Q4

Lundin Petroleum AB (publ)

company registration number 556610-8055

YEAR END REPORT 2010

Fourth Quarter 2010

- Production of 32,600 boepd up 19% from fourth quarter 2009
- Brent oil averaged USD 86.46 per barrel
- Net result of MUSD 86.3
- Operating cash flow of MUSD 156.9 up 40% from fourth quarter 2009
- EBITDA of MUSD 177.7 up 43% from fourth quarter 2009
- Distribution of shareholding in Etrion resulting in a MUSD 58 profit after tax
- Completion of sale of Salawati non-core Indonesian production assets

2010

- Exploration success with Avaldsnes and Apollo discoveries
- Reserve increase of 18% and reserve replacement ratio of 237%
- Strong production of 32,700 boepd driven by Alvheim and Volund fields
- Net result of MUSD 498.5
- Operating cash flow of MUSD 598.6 up 27% from 2009
- EBITDA of MUSD 635.6 up 31% from 2009
- Spin-off of UK assets with a reported MUSD 358 profit after tax

	1 Jan 2010- 31 Dec 2010 12 months	1 Oct 2010- 31 Dec 2010 3 months	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months
Production in Mboepd, gross	**32.7**	32.6	38.6	37.2
Production in Mboepd, after non-controlling interest	**32.7**	32.6	38.2	37.0
Operating income in MUSD	**863.1**	240.1	805.9	222.0
Net result in MUSD	**498.5**	86.3	-537.1	-542.5
Net result attributable to shareholders of the parent company in MUSD	**511.9**	90.1	-411.3	-421.8
Earnings/share in USD[1]	**1.64**	0.29	-1.31	-1.34
Diluted earnings/share in USD[1]	**1.64**	0.29	-1.31	-1.34
EBITDA in MUSD	**635.6**	177.7	486.2	124.1
Operating cash flow in MUSD	**598.6**	156.9	471.9	112.3

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
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,

2010 was a very successful year for Lundin Petroleum. The fundamental cornerstone of our strategy is to create shareholder value through exploration and this delivered positive results in 2010 with the Avaldsnes and Apollo discoveries in the Greater Luno Area offshore Norway. We have already commenced in 2011 an additional five well drilling programme in the Greater Luno Area to appraise the Avaldsnes discovery as well as targeting additional exploration prospects. I believe that our Avaldsnes discovery has the potential to open up a new production hub on the Norwegian Continental Shelf and with Lundin Petroleum being one of the largest owners of acreage in this area; this will be extremely positive for us.

We also crystallised the value of our United Kingdom business in 2010 through the spin-off of these assets into EnQuest plc, a new independent oil company with a particular focus on the United Kingdom Continental Shelf. This transaction has proved to be particularly successful resulting in a MUSD 358 profit for Lundin Petroleum and significant additional value for Lundin Petroleum shareholders who retained their shareholding in EnQuest.

I am pleased that we continue to increase our reserves and production. In 2010, our reserves increased by 18 percent and we achieved a reserve replacement ratio of close to 240 percent. In my opinion our ability to grow our reserve base is the most important factor in increasing shareholder value. Lundin Petroleum reserves are expected to increase further in 2011 as we book the reserves from our exploration discoveries such as Avaldsnes and Apollo. The increase to our reserve base will subsequently lead to increases in our production and operating cash flow as these reserves are developed and brought into production. Our production from non-divested assets will increase in 2011 by approximately 10 percent and production is expected to double from current levels to over 60,000 boepd in the next five years from various development projects in Norway.

Financial Performance

Lundin Petroleum produced a net result for the financial year of 2010 of MUSD 498 which includes the gain of MUSD 358 reported on the spin-off of our UK business. Our remaining operations continue to produce strong operating cash flow, achieving MUSD 157 in the fourth quarter of 2010 to give a total operating cash flow for the reporting period of MUSD 599. The generation of strong operating cash flow is driven by our Norwegian production where the cost of operations is below USD 3.50 per barrel.

Production

Production for 2010 averaged 32,700 boepd or 28,400 boepd if we exclude the contribution from our United Kingdom and Indonesian assets sold during the year. Strong production from our Norwegian fields, Alvheim and Volund contributed positively to our production figures which were at the high end of our guidance range. Our forecast 2011 production is 28,000 - 33,000 boepd.

Development

Our production growth will come from five development projects in Norway which collectively will double our current production to over 60,000 boepd within the next five years. I am confident that the net capital cost of these projects estimated at USD 2 billion can be funded from a combination of internally generated cash flow and bank borrowings without the requirement for further equity funding.

The largest project for Lundin Petroleum is the Luno field development where gross recoverable reserves increased in 2010 from 95 to 148 MMboe. Conceptual development planning for the Luno field is now complete and we are ready to proceed with front-end engineering studies prior to the submission of a plan of development in 2011. However we are also finalizing studies with Det norske Oljeselskap ASA, the operator of the nearby Draupne field, to determine whether a Luno/Draupne joint development makes sense versus standalone Luno and Draupne developments. We expect the joint studies to be completed by the end of the first quarter 2011 when a joint versus standalone decision will be made.

We are making good progress with our other developments in Norway. The Gaupe field development is progressing well and first production, which will add an additional 5,000 boepd net to Lundin Petroleum, is still expected before year end 2011. We are finalising commercial terms with Shell for the tieback of the Nemo field to their Pierce production unit in the United Kingdom following which we will be ready to submit a plan of development. Conceptual studies for the development of the Krabbe and Marihøne fields are progressing satisfactorily.

Exploration

Our exploration led growth strategy has yielded positive results particularly in Norway where we have been one of the most successful exploration companies in recent years. Following the successes in discovering Luno, Avaldsnes and Apollo we believe that our continued exploration driven strategy will lead to further discoveries. Lundin Petroleum's 2011 work programme involves the drilling of a further ten appraisal and exploration wells in Norway including five wells in the Greater Luno Area. We will also commence drilling in 2011 in the Barents Sea with two exploration wells. Our exploration finding costs in Norway are less than USD 0.65 per barrel after tax. The current value of these discovered resources has created significant value for our shareholders

Our intention is to replicate the Norway success story in South East Asia. We have over the last few years built a local team of professionals, acquired licences and invested in 3D seismic acquisition. I have high hopes that our five well exploration drilling programme in Malaysia in 2011 will yield positive results and act as the springboard to create a new core development and production area for Lundin Petroleum.

Oil and gas industry

During 2010, the oil and gas industry has been prominent in the media. The unfortunate events of the Macondo oil spill in the Gulf of Mexico highlighted the increasing challenges facing our industry as we operate in ever harsher environments and drill deeper to produce the planet's oil resources. Lundin Petroleum and our industry have certainly made major advances in terms of safety and environmental focus over recent years. I believe that whilst we continually strive to improve our performance the negative portrayal by the media of the oil and gas industry has been unjustified and does not reflect the advances that have been made.

The availability of cheap energy has over recent decades been the primary catalyst for world economic growth which has improved the lives of the majority of the world's population. As many of the world's economies have come out of recession in recent months, focus has returned to the question of oil supply. Despite the investment in alternative forms of renewable energy, which we support, hydrocarbons will remain the primary provider of the world's energy for the foreseeable future. Our industry faces the challenge in an escalating cost and increasingly regulated market to meet this continually increasing demand for hydrocarbon resources whilst balancing the need for improved environmental and safety performance.

I am very proud that we have grown our resource base and as a result created value for our loyal shareholders. The future will be more of the same and in this respect I believe we have the asset base and team to deliver.

Best Regards

C. Ashley Heppenstall
President and CEO

OPERATIONAL REVIEW

EUROPE

Norway

The net production to Lundin Petroleum for the twelve month period ended 31 December 2010 (reporting period) from the Alvheim field (Lundin Petroleum working interest (WI) 15%), offshore Norway, was 12,900 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 2010 to 276 million of barrels of oil equivalent (MMboe). Phase 2 of Alvheim development drilling commenced in the second quarter of 2010 and now involves the drilling of four new multilateral wells to be completed during the second half of 2011. The first Phase 2 well came on production in late 2010. The cost of operations for the Alvheim field averaged below USD 3.50 per barrel for the reporting period.

The net production to Lundin Petroleum from the Volund field (WI 35%) amounted to 5,300 boepd for the reporting 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. Phase 2 of Volund development drilling which involved a further two multilateral production wells was successfully completed in the third quarter of 2010. As a result, current Volund field production increased to 9,700 boepd net in the fourth quarter which is above the 8,700 boepd net Volund field firm capacity on the Alvheim FPSO.

In October 2009, a new oil discovery on the Marihøne prospect in PL340 (WI 15%) was announced. The discovery is estimated to contain gross recoverable resources of 20 MMboe and will likely be developed as a subsea tieback to the Alvheim FPSO. A further exploration well targeting the Caterpillar prospect in PL340BS is currently drilling and if successful is likely to be developed in conjunction with Marihøne.

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 estimated by third party reserves auditors Gaffney Cline & Associates. Conceptual development studies for a Luno field standalone development are complete. In parallel, studies are ongoing in relation to a joint development of the Luno field and the Draupne field located in nearby PL001B. A decision will be taken by the end of the first quarter of 2011 as to whether a standalone or joint development option will be pursued following which FEED studies will be completed prior to submission of a plan of development.

In December 2010, a further discovery was made in PL338 on the Apollo prospect. Apollo, located only 5 km from the Luno field, contains estimated gross recoverable reserves of between 15 and 65 MMboe within PL338 in both Paleocene and Cretaceous reservoirs. The discovery will be appraised in 2012 and then most likely be developed through the Luno facilities.

An exploration well in PL501 (WI 40%) targeting the Avaldsnes prospect was successfully completed in the third quarter of 2010 as an oil discovery. Production tests confirmed excellent reservoir characteristics with the well flowing at a restricted production rate of approximately 5,000 bopd. It is estimated that the Avaldsnes discovery contains gross recoverable resources of 100 to 400 MMboe within licence PL501 and that the fault controlled structure extends to the west into PL265 (WI 10%). Appraisal of the Avaldsnes discovery will commence in the first half of 2011 with the drilling of two appraisal wells in PL501. A further well will be drilled in 2011 by Statoil, operator of PL265, to test the extension of the Avaldsnes structure into PL265. The element of the Avaldsnes structure in PL265 has been named Aldous Major South. The Avaldsnes discovery has successfully proven the migration of hydrocarbons to the eastern side of the Utsira High. This has a positive impact upon the exploration potential of the Greater Luno Area and as a result further exploration wells will be drilled in 2011 on the Tellus prospect in PL338 (WI 50%) (currently drilling) and the Aldous Major North prospect (formerly called Torvestad) in PL265/PL501 followed by likely wells in PL359 (WI 40%) and PL410 (WI 70%) in 2012.

The 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 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.

Development planning is ongoing on the Nemo field in PL148 (WI 50%) and the Krabbe field in PL301 (WI 40%). A concept selection has been completed for the Nemo field and, subject to finalisation of commercial negotiations, it is expected that a plan of development will be submitted in 2011.

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 2010, exploration wells on the Frusalen prospect in PL476 (WI 30%), Barchan prospect in PL400 (WI 50%) and Norall prospect in PL409 (WI 70%) were completed as dry holes 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 2,450 boepd and in the Aquitaine Basin (WI 50%) averaged 750 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.

The Netherlands

The net gas production to Lundin Petroleum from the Netherlands averaged 2,050 boepd for the reporting 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 in the Slyne Basin licence 04/06 (WI 50%) was completed in the third quarter of 2010.

United Kingdom

The net production to Lundin Petroleum from the United Kingdom is included for the first quarter only and averaged 2,250 boepd during the reporting 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 United Kingdom 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 2,000 boepd for the reporting period.

In December 2010, Lundin Petroleum completed the sale of its Salawati interests to RH Petrogas (RHP). The consideration for the sale was MUSD 37.1 plus an additional MUSD 3.9 in the event of certain future field developments.

Lematang (South Sumatra)
The net production to Lundin Petroleum from the Singa gas field (WI 25.9%) during the reporting period amounted to 400 boepd. Production from the Singa field commenced during the second quarter of 2010. Current gross production from the first production well is approximately 20 million standard cubic feet per day (MMscfd) of sales gas and is restricted by surface facility limitations resulting from higher hydrocarbon liquid production than expected.

Additional liquid removal facilities are planned to be installed and until such time production will remain constrained. Production is expected to increase to a gross plateau rate of 50 MMscfd following further development drilling. The original Singa gas sales agreement with PT PLN (Persero), an Indonesian state owned electricity company, was amended in February 2010 incorporating an increased gas price and to allow PT PGN (Persero), an Indonesian state owned gas distributor, to buy initial production from the Singa field. The gas sales contract with PT PGN (Persero) was signed in April 2010. The average gas price for both contracts is in excess of USD 5 per million British thermal units (MMbtu).

Rangkas (Java)
A 474 km 2D seismic acquisition programme is currently ongoing on the Rangkas block (WI 51%).

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

Malaysia
A total of 2,150 km^2 of 3D seismic acquisition on Blocks PM308A (WI 35%), PM308B (WI 75%) and SB303 (WI 75%) was completed in 2009. The seismic data processing and interpretation work has identified numerous drilling targets for the 2011/2012 drilling campaign. Five exploration wells will be drilled this year commencing in April 2011 and a jack up rig has been secured for this programme.

In 2010 Lundin Petroleum signed a new Production Sharing Contract encompassing blocks SB307 and 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
Exploration wells on the Hoa-Hong-X1 and Hoa Dao High prospects in Block 06/94 (WI 33.33%) were completed in 2010. Both wells were plugged and abandoned after either being dry or encountering uncommercial quantities of gas.

RUSSIA
The net production to Lundin Petroleum from Russia for the period was 3,600 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. During 2010, 103 km^2 of new 3D seismic was acquired on the Lagansky block which will target new exploration drilling locations.

AFRICA

Tunisia
The net production to Lundin Petroleum from the Oudna field (WI 40%) was 1,000 boepd for the reporting period. The Oudna field production continues to outperform expectations.

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

FINANCIAL REVIEW

Result
The net result including discontinued operations for the financial year ended 31 December 2010 (reporting period) amounted to MUSD 498.5 (MUSD -537.1). The net result attributable to shareholders of the parent company including discontinued operations for the reporting period amounted to MUSD 511.9 (MUSD -411.3) representing earnings per share on a fully diluted basis of USD 1.64 (USD -1.31).

Lundin Petroleum reports a net result from continuing operations for the reporting period of MUSD 129.5 (MUSD 545.8). The net result attributable to shareholders of the parent company from continuing operations amounted to MUSD 142.9 (MUSD -420.0) representing earnings per share on a fully diluted basis of USD 0.46 (USD -1.34).

Operating cash flow including discontinued operations for the reporting period amounted to MUSD 598.6 (MUSD 471.9) representing operating cash flow per share on a fully diluted basis of USD 1.92 (USD 1.51). Earnings before interest, tax, depletion and amortisation (EBITDA) including discontinued operations for the reporting period amounted to MUSD 635.6 (MUSD 486.2) representing EBITDA per share on a fully diluted basis of USD 2.04 (USD 1.55).

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.

On 12 November 2010, Lundin Petroleum completed the distribution of its shares in Etrion Corporation to Lundin Petroleum's shareholders, in connection with the listing of the shares of Etrion on the NASDAQ OMX Stockholm exchange. The result from Etrion is included in the consolidated accounts up to the date of the distribution.

On 29 December 2010, Lundin Petroleum completed the sale of its non-operated interests in Salawati Basin and Salawati Island assets in Indonesia to RH Petrogas.

Production

Production including discontinued operations for the reporting period amounted to 11,940.0 (13,931.7) thousand barrels of oil equivalent (Mboe) representing 32.7 Mboe per day (Mboepd) (38.2 Mboepd) and was comprised as follows:

Production	**1 Jan 2010- 31 Dec 2010 12 months**	1 Oct 2010- 30 Dec 2010 3 months	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 30 Dec 2009 3 months
Norway				
- Quantity in Mboe	6,629.8	1,874.1	5,060.9	1,311.5
- Quantity in Mboepd	18.2	20.4	13.9	14.3
France				
- Quantity in Mboe	1,160.8	296.6	1,249.2	306.7
- Quantity in Mboepd	3.2	3.2	3.4	3.3
Netherlands				
- Quantity in Mboe	756.7	191.4	759.3	178.7
- Quantity in Mboepd	2.1	2.1	2.1	1.9
Indonesia				
- Quantity in Mboe	887.1	250.2	896.3	218.0
- Quantity in Mboepd	2.4	2.7	2.4	2.4
Russia				
- Quantity in Mboe	1,321.2	302.0	1,890.0	405.9
- Quantity in Mboepd	3.6	3.3	5.2	4.4
Tunisia				
- Quantity in Mboe	372.2	83.3	494.9	105.5
- Quantity in Mboepd	1.0	0.9	1.4	1.2
Total from continuing operations				
- Quantity in Mboe	**11,127.8**	2,997.6	10,350.6	2,526.3
- Quantity in Mboepd	**30.5**	32.6	28.4	27.5
Non-controlling interest in Russia				
- Quantity in Mboe	–	–	162.2	15.8
- Quantity in Mboepd	–	–	0.4	0.2
Total from continuing operations excluding non-controlling interest				
- Quantity in Mboe	**11,127.8**	2,997.6	10,188.4	2,510.5
- Quantity in Mboepd	**30.5**	32.6	28.0	27.3
Discontinued operations - United Kingdom				
- Quantity in Mboe	812.2	–	3,743.3	896.4
- Quantity in Mboepd	3.0	–	10.2	9.7
Total excluding non-controlling interest				
- Quantity in Mboe	**11,940.0**	2,997.6	13,931.7	3,406.9
- Quantity in Mboepd	**32.7**	32.6	38.2	37.0

In April 2010, the Volund field, offshore Norway commenced production and has contributed 5.3 Mboepd of the 18.2 Mboepd of production reported for Norway for the reporting period. Production from the Volund field averaged 9.7 Mboepd for the fourth quarter of 2010.

In 2009, Lundin Petroleum fully consolidated two subsidiaries in Russia over which it had control, with the portion not owned by Lundin Petroleum shown as a non-controlling interest. The average production for Russia for the financial year ended 31 December 2009 adjusted to Lundin Petroleum's share of ownership was 4.8 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.

Operating income
Net sales of oil and gas for the reporting period amounted to MUSD 785.2 (MUSD 567.5) and are detailed in Note 1. The average price achieved by Lundin Petroleum for a barrel of oil amounted to USD 72.26 (USD 57.16) and is detailed in the following table. The average Dated Brent price for the reporting period amounted to USD 79.50 (USD 61.67) per barrel.

Sales for the reporting period were comprised as follows:

Sales Average price per boe expressed in USD	**1 Jan 2010- 31 Dec 2010 12 months**	1 Oct 2010- 31 Dec 2010 3 months	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months
Norway				
- Quantity in Mboe	6,712.5	1,970.4	5,200.1	1,312.0
- Average price per boe	77.93	84.17	60.48	70.26
France				
- Quantity in Mboe	1,168.0	289.5	1,277.9	312.0
- Average price per boe	79.35	88.52	60.94	73.93
Netherlands				
- Quantity in Mboe	756.7	191.4	759.3	178.7
- Average price per boe	44.37	50.52	50.49	47.83
Indonesia				
- Quantity in Mboe	607.7	277.5	609.4	139.3
- Average price per boe	65.31	67.06	60.58	69.76
Russia				
- Quantity in Mboe	1,290.0	290.5	1,976.4	392.9
- Average price per boe	51.65	56.61	37.64	48.87
Tunisia				
- Quantity in Mboe	382.6	–	465.5	–
- Average price per boe	77.15	–	54.72	–
Total from continuing operations				
- Quantity in Mboe	**10,917.5**	3,019.3	10,288.6	2,334.9
- Average price per boe	**71.92**	78.23	55.16	65.41
Discontinued operations - United Kingdom				
- Quantity in Mboe	814.4	–	3,630.8	893.2
- Average price per boe	76.82	–	62.83	74.23
Total				
- Quantity in Mboe	**11,731.9**	3,019.3	13,919.4	3,228.1
- Average price per boe	**72.26**	78.23	57.16	67.85

The oil produced in Russia is sold on either the Russian domestic market or exported into the international market. 40 percent (40 percent) of Russian sales for the reporting period were on the international market at an average price of USD 76.17 per barrel (USD 57.23 per barrel) with the remaining 60 percent (60 percent) of Russian sales being sold on the domestic market at an average price of USD 34.98 per barrel (USD 24.67 per barrel).

Other operating income amounted to MUSD 13.4 (MUSD 4.3) for the reporting period and includes MUSD 9.3 (MUSD –) of income relating to Etrion's solar business. Also included in other operating income is tariff income from France and the Netherlands and income for maintaining strategic inventory levels in France.

Production cost
Production costs for the reporting period amounted to MUSD 157.1 (MUSD 155.3) 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 2010- 31 Dec 2010 12 months**	1 Oct 2010- 31 Dec 2010 3 months	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months
Cost of operations	8.63	9.87	9.22	11.85
Tariff and transportation expenses	1.57	1.88	1.52	1.52
Royalty and direct taxes	3.74	3.38	3.96	4.56
Changes in inventory/overlift	-0.31	0.09	0.01	-3.04
Other	0.38	0.84	0.30	0.33
Total production costs	**14.01**	16.06	15.01	15.22
Depletion	12.85	12.79	11.41	12.34
Total cost per boe	**26.86**	28.85	26.42	27.56

The cost of operations for the fourth quarter of 2010 was expected to be higher than the prior quarters in 2010 due to the deferral of well intervention and various one-off activities into the fourth quarter. However, the cost of operations for the fourth quarter of 2010 amounted to USD 9.87 per barrel which was above the forecast of approximately USD 9.00 per barrel. This increase is primarily due to certain one-off cost increases particularly related to the now divested Indonesian assets and on the Oudna field, Tunisia. The cost of operations per barrel for the reporting period amounted to USD 8.63 per barrel, which is significantly below the original market guidance of USD 10.35 per barrel for continuing operations for 2010 due to higher production and lower costs. The average costs of operations per barrel is expected to remain at this lower level for 2011.

The tariff and transportation expenses for the fourth quarter of 2010 amounted to USD 1.88 per barrel compared to USD 1.65 per barrel for the previous quarter. This increase is mainly due to the increased production contribution from the Volund field, Norway. The operating cost of the Volund field consists of an operating expense share and a tariff element payable to the Alvheim field consortium. The operating expense of the Alvheim production facilities is shared between the Alvheim (WI 15%), Volund (WI 35%) and Vilje (WI –%) fields based on volume throughput. 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 13.83 (USD 10.23) 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 37.59 (USD 21.42) 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 MUSD 3.4 (MUSD -0.1) was credited to the income statement for the reporting period and MUSD 0.3 (MUSD -7.7) charged to the income statement for the fourth quarter of 2010.

Other production costs amounted to USD 0.84 per barrel for the fourth quarter of 2010 and the increase relates primarily to certain costs non-recoverable through insurance associated with pipeline repairs on the Volund field development.

Depletion costs
Depletion costs amounted to MUSD 145.3 (MUSD 118.1) and are detailed in Note 3. Depletion per barrel is in line with forecast for the year. Norway contributed approximately 70 percent of the total depletion charge for the year at a rate of USD 15.33 per barrel. The depletion charge for the comparative period includes MUSD 11.3 in respect of the Oudna field, Tunisia, which was fully depleted by the end of 2009.

Exploration costs
Exploration costs for the reporting period amounted to MUSD 127.5 (MUSD 134.8) 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 fourth quarter of 2010, Lundin Petroleum expensed MUSD 60.7 (MUSD 50.0) being mainly the costs associated with drilling two unsuccessful wells in Norway in Blocks PL 400 and PL 409, the Barchan and the Norall prospects respectively.

Gain on sale of assets
Gain on sale of assets amounted to MUSD 66.1 (MUSD 4.6) for the reporting period.

On 12 November 2010, Lundin Petroleum distributed its shares held in Etrion. The value of the distribution was based upon the market price of the Etrion share on the date of distribution resulting in a gain being reported in the consolidated financial results of MUSD 57.7.

On 29 December 2010, Lundin Petroleum completed the sale of the Salawati assets in Indonesia to RH Petrogas. A gain on disposal of MUSD 8.4 was recorded in the fourth quarter of 2010.

The results of Etrion and the Salawati assets have been included as continuing operations in the income statement up to the period of their disposal. Unlike the spin-off of the UK business, the impact of the results from Etrion and the Salawati assets was not material to the income statement and therefore they have not been treated as discontinued operations.

General, administrative and depreciation expenses

General, administrative and depreciation expenses for the reporting period amounted to MUSD 42.0 (MUSD 28.8) and includes an amount of MUSD 11.7 (MUSD 9.9) relating to Etrion. The general, administrative and depreciation expenses for the fourth quarter amounted to MUSD 14.6 (MUSD 16.1) of which MUSD 1.0 (MUSD 9.9) related to Etrion and MUSD 6.2 (MUSD 0.3) to non-cash charges in relation to the Group's Long term Incentive Plan (LTIP) scheme.

Awards to employees under the Group's LTIP scheme are valued using the Black & Scholes calculation method using the share price as at the balance sheet date. The cost is accrued over the vesting period of the awards in accordance with accounting rules. During the fourth quarter of 2010, the Lundin Petroleum share price increased by over 45 percent compared to the share price at the end of the third quarter of 2010 and accordingly, the cost associated with the LTIP was reflected in the fourth quarter of 2010. The value of the LTIP award as calculated using the Black & Scholes valuation is applied to the vested portion of all outstanding LTIP awards including that of prior periods and therefore the charge to the income statement in the fourth quarter of 2010 reflects the change in the provision to date.

Financial income

Financial income for the reporting period amounted to MUSD 21.0 (MUSD 82.0) and is detailed in Note 5.

Foreign exchange gains amounted to MUSD 13.4 (MUSD 66.0) in the reporting period and MUSD 4.9 (MUSD 23.6) for the fourth quarter of 2010. The Euro weakened against both the US dollar and the Norwegian Kroner during the fourth quarter giving rise to exchange gain movements on the intercompany loans receivable by a subsidiary using a functional currency of the Euro in the fourth quarter of 2010.

Interest income for the reporting period amounted to MUSD 3.4 (MUSD 4.6) and MUSD 1.5 (MUSD 1.3) for the fourth quarter of 2010. The interest income in the fourth quarter includes an amount of MUSD 0.5 relating to a loan to Etrion Corporation which was no longer eliminated on consolidation from November 2010 following the distribution of the shares held in Etrion and a further amount of MUSD 0.6 interest on a tax refund. Included in the prior reporting period is accrued interest on the Norwegian tax refund in respect of the 2008 exploration expenditure.

Included in the comparative period in gain on sale of shares was an amount of MUSD 10.2 relating to the sale of the shareholding in a company owning an interest in Dutch gas processing and transportation infrastructure.

Other financial income for the reporting period amounted to MUSD 3.8 (MUSD 1.2) and includes a MUSD 2.0 (MUSD –) fee for supporting certain financial obligations for ShaMaran Petroleum.

Financial expenses

Financial expenses for the reporting period amounted to MUSD 33.5 (MUSD 52.5) and are detailed in Note 6.

Interest expenses for the reporting period amounted to MUSD 10.0 (MUSD 8.9) and relates mainly to interest on the Group's bank loan facility and a charge of MUSD 3.6 (MUSD 0.1) relating to Etrion's loan facilities. In accordance with the Group's accounting policy, a part of the interest expense associated with the development of the Volund field has been capitalised and following the commencement of production the interest is now charged to the income statement.

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 7.0 (MUSD 5.7) was charged to the income statement for the reporting period for settlements under the hedging contracts.

In November 2009, Etrion 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 3.9 (MUSD 0.5) for the reporting period.

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 4.0 (MUSD 2.5) has been charged to the income statement for the reporting period. The increase versus the comparative period is due to increased liabilities following the inclusion of the Volund field, Norway and other cost revisions reflected at the end of 2009.

Included in other financial expenses in the comparative period is an amount of MUSD 29.8 relating to the write down of the investment in Etrion following Etrion's write down of its Venezuelan oil and gas assets.

Result from share in associated company

The result from share in associated company for the comparative reporting period amounted to MUSD -25.5 and 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 in the result from share in associated company.

Included in the expense of MUSD 25.5 for the comparative period is an amount of MUSD 22.8 relating to the write down of Etrion's Venezuelan oil and gas assets.

Tax

The tax charge for the reporting period amounted to MUSD 251.9 (MUSD 45.7) and is detailed in Note 7.

The current tax charge on continuing operations for the reporting period amounted to MUSD 68.2 (MUSD 32.0). In the reporting period, there is a MUSD 36.1 (MUSD 2.2) current tax charge relating to Norway in respect of the 28 percent onshore tax regime where the losses brought forward have been utilised. The tax charge in Norway consists of both the 28 percent onshore regime and the 50 percent offshore regime. Certain tax allowances earned on development expenditure are currently offsetting the 50 percent Norway offshore tax regime. The Norwegian current tax charge is accrued throughout the year based on the forecast taxable income for the full year and due to the stronger production, higher oil prices and deferred capital and exploration expenditure, the current tax charge in the fourth quarter is higher than the prior quarters.

The deferred tax charge amounted to MUSD 183.7 (MUSD 13.6) for the reporting period. The fourth quarter of 2009 includes a MUSD 81.1 deferred tax release on the Lagansky block impairment taken in 2009.

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 66 percent including the gain on sales of assets. Excluding the gain on sales of assets, the effective tax rate for the Group for the reporting period amounted to 80 percent. These effective rates are calculated from the face of the income statement and do 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 in the reporting period is 22 percent because tax loss carry forwards and exploration expenditure provided a tax deduction in Norway during the year.

Non-controlling interest
The net result attributable to non-controlling interest for the reporting period amounted to MUSD -13.4 (MUSD -125.8) and mainly relates to the non-controlling interest's share in Etrion which was fully consolidated until the date of the distribution of the Etrion shares. The net result attributable to non-controlling interest for the comparative period primarily consisted of the non-controlling interest's share in the Lagansky Block impairment.

Discontinued operations
The net result from discontinued operations for the reporting period amounted to MUSD 369.0 (MUSD 8.7) and relates to the net result of MUSD 10.9 (MUSD 8.7) for the United Kingdom up to 6 April 2010, the date of the UK spin-off, and the subsequent gain on the sale of the UK assets of MUSD 358.1 (MUSD –). For more detail refer to Note 8.

BALANCE SHEET

Non-current assets
Oil and gas properties amounted to MUSD 1,999.0 (MUSD 2,540.3) and are detailed in Note 9.

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

Development expenditure in MUSD	**1 Jan 2010- 31 Dec 2010 12 months**	1 Oct 2010- 31 Dec 2010 3 months	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months
Norway	106.3	20.4	88.1	27.2
France	13.2	4.1	6.3	3.0
Netherlands	4.5	0.9	5.3	2.2
Indonesia	10.2	1.8	34.9	6.0
Russia	6.6	1.1	10.1	2.5
Development expenditures from continuing operations	**140.8**	28.3	144.7	40.9
Discontinued operations - United Kingdom	17.1	–	63.5	7.9
Development expenditures	**157.9**	28.3	208.2	48.8

Exploration expenditure in MUSD	**1 Jan 2010- 31 Dec 2010 12 months**	1 Oct 2010- 31 Dec 2010 3 months	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months
Norway	160.8	90.8	198.5	47.4
France	1.0	0.4	3.1	0.5
Indonesia	13.5	3.0	9.7	3.0
Russia	18.3	4.3	45.2	20.3
Vietnam	15.3	-0.3	9.2	0.8
Congo (Brazzaville)	2.5	0.8	13.8	5.8
Malaysia	10.6	3.8	23.9	10.1
Other	4.4	0.5	4.7	2.2
Exploration expenditures from continuing operations	**226.4**	103.3	308.1	90.1
Discontinued operations - United Kingdom	0.2	–	2.3	0.5
Exploration expenditures	**226.6**	103.3	310.4	90.6

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

Financial assets amounted to MUSD 114.9 (MUSD 85.4) and are detailed in Note 10. Other shares and participations amounted to MUSD 68.6 (MUSD 32.4) and primarily relate to the shares held in ShaMaran Petroleum. Long-term receivables amounted to MUSD 23.8 (MUSD 24.2) and relates to the convertible loan provided to Africa Oil Corporation for MUSD 23.8 (MUSD 23.8). Other financial assets amounted to MUSD 17.8 (MUSD 21.1) and mainly represents VAT paid on costs in Russia that is expected to be recovered amounting to MUSD 16.5 (MUSD 17.5).

The deferred tax asset amounted to MUSD 15.1 (MUSD 27.9) and mainly relates to unutilised tax losses in the Netherlands.

Current assets
Receivables and inventories amounted to MUSD 236.2 (MUSD 198.0) and are detailed in Note 11. Inventories include hydrocarbons and consumable well supplies and amounted to MUSD 20.0 (MUSD 27.4). The main reduction in value is due to the sale of the Indonesian Salawati assets which carried inventories of hydrocarbons and well supplies. Trade receivables amounted to MUSD 94.2 (MUSD 80.7). Higher levels of production from Norway following the start up of the Volund field have offset the receivables due from the UK and Salawati fields that were sold during 2010 but were included in the comparative period. The short-term loan receivable of MUSD 74.5 (MUSD 33.9) mainly relates to the loan outstanding to Etrion. The comparative period includes a MUSD 30.0 advance in relation to the acquisition of the 30 percent interest in the Lagansky Block to the non-controlling partner. This transaction was successfully completed during the third quarter of 2010.

Cash and cash equivalents amounted to MUSD 48.7 (MUSD 77.3). Included in cash and cash equivalents at 31 December 2009 is an amount of MUSD 23.4 held by Etrion. Cash balances are held to meet operational and investment requirements.

Non-current liabilities

Provisions amounted to MUSD 769.7 (MUSD 897.6) and are detailed in Note 12. This amount includes a provision for site restoration of MUSD 93.8 (MUSD 132.7). The decrease of the site restoration provision 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 amounted to MUSD 650.7 (MUSD 743.6) and is arising on the excess of book value over the tax value of oil and gas properties net of deferred tax assets which are netted off against deferred tax liabilities in accordance with International Financial Reporting Standards (IFRS) where they relate to the same jurisdiction. The deferred tax provision has decreased from the comparative period 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 amounted to MUSD - (MUSD 3.1) and 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.

Other provisions amounted to MUSD 23.8 (MUSD 16.8) and includes a provision for Lundin Petroleum's LTIP scheme of MUSD 18.8 (MUSD 4.6) and termination indemnity provisions in Tunisia of MUSD 2.9 (MUSD 2.5). The comparative period includes an exchange obligation of Etrion amounting to MUSD 5.7.

Long term interest bearing debt amounted to MUSD 458.8 (MUSD 545.7) and relates to the Group's financing facility consisting of a MUSD 850 revolving borrowing base and letter of credit facility.

Current liabilities

Other current liabilities amounted to MUSD 185.0 (MUSD 257.5) and are detailed in Note 13. Joint venture creditors amounted to MUSD 100.9 (MUSD 140.0) and relate to ongoing operational costs.

Short-term loans amounted to MUSD 0.5 (MUSD 32.4). The amount for the comparative period related mainly to the advance received in relation to the agreement with a subsidiary of Gunvor International BV to acquire a 30 percent interest in the Lagansky Block for an amount of MUSD 30.0. This transaction was successfully completed during the third quarter of 2010.

Tax payables amounted to MUSD 39.7 (MUSD 20.9). 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 6.9 (MUSD 7.1).

Equity

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.

On 12 November 2010, Lundin Petroleum made a distribution of the shares it held in Etrion to its shareholders in a ratio of 0.2283 shares in Etrion for each Lundin Petroleum share held. The distribution was valued at the market price of the shares at the time of distribution and amounted to MUSD 61.3.

The value of these distributions has been charged against shareholders equity.

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 3,936.1 (MSEK -32.3) for the reporting period.

The result includes a dividend received from a subsidiary of MSEK 3,995.7 (MSEK –), financial income of MSEK 15.3 (MSEK –) for supporting certain financial obligations for ShaMaran Petroleum and interest expense of MSEK 28.0 (MSEK –) on a MSEK 3,951.0 promissory note made to a subsidiary in relation to the UK business spin-off to EnQuest. The promissory note was cancelled on 1 July following the dividend distribution by a subsidiary. There is a tax credit of MSEK 7.3 resulting from an adjustment to the prior year tax accrual.

The distributions of the shares in EnQuest and Etrion, as detailed above, were recorded at the book value of the shares in Lundin Petroleum AB and amounted to MSEK 3,949.7 for the distribution of the EnQuest shares and MSEK 391.7 for the distribution of the Etrion shares.

RELATED PARTY TRANSACTIONS

During the reporting period, the Group has entered into transactions with related parties on an arm's length basis as described below:

The Group received MUSD 0.3 (MUSD 0.1) from ShaMaran Petroleum for the provision of office and other services, MUSD 0.3 (MUSD 0.3) for the provision of technical services and MUSD 2.0 (MUSD –) for supporting certain financial obligations.

The Group received MUSD 0.9 (MUSD 0.6) from Africa Oil Corporation being interest on a loan of MUSD 23.8 (MUSD 23.8) and MUSD 0.2 (MUSD –) for supporting certain financial obligations.

The Group paid MUSD 0.4 (MUSD –) to other related parties in respect of aviation services received.

Furthermore, the Group provided a loan to Etrion which amounted to MUSD 74.0 (MUSD –) as at 31 December 2010. Interest is charged on the loan and in the reporting period following the distribution of the Etrion shares by the Group amounted to MUSD 0.5.

LIQUIDITY

Lundin Petroleum has a secured revolving borrowing base facility of MUSD 850 with a seven year term expiring in 2014, of which MUSD 458.8 was drawn in cash as at 31 December 2010. 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. Following the disposal of the UK business, a new borrowing base redetermination was undertaken and an amount of approximately USD 850 million, effective 1 January 2011, was approved unanimously by the syndicate banks providing the loan.

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 86.3. In addition, BNP Paribas have issued additional bank guarantees to cover work commitments in Indonesia amounting to MUSD 15.9.

SHARE DATA

Lundin Petroleum AB's issued share capital as at 31 December 2010 amounted to SEK 3,179,106 represented by 317,910,580 shares with a quota value of SEK 0.01 each.

Under the authorization of the Board, granted at the AGM held on 6 May 2010, Lundin Petroleum acquired 2,417,926 of its own shares during 2010. As at 31 December 2010, 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.

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 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 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.

The number of units relating to the 2008 and 2009 LTIP schemes outstanding as 31 December 2010 were 211,807 and 435,498 respectively.

The AGM held on 6 May 2010 awarded 722,450 units to employees under the 2010 LTIP scheme and 701,250 remain outstanding as at 31 December 2010.

On 12 November 2010, Lundin Petroleum distributed the shares of Etrion. This event triggered a recalculation of the number of units allocated and the strike price at which the options are exercisable. The calculation is currently under way.

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.

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 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 2009.

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 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. As at 31 December 2010, a provision has been recognised in the balance sheet amounting to MUSD - (MUSD 2.2), 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 6.9 (MUSD 7.1) representing the short-term portion of the fair value of the outstanding part of the interest rate contract.

EXCHANGE RATES

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

	2010 Average	2010 Period end	2009 Average	2009 Period end
1 USD equals NOK	6.0345	5.8564	6.2650	5.7767
1 USD equals Euro	0.7537	0.7484	0.7177	0.6942
1 USD equals Rouble	30.3570	30.5493	31.6803	29.9556
1 USD equals SEK	7.1954	6.7097	7.6223	7.1165

CONSOLIDATED INCOME STATEMENT

Expressed in TUSD	Note	**1 Jan 2010- 31 Dec 2010 12 months**	1 Oct 2010- 31 Dec 2010 3 months	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months
Continuing operations					
Operating income					
Net sales of oil and gas	1	785,162	236,197	567,488	152,713
Other operating income		13,437	3,896	4,347	1,326
		798,599	240,093	571,835	154,039
Cost of sales					
Production costs	2	-157,065	-48,735	-155,311	-38,466
Depletion costs	3	-145,316	-38,352	-118,128	-31,177
Exploration costs	4	-127,534	-60,687	-134,792	-49,973
Impairment costs for oil and gas properties		–	–	-525,719	-525,719
Impairment costs for goodwill		–	–	-119,047	-119,047
Gross profit		**368,684**	92,319	-481,162	-610,343
Gain on sale of assets		66,126	66,126	4,589	16,488
Other income		1,044	297	1,222	584
General, administration and depreciation expenses		-42,004	-14,567	-28,841	-16,115
Operating profit		**393,850**	144,175	-504,192	-609,386
Result from financial investments					
Financial income	5	20,956	7,117	82,031	25,275
Financial expenses	6	-33,463	-8,390	-52,472	-8,719
		-12,507	-1,273	29,559	16,556
Result from share in associated company		–	–	-25,504	-584
Profit before tax		**381,343**	142,902	-500,137	-593,414
Tax	7	-251,865	-56,271	-45,669	46,383
Net result from continuing operations		**129,478**	86,631	-545,806	-547,031
Discontinued operations					
Net result from discontinued operations	8	368,992	-283	8,737	4,514
Net result		**498,470**	86,348	-537,069	-542,517
Net result attributable to the shareholders of the parent company:					
From continuing operations		142,883	90,396	-420,005	-426,307
From discontinued operations		368,992	-283	8,737	4,514
		511,875	90,113	-411,268	-421,793
Net result attributable to non-controlling interest:					
From continuing operations		-13,405	-3,765	-125,801	-120,724
From discontinued operations		–	–	–	–
		-13,405	-3,765	-125,801	-120,724
Net result		**498,470**	86,348	-537,069	-542,517
Earnings per share – USD[1]					
From continuing operations		0.46	0.29	-1.34	-1.36
From discontinued operations		1.18	0.00	0.03	0.02
		1.64	0.29	-1.31	-1.34
Diluted earnings per share – USD[1]					
From continuing operations		0.46	0.29	-1.34	-1.36
From discontinued operations		1.18	0.00	0.03	0.02
		1.64	0.29	-1.31	-1.34

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

Expressed in TUSD	**1 Jan 2010- 31 Dec 2010 12 months**	1 Oct 2010- 31 Dec 2010 3 months	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months
Net result	**498,470**	86,348	-537,069	-542,517
Other comprehensive income				
Exchange differences foreign operations	-43,972	-1,201	74,763	8,991
Cash flow hedges	-378	1,217	47,583	6,750
Available-for-sale financial assets	53,128	39,691	-19,158	-7,780
Income tax relating to other comprehensive income	-1,771	171	-19,064	-494
Other comprehensive income, net of tax	7,007	39,878	84,124	7,467
Total comprehensive income	**505,477**	126,226	-452,945	-535,050
Total comprehensive income attributable to:				
Shareholders of the parent company	510,165	120,511	-317,291	-414,191
Non-controlling interest	-4,688	5,715	-135,654	-120,859
	505,477	126,226	-452,945	-535,050

CONSOLIDATED BALANCE SHEET

Expressed in TUSD	Note	**31 December 2010**	31 December 2009
ASSETS			
Non-current assets			
Oil and gas properties	9	1,998,971	2,540,348
Solar power properties		–	644
Other tangible assets		15,271	15,283
Goodwill		–	674
Other intangible assets		–	5,132
Financial assets	10	114,878	85,437
Deferred tax		15,066	27,850
Total non-current assets		**2,144,186**	2,675,368
Current assets			
Receivables and inventories	11	236,247	197,952
Cash and cash equivalents		48,703	77,338
Total current assets		**284,950**	275,290
TOTAL ASSETS		**2,429,136**	2,950,658
EQUITY AND LIABILITIES			
Equity			
Shareholders´ equity		920,416	1,141,658
Non-controlling interest		77,365	95,555
Total equity		**997,781**	1,237,213
Non-current liabilities			
Provisions	12	769,687	897,622
Bank loans		458,835	545,729
Other non-current liabilities		17,836	12,598
Total non-current liabilities		**1,246,358**	1,455,949
Current liabilities			
Other current liabilities	13	184,997	257,496
Total current liabilities		**184,997**	257,496
TOTAL EQUITY AND LIABILITIES		**2,429,136**	2,950,658
Pledged assets		459,220	699,506
Contingent liabilities		–	–

Expressed in TUSD	**1 Jan 2010- 31 Dec 2010 12 months**	1 Oct 2010- 31 Dec 2010 3 months	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months
Cash flow from operations				
Net result	498,470	86,348	-537,069	-542,517
Gain on sale of assets	-424,196	-65,843	–	–
Adjustments for non-cash related items	575,955	167,616	1,005,388	651,671
Interest received	589	227	3,381	881
Interest paid	-2,937	358	-6,309	801
Income taxes paid	-25,029	-4,241	-26,305	-12,627
Changes in working capital	-65,734	-13,383	50,512	77,645
Total cash flow from operations	**557,118**	171,082	489,598	175,854
Cash flow used for investments				
Investment in subsidiary assets	-22,553	-14,370	26,489	26,489
Investment in associated companies	235	10	–	–
Sale of other shares and participations	446	–	12,285	–
Change in other financial fixed assets	39	43	-194	-55
Other payments	-3,085	-1,564	-2,050	-27
Divestment	-65,808	-40,805	–	888
Investment in intangible fixed assets	-200	5	-2,161	-2,161
Investment in oil and gas properties	-348,819	-95,211	-514,313	-139,198
Investment in solar power properties	-21,210	-1,813	-644	-644
Investment in office equipment and other assets	-4,853	-1,721	-2,391	-670
Total cash flow used for investments	**-465,808**	-155,426	-482,979	-115,378
Cash flow from/used for financing				
Changes in long-term receivables	-75,324	-8,687	–	–
Changes in long-term liabilities	-49,609	-63,595	4,750	-36,362
Paid financing fees	-51	–	-97	-18
Purchase of own shares	-10,712	–	–	–
Proceeds from share issuance subsidiary company	15,191	–	–	–
Dividend paid to non-controlling interest	–	–	-46	–
Total cash flow from/used for financing	**-120,505**	-72,282	4,607	-36,380
Change in cash and cash equivalents	-29,195	-56,626	11,226	24,096
Cash and cash equivalents at the beginning of the period	77,338	53,545	57,445	79,833
Acquired on consolidation	–	–	–	-26,970
Cash held for sale / distribution	–	50,074	–	–
Currency exchange difference in cash and cash equivalents	560	1,710	8,667	379
Cash and cash equivalents at the end of the period	**48,703**	48,703	77,338	77,338
Total cash flow from operations				
From continuing operations	880,394	171,365	433,227	173,513
Used for/from discontinued operations	-323,276	-283	56,371	2,341
	557,118	171,082	489,598	175,854
Total cash flow used for investments				
Used for continuing operations	-423,422	-155,426	-416,853	-106,765
Used for discontinued operations	-42,386	–	-66,126	-8,613
	-465,808	-155,426	-482,979	-115,378
Total cash flow used for/from financing				
From/used for continuing operations	-120,505	-72,282	19,607	-36,380
From/used for discontinued operations	–	–	-15,000	–
	-120,505	-72,282	4,607	-36,380

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 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	**–**	**93,229**	**748**	**-411,268**	**-135,654**	**-452,945**
Acquired on consolidation	–	14,899	6,225	–	18,770	39,894
Divestments	–	-26,195	–	–	32,692	6,497
Transfer of share based payments	–	4,341	-4,341	–	–	–
Share based payments	–	–	1,578	–	–	1,578
Non-controlling share in dividend paid	–	–	–	–	-46	-46
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	**–**	**-1,959**	**249**	**511,875**	**-4,688**	**505,477**
Acquired on consolidation	–	–	–	–	94	94
Divestments	–	4,660	-10,520	–	-13,596	-19,456
Distributions	–	-419,316	-298,288	–	–	-717,604
Purchase of own shares	–	-10,712	–	–	–	-10,712
Transfer of share based payments	–	4,379	-4,379	–	–	–
Share based payments	–	–	2,769	–	–	2,769
Balance at 31 December 2010	**463**	**417,430**	**-9,352**	**511,875**	**77,365**	**997,781**

Note 1. Segment information, TUSD	**1 Jan 2010- 31 Dec 2010 12 months**	1 Oct 2010- 31 Dec 2010 3 months	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months
Operating income				
Net sales of:				
Crude oil				
- Norway	490,390	154,413	296,231	87,242
- France	92,681	25,628	77,871	23,060
- Indonesia	34,994	16,295	36,617	9,649
- Russia	66,624	16,445	74,398	19,203
- Tunisia	29,517	–	25,469	–
- Netherlands	128	52	139	62
	714,334	212,833	510,725	139,216
Condensate				
- Netherlands	1,088	353	848	325
- Indonesia	200	136	124	21
	1,288	489	972	346
Gas				
- Norway	32,687	11,427	18,257	4,943
- Netherlands	32,357	9,266	37,354	8,160
- Indonesia	4,496	2,182	180	48
	69,540	22,875	55,791	13,151
Net sales from continuing operations	**785,162**	236,197	567,488	152,713
Net sales from discontinued operations	62,567	–	228,111	66,305
Total net sales	**847,729**	236,197	795,599	219,018
Operating profit contribution				
- Norway	303,892	62,417	153,045	64,002
- France	52,309	14,382	36,230	12,038
- Netherlands	7,273	2,586	15,125	2,181
- Russia	4,734	955	-700,677	-692,845
- Indonesia	18,203	13,867	3,638	159
- Tunisia	11,500	-205	3,159	2
- Sudan	–	–	1,582	32
- Vietnam	-31,906	258	-7,203	1
- Congo (Brazzaville)	-19	-19	-2,525	-2,525
- Other	27,864	49,934	-6,566	7,569
Operating profit contribution from continuing operations	**393,850**	144,175	-504,192	-609,386
Operating profit contribution from discontinued operations – United Kingdom	20,774	–	35,919	10,424
Total operating profit contribution	**414,624**	144,175	-468,273	-598,962

Note 2. Production costs, TUSD	**1 Jan 2010- 31 Dec 2010 12 months**	1 Oct 2010- 31 Dec 2010 3 months	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months
Cost of operations	97,179	30,171	95,415	23,285
Tariff and transportation expenses	17,438	5,638	15,738	8,252
Direct production taxes	41,624	10,136	40,987	11,521
Change in inventory/ overlift position	-3,409	275	89	-7,674
Other	4,233	2,515	3,082	3,082
Production costs from continuing operations	**157,065**	48,735	155,311	38,466
Production costs from discontinued operations – United Kingdom	32,030	–	140,036	44,711
Total production costs	**189,095**	48,735	295,347	83,177

Note 3. Depletion costs, TUSD	**1 Jan 2010- 31 Dec 2010 12 months**	1 Oct 2010- 31 Dec 2010 3 months	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months
Norway	101,643	28,262	65,301	16,992
France	14,623	3,969	12,821	3,037
Netherlands	16,490	3,715	12,727	3,007
Indonesia	4,218	1,017	7,334	3,867
Russia	6,002	1,370	8,627	2,019
Tunisia	6	–	11,318	2,255
Depletion of oil and gas properties	**142,982**	38,333	118,128	31,177
Italy	2,334	19	–	–
Depletion of solar properties	**2,334**	19	–	–
Depletion from continuing operations	**145,316**	38,352	118,128	31,177
Depletion from discontinued operations – United Kingdom	11,362	–	51,778	12,301
Total depletion costs	**156,678**	38,352	169,906	43,478

Note 4. Exploration costs, TUSD	**1 Jan 2010- 31 Dec 2010 12 months**	1 Oct 2010- 31 Dec 2010 3 months	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months
Norway	94,526	61,053	69,544	3,122
France	214	–	3,128	387
Russia	–	–	35,000	35,000
Sudan	–	–	-1,580	-32
Congo (Brazzaville)	–	–	2,522	-731
Vietnam	31,906	-258	7,203	–
Indonesia	-23	163	3,712	103
Cambodia	29	6	10,989	10,989
Other	882	-277	4,274	1,135
Exploration costs from continuing operations	**127,534**	60,687	134,792	49,973
Exploration costs from discontinued operations - United Kingdom	61	–	6,149	132
Total exploration costs	**127,595**	60,687	140,941	50,105

Note 5. Financial income, TUSD	**1 Jan 2010- 31 Dec 2010 12 months**	1 Oct 2010- 31 Dec 2010 3 months	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months
Interest income	3,409	1,522	4,595	1,263
Foreign exchange gains, net	13,360	4,923	66,019	23,557
Insurance proceeds	377	–	–	–
Gain on sale of shares	–	–	10,244	–
Other financial income	3,810	672	1,173	455
Financial income from continuing operations	**20,956**	7,117	82,031	25,275
Financial income from discontinued operations – United Kingdom	360	–	32	6
Total financial income	**21,316**	7,117	82,063	25,281

Note 6. Financial expenses, TUSD	**1 Jan 2010- 31 Dec 2010 12 months**	1 Oct 2010- 31 Dec 2010 3 months	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months
Interest expenses	10,047	3,777	8,895	3,307
Result on interest rate hedge settlement	6,990	1,801	5,669	1,712
Change in market value interest rate hedge	3,872	32	452	452
Unwinding of site restoration discount	3,989	1,015	2,490	645
Amortisation of deferred financing fees	2,360	603	2,539	790
Foreign exchange losses, net	–	–	–	–
Loss on sale of shares	3,879	-5	–	–
Other financial expenses	2,326	1,167	32,427	1,813
Financial expenses from continuing operations	**33,463**	8,390	52,472	8,719
Financial expense from discontinued operations – United Kingdom	1,224	–	24,398	4,387
Total financial expenses	**34,687**	8,390	76,870	13,106

Note 7. Tax, TUSD	**1 Jan 2010- 31 Dec 2010 12 months**	1 Oct 2010- 31 Dec 2010 3 months	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months
Continuing operations				
Current tax	68,152	34,428	32,014	22,887
Deferred tax	183,713	21,843	13,655	-69,270
Tax from continuing operations	**251,865**	56,271	45,669	-46,383
Current tax	7,315	–	6,546	3,646
Deferred tax	1,673	–	-3,730	-2,117
Tax from discontinued operations – United Kingdom	**8,988**	–	2,816	1,529
Total tax	**260,853**	56,271	48,485	-44,854

Note 8. Discontinued operations TUSD	**1 Jan 2010- 31 Dec 2010 12 months**	1 Oct 2010- 31 Dec 2010 3 months	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months
Net sales	62,567	–	228,111	66,305
Other operating income	1,983	–	5,906	1,660
Operating income	**64,550**	–	234,017	67,965
Production costs	-32,030	–	-140,036	-44,711
Depletion of oil and gas properties	-11,362	–	-51,778	-12,301
Exploration costs	-61	–	-6,149	-132
General, administration and depreciation expenses	-323	–	-135	-397
Operating profit	**20,774**	–	35,919	10,424
Financial income	360	–	32	6
Financial expenses	-1,224	–	-24,398	-4,387
Profit before tax	**19,910**	–	11,553	6,043
Tax	-8,988	–	-2,816	-1,529
Net result from discontinued operations	**10,922**	–	8,737	4,514
Gain on sale of assets	358,070	-283	–	–
Net result from discontinued operations	**368,992**	-283	8,737	4,514

Note 9. Oil and gas properties, TUSD	**31 December 2010**	31 December 2009
Norway	1,018,533	951,793
United Kingdom	–	588,885
France	159,168	168,907
Netherlands	49,721	61,670
Indonesia	78,011	90,528
Russia	614,731	598,719
Tunisia	–	210
Congo (Brazzaville)	32,256	29,800
Vietnam	–	16,563
Malaysia	42,058	31,473
Others	4,493	1,800
	1,998,971	2,540,348

Note 10. Financial assets, TUSD	**31 December 2010**	31 December 2009
Other shares and participations	68,613	32,369
Capitalised financing fees	4,650	7,514
Long-term receivable	23,791	24,239
Derivative instruments	–	231
Other financial assets	17,824	21,084
	114,878	85,437

Note 11. Receivables and inventories,

TUSD	**31 December 2010**	31 December 2009
Inventories	20,039	27,373
Trade receivables	94,190	80,721
Underlift	13,452	8,649
Short-term loan receivable	74,527	33,907
Corporation tax	–	2,241
Joint venture debtors	21,389	28,930
Other assets	12,650	16,131
	236,247	197,952

Note 12. Provisions,

TUSD	**31 December 2010**	31 December 2009
Site restoration	93,766	132,698
Pension	1,421	1,354
Deferred taxes	650,695	743,646
Derivative instruments	–	3,122
Other provisions	23,805	16,802
	769,687	897,622

Note 13. Other current liabilities,

TUSD	**31 December 2010**	31 December 2009
Trade payables	16,031	20,487
Overlift	1,761	1,287
Tax payables	39,679	20,870
Accrued expenses	7,667	16,472
Acquisition liabilities	5,680	7,238
Joint venture creditors	100,931	140,046
Short-term loans	450	32,400
Derivative instruments	6,866	7,074
Other liabilities	5,932	11,622
	184,997	257,496

PARENT COMPANY INCOME STATEMENT IN SUMMARY

Expressed in TSEK	**1 Jan 2010- 31 Dec 2010 12 months**	1 Oct 2010- 31 Dec 2010 3 months	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months
Operating income				
Other operating income	25,822	10,595	33,154	9,030
Gross profit	**25,822**	10,595	33,154	9,030
General and administration expenses	-72,222	-33,908	-49,281	-15,555
Operating loss	**-46,400**	-23,313	-16,127	-6,525
Result from financial investments				
Financial income	4,011,462	328	8,589	3,752
Financial expenses	-36,304	-7,922	-7,133	-7,089
	3,975,158	-7,594	1,456	-3,337
Result before tax	**3,928,758**	-30,907	-14,671	-9,862
Tax	7,328	–	-17,600	-17,600
Net result	**3,936,086**	-30,907	-32,271	-27,462

Expressed in TSEK	**1 Jan 2010- 31 Dec 2010 12 months**	1 Oct 2010- 31 Dec 2010 3 months	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months
Net result	3,936,086	-30,907	-32,271	-27,462
Other comprehensive income	–	–	–	–
Total comprehensive income	**3,936,086**	-30,907	-32,271	-27,462
Total comprehensive income attributable to:				
Shareholders of the parent company	3,936,086	-30,907	-32,271	-27,462
	3,936,086	-30,907	-32,271	-27,462

PARENT COMPANY BALANCE SHEET IN SUMMARY

Expressed in TSEK	**31 December 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	7,175	5,365
Cash and cash equivalents	6,735	532
Total current assets	**13,910**	5,897
TOTAL ASSETS	**7,885,857**	7,897,659
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders´ equity including net result for the period	7,352,376	7,840,752
Non current liabilities		
Borrowings	482,281	–
Provisions	36,403	36,403
Total non current liabilites	**518,684**	36,403
Current liabilities		
Current liabilities	14,797	20,504
Total current liabilities	**14,797**	20,504
TOTAL EQUITY AND LIABILITIES	**7,885,857**	7,897,659
Pledged assets	3,081,228	4,978,037
Contingent liabilities	–	–

Expressed in TSEK	**1 Jan 2010- 31 Dec 2010 12 months**	1 Oct 2010- 31 Dec 2010 3 months	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months
Cash flow from/used for operations				
Net result	3,936,086	-30,907	-32,271	-27,462
Adjustment for non cash related items	-3,918,807	29,189	18,958	17,444
Changes in working capital	-798	1,941	11,744	7,352
Total cash flow from/used for operations	**16,481**	223	-1,569	-2,666
Cash flow from investments				
Change in other financial fixed assets	73,460	5,142	738	1,622
Total cash flow from investments	**73,460**	5,142	738	1,622
Cash flow used for financing				
Purchase of own shares	-83,157	–	–	–
Total cash flow used for financing	**-83,157**	–	–	–
Change in cash and cash equivalents	**6,784**	5,365	-831	-1,044
Cash and cash equivalents at the beginning of the period	**532**	1,656	1,184	1,614
Currency exchange difference in cash and cash equivalents	-581	-286	179	-38
Cash and bank at the end of the period	**6,735**	6,735	532	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	–	–	–	–	-32,271	-32,271
Transfer of share based payments	–	–	30,894	-30,894	–	–
Share based payments	–	–	–	221	–	221
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	–	–	–	–	3,936,086	3,936,086
Dividend	–	–	-2,515,168	-1,826,272	–	-4,341,440
Purchase of own shares	–	–	-83,157	–	–	-83,157
Transfer of share based payments	–	–	29,380	-29,380	–	–
Share based payments	–	–	–	135	–	135
Balance at 31 December 2010	**3,179**	**861,306**	**2,551,805**	**–**	**3,936,086**	**7,352,376**

Key financial data is based on the total of continuing and discontinued operations.

Financial data		**1 Jan 2010-31 Dec 2010 12 months**	1 Oct 2010-31 Dec 2010 3 months	1 Jan 2009-31 Dec 2009 12 months	1 Oct 2009-31 Dec 2009 3 months
Operating income	TUSD	863,149	240,093	805,852	222,004
EBITDA	TUSD	635,647	177,681	486,171	124,046
Net result	TUSD	498,470	86,348	-537,069	-542,517
Operating cashflow	TUSD	598,586	156,929	471,946	112,297
Data per share					
Shareholders' equity per share	USD	2.96	2.96	3.64	3.64
Operating cash flow per share	USD	1.92	0.51	1.51	0.36
Cash flow from operations per share	USD	1.79	0.55	1.56	0.55
Earnings per share	USD	1.64	0.29	-1.31	-1.34
Earnings per share fully diluted	USD	1.64	0.29	-1.31	-1.34
EBITDA per share fully diluted	USD	2.04	0.57	1.54	0.39
Dividend per share	USD	2.30	0.20	–	–
Quoted price at the end of the financial period	USD	12.47	12.47	7.95	7.95
Number of shares issued at period end		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	313,420,280	313,420,280
Weighted average number of shares for the period		312,096,990	311,027,942	313,420,280	313,420,280
Weighted average number of shares for the period (fully diluted)		312,096,990	311,027,942	313,420,280	313,420,280
Key ratios					
Return on equity	%	45	9	-37	-36
Return on capital employed	%	47	9	-29	-33
Net debt/equity ratio	%	36	36	40	40
Equity ratio	%	41	41	42	42
Share of risk capital	%	67	67	66	66
Interest coverage ratio	%	3,591	2,555	-2,865	-9,775
Operating cash flow/interest ratio	%	2,803	2,798	2,605	1,780
Yield	%	18	2	–	–

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

The Company will publish the following reports:

- The three month report (January – March 2011) will be published on 4 May 2011
- The six month report (January – June 2011) will be published on 3 August 2011
- 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

The AGM will be held on 5 May 2011 in Stockholm, Sweden.

Stockholm, 9 February 2011

Ian H. Lundin
Chairman

C. Ashley Heppenstall
President & CEO

William A. Rand

Asbjørn Larsen

Lukas H. Lundin

Magnus Unger

Dambisa F.Moyo

The financial information relating to the financial year ended 31 December 2010 has not been subject to review by the auditors of the company.

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