Jun 2009 3 months	1 Jan 2009- 31 Dec 2009 12 months
Cost of operations	44,162	23,334	43,490	22,739	95,415
Tariff and transportation expenses	6,916	4,078	8,530	3,796	15,738
Direct production taxes	21,328	10,712	17,110	9,744	40,987
Change in inventory/ overlift position	11,865	7,651	-227	932	89
Other	1,199	513	–	–	3,082
Production costs from continuing operations	**85,470**	46,288	68,903	37,211	155,311
Production costs from discontinued operations – United Kingdom	32,030	–	53,716	31,235	140,036
Total production costs	**117,500**	46,288	122,619	68,446	295,347

Note 3. Depletion of oil and gas properties, TUSD	**1 Jan 2010- 30 Jun 2010 6 months**	1 Apr 2010- 30 Jun 2010 3 months	1 Jan 2009- 30 Jun 2009 6 months	1 Apr 2009- 30 Jun 2009 3 months	1 Jan 2009- 31 Dec 2009 12 months
France	6,795	3,448	6,764	3,720	12,821
Norway	45,356	25,069	31,486	15,530	65,301
Netherlands	8,404	3,953	6,811	3,109	12,727
Indonesia	1,858	1,060	2,196	1,188	7,334
Russia	3,180	1,564	4,434	2,320	8,627
Tunisia	–	–	6,594	3,182	11,318
Depletion from continuing operations	**65,593**	35,094	58,285	29,049	118,128
Depletion from discontinued operations – United Kingdom	11,362	–	27,200	14,478	51,778
Total depletion	**76,955**	35,094	85,485	43,527	169,906

Note 4. Exploration costs, TUSD	**1 Jan 2010- 30 Jun 2010 6 months**	1 Apr 2010- 30 Jun 2010 3 months	1 Jan 2009- 30 Jun 2009 6 months	1 Apr 2009- 30 Jun 2009 3 months	1 Jan 2009- 31 Dec 2009 12 months
France	–	–	2,671	84	3,128
Russia	–	–	–	–	35,000
Sudan	–	–	-1,511	-2,378	-1,580
Congo (Brazzaville)	–	–	–	–	2,522
Netherlands	–	–	63	49	41
Norway	30,582	-2,469	28,254	28,254	69,544
Vietnam	15,035	15,035	7,379	7,379	7,203
Indonesia	-196	-249	3,574	3,574	3,712
Cambodia	18	–	–	–	10,989
Other	734	353	786	229	4,233
Exploration costs from continuing operations	**46,173**	12,670	41,216	37,191	134,792
Exploration costs from discontinued operations - United Kingdom	61	–	27	-1	6,149
Total exploration costs	**46,234**	12,670	41,243	37,190	140,941

Note 5. Financial income, TUSD	**1 Jan 2010-30 Jun 2010 6 months**	1 Apr 2010-30 Jun 2010 3 months	1 Jan 2009-30 Jun 2009 6 months	1 Apr 2009-30 Jun 2009 3 months	1 Jan 2009-31 Dec 2009 12 months
Interest income	1,296	648	2,184	1,486	4,595
Foreign exchange gain, net	–	-4,854	15,238	9,179	66,019
Insurance proceeds	377	15	–	–	–
Gain on sale of shares	–	–	–	–	10,244
Other financial income	2,318	2,166	788	384	1,173
Financial income from continuing operations	**3,991**	-2,025	18,210	11,049	82,031
Financial income from discontinued operations – United Kingdom	360	–	–	-20	32
Total financial income	**4,351**	-2,025	18,210	11,029	82,063

Note 6. Financial expenses, TUSD	**1 Jan 2010-30 Jun 2010 6 months**	1 Apr 2010-30 Jun 2010 3 months	1 Jan 2009-30 Jun 2009 6 months	1 Apr 2009-30 Jun 2009 3 months	1 Jan 2009-31 Dec 2009 12 months
Interest expenses	2,573	1,329	3,706	1,969	8,895
Result on interest rate hedge settlement	3,516	1,765	2,307	1,259	5,669
Change in market value interest rate hedge	1,803	861	–	–	452
Unwind site restoration discount	1,996	970	1,211	615	2,490
Amortisation of deferred financing fees	772	375	1,147	607	2,539
Exchange losses, net	626	626	–	-1	–
Loss on sale of shares	3,884	2,912	–	–	–
Other financial expenses	950	581	1,182	591	32,427
Financial expense from continuing operations	**16,120**	9,419	9,553	5,040	52,472
Financial expense from discontinued operations – United Kingdom	1,224	–	15,963	6,758	24,398
Total financial expense	**17,344**	9,419	25,516	11,798	76,870

Note 7. Tax, TUSD	**1 Jan 2010-30 Jun 2010 6 months**	1 Apr 2010-30 Jun 2010 3 months	1 Jan 2009-30 Jun 2009 6 months	1 Apr 2009-30 Jun 2009 3 months	1 Jan 2009-31 Dec 2009 12 months
Continuing operations					
Current tax	14,371	7,551	-1,952	6,549	32,014
Deferred tax	97,855	64,112	63,861	22,144	13,655
Tax from continuing operations	**112,226**	71,663	61,909	28,693	45,669
Current tax	7,315	–	1,128	1,128	6,546
Deferred tax	1,673	–	-2,063	5,090	-3,730
Tax from discontinued operations – United Kingdom	8,988	–	-935	6,218	2,816
Total tax	**121,214**	71,663	60,974	34,911	48,485

Note 8. Discontinued operations TUSD	**1 Jan 2010- 30 Jun 2010 6 months**	1 Apr 2010- 30 Jun 2010 3 months	1 Jan 2009- 30 Jun 2009 6 months	1 Apr 2009- 30 Jun 2009 3 months	1 Jan 2009- 31 Dec 2009 12 months
Net sales	62,567	–	93,895	62,518	228,111
Other operating income	1,983	–	3,049	1,582	5,906
Operating income	**64,550**	–	96,944	64,100	234,017
Production costs	-32,030	–	-53,716	-31,235	-140,036
Depletion of oil and gas properties	-11,362	–	-27,200	-14,478	-51,778
Exploration costs	-61	–	-27	1	-6,149
General, administration and depreciation expenses	-323	–	76	-169	-135
Operating profit	**20,774**	–	16,077	18,219	35,919
Financial income	360	–	–	-20	32
Financial expenses	-1,224	–	-15,963	-6,758	-24,398
Profit before tax	**19,910**	–	114	11,441	11,553
Tax	-8,988	–	935	-6,218	-2,816
Net result from discontinued operations – United Kingdom	**10,922**	–	1,049	5,223	8,737
Gain on sale of assets	358,353	358,353	–	–	–
Net result from discontinued operations	**369,275**	358,353	1,049	5,223	8,737

Note 9. Oil and gas properties, TUSD	**30 Jun 2010**	31 Dec 2009
United Kingdom	–	588,885
France	144,709	168,907
Norway	859,646	951,793
Netherlands	47,243	61,670
Indonesia	104,427	90,528
Russia	603,947	598,719
Tunisia	–	210
Congo (Brazzaville)	31,091	29,800
Vietnam	10,499	16,563
Malaysia	36,223	31,473
Others	837	1,800
	1,838,622	2,540,348

Note 10. Financial assets, TUSD	**30 Jun 2010**	31 Dec 2009
Other shares and participations	29,783	32,369
Restricted cash	1,251	–
Capitalised financing fees	5,735	7,514
Long-term receivable	23,789	24,239
Derivative instruments	–	231
Other financial assets	26,139	21,084
	86,697	85,437

Note 11. Receivables and inventory,

TUSD	**30 Jun 2010**	31 Dec 2009
Inventories	19,207	27,373
Trade receivables	78,401	80,721
Underlift	10,746	8,649
Short-term loan receivable	40,566	33,907
Corporation tax	283	2,241
Joint venture debtors	24,862	28,930
Other assets	20,507	16,131
	194,572	197,952

Note 12. Provisions,

TUSD	**30 Jun 2010**	31 Dec 2009
Site restoration	73,240	132,698
Pension	1,292	1,354
Deferred taxes	542,224	743,646
Derivative instruments	5,869	3,122
Other provisions	18,342	16,802
	640,967	897,622

Note 13. Other current liabilities,

TUSD	**30 Jun 2010**	31 Dec 2009
Trade payables	18,758	20,487
Overlift	6,734	1,287
Tax payables	20,068	20,870
Accrued expenses	21,500	16,472
Acquisition liabilities	8,322	7,238
Joint venture creditors	74,475	140,046
Short-term loans	32,729	32,400
Derivative instruments	8,586	7,074
Other liabilities	9,281	11,622
	200,453	257,496

PARENT COMPANY INCOME STATEMENT IN SUMMARY

Expressed in TSEK	**1 Jan 2010-30 Jun 2010 6 months**	1 Apr 2010-30 Jun 2010 3 months	1 Jan 2009-30 Jun 2009 6 months	1 Apr 2009-30 Jun 2009 3 months	1 Jan 2009-31 Dec 2009 12 months
Operating income					
Other operating income	11,139	2,961	15,675	4,858	33,154
Gross profit	**11,139**	2,961	15,675	4,858	33,154
General and administration expenses	-28,019	-9,594	-26,904	-18,967	-49,281
Operating loss	**-16,880**	-6,633	-11,229	-14,109	-16,127
Result from financial investments					
Financial income	13,418	12,927	3,906	676	8,589
Financial expenses	-28,117	-28,087	-29	-12	-7,133
	-14,699	-15,160	3,877	664	1,456
Loss before tax	**-31,579**	-21,793	-7,352	-13,445	-14,671
Tax	7,328	7,878	–	–	-17,600
Net result	**-24,251**	-13,915	-7,352	-13,445	-32,271

Expressed in TSEK	**1 Jan 2010- 30 Jun 2010 6 months**	1 Apr 2010- 30 Jun 2010 3 months	1 Jan 2009- 30 Jun 2009 6 months	1 Apr 2009- 30 Jun 2009 3 months	1 Jan 2009- 31 Dec 2009 12 months
Net result	-24,251	-13,915	-7,352	-13,445	-32,271
Other comprehensive income	–	–	–	–	–
Total comprehensive income	**-24,251**	-13,915	-7,352	-13,445	-32,271
Total comprehensive income attributable to:					
Shareholders of the parent company	-24,251	-13,915	-7,352	-13,445	-32,271
Minority interest	–	–	–	–	–
	-24,251	-13,915	-7,352	-13,445	-32,271

PARENT COMPANY BALANCE SHEET IN SUMMARY

Expressed in TSEK	**30 June 2010**	31 December 2009
ASSETS		
Non-current assets		
Financial assets	7,871,947	7,891,762
Total non-current assets	**7,871,947**	7,891,762
Current assets		
Receivables	15,399	5,365
Cash and cash equivalents	5,474	532
Total current assets	**20,873**	5,897
TOTAL ASSETS	**7,892,820**	7,897,659
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders´ equity including net result for the period	3,805,665	7,840,752
Non current liabilities		
Provisions	36,403	36,403
Total non current liabilites	**36,403**	36,403
Current liabilities		
Current liabilities	4,050,752	20,504
Total current liabilities	**4,050,752**	20,504
TOTAL EQUITY AND LIABILITIES	**7,892,820**	7,897,659
Pledged assets	6,412,608	4,978,037
Contingent liabilities	–	–

Expressed in TSEK	**1 Jan 2010-30 Jun 2010 6 months**	1 Apr 2010-30 Jun 2010 3 months	1 Jan 2009-30 Jun 2009 6 months	1 Apr 2009-30 Jun 2009 3 months	1 Jan 2009-31 Dec 2009 12 months
Cash flow from/used for operations					
Net result	-24,251	-13,915	-7,352	-13,445	-32,271
Adjustment for non cash related items	40,492	39,985	243	1,530	18,958
Changes in working capital	11,309	11,231	3,157	5,778	11,744
Total cash flow from/used for operations	**27,550**	37,301	-3,952	-6,137	-1,569
Cash flow from investments					
Change in other financial fixed assets	38,548	28,657	4,520	7,021	738
Total cash flow from investments	**38,548**	28,657	4,520	7,021	738
Cash flow used for financing					
Purchase of own shares	-61,242	-61,242	–	–	–
Total cash flow used for financing	**-61,242**	-61,242	–	–	–
Change in cash and cash equivalents	4,856	4,716	568	884	-831
Cash and cash equivalents at the beginning of the period	532	681	1,184	1,169	1,184
Currency exchange difference in cash and cash equivalents	86	77	-429	-730	179
Cash and bank at the end of the period	**5,474**	5,474	1,323	1,323	532

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Restricted equity		Unrestricted equity			
Expressed in TSEK	Share capital	Statutory reserve	Other reserves	Retained earnings	Net result	Total equity
Balance at 1 January 2009	**3,179**	**861,306**	**5,089,856**	**1,855,683**	**62,778**	**7,872,802**
Transfer of prior year net result	–	–	–	62,778	-62,778	–
Total comprehensive income	–	–	–	–	-7,352	-7,352
Transfer of share based payments	–	–	30,894	-30,894	–	–
Share based payments	–	–	–	16	–	16
Balance at 30 June 2009	**3,179**	**861,306**	**5,120,750**	**1,887,583**	**-7,352**	**7,865,466**
Total comprehensive income	–	–	–	–	-24,919	-24,919
Transfer of share based payments	–	–	–	–	–	–
Share based payments	–	–	–	205	–	205
Balance at 31 December 2009	**3,179**	**861,306**	**5,120,750**	**1,887,788**	**-32,271**	**7,840,752**
Transfer of prior year net result	–	–	–	-32,271	32,271	–
Total comprehensive income	–	–	–	–	-24,251	-24,251
Dividend	–	–	-2,123,457	-1,826,272	–	-3,949,729
Purchase of own shares	–	–	-61,242	–	–	-61,242
Transfer of share based payments	–	–	29,380	-29,380	–	–
Share based payments	–	–	–	135	–	135
Balance at 30 June 2010	**3,179**	**861,306**	**2,965,431**	**–**	**-24,251**	**3,805,665**

Data per share	**1 Jan 2010- 30 Jun 2010 6 months**	1 Apr 2010- 30 Jun 2010 3 months	1 Jan 2009- 30 Jun 2009 6 months	1 Apr 2009- 30 Jun 2009 3 months	1 Jan 2009- 31 Dec 2009 12 months
Shareholders' equity USD per share [1]	2.48	2.48	4.91	4.91	3.64
Operating cash flow USD per share [2]	0.90	0.44	0.71	0.38	1.51
Cash flow from operations USD per share [3]	0.70	0.32	0.38	0.25	1.56
Earnings USD per share [4]	1.26	1.17	0.07	0.02	-1.31
Earnings USD per share fully diluted [5]	1.26	1.17	0.07	0.02	-1.31
EBITDA USD per share fully diluted [6]	0.93	0.44	0.69	0.40	1.54
Dividend per share	2.10	2.10	–	–	–
Quoted price at the end of the financial period (regards the parent company), USD [7]	4.46	4.46	7.80	7.80	7.95
Number of shares issued at period end	317,910,580	317,910,580	317,910,580	317,910,580	317,910,580
Number of shares in circulation at period end	311,665,278	311,665,278	313,420,280	313,420,280	313,420,280
Weighted average number of shares for the period [8]	313,183,758	312,949,835	313,420,280	313,420,280	313,420,280
Weighted average number of shares for the period (fully diluted) [8]	313,183,758	312,949,835	313,420,280	313,420,280	313,420,280

The data per share and key data are based on the total of the continuing and discontinued operations.

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

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

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

4 the Group's net result attributable to shareholders of the Parent Company divided by the weighted average number of shares for the period.

5 the Group's net result attributable to shareholders of the Parent Company divided by the weighted average number of shares for the period after considering the dilution effect of outstanding warrants.

6 the Group's EBITDA divided by the weighted average number of shares for the period after considering the dilution effect of outstanding warrants. EBITDA is defined as operating profit before depletion of oil and gas properties, exploration costs, impairment costs and gain on sale of assets.

7 the quoted price in USD is based on the quoted price in SEK converted in USD against the closing rate of the period.

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

Key data group	**1 Jan 2010- 30 Jun 2010 6 months**	1 Apr 2010- 30 Jun 2010 3 months	1 Jan 2009- 30 Jun 2009 6 months	1 Apr 2009- 30 Jun 2009 3 months	1 Jan 2009- 31 Dec 2009 12 months
Return on equity, % [9]	37	35	1	–	-37
Return on capital employed, % [10]	31	27	4	2	-29
Net debt/equity ratio, % [11]	64	64	39	39	40
Equity ratio, % [12]	37	37	49	49	42
Share of risk capital, % [13]	60	60	70	70	66
Interest coverage ratio, % [14]	6,234	11,292	1,052	990	-2,865
Operating cash flow/interest ratio [15]	3,376	3,434	2,774	2,844	2,605
Yield [16]	0.47	0.47	–	–	–

9 the Group's net result divided by the Group's average total equity.

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

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

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

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

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

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

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

BOARD ASSURANCE

The Board of Directors and the President & CEO certify that the half-yearly financial report gives a fair view of the performance of the business, position and profit or loss of the Company and the Group, and describes the principal risks and uncertainties that the Company and the companies in the Group face.

Stockholm, 4 August 2010

Lundin Petroleum AB (publ)
Org. Nr. 556610-8055

Ian H. Lundin
Chairman

C. Ashley Heppenstall
President & CEO

William A. Rand

Asbjørn Larsen

Lukas H. Lundin

Magnus Unger

Dambisa F. Moyo

REVIEW REPORT

We have reviewed this Report for the period 1 January to 30 June 2010 for Lundin Petroleum AB (publ). The Board of Directors and the CEO are responsible for the preparation and presentation of this Interim Report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this Interim Report based on our review.

We conducted our review in accordance with the Swedish Standard on Review Engagements SÖG 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden, RS, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent company.

Stockholm, 4 August 2010

Bo Hjalmarsson
Authorised Public Accountant
Auditor in charge
PricewaterhouseCoopers AB

Bo Karlsson
Authorised Public Accountant
PricewaterhouseCoopers AB

The Company will publish the following reports:

- The nine month report (January – September 2010) will be published on 3 November 2010.
- The year end report (January – December 2010) will be published on 9 February 2011.

Corporate Head Office

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

Lundin

www.lundin-petroleum.com