

Q2

Lundin Petroleum AB (publ)
company registration number 556610-8055

Report for the
SIX MONTHS
ended 30 June
2011

HIGHLIGHTS

Six months ended 30 June 2011

- Production of 32,300 boepd up 13% from the first six months 2010
- Profit after tax of MUSD 130.3 up 526% from the first six months 2010
- EBITDA of MUSD 505.3 up 96% from the first six months 2010
- Operating cash flow of MUSD 390.3 up 52% from the first six months 2010
- Net debt down to below MUSD 120 from MUSD 410 at year end
- Five exploration discoveries, four in Norway and one in Malaysia
- Ten Norwegian licences awarded in the 2010 Norwegian licensing round, six as operator
- Operated licence awarded in Barents Sea in the 21st Norwegian licensing round
- Operated Gurita block awarded in the Natuna Sea, offshore Indonesia

Second Quarter ended 30 June 2011

- Production of 31,100 boepd
- Profit after tax of MUSD 76.9
- EBITDA of MUSD 266.9
- Operating cash flow of MUSD 196.7
- Three exploration discoveries – Skalle and Earb South discoveries in Norway and Tarap discovery in Malaysia
- Appraisal well confirmed extension of the Avaldsnes discovery
- New operated block PM307 awarded in Malaysia
- Brynhild field plan of development (formerly called Nemo) submitted

	1 Jan 2011- 30 Jun 2011 6 months	1 Apr 2011- 30 Jun 2011 3 months	1 Jan 2010- 30 Jun 2010 6 months	1 Apr 2010- 30 Jun 2010 3 months	1 Jan 2010- 31 Dec 2010 12 months
Production in Mboepd	32.3	31.1	28.6	30.2	30.5
Operating income in MUSD	619.0	327.2	356.2	189.7	798.6
Net result in MUSD	130.3	76.9	20.8	7.2	129.5
Net result attributable to shareholders of the Parent Company in MUSD	133.1	78.0	25.9	10.0	142.9
Earnings/share in USD¹	0.43	0.25	0.08	0.02	0.46
Diluted earnings/share in USD¹	0.43	0.25	0.08	0.02	0.46
EBITDA in MUSD	505.3	266.9	258.4	138.8	603.5
Operating cash flow in MUSD	390.3	196.7	256.3	135.8	573.4

The numbers included in the table above are based on continuing 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
MSEK	Million SEK
MUSD	Million 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,

Lundin Petroleum achieved excellent results in the second quarter of 2011 with increased profitability and cash flow. What is extremely pleasing however, is the continued exploration success. I have always highlighted that the major valuation creation for our company will be achieved through increasing our oil and gas resources, and the best way to do that is through exploration. Norway continues to deliver with a third discovery this year from our first well in the Barents Sea and I'm particularly pleased that our first Malaysian exploration well resulted in a discovery. I hope that in South East Asia we are now on the way to creating a new core development and production area for our Company.

Financial Performance

Lundin Petroleum produced a net result for the first six months of MUSD 130.3. The strong production coupled with oil prices achieved of well over USD 100 per barrel resulted in operating cash flow of MUSD 390.3 and EBITDA of MUSD 505.3. Despite our significant exploration and development investment programme net debt during the first half of the year has reduced from MUSD 410 to below MUSD 120.

Production

During the first half of the year production averaged 32,300 barrels of oil equivalent per day (boepd) which was at the high end of our forecasts. This performance was achieved despite a 13 day unplanned shutdown of Alvheim and Volund production during the second quarter to carry out preventative maintenance on the Alvheim FPSO. In particular Volund production has performed significantly above forecast during the period. We expect a further two Alvheim development wells to come on production during the second half of the year as well as first oil from the Gaupe field offshore Norway. As a result of the strong production performance we have revised our production guidance for 2011 upwards from the previous 28 -33,000 boepd to 31 - 34,000 boepd.

Development

We are still forecasting to increase our production over the next 5 years from various Norwegian development projects to over 60,000 boepd.

Our various development projects are positively moving forward. The Gaupe field development is still forecast to commence production this year with a plateau production adding 5,000 boepd net to Lundin Petroleum. On 1 August 2011 we submitted the plan of development of the Brynhild field (formerly called Nemo) to the Norwegian Ministry of Petroleum and Energy for approval. The Brynhild field will be developed as a subsea tieback to Shell's Pierce field in the United Kingdom with first oil forecast for late 2013 at a plateau net production rate of 6,000 boepd. Conceptual development plans have been agreed for the subsea development of the Bøyla field through the Alvheim FPSO and a plan of development will be submitted in 2012.

The Tellus discovery which was made earlier this year and subsequently appraised with a sidetrack will now be developed as part of the Luno field development. The front end engineering and design studies for the development of the Luno field are progressing satisfactorily and it is still planned to submit a plan of development in 2011. We will not be proceeding with the marginal Krabbe development following further technical analysis of this field but we will more than make up the future production from increases to the Luno production plateau and the addition of the Tellus development.

As I have previously indicated the capital cost of these developments will be funded from a combination of internally generated funds and bank borrowings without the requirement for additional equity funding.

Exploration

The positive exploration news has continued during the second quarter with further discoveries at Skalle in PL438 in the Barents Sea, Earb South in PL505 in the northern Norwegian North Sea and Tarap in Block SB303 offshore East Malaysia. In addition the results of the first Avaldsnes

appraisal well were extremely encouraging confirming the extension of the Avaldsnes field to the south east. We have now achieved five discoveries from our first five exploration wells this year following the Tellus and Caterpillar discoveries during the first quarter.

In PL501 the first appraisal well on Avaldsnes encountered excellent quality Jurassic reservoir of multi darcy permeability and 30 percent porosity with net pay thicker than the discovery well. The well tested 5,500 bopd from a restricted choke. The subsequent sidetrack, whilst having a thinner reservoir section, also encountered comparable reservoir quality and provided increased confidence that the part of the Avaldsnes structure previously assumed to be non-hydrocarbon bearing could in fact be covered by Upper Jurassic hydrocarbon bearing reservoir. We are currently drilling the second Avaldsnes appraisal well. The gross resource estimates for the Avaldsnes field located in PL501 were estimated at 100 – 400 MMboe following the discovery well last year and will be updated after the second appraisal well to reflect the results of the appraisal drilling programme. We believe that the Avaldsnes structure extends to the west into the Statoil operated PL265 where Lundin Petroleum is a non operated partner. Statoil are currently drilling the first of two wells to be drilled this year on PL265 to appraise the extension of Avaldsnes into PL265 where Lundin Petroleum holds 10 percent. I expect that Avaldsnes appraisal drilling in PL501 will continue in 2012 to fully appraise the field.

We have put together a large acreage position in the Barents Sea over recent years, which has increased further with the award of PL609 in the Norwegian 21st Licensing Round. Our first well in the Barents Sea on the Skalle prospect in PL438 was a gas discovery with estimated gross contingent resources of between 88 and 280 billion cubic feet (bcf). Whilst we were primarily targeting oil potential we will now look to commercialise the discovery which is located close to the producing Snøvit gas field. The licence contains numerous additional prospects. The Pulk exploration well in PL533 operated by ENI has now slipped into 2012.

Our first exploration well in Malaysia resulted in a large gas discovery on the Tarap prospect offshore Sabah containing 171 bcf of gross contingent resources. The Tarap discovery is in Block SB303 which already contains the nearby Titik Terang gas discovery with additional gross contingent resources of 66 bcf. The gas market in East Malaysia is developing with the construction of additional gas infrastructure to supply the Sabah oil and gas terminal. In the forthcoming months, we will be exploring the commercialisation of our gas resources in East Malaysia. We will be drilling four further exploration and appraisal wells in Malaysia in 2011 and are already planning for a similar drilling campaign in 2012.

Oil and Gas Industry

Despite the continued uncertainty with regard to world economic growth the oil price has remained strong. As we have predicted there is a growing realisation that current oil prices are no longer a short term aberration but something to be expected as the norm. We maintain our belief that oil prices are and will continue to be driven by the fundamentals of supply and demand and that our low sulphur oil reserves located predominantly in Norway will continue to realise a premium above Brent benchmark prices.

Our business is continuing to grow and I am confident we will continue to increase shareholder value. We are generating strong cash flow and profitability from our existing production which is outperforming, our development projects are proceeding well and our exploration success continues.

Best Regards

C. Ashley Heppenstall
President and CEO

OPERATIONAL REVIEW

EUROPE

Norway

The net production in Norway to Lundin Petroleum for the six month period ended 30 June 2011 (reporting period) was 22,300 barrels of oil equivalent per day (boepd). Production was adversely impacted in the second quarter due to a 13 day unplanned shutdown of the Alvheim and Volund fields due to preventative maintenance on the Alvheim FPSO's fire prevention system.

The net production for the reporting period from the Alvheim field (Lundin Petroleum working interest (WI) 15%), offshore Norway, was 11,300 boepd. The Alvheim field has been on production since June 2008 and continues to perform above expectations. The excellent reservoir performance has resulted in increased gross ultimate recovery reserves during 2010 to 276 million barrels of oil equivalent (MMboe) representing a 65 percent increase in ultimate recovery from when the Alvheim plan of development was completed in 2005. Phase 2 of Alvheim development drilling commenced in 2010 and is ongoing with a further two development wells to begin production in the second half of 2011. A third well is being drilled and will begin production early 2012. The forecast cost of operations for the Alvheim field in 2011 is approximately USD 5.00 per barrel.

The net production from the Volund field (WI 35%) amounted to 11,000 boepd for the reporting period and significantly exceeded forecast. First production from the Volund field commenced in April 2010 and production increased during the year to the plateau production as development drilling was successfully completed. Volund field production during the reporting period was above the 8,700 boepd net Volund field firm capacity on the Alvheim FPSO as it took advantage of additional spare capacity. It is likely that further development drilling will take place on Volund in 2012.

In October 2009, a new oil discovery on the Bøyla prospect in PL340 (WI 15%) was announced. Bøyla contains gross recoverable resources of 20 MMboe and will be developed as a subsea tieback to the Alvheim FPSO. A plan of development will be submitted for the Bøyla field in the first half of 2012 with first oil expected in 2014. During the first quarter of 2011, the Caterpillar exploration well in PL340BS was completed as an additional new oil discovery. Caterpillar, located close to Bøyla will now most likely be developed through the Bøyla development facilities.

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 have been incorporated into the reservoir model being used for development planning and has resulted in an upgrade of gross proven and probable (2P) reserves from 95 MMboe to 148 MMboe for the Luno field. The reserves have been audited by third party reserves auditors Gaffney Cline & Associates. Conceptual development studies for a Luno field standalone development and in relation to a joint development of the Luno field and the nearby Draupne field have been completed. The decision has been made to proceed with a standalone development and FEED studies are now ongoing. A plan of development for the Luno field will be submitted in 2011. It is likely that further exploration drilling in PL338 on additional prospects will take place in 2012.

In April 2011, the Tellus exploration well in PL338 was completed as an oil discovery. The Tellus discovery is most likely a northern extension of the Luno field and is estimated to contain gross contingent resources of between 11 and 55 MMboe. Two reservoir tests were completed in the

Tellus well, the first of which, in the fractured basement, was the first successful full scale basement test on the Norwegian Continental shelf. The potential commercial production from the fractured basement has positive implications to add resources from this interval in the Luno South discovery and in the surrounding area. In May 2011 the Tellus exploration well was successfully sidetracked to appraise the discovery and as a result the Tellus development will now be included as part of the Luno development programme.

An exploration well in PL501 (WI 40%) targeting the Avaldsnes prospect was successfully completed in the third quarter of 2010 as an oil discovery. After the discovery well it was estimated that the Avaldsnes discovery contained gross recoverable resources of 100 to 400 MMboe within PL501 and that the fault controlled structure extended to the west into PL265 (WI 10%).

The first Avaldsnes appraisal well and sidetrack were successfully completed in July 2011 confirming the extension of the Avaldsnes field to the south east of the discovery well. The appraisal well encountered oil bearing reservoir of thickness and quality better than the discovery well and tested at an average production rate in excess of 5,500 boepd through a restricted choke. A second appraisal well is currently being drilled following which the Avaldsnes resource estimates will be updated to reflect the results of the appraisal programme. Two further wells will be drilled in 2011 by Statoil, operator of PL265, to test the extension of the Avaldsnes structure into PL265, the first of which is currently being drilled as Aldous Major South. The element of the Avaldsnes structure in PL265 has been named Aldous Major South and Aldous Major North.

The Avaldsnes discovery and the Apollo discovery in PL338 made in 2010 have both opened up additional prospectivity in the Greater Luno area and further exploration drilling in PL359 (WI 40%) and PL410 (WI 70%) will likely take place in 2012.

The plan of development for the Gaupe field in PL292 (WI 40%) was approved in June 2010, where first production is expected in late 2011. The Gaupe field operated by BG Group has estimated gross reserves of approximately 31 MMboe and is estimated to produce at a plateau production rate net to Lundin Petroleum of 5,000 boepd.

A plan of development of the Brynhild field (formerly called Nemo) in PL148 (WI 50%) has been submitted to the Norwegian Ministry of Petroleum and Energy for approval. The Brynhild field contains gross proven plus probable reserves of 22 MMboe and is expected to produce at a plateau production rate net to Lundin Petroleum of 6,000 boepd with first oil forecast in late 2013.

Lundin Petroleum has decided not to proceed with the development of the Krabbe discovery in PL301 (WI 40%) due to uncertainty regarding the recoverable resources from the field.

In January 2011, Lundin Petroleum was awarded ten exploration licences in the 2010 APA Licensing Round of which six licences will be operated by Lundin Petroleum. In April 2011 Lundin Petroleum was awarded license PL609 as operator in the 21st Norwegian Licensing Round. PL609 (WI 40%) is located in the Barents Sea to the east of Statoil's large new Skrugard oil discovery which is estimated to contain between 150 and 250 MMboe. Lundin Petroleum has now interests in five exploration licences in the Barents Sea.

In July 2011 the Skalle exploration well in PL438 (WI 25%) was completed as a gas discovery with estimated gross contingent resources of between 88 and 280 billion cubic feet (bcf). The Skalle discovery is located approximately 25 kms from the producing Snøvit gas field. Additional prospectivity for further hydrocarbons exists in the Skalle substructure and in additional prospects in PL438.

In July 2011, Lundin Petroleum completed the drilling of well 25/10-11 on the Earb South prospect in PL505. The well encountered three separate hydrocarbon bearing Jurassic sandstones sequences with poor reservoir quality. The well was tested and flowed oil and gas to surface but the reservoir was tight and further work will be required to determine whether the discovery can be commercialised.

In May 2011 Lundin Petroleum acquired a 30 percent interest in PL330 located in the northern Norwegian Sea.

France

The net production in the Paris Basin (WI 100%) averaged 2,450 boepd and in the Aquitaine Basin (WI 50%) averaged 650 boepd for the reporting period. The redevelopment of the Grandville field in the Paris Basin involving the drilling of eight new development wells and the installation of new production facilities has commenced. Development drilling will continue into 2012.

The Netherlands

The net gas production to Lundin Petroleum from the Netherlands averaged 2,000 boepd for the reporting period.

Ireland

Interpretation of the 3D seismic acquired in 2010 on the Slyne Basin licence 04/06 (WI 50%) is completed.

SOUTH EAST ASIA

Indonesia

Lematang (South Sumatra)

The net production to Lundin Petroleum from the Singa gas field (WI 25.9%) during the reporting period amounted to 900 boepd. Production from the Singa field commenced in 2010. Current gross production from the first production well is in excess of 20 million standard cubic feet per day (MMscfd) of sales gas. A second development well has been completed during the reporting period and is having a positive impact on production rates.

Rangkas (Java)

A 474 km 2D seismic acquisition programme has been completed on the Rangkas block (WI 51%).

Baronang/Cakalang (Natuna Sea)

A 975 km² 3D seismic acquisition programme on the Baronang and Cakalang block (WI 100%) was completed in 2010. Interpretation has been completed and exploration drilling will commence in 2012. In addition a 1,500 km 2D seismic acquisition programme will be completed on Cakalang in 2011.

South Sokang (Natuna Sea)

A new Production Sharing Contract for the South Sokang block was signed in December 2010 (WI 60%). A 2,400 km 2D seismic acquisition program will be completed in 2011.

Gurita (Natuna Sea)

A new Production Sharing Contract for the Gurita block was signed in March 2011 (WI 100%). A 400km² 3D seismic acquisition programme will be completed in 2011.

Malaysia

The 2009 3D seismic data programme identified numerous drilling targets for the 2011/2012 drilling campaign. Five exploration and appraisal wells will be drilled in 2011.

The Tarap exploration well drilled in SB303 (WI 75%), offshore Sabah, East Malaysia was completed in July 2011 as a gas discovery. The well encountered gas in each of the five independently sealed Miocene sands targeted finding gross vertical pay of approximately 150 metres. The gross contingent resources of the Tarap discovery are 171 bcf. There are various options for the commercialisation of gas in the Sabah area.

The Cempulut exploration well also in SB303 is currently drilling.

In June 2011 Lundin Petroleum acquired a 75 percent working interest in Block PM307 offshore Peninsula Malaysia. A 2,100 km² 3D seismic acquisition programme is planned for 2011 plus the drilling of an appraisal well on the Bertram discovery.

RUSSIA

The net production from Russia for the period was 3,200 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 appraisal and development. During 2010, 103 km² of new 3D seismic was acquired on the Lagansky block which will target new exploration drilling locations.

AFRICA

Tunisia

The net production from the Oudna field (WI 40%) was 800 boepd for the reporting period.

Congo (Brazzaville)

Exploration drilling will resume in 2011 with one well on Block Marine XI (WI 18.75%) and a further well on Block Marine XIV (WI 21.55%).

FINANCIAL REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2011

FINANCIAL REVIEW

Result

The net result for the six month period ended 30 June 2011 (reporting period), from continuing operations amounted to MUS\$ 130.3 (MUS\$ 20.8). The net result attributable to shareholders of the Parent Company for the reporting period, from continuing operations amounted to MUS\$ 133.1 (MUS\$ 25.9) representing earnings per share on a fully diluted basis of USD 0.43 (USD 0.08).

Earnings before interest, tax, depletion and amortisation (EBITDA) for the reporting period amounted to MUS\$ 505.3 (MUS\$ 258.4) representing EBITDA per share on a fully diluted basis of USD 1.62 (USD 0.83). Operating cash flow for the reporting period amounted to MUS\$ 390.3 (MUS\$ 256.3) representing operating cash flow per share on a fully diluted basis of USD 1.26 (USD 0.82).

Changes in the Group

There are no changes to the Group for the reporting period.

The prior year includes the results of Etrion Corporation up to 12 November 2010, the date of distribution of the shares held in Etrion Corporation to Lundin Petroleum's shareholders, and the Salawati Basin and Salawati Island assets which were sold on 29 December 2010. The results of the United Kingdom operations are included under discontinued operations up to 6 April 2010, the date of the spin-off of the UK business.

Production

Production for the reporting period amounted to 32.3 Mboe per day (Mboepd) (28.6 Mboepd) and was comprised as follows:

Production	1 Jan 2011- 30 Jun 2011 6 months	1 Apr 2011- 30 Jun 2011 3 months	1 Jan 2010- 30 Jun 2010 6 months	1 Apr 2010- 30 Jun 2010 3 months	1 Jan 2010- 31 Dec 2010 12 months
Norway					
- Quantity in Mboe	4,034.8	1,919.6	2,917.5	1,627.2	6,629.8
- Quantity in Mboepd	22.3	21.1	16.1	17.9	18.2
France					
- Quantity in Mboe	556.8	281.5	568.1	286.7	1,160.8
- Quantity in Mboepd	3.1	3.1	3.1	3.1	3.2
Netherlands					
- Quantity in Mboe	368.3	180.5	389.1	192.1	756.7
- Quantity in Mboepd	2.0	2.0	2.2	2.1	2.1
Indonesia					
- Quantity in Mboe	164.1	94.0	402.8	205.4	887.1
- Quantity in Mboepd	0.9	1.0	2.2	2.3	2.4
Russia					
- Quantity in Mboe	577.7	284.6	700.1	343.7	1,321.2
- Quantity in Mboepd	3.2	3.1	3.9	3.8	3.6
Tunisia					
- Quantity in Mboe	144.1	72.6	198.3	95.6	372.2
- Quantity in Mboepd	0.8	0.8	1.1	1.0	1.0
Total from continuing operations					
- Quantity in Mboe	5,845.8	2,832.8	5,175.9	2,750.7	11,127.8
- Quantity in Mboepd	32.3	31.1	28.6	30.2	30.5
Discontinued operations - United Kingdom					
- Quantity in Mboe	-	-	812.2	-	812.2
- Quantity in Mboepd	-	-	4.5	-	2.2
Total excluding non-controlling interest					
- Quantity in Mboe	5,845.8	2,832.8	5,988.1	2,750.7	11,940.0
- Quantity in Mboepd	32.3	31.1	33.1	30.2	32.7

The increase in Norway production volumes from the comparative reporting period is attributable to the Volund field which came onstream in April 2010. The Volund field contributed 11.0 Mboepd (2.1 Mboepd) for the reporting period and 11.2 Mboepd (4.2 Mboepd) for the second quarter of 2011. Norwegian production was negatively impacted in the second quarter of 2011 by the 13 day unplanned shutdown of the Alvheim facilities during May 2011.

The 2010 production figures for Indonesia include the contributions of the Salawati assets of 2.1 Mboepd for the first six months of 2010 and 2.0 Mboepd for the full year 2010. The Salawati assets were sold in December 2010.

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Operating income

Net sales of oil and gas for the reporting period amounted to MUSD 614.2 (MUSD 354.4) and are detailed in Note 1. Sales volumes for the reporting period were 18 percent higher and the achieved oil price was 46 percent higher than the comparative period. The average price achieved by Lundin Petroleum for a barrel of oil equivalent amounted to USD 101.23 (USD 69.16) and is detailed in the following table. The premium on Norwegian crude oil sold during the reporting period averaged USD 3.73 per barrel. The average Dated Brent price for the reporting period amounted to USD 111.09 (USD 77.29) per barrel.

Sales for the reporting period were comprised as follows:

Sales	1 Jan 2011- 30 Jun 2011 6 months	1 Apr 2011- 30 Jun 2011 3 months	1 Jan 2010- 30 Jun 2010 6 months	1 Apr 2010- 30 Jun 2010 3 months	1 Jan 2010- 31 Dec 2010 12 months
Average price per boe expressed in USD					
Norway					
- Quantity in Mboe	4,188.8	2,012.4	3,041.9	1,768.3	6,712.5
- Average price per boe	109.68	115.27	75.31	76.78	77.93
France					
- Quantity in Mboe	576.8	285.5	590.6	296.5	1,168.0
- Average price per boe	109.52	113.70	76.72	76.07	79.35
Netherlands					
- Quantity in Mboe	368.3	180.5	389.1	192.1	756.7
- Average price per boe	58.46	62.71	39.61	35.43	44.37
Indonesia					
- Quantity in Mboe	158.9	94.7	227.0	102.3	607.7
- Average price per boe	32.73	32.61	69.23	67.67	65.31
Russia					
- Quantity in Mboe	577.0	275.9	679.5	340.0	1,290.0
- Average price per boe	69.50	76.20	49.38	49.31	51.65
Tunisia					
- Quantity in Mboe	198.2	198.2	195.6	-	382.6
- Average price per boe	125.12	125.12	78.27	-	77.15
Total from continuing operations					
- Quantity in Mboe	6,068.0	3,047.2	5,123.7	2,699.2	10,917.5
- Average price per boe	101.23	106.55	69.16	69.96	71.92
Discontinued operations - United Kingdom					
- Quantity in Mboe	-	-	814.4	-	814.4
- Average price per boe	-	-	76.82	-	76.82
Total					
- Quantity in Mboe	6,068.0	3,047.2	5,938.1	2,699.2	11,731.9
- Average price per boe	101.23	106.55	70.22	69.96	72.26

Sales quantities in a period can differ from production quantities as a result of permanent and timing differences. Timing differences can arise due to inventory, storage and pipeline balances effects. Permanent differences arise as a result of paying royalties in kind as well as the effects from production sharing agreements.

Oil produced in Tunisia is only lifted when the Ikdam FPSO is near to full. An Oudna cargo was lifted in April 2011 and is forecast to be the only Tunisian lifting during 2011.

The oil produced in Russia is sold on either the Russian domestic market or exported into the international market. 36 percent (39 percent) of Russian sales for the reporting period were on the international market at an average price of USD 108.68 per barrel (USD 74.10 per barrel) with the remaining 64 percent (61 percent) of Russian sales being sold on the domestic market at an average price of USD 47.12 per barrel (USD 33.61 per barrel).

Other operating income amounted to MUSD 4.7 (MUSD 1.8) for the reporting period and includes MUSD 2.0 (MUSD -) of income relating to a quality differential compensation adjustment payable from the Vilje field owners to the Alvheim and Volund field owners. All three fields produce to the Alvheim FPSO vessel and the oil is commingled to produce an Alvheim crude blend which is then sold. This adjustment for the comparative period amounted to MUSD 1.3 and was netted off against production costs. Also included in other operating income is tariff income from France and the Netherlands and income for maintaining strategic inventory levels in France.

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Production cost

Production costs for the reporting period amounted to MUS\$ 97.9 (MUS\$ 85.5) and are detailed in Note 2. The production and depletion costs per barrel of oil equivalent produced from continuing oil and gas operations are detailed in the table below.

Total production cost and depletion in USD per boe	1 Jan 2011- 30 Jun 2011 6 months	1 Apr 2011- 30 Jun 2011 3 months	1 Jan 2010- 30 Jun 2010 6 months	1 Apr 2010- 30 Jun 2010 3 months	1 Jan 2010- 31 Dec 2010 12 months
Cost of operations	8.31	8.96	8.53	8.48	8.63
Tariff and transportation expenses	2.12	2.28	1.34	1.48	1.57
Royalty and direct taxes	4.35	4.87	4.12	3.89	3.74
Changes in inventory/overlift	1.77	4.32	2.29	2.78	-0.31
Other	0.19	0.20	0.23	0.19	0.38
Total production costs	16.74	20.63	16.51	16.82	14.01
Depletion	13.45	13.42	12.67	12.76	12.85
Total cost per boe	30.19	34.05	29.18	29.58	26.86

The total cost of operations for the reporting period was MUS\$ 48.6 compared to MUS\$ 44.2 for the comparative period. The current reporting period includes costs of the Volund field, Norway and Singa field, Indonesia for a full six month period whereas the Volund and Singa fields contributed costs partially in the second quarter of 2010 having commenced production in that quarter. In addition, in the second quarter of 2011 the cost of operations includes an amount of MUS\$ 1.2 associated with the unplanned shutdown of the Alvheim FPSO. The increases are partly offset by a reduction compared to the prior reporting period following the disposal of the Salawati assets, Indonesia in December 2010.

The cost of operations for the second quarter of 2011 were MUS\$ 25.4, corresponding to USD 8.96 per barrel compared to MUS\$ 23.2 corresponding to USD 7.70 per barrel for the first quarter of 2011. The costs associated with the inspecting and testing of the deluge system on the Alvheim FPSO including an additional standby boat amounted to MUS\$ 1.2. The cost of operations in the second quarter of 2011 also includes expenditure related to re-certification of the FPSO used on the Oudna field, Tunisia as well as additional activity across various fields deferred from the first quarter of 2011. Costs of operations for 2011 are in line with forecast.

The tariff and transportation expenses for the reporting period amounted to MUS\$ 12.4 compared to MUS\$ 6.9 for the comparative reporting period. The increase is mainly due to the increased production contribution from the Volund field, Norway which pays a tariff to the Alvheim field owners. Lundin Petroleum has a 15 percent working interest in the Alvheim field and a 35 percent interest in the Volund field and the tariff self-to-self element is eliminated for accounting purposes leaving a net 20 percent cost for Volund in tariff and transportation expenses.

Royalty and direct taxes includes Russian Mineral Resource Extraction Tax (MRET) and Russian Export Duties. The rate of MRET is levied on the volume of Russian production and varies in relation to the international market price of Urals blend and the Rouble exchange rate. MRET averaged USD 20.86 (USD 13.45) per barrel of Russian production for the reporting period. The rate of export duty on Russian oil is revised by the Russian Federation monthly and is dependent 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 54.92 (USD 37.88) per barrel for the reporting period. The royalty and direct taxes have increased compared to the comparative period following the rise in crude prices 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 MUS\$ 10.4 (MUS\$ 11.9) was charged to the income statement for the reporting period.

Depletion costs

Depletion costs amounted to MUS\$ 78.6 (MUS\$ 65.6) and are detailed in Note 3. The main increase from the comparative period is in Norway where the depletion cost expensed has increased by 36 percent in line with the production increase of 39 percent. Norway contributed approximately 80 percent of the total depletion charge for the period at a rate of USD 15.27 per barrel and this increases the overall rate from the comparative period. Depletion per barrel for the reporting period is in line with forecast.

Exploration costs

Exploration costs for the reporting period amounted to MUS\$ 16.2 (MUS\$ 46.2) and are detailed in Note 4. The costs relate mainly to previously capitalised expenses in respect of Norway licence PL304 which was relinquished in January 2011, additional costs associated with the unsuccessful Norway PL409 Norall well drilled in the fourth quarter of 2010 and the expensing of the capitalised expenses on Norway licence PL301 following a technical review.

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.

General, administrative and depreciation expenses

The general, administrative and depreciation expenses for the reporting period amounted to MUS\$ 17.7 (MUS\$ 14.2) of which MUS\$ 5.7 (MUS\$ -0.1) related to non-cash charges in relation to a part of the Group's Long-term Incentive Plan (LTIP) scheme. The MUS\$ 14.2 reported in the comparative reporting period includes an amount of MUS\$ 5.4 relating to Etrion.

The cost for the second quarter of 2011 was low compared to the first quarter of 2011 due primarily to the partial reversal of the LTIP provision during the second quarter resulting from a lower share price at the balance sheet date. Awards to employees under the Group's LTIP scheme are valued using the Black & Scholes calculation method using the share price as at 30 June 2011. The cost is accrued over the vesting period of the awards in accordance with accounting rules. During the first quarter of 2011, the Lundin Petroleum share price increased by over 9 percent compared to the share price at the end of the fourth quarter of 2010 and accordingly, the cost associated with the LTIP was reflected in the first quarter of 2011. During the second quarter of 2011, the share price decreased by 6 percent compared to the share price at the end of the first quarter of 2011.

Financial income

Financial income for the reporting period amounted to MUSD 35.0 (MUSD 4.0) and is detailed in Note 5.

Interest income for the reporting period amounted to MUSD 2.6 (MUSD 1.3). The interest income in the reporting period includes an amount of MUSD 1.5 relating to a loan to Etrion Corporation which is no longer eliminated on consolidation, following the distribution of the shares held in Etrion in November 2010.

In March 2011, Lundin Petroleum converted MUSD 13.0 of the MUSD 23.8 convertible loan receivable from Africa Oil Corporation (AOC) loan into 14 million shares in AOC at a conversion price of Canadian Dollars (CAD) 0.90 per share. The shares were subsequently sold on the open market for CAD 2.00 per share realising a gain of MUSD 15.6. In April 2011, the remainder of the loan was converted into 11.85 million shares at a conversion price of CAD 0.90 per share and the shares were sold on the open market for CAD 2.10 per share realising a further gain of MUSD 14.3.

Financial expenses

Financial expenses for the reporting period amounted to MUSD 24.2 (MUSD 16.1) and are detailed in Note 6.

Interest expenses for the reporting period amounted to MUSD 2.8 (MUSD 2.6). In addition, an amount of MUSD 0.6 of interest expense associated with the funding of the development of the Gaupe field was capitalised in the reporting period. In the comparative period an amount of MUSD 1.5 associated with the development of Volund field was capitalised.

Foreign exchange losses amounted to MUSD 13.4 (MUSD 0.6) in the reporting period. The Euro strengthened against both the US Dollar and the Norwegian Kroner during the reporting period giving rise to exchange loss movements on the intercompany loans receivable by a subsidiary using a functional currency of the Euro.

In January 2008, the Group entered into an interest rate hedging contract to fix the LIBOR rate of interest at 3.75 percent per year on MUSD 200 of the Group's USD borrowings for the period from January 2008 until January 2012. An amount of MUSD 3.4 (MUSD 3.5) was charged to the income statement for the reporting period for settlements under the hedging contracts.

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 2.3 (MUSD 2.0) has been charged to the income statement for the reporting period.

Tax

The tax charge for the reporting period amounted to MUSD 289.6 (MUSD 112.2) and is detailed in Note 7.

The current tax charge on continuing operations for the reporting period amounted to MUSD 130.7 (MUSD 14.4). In the reporting period, there is a MUSD 112.6 (MUSD 1.9) current tax charge relating to Norway. The tax charge in Norway consists of both the 28 percent onshore regime and the 50 percent offshore regime.

The deferred tax charge amounted to MUSD 158.9 (MUSD 97.9) for the reporting period and arises where tax losses have offset the current tax charge and there is a difference in depreciation for tax and accounting purposes. MUSD 148.2 (MUSD 99.7) of the deferred tax charge is attributable to Norway.

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 reporting period amounted to 69 percent. This effective rate is 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 where the tax rate is 78 percent reduced by the effect of uplift for tax purposes on development expenditure. The effective rate of cash tax payable in the reporting period is 31 percent primarily because exploration expenditure and tax allowances on development expenditure provided a tax deduction in Norway during the reporting period. Cash taxes payable in Norway for the reporting period were MUSD 112.6 (MUSD 1.9) and the increase from the comparative period is mainly due to the utilisation of the tax losses in 2010.

Non-controlling interest

The net result attributable to non-controlling interest for the reporting period amounted to MUSD -2.8 (MUSD -5.1) and mainly relates to the non-controlling interest's share in a Russian subsidiary which is fully consolidated.

Discontinued operations

The net result from discontinued operations for the reporting period amounted to MUSD - (MUSD 369.3). The amount in the comparative period is attributable to the net result for the United Kingdom up to 6 April 2010, the date of the UK spin-off. For more detail refer to Note 8.

FINANCIAL REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2011

BALANCE SHEET

Non-current assets

Oil and gas properties amounted to MUSD 2,346.1 (MUSD 1,999.0) and are detailed in Note 9.

Development and exploration expenditure incurred for the reporting period was as follows:

Development expenditure in MUSD	1 Jan 2011- 30 Jun 2011 6 months	1 Apr 2011- 30 Jun 2011	1 Jan 2010- 30 Jun 2010	1 Apr 2010- 30 Jun 2010	1 Jan 2010- 31 Dec 2010
	3 months	6 months	3 months	12 months	
Norway	92.1	62.6	62.3	20.3	106.3
France	9.4	6.6	7.4	4.2	13.2
Netherlands	1.2	0.8	2.1	1.3	4.5
Indonesia	4.1	1.4	8.1	3.1	10.2
Russia	2.7	1.4	3.7	2.2	6.6
Development expenditures from continuing operations	109.5	72.8	83.6	31.1	140.8
Discontinued operations - United Kingdom	-	-	17.1	-	17.1
Development expenditures	109.5	72.8	100.7	31.1	157.9

During the reporting period, an amount of MUSD 92.1 of development expenditure was incurred in Norway on the Gaupe field development and the Phase 2 drilling on the Alvheim field. MUSD 62.3 was spent on development projects in Norway in the comparative period, predominantly on the Volund field development and Alvheim drilling.

Exploration expenditure in MUSD	1 Jan 2011- 30 Jun 2011 6 months	1 Apr 2011- 30 Jun 2011	1 Jan 2010- 30 Jun 2010	1 Apr 2010- 30 Jun 2010	1 Jan 2010- 31 Dec 2010
	3 months	6 months	3 months	12 months	
Norway	152.3	92.5	29.8	1.3	160.8
France	0.5	0.2	0.3	0.1	1.0
Indonesia	6.4	3.5	8.0	6.8	13.5
Russia	4.5	2.5	10.7	5.3	18.3
Malaysia	26.4	22.0	4.7	3.1	10.6
Congo (Brazzaville)	2.7	1.2	1.3	0.7	2.5
Vietnam	0.4	0.3	9.0	5.1	15.3
Other	0.0	-0.7	0.3	-0.8	4.4
Exploration expenditures from continuing operations	193.2	121.5	64.1	21.6	226.4
Discontinued operations - United Kingdom	-	-	0.2	-	0.2
Exploration expenditures	193.2	121.5	64.3	21.6	226.6

During the reporting period, an amount of MUSD 152.3 of exploration expenditure was incurred in Norway mainly on the Tellus discovery well on licence PL338, the Caterpillar discovery well on licence PL340, the Earb well on licence PL505, the Skalle well on licence PL438 and the Avaldsnes appraisal well on licence PL501. MUSD 26.4 was incurred in Malaysia and was primarily for the drilling and testing of the Tarap well on block SB303.

Other tangible assets amounted to MUSD 16.2 (MUSD 15.3) and represent office fixed assets and real estate.

Financial assets amounted to MUSD 75.5 (MUSD 114.9) and are detailed in Note 10.

Other shares and participations amounted to MUSD 39.8 (MUSD 68.6) and predominantly relate to the shares held in ShaMaran Petroleum which are reflected at market price. Long-term receivables amounted to MUSD - (MUSD 23.8) following the conversion of the convertible loan of MUSD 23.8 provided to AOC during the reporting period.

Other financial assets amounted to MUSD 31.8 (MUSD 17.8) and mainly represent recoverable VAT paid on costs in Russia amounting to MUSD 19.3

(MUSD 16.5) and Etrion Corporation bonds of MUSD 11.0 (MUSD -) held by Lundin Petroleum.

The deferred tax asset amounted to MUSD 15.7 (MUSD 15.1) and mainly relates to unutilised tax losses in the Netherlands.

Current assets

Receivables and inventories amounted to MUSD 176.9 (MUSD 236.2) and are detailed in Note 11.

Trade receivables amounted to MUSD 121.8 (MUSD 94.2). Higher oil prices have resulted in the value of the trade receivables being higher at 30 June 2011.

Short-term loan receivable amounted to MUSD - (MUSD 74.5) following repayment of the Etrion loan.

Cash and cash equivalents amounted to MUSD 38.1 (MUSD 48.7). Cash balances are held to meet operational and investment requirements.

Non-current liabilities

Provisions amounted to MUSD 1,005.3 (MUSD 769.7) and are detailed in Note 12.

The provision for site restoration amounted to MUSD 116.2 (MUSD 93.8) and relates to future decommissioning obligation liabilities in the countries of operations. An amount of MUSD 7.1 was recognised during the second quarter of 2011 for the decommissioning liability following the drilling of the Gaupe wells. A further provision for the liability will be added in the second half of the year as the Gaupe development progresses and the subsea facilities are installed.

The provision for deferred taxes amounted to MUSD 860.8 (MUSD 650.7) and is arising on the excess of book value over the tax value of oil and gas properties. Deferred tax assets are netted off against deferred tax liabilities where they relate to the same jurisdiction in accordance with International Financial Reporting Standards (IFRS).

The provision for Lundin Petroleum's LTIP scheme amounted to MUSD 20.7 (MUSD 18.8).

Other provisions amounted to MUSD 5.8 (MUSD 5.0) and include a termination indemnity provision in Tunisia.

Long term interest bearing debt amounted to MUSD 157.0 (MUSD 458.8) and relates to the outstanding loan under the Group's MUSD 850 revolving borrowing base facility.

Current liabilities

Other current liabilities amounted to MUSD 312.9 (MUSD 185.0) and are detailed in Note 13.

Tax payables amounted to MUSD 129.7 (MUSD 39.7). The amount includes both a tax accrual for the current reporting period and liabilities which relate to the 2010 taxable results which were not due to be settled as at 30 June 2011, but will be paid when they become due in 2011.

Joint venture creditors amounted to MUSD 152.5 (MUSD 100.9) and relate to ongoing operational costs.

The short term portion of the fair value of the interest rate swap entered into in January 2008 is included in current liabilities and amounted to MUSD 3.7 (MUSD 6.9).

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 -48.7 (MSEK -24.3) for the reporting period.

The result includes general and administrative expenses of MSEK 52.9 (MSEK 28.0), financial income of MSEK 2.8 (MSEK 12.0) for supporting certain financial obligations for ShaMaran Petroleum and interest expense of MSEK 11.8 (MSEK 28.1). The comparative result for 2010 includes a dividend received from a subsidiary of MSEK 3,995.2.

RELATED PARTY TRANSACTIONS

During the reporting period, the Group has entered into transactions with related parties on a commercial basis as described below:

The Group received MUSD 0.3 (MUSD 0.3) from ShaMaran Petroleum for the provision of office and other services and MUSD 0.5 (MUSD 1.5) for supporting certain financial obligations.

The Group received MUSD 0.2 (MUSD 0.2) from AOC being interest on a loan of MUSD - (MUSD 23.8) that was converted into shares in the reporting period.

The Group paid MUSD 0.3 (MUSD 0.1) to other related parties in respect of aviation services received.

Furthermore, Etrion has reimbursed the Euro loan provided by the group which amounted to MUSD 83.0 at the time of the reimbursement in May 2011. Interest of MUSD 1.5 (MUSD 0.3) was charged on the loan in the reporting period.

LIQUIDITY

Lundin Petroleum has a secured revolving borrowing base facility of MUSD 850 with a seven year term expiring in 2014, of which MUSD 157.0 was drawn in cash as at 30 June 2011. The MUSD 850 facility is a revolving borrowing base facility secured against certain cash flows generated by the Group. 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 and is currently in excess of the facility size. The facility has reached a stage where availability reduces every six months. The maximum amount that can be drawn under the facility has been reduced to MUSD 740 and will continue to reduce until maturity of the facility.

Lundin Petroleum has, through its subsidiary Lundin Malaysia BV, entered into five Production Sharing Contracts (PSC) with Petroliam Nasional Berhad, the oil and gas company of the Government of Malaysia (Petronas), in respect of the six operated blocks 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 103.2. In addition, BNP Paribas has issued additional bank guarantees to cover work commitments in Indonesia amounting to MUSD 4.2.

SUBSEQUENT EVENTS

In July 2011, Lundin Petroleum completed the drilling of well 25/10- 11 on the Earb South prospect in PL505. The well encountered three separate hydrocarbon bearing Jurassic sandstones sequences with poor reservoir quality. The well was tested and flowed oil and gas to surface but the reservoir was tight and further work will be required to determine whether the discovery can be commercialised.

SHARE DATA

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

As at 30 June 2011, Lundin Petroleum held 6,882,638 of its own shares.

REMUNERATION

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 Executive 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.

The LTIP for Executive Management includes 5,500,928 phantom options with an exercise price of SEK 52.91 (rebased from 4,000,000 phantom options and SEK 72.76 respectively following the distribution of the EnQuest and Etrion shares). The phantom options will vest in May 2014 being the fifth anniversary of the date of grant. 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, multiplied by the number of phantom options.

FINANCIAL REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2011

The number of units relating to the 2009, 2010 and 2011 Unit Bonus Plans outstanding as at 30 June 2011 were 219,985, 470,619, and 425,850.

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 2010.

The financial statements of the Parent Company are prepared in accordance with accounting principles generally accepted in Sweden, applying RFR 2 issued by the Swedish Financial Reporting Board and the Annual accounts Act (1995:1554).

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 that 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.

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 2010.

EXCHANGE RATES

For the preparation of the financial statements for the reporting period, the following currency exchange rates have been used.

	30 Jun 2011		30 Jun 2010		31 Dec 2010	
	Average	Period end	Average	Period end	Average	Period end
1 USD equals NOK	5.5763	5.3882	6.0286	6.4970	6.0345	5.8564
1 USD equals Euro	0.7127	0.6919	0.7527	0.8149	0.7537	0.7484
1 USD equals Rouble	28.6112	27.9527	30.0521	31.1971	30.3570	30.5493
1 USD equals SEK	6.3699	6.3474	7.3733	7.7629	7.1954	6.7097

Lundin Petroleum is, and will be, actively engaged in oil and gas operations in various countries. 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. Further, certain aspects of Lundin Petroleum's exploration and production programmes require the consent or favourable decisions of governmental bodies.

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 2010.

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 other comprehensive income. As at 30 June 2011, there is a current liability in the balance sheet amounting to MUSD 3.7 (MUSD 6.9) representing the fair value of the outstanding part of the interest rate contract.

CONSOLIDATED INCOME STATEMENT

Expressed in TUSD	Note	1 Jan 2011- 30 Jun 2011 6 months	1 Apr 2011- 30 Jun 2011 3 months	1 Jan 2010- 30 Jun 2010 6 months	1 Apr 2010- 30 Jun 2010 3 months	1 Jan 2010- 31 Dec 2010 12 months
Continuing operations						
Operating income						
Net sales of oil and gas	1	614,244	324,672	354,375	188,826	785,162
Other operating income		4,724	2,538	1,804	860	13,437
		618,968	327,210	356,179	189,686	798,599
Cost of sales						
Production costs	2	-97,922	-58,461	-85,470	-46,288	-157,065
Depletion costs	3	-78,634	-38,015	-65,622	-35,123	-145,316
Exploration costs	4	-16,186	-6,176	-46,173	-12,670	-127,534
Gross profit		426,226	224,558	158,914	95,605	368,684
Gain on sale of assets		-	-	-	-	66,126
Other income		515	289	428	224	1,044
General, administration and depreciation expenses		-17,658	-2,855	-14,177	-5,503	-42,004
Operating profit		409,083	221,992	145,165	90,326	393,850
Result from financial investments						
Financial income	5	35,045	17,792	3,991	-2,025	20,956
Financial expenses	6	-24,216	-10,162	-16,120	-9,419	-33,463
		10,829	7,630	-12,129	-11,444	-12,507
Profit before tax		419,912	229,622	133,036	78,882	381,343
Tax	7	-289,568	-152,713	-112,226	-71,663	-251,865
Net result from continuing operations		130,344	76,909	20,810	7,219	129,478
Discontinued operations						
Net result from discontinued operations	8	-	-	369,275	358,353	368,992
Net result		130,344	76,909	390,085	365,572	498,470
Net result attributable to shareholders of the Parent Company:						
From continuing operations		133,148	78,019	25,918	10,041	142,883
From discontinued operations		-	-	369,275	358,353	368,992
		133,148	78,019	395,193	368,394	511,875
Net result attributable to non-controlling interest:						
From continuing operations		-2,804	-1,110	-5,108	-2,822	-13,405
From discontinued operations		-	-	-	-	-
		-2,804	-1,110	-5,108	-2,822	-13,405
Net result		130,344	76,909	390,085	365,572	498,470
Earnings per share – USD¹						
From continuing operations		0.43	0.25	0.08	0.02	0.46
From discontinued operations		-	-	1.18	1.15	1.18
		0.43	0.25	1.26	1.17	1.64
Diluted earnings per share – USD¹						
From continuing operations		0.43	0.25	0.08	0.02	0.46
From discontinued operations		-	-	1.18	1.15	1.18
		0.43	0.25	1.26	1.17	1.64

¹ Based on net result attributable to shareholders of the Parent Company.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Expressed in TUSD	1 Jan 2011- 30 Jun 2011 6 months	1 Apr 2011- 30 Jun 2011 3 months	1 Jan 2010- 30 Jun 2010 6 months	1 Apr 2010- 30 Jun 2010 3 months	1 Jan 2010- 31 Dec 2010 12 months
Net result	130,344	76,909	390,085	365,572	498,470
Other comprehensive income					
Exchange differences foreign operations	74,456	19,888	-103,877	-70,207	-43,972
Cash flow hedges	3,635	1,699	-1,004	-47	-378
Available-for-sale financial assets	-31,058	-10,603	6,183	-2,600	53,128
Income tax relating to other comprehensive income	-909	-425	-243	1,429	-1,771
Other comprehensive income, net of tax	46,124	10,559	-98,941	-71,425	7,007
Total comprehensive income	176,468	87,468	291,144	294,147	505,477
Total comprehensive income attributable to:					
Shareholders of the Parent Company	174,655	87,818	297,946	299,458	510,165
Non-controlling interest	1,813	-350	-6,802	-5,311	-4,688
	176,468	87,468	291,144	294,147	505,477

CONSOLIDATED BALANCE SHEET

Expressed in TUSD	Note	30 June 2011	31 December 2010
ASSETS			
Non-current assets			
Oil and gas properties	9	2,346,132	1,998,971
Other tangible assets		16,232	15,271
Financial assets	10	75,452	114,878
Deferred tax		15,681	15,066
Total non-current assets		2,453,497	2,144,186
Current assets			
Receivables and inventories	11	176,905	236,247
Cash and cash equivalents		38,127	48,703
Total current assets		215,032	284,950
TOTAL ASSETS		2,668,529	2,429,136
EQUITY AND LIABILITIES			
Equity			
Shareholders' equity		1,095,071	920,416
Non-controlling interest		78,966	77,365
Total equity		1,174,037	997,781
Non-current liabilities			
Provisions	12	1,005,253	769,687
Bank loans		157,000	458,835
Other non-current liabilities		19,355	17,836
Total non-current liabilities		1,181,608	1,246,358
Current liabilities			
Other current liabilities	13	312,884	184,997
Total current liabilities		312,884	184,997
TOTAL EQUITY AND LIABILITIES		2,668,529	2,429,136
Pledged assets		735,322	459,220
Contingent liabilities		-	-

CONSOLIDATED STATEMENT OF CASHFLOW

Expressed in TUSD	1 Jan 2011- 30 Jun 2011 6 months	1 Apr 2011- 30 Jun 2011 3 months	1 Jan 2010- 30 Jun 2010 6 months	1 Apr 2010- 30 Jun 2010 3 months	1 Jan 2010- 31 Dec 2010 12 months
Cash flow from operations					
Net result	130,344	76,909	390,085	365,572	498,470
Gain on sale of assets	-	-	-358,353	-358,353	-424,196
Adjustments for non-cash related items	384,345	190,278	255,030	126,612	575,955
Interest received	1,090	460	294	266	589
Interest paid	-4,386	-2,901	-467	851	-2,937
Income taxes paid	-44,668	-26,693	-10,383	-3,913	-25,029
Changes in working capital	93,120	120,005	-55,837	-29,090	-65,734
Total cash flow from operations	559,845	358,058	220,369	101,945	557,118
Cash flow used for investments					
Investment in subsidiary assets	-	-	-8,633	-8,633	-22,553
Investment in associated company	-	-	225	225	235
Proceeds from sale of other shares and participations	53,938	25,353	478	314	446
Change in other financial fixed assets	-10,984	-10,984	247	327	39
Other payments	-911	-354	-1,278	-1,163	-3,085
Divestment	-	-	-25,003	-	-65,808
Investment in intangible assets	-	-	-184	-184	-200
Investment in oil and gas properties	-302,748	-194,428	-165,721	-53,242	-348,819
Investment in solar power properties	-	-	-9,310	-6,477	-21,210
Investment in office equipment and other assets	-2,071	-764	-2,459	-1,708	-4,853
Total cash flow used for investments	-262,776	-181,177	-211,638	-70,541	-465,808
Cash flow used for/from financing					
Changes in long-term receivables	-	-	-	-	-75,324
Changes in long-term liabilities	-304,713	-164,892	11,018	-15,993	-49,609
Paid financing fees	-	-	-51	-3	-51
Purchase of own shares	-	-	-7,889	-7,889	-10,712
Proceeds from share issuance subsidiary company	-	-	-	-	15,191
Dividend paid to non-controlling interests	-212	-212	-	-	-
Total cash flow used for/from financing	-304,925	-165,104	3,078	-23,885	-120,505
Change in cash and cash equivalents	-7,856	11,777	11,809	7,519	-29,195
Cash and cash equivalents at the beginning of the period	48,703	26,564	77,338	85,326	77,338
Currency exchange difference in cash and cash equivalents	-2,720	-214	727	-2,971	560
Cash and cash equivalents at the end of the period	38,127	38,127	89,874	89,874	48,703
Cash flow from operations					
From continuing operations	559,845	358,058	543,362	460,298	880,394
Used for discontinued operations	-	-	-322,993	-358,353	-323,276
	559,845	358,058	220,369	101,945	557,118
Cash flow used for investments					
Used for continuing operations	-262,776	-181,177	-169,252	-70,541	-423,422
Used for discontinued operations	-	-	-42,386	-	-42,386
	-262,776	-181,177	-211,638	-70,541	-465,808
Cash flow used for/from financing					
Used for/from continuing operations	-304,925	-165,104	3,078	-23,885	-120,505
Used for/from discontinued operations	-	-	-	-	-
	-304,925	-165,104	3,078	-23,885	-120,505

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Expressed in TUSD	Share capital	Additional paid-in-capital/ Other reserves	Retained earnings	Net result	Non-controlling interest	Total equity
Balance at 1 January 2010	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
Transactions with owners						
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
Total transactions with owners	-	-362,153	-300,475	-	333	-662,295
Balance at 30 June 2010	463	381,320	-	395,193	89,086	866,062
Total comprehensive income	-	94,946	591	116,682	2,114	214,333
Transactions with owners						
Acquired on consolidation	-	-	-	-	-239	-239
Divestments	-	4,660	-10,520	-	-13,596	-19,456
Distributions	-	-61,267	-	-	-	-61,267
Purchase of own shares	-	-2,823	-	-	-	-2,823
Transfer of share based payments	-	594	-594	-	-	-
Share based payments	-	-	1,171	-	-	1,171
Total transactions with owners	-	-58,836	-9,943	-	-13,835	-82,614
Balance at 31 December 2010	463	417,430	-9,352	511,875	77,365	997,781
Transfer of prior year net result	-	-	511,875	-511,875	-	-
Total comprehensive income	-	41,507	-	133,148	1,813	176,468
Transactions with owners						
Distributions	-	-	-	-	-212	-212
Total transactions with owners	-	-	-	-	-212	-212
Balance at 30 June 2011	463	458,937	502,523	133,148	78,966	1,174,037

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Segment information, TUSD	1 Jan 2011- 30 Jun 2011 6 months	1 Apr 2011- 30 Jun 2011 3 months	1 Jan 2010- 30 Jun 2010 6 months	1 Apr 2010- 30 Jun 2010 3 months	1 Jan 2010- 31 Dec 2010 12 months
Operating income					
Net sales of:					
Crude oil					
- Norway	431,989	218,943	216,810	128,599	490,390
- France	63,174	32,460	45,306	22,552	92,681
- Netherlands	115	64	37	-	128
- Indonesia	-	-	15,109	6,388	34,994
- Russia	40,104	21,024	33,548	16,761	66,624
- Tunisia	24,795	24,795	15,308	-	29,517
	560,177	297,286	326,118	174,300	714,334
Condensate					
- Netherlands	608	358	482	338	1,088
- Indonesia	-	-	45	23	200
	608	358	527	361	1,288
Gas					
- Norway	27,450	13,040	12,276	7,180	32,687
- Netherlands	20,809	10,900	14,892	6,470	32,357
- Indonesia	5,200	3,088	562	515	4,496
	53,459	27,028	27,730	14,165	69,540
Net sales from continuing operations	614,244	324,672	354,375	188,826	785,162
Net sales from discontinued operations - United Kingdom	-	-	62,567	-	62,567
Total net sales	614,244	324,672	416,942	188,826	847,729
Operating profit contribution					
- Norway	353,996	181,067	136,330	95,186	303,892
- France	43,170	21,626	26,121	12,735	52,309
- Netherlands	9,593	5,192	2,873	656	7,273
- Indonesia	-60	-35	3,228	1,284	18,203
- Russia	4,812	1,965	1,635	729	4,734
- Tunisia	13,743	13,875	3,157	-829	11,500
- Congo (Brazzaville)	-	-	-	-	-19
- Vietnam	-440	-314	-15,035	-15,035	-31,906
- Other	-15,731	-1,384	-13,144	-4,400	27,864
Operating profit contribution from continuing operations	409,083	221,992	145,165	90,326	393,850
Operating profit contribution from discontinued operations - United Kingdom	-	-	20,774	-	20,774
Total operating profit contribution	409,083	221,992	165,939	90,326	414,624

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Production costs, TUSD	1 Jan 2011- 30 Jun 2011 6 months	1 Apr 2011- 30 Jun 2011 3 months	1 Jan 2010- 30 Jun 2010 6 months	1 Apr 2010- 30 Jun 2010 3 months	1 Jan 2010- 31 Dec 2010 12 months
Cost of operations	48,579	25,387	44,162	23,334	97,179
Tariff and transportation expenses	12,415	6,449	6,916	4,078	17,438
Direct production taxes	25,428	13,805	21,328	10,712	41,624
Change in inventory/lifting position	10,366	12,247	11,865	7,651	-3,409
Other	1,134	573	1,199	513	4,233
Production costs from continuing operations	97,922	58,461	85,470	46,288	157,065
Production costs from discontinued operation - United Kingdom	-	-	32,030	-	32,030
Total production costs	97,922	58,461	117,500	46,288	189,095

Note 3. Depletion costs, TUSD	1 Jan 2011- 30 Jun 2011 6 months	1 Apr 2011- 30 Jun 2011 3 months	1 Jan 2010- 30 Jun 2010 6 months	1 Apr 2010- 30 Jun 2010 3 months	1 Jan 2010- 31 Dec 2010 12 months
Norway	61,628	29,494	45,356	25,069	101,643
France	5,992	3,010	6,795	3,448	14,623
Netherlands	6,187	2,938	8,404	3,953	16,490
Indonesia	2,422	1,387	1,858	1,060	4,218
Russia	2,405	1,186	3,180	1,564	6,002
Tunisia	-	-	-	-	6
Depletion of oil and gas properties	78,634	38,015	65,593	35,094	142,982
Italy	-	-	29	29	2,334
Depletion of solar properties	-	-	29	29	2,334
Depletion from continuing operations	78,634	38,015	65,622	35,123	145,316
Depletion from discontinued operations - United Kingdom	-	-	11,362	-	11,362
Total depletion costs	78,634	38,015	76,984	35,123	156,678

Note 4. Exploration costs, TUSD	1 Jan 2011- 30 Jun 2011 6 months	1 Apr 2011- 30 Jun 2011 3 months	1 Jan 2010- 30 Jun 2010 6 months	1 Apr 2010- 30 Jun 2010 3 months	1 Jan 2010- 31 Dec 2010 12 months
Norway	14,550	5,341	30,582	-2,469	94,526
Vietnam	427	314	15,035	15,035	31,906
Other	1,209	521	556	104	1,102
Exploration costs from continuing operations	16,186	6,176	46,173	12,670	127,534
Exploration costs from discontinued operations - United Kingdom	-	-	61	-	61
Total exploration costs	16,186	6,176	46,234	12,670	127,595

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 5. Financial income, TUSD	1 Jan 2011- 30 Jun 2011 6 months	1 Apr 2011- 30 Jun 2011 3 months	1 Jan 2010- 30 Jun 2010 6 months	1 Apr 2010- 30 Jun 2010 3 months	1 Jan 2010- 31 Dec 2010 12 months
Interest income	2,587	1,245	1,296	648	3,409
Foreign exchange gain, net	-	-	-	-4,854	13,360
Insurance proceeds	1,726	1,726	377	15	377
Guarantee fees	489	239	89	44	2,348
Gain on sale of loan conversion shares	29,974	14,341	-	-	-
Other financial income	269	241	2,229	2,122	1,462
Financial income from continuing operations	35,045	17,792	3,991	-2,025	20,956
Financial income from discontinued operations - United Kingdom	-	-	360	-	360
Total financial income	35,045	17,792	4,351	-2,025	21,316

Note 6. Financial expenses, TUSD	1 Jan 2011- 30 Jun 2011 6 months	1 Apr 2011- 30 Jun 2011 3 months	1 Jan 2010- 30 Jun 2010 6 months	1 Apr 2010- 30 Jun 2010 3 months	1 Jan 2010- 31 Dec 2010 12 months
Loan interest expenses	2,840	1,249	2,573	1,329	10,047
Foreign exchange loss, net	13,365	4,847	626	626	-
Result on interest rate hedge settlement	3,434	1,739	3,516	1,765	6,990
Change in market value of interest rate hedge	-	-	1,803	861	3,872
Unwinding of site restoration discount	2,259	1,157	1,996	970	3,989
Amortisation of deferred financing fees	1,202	602	772	375	2,360
Loss on sale of shares	-	-	3,884	2,912	3,879
Other financial expenses	1,116	568	950	581	2,326
Financial expenses from continuing operations	24,216	10,162	16,120	9,419	33,463
Financial expenses from discontinued operations - United Kingdom	-	-	1,224	-	1,224
Total financial expenses	24,216	10,162	17,344	9,419	34,687

Note 7. Tax, TUSD	1 Jan 2011- 30 Jun 2011 6 months	1 Apr 2011- 30 Jun 2011 3 months	1 Jan 2010- 30 Jun 2010 6 months	1 Apr 2010- 30 Jun 2010 3 months	1 Jan 2010- 31 Dec 2010 12 months
Continuing operations					
Current tax	130,705	72,040	14,371	7,551	68,152
Deferred tax	158,863	80,673	97,855	64,112	183,713
Tax from continuing operations	289,568	152,713	112,226	71,663	251,865
Current tax	-	-	7,315	-	7,315
Deferred tax	-	-	1,673	-	1,673
Tax from discontinued operations - United Kingdom	-	-	8,988	-	8,988
Total tax	289,568	152,713	121,214	71,663	260,853

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 8. Discontinued operations - United Kingdom, TUSD	1 Jan 2011- 30 Jun 2011 6 months	1 Apr 2011- 30 Jun 2011 3 months	1 Jan 2010- 30 Jun 2010 6 months	1 Apr 2010- 30 Jun 2010 3 months	1 Jan 2010- 31 Dec 2010 12 months
Net sales	-	-	62,567	-	62,567
Other operating income	-	-	1,983	-	1,983
Operating income	-	-	64,550	-	64,550
Production costs	-	-	-32,030	-	-32,030
Depletion costs	-	-	-11,362	-	-11,362
Exploration costs	-	-	-61	-	-61
General, administration and depreciation expenses	-	-	-323	-	-323
Operating profit	-	-	20,774	-	20,774
Financial income	-	-	360	-	360
Financial expenses	-	-	-1,224	-	-1,224
Profit before tax	-	-	19,910	-	19,910
Tax	-	-	-8,988	-	-8,988
Net result from discontinued operations	-	-	10,922	-	10,922
Gain on sale of assets	-	-	358,353	358,353	358,070
Net result from discontinued operations	-	-	369,275	358,353	368,992

Note 9. Oil and gas properties, TUSD

	30 Jun 2011	31 Dec 2010
Norway	1,294,327	1,018,533
France	175,461	159,168
Netherlands	48,924	49,721
Indonesia	85,670	78,011
Russia	633,930	614,731
Malaysia	68,186	42,058
Congo (Brazzaville)	34,959	32,256
Ireland	4,467	4,099
Others	208	394
	2,346,132	1,998,971

Note 10. Financial assets, TUSD

	30 Jun 2011	31 Dec 2010
Other shares and participations	39,807	68,613
Capitalised financing fees	3,833	4,650
Long-term receivable	-	23,791
Other financial assets	31,812	17,824
	75,452	114,878

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 11. Receivables and inventories, TUSD

	30 Jun 2011	31 Dec 2010
Inventories	19,467	20,039
Trade receivables	121,750	94,190
Underlift	5,986	13,452
Short-term loan receivable	–	74,527
Joint venture debtors	18,506	21,389
Prepaid expenses and accrued income	7,306	6,351
Other assets	3,890	6,299
	176,905	236,247

Note 12. Provisions, TUSD

	30 Jun 2011	31 Dec 2010
Site restoration	116,212	93,766
Deferred taxes	860,798	650,695
Long-term incentive plan	20,708	18,821
Pension	1,725	1,421
Other provisions	5,810	4,984
	1,005,253	769,687

Note 13. Other current liabilities, TUSD

	30 Jun 2011	31 Dec 2010
Trade payables	10,036	16,031
Overlift	283	1,761
Tax payables	129,741	39,679
Accrued expenses	10,609	7,667
Acquisition liabilities	–	5,680
Joint venture creditors	152,489	100,931
Short-term loans	–	450
Derivative instruments	3,683	6,866
Other liabilities	6,043	5,932
	312,884	184,997

PARENT COMPANY INCOME STATEMENT IN SUMMARY

Expressed in TSEK	1 Jan 2011- 30 Jun 2011 6 months	1 Apr 2011- 30 Jun 2011 3 months	1 Jan 2010- 30 Jun 2010 6 months	1 Apr 2010- 30 Jun 2010 3 months	1 Jan 2010- 31 Dec 2010 12 months
Operating income					
Other operating income	13,133	9,311	11,139	2,961	25,822
Gross profit	13,133	9,311	11,139	2,961	25,822
General and administration expenses	-52,858	-7,975	-28,019	-9,594	-72,222
Operating loss	-39,725	1,336	-16,880	-6,633	-46,400
Result from financial investments					
Financial income	2,885	1,259	13,418	12,927	4,012,086
Financial expenses	-11,831	-6,122	-28,117	-28,087	-36,928
	-8,946	-4,863	-14,699	-15,160	3,975,158
Profit before tax	-48,671	-3,527	-31,579	-21,793	3,928,758
Corporation tax	-	-	7,328	7,878	7,328
Net result	-48,671	-3,527	-24,251	-13,915	3,936,086

PARENT COMPANY COMPREHENSIVE INCOME STATEMENT IN SUMMARY

Expressed in TSEK	1 Jan 2011- 30 Jun 2011 6 months	1 Apr 2011- 30 Jun 2011 3 months	1 Jan 2010- 30 Jun 2010 6 months	1 Apr 2010- 30 Jun 2010 3 months	1 Jan 2010- 31 Dec 2010 12 months
Net result	-48,671	-3,527	-24,251	-13,915	3,936,086
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-48,671	-3,527	-24,251	-13,915	3,936,086
Total comprehensive income attributable to:					
Shareholders of the Parent Company	-48,671	-3,527	-24,251	-13,915	3,936,086
	-48,671	-3,527	-24,251	-13,915	3,936,086

PARENT COMPANY BALANCE SHEET IN SUMMARY

Expressed in TSEK	30 June 2011	31 December 2010
ASSETS		
Non-current assets		
Financial assets	7,871,947	7,871,947
Total non-current assets	7,871,947	7,871,947
Current assets		
Receivables	6,454	7,175
Cash and cash equivalents	3,302	6,735
Total current assets	9,756	13,910
TOTAL ASSETS	7,881,703	7,885,857
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity including net result for the period	7,303,705	7,352,376
Non-current liabilities		
Provisions	36,403	36,403
Payables to Group companies	539,574	482,281
Total non-current liabilities	575,977	518,684
Current liabilities		
Current liabilities	2,021	14,797
Total current liabilities	2,021	14,797
TOTAL EQUITY AND LIABILITIES	7,881,703	7,885,857
Pledged assets	4,667,381	3,081,228
Contingent liabilities	-	-

PARENT COMPANY CASH FLOW STATEMENT IN SUMMARY

Expressed in TSEK	1 Jan 2011- 30 Jun 2011 6 months	1 Apr 2011- 30 Jun 2011 3 months	1 Jan 2010- 30 Jun 2010 6 months	1 Apr 2010- 30 Jun 2010 3 months	1 Jan 2010- 31 Dec 2010 12 months
Cash flow used for/from operations					
Net result	-48,671	-3,527	-24,251	-13,915	3,936,086
Non-cash items	1,252	830	40,492	39,985	-3,918,807
Changes in working capital	-13,335	-10,426	11,309	11,231	-798
Total cash flow used for/from operations	-60,754	-13,123	27,550	37,301	16,481
Cash flow from investments					
Change in other financial fixed assets	-	-	-6,640	-6,640	1,590
Total cash flow from investments	-	-	-6,640	-6,640	1,590
Cash flow from/used for financing					
Change in long term liabilities	57,293	15,691	45,188	35,297	71,870
Purchase of own shares	-	-	-61,242	-61,242	-83,157
Total cash flow from/used for financing	57,293	15,691	-16,054	-25,945	-11,287
Change in cash and cash equivalents	-3,461	2,568	4,856	4,716	6,784
Cash and cash equivalents at the beginning of the period	6,735	579	532	681	532
Currency exchange difference in cash and cash equivalents	28	155	86	77	-581
Cash and cash equivalents at the end of the period	3,302	3,302	5,474	5,474	6,735

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

Expressed in TSEK	Restricted Equity		Unrestricted equity			Total equity
	Share Capital	Statutory reserve	Other Reserves	Retained Earnings	Net result	
Balance at 1 January 2010	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
Transactions with owners						
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
Total transactions with owners	-	-	-2,155,319	-1,855,517	-	-4,010,836
Balance at 30 June 2010	3,179	861,306	2,965,431	-	-24,251	3,805,665
Total comprehensive income	-	-	-	-	3,960,337	3,960,337
Transactions with owners						
Dividend	-	-	-391,711	-	-	-391,711
Purchase of own shares	-	-	-21,915	-	-	-21,915
Total transactions with owners	-	-	24,918	-24,918	-	-
Balance at 31 December 2010	3,179	861,306	2,551,805	-	3,936,086	7,352,376
Transfer of prior year net result	-	-	-	3,936,086	-3,936,086	-
Total comprehensive income	-	-	-	-	-48,671	-48,671
Balance at 30 June 2011	3,179	861,306	2,551,805	3,936,086	-48,671	7,303,705

KEY FINANCIAL DATA

Key financial data is based on continuing operations.

	1 Jan 2011- 30 Jun 2011	1 Apr 2011- 30 Jun 2011	1 Jan 2010- 30 Jun 2010	1 Apr 2010- 30 Jun 2010	1 Jan 2010- 31 Dec 2010
	6 months	3 months	6 months	3 months	12 months
Financial data (TUSD)					
Operating income	618,968	327,210	356,179	189,686	798,599
EBITDA	505,327	266,923	258,388	138,802	603,450
Net result	130,344	76,909	20,810	7,219	129,478
Operating cashflow	390,341	196,709	256,338	135,847	573,380
Data per share (USD)					
Shareholders' equity per share	3.52	3.52	2.48	2.48	2.96
Operating cash flow per share	1.26	0.64	0.82	0.44	1.84
Cash flow from operations per share	1.80	1.15	0.70	0.32	1.79
Earnings per share	0.43	0.25	0.08	0.02	0.46
Earnings per share fully diluted	0.43	0.25	0.08	0.02	0.46
EBITDA per share fully diluted	1.62	0.85	0.83	0.45	1.93
Dividend per share	-	-	2.10	2.10	2.30
Quoted price at the end of the financial period	13.55	13.55	4.46	4.46	12.47
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	311,027,942	311,027,942	311,665,278	311,665,278	311,027,942
Weighted average number of shares for the period	311,027,942	311,027,942	313,183,758	312,949,835	312,096,990
Weighted average number of shares for the period (fully diluted)	311,027,942	311,027,942	313,183,758	312,949,835	312,096,990
Key ratios (%)					
Return on equity	12	7	2	1	12
Return on capital employed	31	17	9	5	24
Net debt/equity ratio	13	13	64	64	36
Equity ratio	44	44	37	37	41
Share of risk capital	76	76	60	60	67
Interest coverage ratio	7,006	7,946	1,794	2,233	1,860
Operating cash flow/interest ratio	6,221	6,582	3,248	3,434	2,742
Yield	-	-	47	47	18

KEY RATIO DEFINITIONS

Shareholders' equity per share: Shareholders' equity divided by the number of shares in circulation at period end.

Operating cash flow per share: Operating income less production costs and less current taxes divided by the weighted average number of shares for the period.

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

Earnings per share: Net result attributable to shareholders of the Parent Company divided by the weighted average number of shares for the period.

Earnings per share fully diluted: 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.

EBITDA per share fully diluted: 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, depreciation of other assets and gain on sale of assets.

Quoted price at the end of the financial period: The quoted price in USD is based on the quoted price in SEK converted in USD against the closing rate of the period.

Weighted average number of shares for the period: The number of shares at the beginning of the period with changes in the number of shares weighted for the proportion of the period they are in issue.

Return on equity: Net result divided by average total equity.

Return on capital employed: 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).

Net debt/equity ratio: Net interest bearing liabilities divided by shareholders' equity.

Equity ratio: Total equity divided by the balance sheet total.

Share of risk capital: The sum of the total equity and the deferred tax provision divided by the balance sheet total.

Interest coverage ratio: Result after financial items plus interest expenses plus/less exchange differences on financial loans divided by interest expenses.

Operating cash flow/interest ratio: Operating income less production costs and less current taxes divided by the interest charge for the period.

Yield: dividend per share in relation to quoted share price at the end of the financial period.

BOARD ASSURANCE

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, 3 August 2011

Ian H. Lundin
Chairman

C. Ashley Heppenstall
President & CEO

William A. Rand

Asbjørn Larsen

Lukas H. Lundin

Magnus Unger

Dambisa F. Moyo

Kristin Færøvik

Review report

We have reviewed this report for the period 1 January 2011 to 30 June 2011 for Lundin Petroleum (publ). The board of directors and the President & 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 International Standards on Auditing, ISA, 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, 3 August 2011

PricewaterhouseCoopers AB

Bo Hjalmarsson
Authorised Public Accountant
Lead Auditor

Bo Karlsson
Authorised Public Accountant

FINANCIAL INFORMATION

The Company will publish the following reports:

- The nine month report (January – September 2011) will be published on 2 November 2011
- The year end report (January – December 2011) will be published on 8 February 2012

For further information, please contact:

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President and CEO
Tel: +41 22 595 10 00

or

Maria Hamilton,
Head of Corporate Communications
Tel: +46 8 440 54 50
Tel: +41 79 63 53 641

DISCLOSURE

The above information has been made public in accordance with the Securities Market Act and/or the Financial Instruments Trading Act. The information was published at 7.30 CET on 3 August 2011.

FORWARD-LOOKING STATEMENTS

Certain statements made and information contained herein constitute "forward-looking information" (within the meaning of applicable Canadian securities legislation). Such statements and information (together, "forward-looking statements") relate to future events, including the Company's future performance, business prospects or opportunities. Forward-looking statements include, but are not limited to, statements with respect to estimates of reserves and or resources, future production levels, future capital expenditures and their allocation to exploration and development activities, future drilling and other exploration and development activities, ultimate recovery of reserves or resources are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

All statements other than statements of historical fact may be forward-looking statements. Statements concerning proven and probable reserves and resource estimates may also be deemed to constitute forward-looking statements and reflect conclusions that are based on certain assumptions that the reserves and resources can be economically exploited. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions) are not statements of historical fact and may be "forward-looking statements". Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. No assurance can be given that these expectations and assumptions will prove to be correct and such forward-looking statements should not be unduly relied upon. These statements speak only as on the date of this news release and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable laws. These forward-looking statements involve risks and uncertainties relating to, among other things, operational risks (including exploration and development risks), production costs, availability of drilling equipment and access, reliance on key personnel, reserve estimates, health, safety and environmental issues, legal risks and regulatory changes, competition, geopolitical risk, financial risks. These risks and uncertainties are described in more detail under the heading "Risk Factors" and elsewhere in the Company's 2010 annual report. Readers are cautioned that the foregoing list of risk factors should not be construed as exhaustive. Actual results may differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements included in this new release are expressly qualified by this cautionary statement.

Resources

The recovery and production estimates of the Company's resources provided herein are only estimates and there is no guarantee that the estimated resources will be recovered or produced. Actual resources may be greater than or less than the estimates provided here. There is no certainty that it will be commercially viable for the Company to produce any portion of these resources.

Corporate Head Office

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