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

Report for the
THREE MONTHS
ended 31 March
2011

HIGHLIGHTS

First Quarter 2011

- Production of 33,500 boepd up 24% from first quarter 2010
- Profit after tax of MUSD 53.4 up 293% from first quarter 2010
- EBITDA of MUSD 238.4 up 101% from first quarter 2010
- Operating cash flow of MUSD 193.6 up 61% from first quarter 2010
- Net debt reduced below MUSD 300 down from MUSD 410 at year end
- Two exploration successes – Caterpillar and Tellus discoveries in Norway
- 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

	1 Jan 2011- 31 Mar 2011 3 months	1 Jan 2010- 31 Mar 2010 3 months	1 Jan 2010- 31 Dec 2010 12 months
Production in Mboepd, gross	33.5	26.9	30.5
Operating income in MUSD	291.8	166.5	798.6
Net result in MUSD	53.4	13.6	129.5
Net result attributable to shareholders of the Parent Company in MUSD	55.1	15.9	142.9
Earnings/share in USD¹	0.18	0.06	0.46
Diluted earnings/share in USD¹	0.18	0.06	0.46
EBITDA in MUSD	238.4	118.8	603.5
Operating cash flow in MUSD	193.6	120.5	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,

I am pleased to report that during the first three months of 2011 Lundin Petroleum has continued to deliver better than expected results. During the first quarter of 2011, our production averaged 33,500 barrels of oil equivalent per day which was above our most optimistic forecast. The positive production numbers were primarily as a result of the performance from our offshore Norwegian Alvheim and Volund fields, and coupled with Brent oil prices averaging over USD 105 per barrel has resulted in record operating cash flow and EBITDA for our company. Cost of operations from our Norwegian fields of less than USD 4 per barrel has also had a positive impact on our financial performance.

Our exploration success in Norway has continued with both the Caterpillar and Tellus wells in the Greater Alvheim and Greater Luno areas respectively, both resulting in new oil discoveries.

Financial Performance

Lundin Petroleum produced a net result for the first three months of 2011 of MUS\$ 53.4. Our producing assets continued to generate a strong operating cash flow of MUS\$ 193.6 and an EBITDA of MUS\$ 238.4 during the first quarter. At the end of the first quarter our net bank debt had reduced to less than MUS\$ 300.

Production

Despite the strong production performance for the first quarter we are maintaining our 2011 production forecast at between 28 and 33,000 boepd. There is currently uncertainty relating to the completion of the phase 2 Alvheim wells in addition to the duration of the planned summer Alvheim shut down, both of which will impact the production forecast. A revised production forecast will be presented at the Q2 results.

Development

Our future production growth will come from various Norwegian developments which will collectively double our current production to over 60,000 boepd within the next five years. As previously stated, the capital cost of these projects will be funded from a combination of internally generated cash flow and bank borrowings without the requirement for additional equity funding.

We are making good progress with these development projects. The Gaupe field development is on schedule to commence production before the end of this year with plateau production adding 5,000 boepd net to Lundin Petroleum. The development plans for the Nemo and Bøyla (previously named Marihøne) fields are both scheduled to be submitted for approval this year and we are pleased with their progress.

In relation to the Luno field development we completed studies with Det norske oljeselskap ASA, the operator of the nearby Draupne field, to determine whether a Luno/Draupne joint development made sense versus standalone Luno and Draupne developments. We have reached a common agreement to proceed with standalone developments and as a result we have awarded a contract for front end engineering and design (FEED) studies for the Luno development with an expected plan of development submission in 2011.

Exploration

Our exploration work programme in Norway for 2011 involves the drilling of ten exploration and appraisal wells. The first two wells in the Greater Alvheim and Greater Luno areas have resulted in two new oil discoveries. It is likely that the development of both discoveries will be fast tracked with Caterpillar being developed in conjunction with the Bøyla field through the Alvheim FPSO and Tellus being incorporated into the Luno field development.

We will shortly commence the appraisal of last years' Avalsnes discovery with two back-to-back wells in PL501. In addition, Statoil will drill two wells in PL265 which will appraise the part of the Avalsnes structure which we believe extends to the west into their operated licence where Lundin Petroleum has an interest. This drilling programme will determine the size of the Avalsnes structure, which at the low end of the range is most likely comparable in size to the 150 million barrel Luno field and at the upper end of the range has billion barrel potential.

In the Barents Sea we have been encouraged by the results of Statoil's Skrugard oil discovery which confirms our views on the oil prospectively north of the Snøhvit gas field. We have a large acreage position in this area which has recently increased further with the award of PL609 in the Norwegian 21st Licensing Round. We will commence in June/July 2011 the drilling of our first operated well in the Barents Sea on the Skalle prospect in PL438.

Over the last five years we have increased our licence acreage position in South East Asia and invested significant capital in 3D seismic acquisition programmes. Our 2011 five well drilling programme in Malaysia will commence in May and we hope this will lead to further exploration success and a new core development and production area.

Oil and Gas Industry

During 2011, the political unrest in North Africa and the Middle East has focused world attention on the supply of oil. Brent oil prices are currently above USD 120 per barrel and these prices clearly incorporate an element of premium associated with geopolitical risk. Nevertheless, I believe this element of premium is less than that estimated by most commentators and that strong world oil prices are predominantly driven by the fundamentals of supply and demand. Demand has increased over recent months as developed economies recover from recession and growth continues in the developing world. As a result, I believe oil prices are likely to remain strong irrespective of geopolitical risks. Nevertheless, we do need to be cautious as further oil price increases will ultimately slow economic growth which will in turn have negative consequences on demand.

The sad images associated with the Japanese earthquake and tsunami touched everyone around the world. The impact of the disaster and the consequences to the nuclear industry will most certainly put further pressure on oil prices as the demand for petroleum products increase.

I am very excited with our progress at Lundin Petroleum. Production is outperforming forecast and will increase further from our pipeline of development projects, particularly Luno. We have created significant shareholder value with our Norwegian exploration successes and I am confident this will continue with our ongoing exploration activity.

Best Regards,

C. Ashley Heppenstall
President and CEO

OPERATIONAL REVIEW

EUROPE

Norway

The net production to Lundin Petroleum for the three month period ended 31 March 2011 ('reporting period') was 23,500 barrels of oil equivalent per day (boepd).

The net production for the reporting period from the Alvheim field (Lundin Petroleum working interest (WI) 15%), offshore Norway, was 12,700 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 recoverable reserves during 2010 to 276 million of barrels of oil equivalent (MMboe) representing a 65 percent increase in reserves from when the Alvheim plan of development was completed in 2005. Phase 2 of Alvheim development drilling commenced in 2010 and will now continue into 2012 with the drilling of at least a further four multilateral wells. The cost of operations for the Alvheim field averaged USD 4.50 per barrel for the reporting period.

The net production from the Volund field (WI 35%) amounted to 10,800 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.

In October 2009, a new oil discovery on the Marihøne (renamed 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 2011 with first oil expected in late 2013/early 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 as part of the Bøyla development.

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 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.

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. The Tellus exploration well is now being sidetracked to appraise the discovery so that its development can be included as part of the Luno development program. 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.

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 boepd. 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 second quarter of 2011 with the drilling of two appraisal wells in PL501. Two further wells 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 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 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.

A concept selection has been completed for the Nemo field development in PL148 (WI 50%). Good progress has been made with regard to the finalisation of commercial arrangements and the plan is to submit a Nemo plan of development 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 April 2011 Lundin Petroleum was awarded licence 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 Skurgard 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 and will commence the drilling of the Skalle exploration prospect in PL438 (WI 25%) in the second quarter 2011.

France

The net production in the Paris Basin (WI 100%) averaged 2,450 boepd and in the Aquitaine Basin (WI 50%) averaged 600 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 2,100 boepd for the reporting period.

Ireland

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

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 800 boepd. Production from the Singa field commenced in 2010. Current gross production from the first production well is approximately 20 million standard cubic feet per day (MMscfd) of sales gas. A second development well has been completed during the reporting period and will increase production going forward.

Rangkas (Java)

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

Baronang/Cakalang (Natuna)

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 program will be completed in 2011.

Malaysia

A total of 2,150 km² 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 May 2011.

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 XIV (WI 21.55%) and a further well on Block Marine XI (WI 18.75%).

FINANCIAL REPORT FOR THE THREE MONTHS ENDED 31 MARCH 2011

FINANCIAL REVIEW

Result

The net result for the three month period ended 31 March 2011 (reporting period), from continuing operations amounted to MUSD 53.4 (MUSD 13.6). The net result attributable to shareholders of the Parent Company for the reporting period, from continuing operations amounted to MUSD 55.1 (MUSD 15.9) representing earnings per share on a fully diluted basis of USD 0.18 (USD 0.06).

Earnings before interest, tax, depletion and amortisation (EBITDA) for the reporting period amounted to MUSD 238.4 (MUSD 118.8) representing EBITDA per share on a fully diluted basis of USD 0.77 (USD 0.38). Operating cash flow for the reporting period amounted to MUSD 193.6 (MUSD 120.5) representing operating cash flow per share on a fully diluted basis of USD 0.62 (USD 0.38).

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, from continuing operations amounted to 3,013.0 (2,425.2) thousand barrels of oil equivalent (Mboe) representing 33.5 Mboe per day (Mboepd) (26.9 Mboepd) and was comprised as follows:

	1 Jan 2011- 31 Mar 2011 3 months	1 Jan 2010- 31 Mar 2010 3 months	1 Jan 2010- 31 Dec 2010 12 months
Production			
Norway			
- Quantity in Mboe	2,115.2	1,290.3	6,629.8
- Quantity in Mboepd	23.5	14.3	18.2
France			
- Quantity in Mboe	275.3	281.4	1,160.8
- Quantity in Mboepd	3.1	3.1	3.2
Netherlands			
- Quantity in Mboe	187.8	197.0	756.7
- Quantity in Mboepd	2.1	2.2	2.1
Indonesia			
- Quantity in Mboe	70.1	197.4	887.1
- Quantity in Mboepd	0.8	2.2	2.4
Russia			
- Quantity in Mboe	293.1	356.4	1,321.2
- Quantity in Mboepd	3.2	4.0	3.6
Tunisia			
- Quantity in Mboe	71.5	102.7	372.2
- Quantity in Mboepd	0.8	1.1	1.0
Total from continuing operations			
- Quantity in Mboe	3,013.0	2,425.2	11,127.8
- Quantity in Mboepd	33.5	26.9	30.5
Discontinued operations - United Kingdom			
- Quantity in Mboe	-	812.2	812.2
- Quantity in Mboepd	-	9.0	2.2
Total excluding non-controlling interest			
- Quantity in Mboe	3,013.0	3,237.4	11,940.0
- Quantity in Mboepd	33.5	35.9	32.7

The increase in Norway production volumes compared to the comparative reporting period is attributable to the Volund field which came onstream in April 2010. The Volund field contributed 10.8 Mboepd (- Mboepd) for the reporting period.

The comparative quarter and 2010 production figures for Indonesia include the contributions of the Salawati Basin and Salawati Island assets of 2.2 mboepd and 2.0 mboepd respectively. The Salawati assets were sold in December 2010.

FINANCIAL REPORT FOR THE THREE MONTHS ENDED 31 MARCH 2011

Operating income

Net sales of oil and gas for the reporting period amounted to MUSD 289.6 (MUSD 165.5) and are detailed in Note 1. Production volumes for the reporting period were 24% higher and the achieved oil price was 40% higher than the comparative reporting period. The average price achieved by Lundin Petroleum for a barrel of oil equivalent amounted to USD 95.86 (USD 68.28) and is detailed in the following table. The average Dated Brent price for the reporting period amounted to USD 105.43 (USD 76.36) per barrel.

Sales for the reporting period were comprised as follows:

Sales	1 Jan 2011- 31 Mar 2011 3 months	1 Jan 2010- 31 Mar 2010 3 months	1 Jan 2010- 31 Dec 2010 12 months
Average price per boe expressed in USD			
Norway			
- Quantity in Mboe	2,176.4	1,273.6	6,712.5
- Average price per boe	104.51	73.26	77.93
France			
- Quantity in Mboe	291.3	294.1	1,168.0
- Average price per boe	105.43	77.37	79.35
Netherlands			
- Quantity in Mboe	187.8	197.0	756.7
- Average price per boe	54.37	43.68	44.37
Indonesia			
- Quantity in Mboe	64.2	124.7	607.7
- Average price per boe	32.91	70.50	65.31
Russia			
- Quantity in Mboe	301.1	339.5	1,290.0
- Average price per boe	63.36	49.44	51.65
Tunisia			
- Quantity in Mboe	-	195.6	382.6
- Average price per boe	-	78.27	77.15
Total from continuing operations			
- Quantity in Mboe	3,020.8	2,424.5	10,917.5
- Average price per boe	95.86	68.28	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	3,020.8	3,238.9	11,731.9
- Average price per boe	95.86	70.43	72.26

Sales quantities in a period can differ from production 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.

Oil was produced in Tunisia during the reporting period but a lifting only occurs when the Ikdam FPSO is near to full. An Oudna cargo was lifted in April 2011.

The oil produced in Russia is sold on either the Russian domestic market or exported into the international market. 33 percent (40 percent) of Russian sales for the reporting period were on the international market at an average price of USD 100.91 per barrel (USD 74.31 per barrel) with the remaining 67 percent (60 percent) of Russian sales being sold on the domestic market at an average price of USD 44.75 per barrel (USD 33.02 per barrel).

Other operating income amounted to MUSD 2.2 (MUSD 0.9) for the reporting period and includes MUSD 1.3 (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 was not material prior to Volund commencing production and an amount of MUSD 0.5 was netted off against production costs in the comparative period. Also included in other operating income is tariff income from France and the Netherlands and income for maintaining strategic inventory levels in France.

FINANCIAL REPORT FOR THE THREE MONTHS ENDED 31 MARCH 2011

Production cost

Production costs for the reporting period amounted to MUSD 39.5 (MUSD 39.2) 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- 31 Mar 2011 3 months	1 Jan 2010- 31 Mar 2010 3 months	1 Jan 2010- 31 Dec 2010 12 months
Cost of operations	7.70	8.59	8.63
Tariff and transportation expenses	1.98	1.17	1.57
Royalty and direct taxes	3.86	4.38	3.74
Changes in inventory/overlift	-0.62	1.74	-0.31
Other	0.19	0.28	0.38
Total production costs	13.11	16.16	14.01
Depletion	13.48	12.58	12.85
Total cost per boe	26.59	28.74	26.86

The total cost of operations for the first quarter of 2011 was MUSD 23.2 compared to MUSD 20.8 for the comparative quarter. The increase is mainly attributable to the cost of operations associated with the Volund field, Norway and the Singa field, Indonesia, which both commenced production in the second quarter of 2010, partly offset by the savings following the disposal of the Salawati assets, Indonesia in December 2010.

The cost of operations per barrel is 10 percent lower than the comparative period due to the production being 24 percent higher in the first quarter of 2011 compared to the first quarter of 2010. The cost of operations per barrel is expected to increase over the remainder of the year towards an average level for 2011 of USD 8.60 per barrel, in line with the previous forecast.

The tariff and transportation expenses for the first quarter of 2011 amounted to USD 1.98 per barrel compared to USD 1.17 per barrel for the comparative quarter. The increase is due to the 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 20.28 (USD 13.40) 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 47.04 (USD 36.38) 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 1.9 (MUSD -4.2) was credited to the income statement for the reporting period.

Depletion costs

Depletion costs amounted to MUSD 40.6 (MUSD 30.5) and are detailed in Note 3. This increase is due to the depletion charge applied on the Volund field production in Norway. Norway contributed approximately 80 percent of the total depletion charge for the period at a rate of USD 15.19 per barrel and this increases the overall rate compared to the comparative period. Depletion per barrel for the first quarter of 2011 is in line with forecast for the period.

Exploration costs

Exploration costs for the reporting period amounted to MUSD 10.0 (MUSD 33.5) 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 and additional costs associated with the unsuccessful Norway PL409 Norall well drilled in the fourth quarter of 2010.

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 MUSD 14.8 (MUSD 8.7) of which MUSD 6.3 (MUSD 0.4) related to non-cash charges in relation to a part of 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 31 March 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. 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 first quarter of 2011 reflects the change in the provision to date.

Financial income

Financial income for the reporting period amounted to MUSD 17.3 (MUSD 6.0) and is detailed in Note 5.

Interest income for the reporting period amounted to MUSD 1.3 (MUSD 0.6). The interest income in the first quarter of 2011 includes an amount of MUSD 0.9 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.

Financial expense

Financial expenses for the reporting period amounted to MUSD 14.1 (MUSD 6.7) and are detailed in Note 6.

Interest expenses for the reporting period amounted to MUSD 1.6 (MUSD 1.2) In accordance with the Group's accounting principles, an amount of MUSD 0.8 of interest expense associated with the development of the Volund field was capitalised in the first quarter of 2010 and following the commencement of production the interest is now charged to the income statement.

Foreign exchange losses amounted to MUSD 8.5 (MUSD -4.9) in the reporting period. The Euro strengthened against both the US dollar and the Norwegian Kroner during the first quarter of 2011 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 1.7 (MUSD 1.8) 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 1.1 (MUSD 1.0) has been charged to the income statement for the reporting period.

Tax

The tax charge for the reporting period amounted to MUSD 136.9 (MUSD 40.6) and is detailed in Note 7.

The current tax charge on continuing operations for the reporting period amounted to MUSD 58.7 (MUSD 6.8). In the reporting period, there is a MUSD 49.0 (MUSD -) 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 deferred tax charge amounted to MUSD 78.2 (MUSD 33.7) for the reporting period.

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 72 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 because tax loss carry forwards and exploration expenditure provided a tax deduction in Norway during the reporting period.

Non-controlling interest

The net result attributable to minority interest for the three month period ended 31 March 2010 amounted to MUSD -2.3 (MUSD -5.4) and mainly relates to the minority interest's share in Etrion which is fully consolidated.

Discontinued operations

The net result from discontinued operations for the reporting period amounted to MUSD - (MUSD 10.9). The comparative 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 THREE MONTHS ENDED 31 MARCH 2011

BALANCE SHEET

Non-current assets

Oil and gas properties amounted to MUSD 2,145.4 (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- 31 Mar 2011 3 months	1 Jan 2010- 31 Mar 2010 3 months	1 Jan 2010- 31 Dec 2010 12 months
Norway	29.5	42.0	106.3
France	2.8	3.2	13.2
Netherlands	0.4	0.8	4.5
Indonesia	2.7	5.0	10.2
Russia	1.3	1.5	6.6
Development expenditures from continuing operations	36.7	52.5	140.8
Discontinued operations - United Kingdom	–	17.1	17.1
Development expenditures	36.7	69.6	157.9

During the reporting period, an amount of MUSD 29.5 of development expenditure was incurred in Norway on the Gaupe field development and Phase 2 drilling on the Alvheim field. MUSD 42.0 was spent on development projects in Norway in the comparative period, predominantly on the Volund field development.

Exploration expenditure in MUSD	1 Jan 2011- 31 Mar 2011 3 months	1 Jan 2010- 31 Mar 2010 3 months	1 Jan 2010- 31 Dec 2010 12 months
Norway	59.8	28.5	160.8
France	0.3	0.2	1.0
Indonesia	2.9	1.2	13.5
Russia	2.0	5.4	18.3
Malaysia	4.4	1.6	10.6
Congo (Brazzaville)	1.5	0.6	2.5
Vietnam	0.1	3.9	15.3
Other	0.7	1.1	4.4
Exploration expenditures from continuing operations	71.7	42.5	226.4
Discontinued operations - United Kingdom	–	0.2	0.2
Exploration expenditures	71.7	42.7	226.6

During the reporting period, an amount of MUSD 59.8 of exploration expenditure was incurred in Norway mainly on the Tellus discovery well on licence PL338, the Caterpillar discovery well on licence PL340 and the Earb well on licence PL505. The Earb well was drilling as at 31 March 2011, as was the Tellus well which was being sidetracked to appraise the Tellus discovery.

Other tangible assets amounted to MUSD 16.1 (MUSD 15.3) and represent office fixed assets and real estate.

Financial assets amounted to MUSD 83.9 (MUSD 114.9) and are detailed in Note 10. Other shares and participations amounted to MUSD 49.9 (MUSD 68.6) and predominantly relate to the shares held in ShaMaran Petroleum. Long-term receivables amounted to MUSD 10.8 (MUSD 23.8) and relates to the remaining part of the convertible loan of MUSD 23.8 provided to AOC following the part conversion in March 2011. Other financial assets amounted to MUSD 18.8 (MUSD 17.8) and mainly represent recoverable VAT paid on costs in Russia amounting to MUSD 17.4 (MUSD 16.5).

The deferred tax asset amounted to MUSD 15.5 (MUSD 15.1) and mainly relates to unutilised tax losses in the Netherlands.

Current assets

Receivables and inventories amounted to MUSD 259.1 (MUSD 236.2) and are detailed in Note 11.

Inventories include hydrocarbons and consumable well supplies and amounted to MUSD 26.2 (MUSD 20.0). The hydrocarbon inventory has increased due to there being no lifting during the reporting period on the Oudna field, Tunisia and the well supplies inventory has increased in Malaysia where long lead drilling items are being purchased ahead of the 2011 five well drilling campaign.

Trade receivables amounted to MUSD 113.9 (MUSD 94.2). Higher oil prices have resulted in the value of the trade receivables being higher at 31 March 2011.

The short-term loan receivable of MUSD 81.1 (MUSD 74.5) mainly relates to the Euro denominated loan outstanding from Etrion amounting to MUSD 81.0 (MUSD 74.0).

Cash and cash equivalents amounted to MUSD 26.6 (MUSD 48.7). Cash balances are held to meet operational and investment requirements.

Non-current liabilities

Provisions amounted to MUSD 900.3 (MUSD 769.7) and are detailed in Note 12.

The provision for site restoration amounted to MUSD 99.2 (MUSD 93.8) and relates to future decommissioning obligation liabilities in the countries of operations.

The provision for deferred taxes amounted to MUSD 764.2 (MUSD 650.7) 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 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 30.1 (MUSD 18.8). The increase is due to the increase in Lundin Petroleum's share price and an additional quarter vesting period.

Other provisions amounted to MUSD 5.3 (MUSD 5.0) and include and termination indemnity provisions in Tunisia of MUSD 3.1 (MUSD 2.9).

Long term interest bearing debt amounted to MUSD 323.8 (MUSD 458.8) and relates to the Group's financing facility consisting of a MUSD 850 revolving borrowing base facility.

Current liabilities

Other current liabilities amounted to MUSD 217.2 (MUSD 185.0) and are detailed in Note 13.

Tax payables amounted to MUSD 83.6 (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 31 March 2011, but will be paid when they become due in 2011.

Joint venture creditors amounted to MUSD 105.7 (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 5.3 (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 -45.1 (MSEK -10.3) for the reporting period.

The result includes general and administrative expenses of MSEK 44.9 (MSEK 18.4), financial income of MSEK 1.6 (MSEK -) for supporting certain financial obligations for ShaMaran Petroleum and interest expense of MSEK 5.2 (MSEK -). 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 0.1 (MUSD 0.1) from ShaMaran Petroleum for the provision of office and other services and MUSD 0.2 (MUSD -) for supporting certain financial obligations.

The Group received MUSD 0.2 (MUSD 0.2) from AOC being interest on a loan of MUSD 23.8 (MUSD 23.8).

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

Furthermore, the Group provided a Euro loan to Etrion which amounted to MUSD 81.0 (MUSD 74.0). Interest of MUSD 0.9 (MUSD -) is 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 323.8 was drawn in cash as at 31 March 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.

Lundin Petroleum has, through its subsidiary Lundin Malaysia BV, entered into four Production Sharing Contracts (PSC) with Petroliaam 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 82.8. In addition, BNP Paribas has issued additional bank guarantees to cover work commitments in Indonesia amounting to MUSD 4.9.

SUBSEQUENT EVENTS

In April 2011, Lundin Petroleum converted the remaining part of the convertible loan receivable from AOC into 11.8 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 2.10 per share.

In April 2011, Lundin Petroleum subscribed for MEUR 8.9 in the 60.0 MEUR Etrion Corporation bond issue. The bonds have been raised in the Norwegian bond market at 9 percent annual interest and have a 4 year maturity. The proceeds raised by Etrion will be used for early repayment of the bridge loan provided by Lundin Petroleum which amounted to MUSD 81.0 as at 31 March 2011.

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.

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.

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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.

The number of units relating to the 2008, 2009 and 2010 Unit Bonus Plans outstanding as at 31 March 2011 were 212,793, 439,961 and 708,897 respectively (rebased following the distribution of the EnQuest and Etrion shares in 2010).

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.

EXCHANGE RATES

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

	31 Mar 2011		31 Mar 2010		31 Dec 2010	
	Average	Period end	Average	Period end	Average	Period end
1 USD equals NOK	5.7233	5.5135	5.8573	5.9452	6.0345	5.8564
1 USD equals Euro	0.7316	0.7039	0.7224	0.7419	0.7537	0.7484
1 USD equals Rouble	29.2647	28.3557	29.8551	29.4495	30.3570	30.5493
1 USD equals SEK	6.4833	6.2877	7.1934	7.2064	7.1954	6.7097

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.

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 31 March 2011, there is a current liability in the balance sheet amounting to MUSD 5.3 (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- 31 Mar 2011 3 months	1 Jan 2010- 31 Mar 2010 3 months	1 Jan 2010- 31 Mar 2010 3 months
Continuing operations				
Operating income				
Net sales of oil and gas	1	289,572	165,549	785,162
Other operating income		2,186	944	13,437
		291,758	166,493	798,599
Cost of sales				
Production costs	2	-39,461	-39,182	-157,065
Depletion costs	3	-40,619	-30,499	-145,316
Exploration costs	4	-10,010	-33,503	-127,534
Gross profit		201,668	63,309	368,684
Gain on sale of assets		-	-	66,126
Other income		226	204	1,044
General, administration and depreciation expenses		-14,803	-8,674	-42,004
Operating profit		187,091	54,839	393,850
Result from financial investments				
Financial income	5	17,253	6,016	20,956
Financial expenses	6	-14,054	-6,701	-33,463
		3,199	-685	-12,507
Profit before tax		190,290	54,154	381,343
Tax	7	-136,855	-40,563	-251,865
Net result from continuing operations		53,435	13,591	129,478
Discontinued operations				
Net result from discontinued operations	8	-	10,922	368,992
Net result		53,435	24,513	498,470
Net result attributable to shareholders of the Parent Company:				
From continuing operations		55,129	15,877	142,883
From discontinued operations		-	10,922	368,992
		55,129	26,799	511,875
Net result attributable to non-controlling interest:				
From continuing operations		-1,694	-2,286	-13,405
Net result		53,435	24,513	498,470
Earnings per share – USD¹				
From continuing operations		0.18	0.06	0.46
From discontinued operations		-	0.03	1.18
		0.18	0.09	1.64
Diluted earnings per share – USD¹				
From continuing operations		0.18	0.06	0.46
From discontinued operations		-	0.03	1.18
		0.18	0.09	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- 31 Mar 2011 3 months	1 Jan 2010- 31 Mar 2010 3 months	1 Jan 2010- 31 Dec 2010 12 months
Net result	53,435	24,513	498,470
Other comprehensive income			
Exchange differences foreign operations	54,568	-33,670	-43,972
Cash flow hedges	1,936	-957	-378
Available-for-sale financial assets	-20,455	8,783	53,128
Income tax relating to other comprehensive income	-484	-1,672	-1,771
Other comprehensive income, net of tax	35,565	-27,516	7,007
Total comprehensive income	89,000	-3,003	505,477
Total comprehensive income attributable to:			
Shareholders of the Parent Company	86,837	-1,512	510,165
Non-controlling interest	2,163	-1,491	-4,688
	89,000	-3,003	505,477

CONSOLIDATED BALANCE SHEET

Expressed in TUSD	Note	31 March 2011	31 December 2010
ASSETS			
Non-current assets			
Oil and gas properties	9	2,145,395	1,998,971
Other tangible assets		16,131	15,271
Financial assets	10	83,867	114,878
Deferred tax		15,505	15,066
Total non-current assets		2,260,898	2,144,186
Current assets			
Receivables and inventories	11	259,096	236,247
Cash and cash equivalents		26,564	48,703
Total current assets		285,660	284,950
TOTAL ASSETS		2,546,558	2,429,136
EQUITY AND LIABILITIES			
Equity			
Shareholders' equity		1,007,253	920,416
Non-controlling interest		79,528	77,365
Total equity		1,086,781	997,781
Non-current liabilities			
Provisions	12	900,271	769,687
Bank loans		323,822	458,835
Other non-current liabilities		18,464	17,836
Total non-current liabilities		1,242,557	1,246,358
Current liabilities			
Other current liabilities	13	217,220	184,997
Total current liabilities		217,220	184,997
TOTAL EQUITY AND LIABILITIES		2,546,558	2,429,136
Pledged assets		658,647	459,220
Contingent liabilities		–	–

CONSOLIDATED STATEMENT OF CASHFLOW

Expressed in TUSD	1 Jan 2011- 31 March 2011 3 months	1 Jan 2010- 31 Mar 2010 3 months	1 Jan 2010- 31 Dec 2010 12 months
Cash flow from operations			
Net result	53,435	24,513	498,470
Gain on sale of assets	–	–	-424,196
Adjustments for non-cash related items	194,067	128,418	575,955
Interest received	630	28	589
Interest paid	-1,485	-1,318	-2,937
Income taxes paid	-17,975	-6,470	-25,029
Changes in working capital	-26,885	-26,747	-65,734
Total cash flow from operations	201,787	118,424	557,118
Cash flow used for investments			
Investment in subsidiary assets	–	–	-22,553
Investment in associated company	–	–	235
Proceeds from sale of other shares and participations	28,585	164	446
Change in other financial fixed assets	–	-80	39
Other payments	-557	-115	-3,085
Divestment	–	–	-65,808
Investment in intangible assets	–	–	-200
Investment in oil and gas properties	-108,320	-112,479	-348,819
Investment in solar power properties	–	-2,833	-21,210
Investment in office equipment and other assets	-1,307	-751	-4,853
Total cash flow used for investments	-81,599	-116,094	-465,808
Cash flow used for/from financing			
Changes in long-term receivables	–	27,011	-75,324
Changes in long-term liabilities	-139,821	–	-49,609
Paid financing fees	–	-48	-51
Purchase of own shares	–	–	-10,712
Proceeds from share issuance subsidiary company	–	–	15,191
Total cash flow used for/from financing	-139,821	26,963	-120,505
Change in cash and cash equivalents	-19,633	29,293	-29,195
Cash and cash equivalents at the beginning of the period	48,703	77,338	77,338
Cash held for sale/distribution	–	-25,003	–
Currency exchange difference in cash and cash equivalents	-2,506	3,698	560
Cash and cash equivalents at the end of the period	26,564	85,326	48,703
Total cash flow from operations			
From continuing operations	201,787	83,064	880,394
From/used for discontinued operations	–	35,360	-323,276
	201,787	118,424	557,118
Total cash flow used for investments			
Used for continuing operations	-81,599	-98,711	-423,422
Used for discontinued operations	–	-17,383	-42,386
	-81,599	-116,094	-465,808
Cash flow used for/from financing			
Used for/from continuing operations	-139,821	26,963	-120,505
Used for/from discontinued operations	–	–	–
	-139,821	26,963	-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	-	-28,260	-51	26,799	-1,491	-3,003
Transactions with owners						
Transfer of share based payments	-	619	-619	-	-	-
Share based payments	-	-	698	-	-	698
Total transactions with owners	-	619	79	-	-	698
Balance at 31 March 2010	463	812,737	300,845	26,799	94,064	1,234,908
Total comprehensive income	-	26,301	300	485,076	-3,197	508,480
Transactions with owners						
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	-	3,760	-3,760	-	-	-
Share based payments	-	-	2,071	-	-	2,071
Total transactions with owners	-	-421,608	-310,497	-	-13,502	-745,607
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	-	31,708	-	55,129	2,163	89,000
Balance at 31 March 2011	463	449,138	502,523	55,129	79,528	1,086,781

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Segment information, TUSD	1 Jan 2011- 31 Mar 2011 3 months	1 Jan 2010- 31 Mar 2010 3 months	1 Jan 2010- 31 Dec 2010 12 months
Operating income			
Net sales of:			
Crude oil			
- Norway	213,046	88,211	490,390
- France	30,714	22,754	92,681
- Netherlands	51	37	128
- Indonesia	–	8,721	34,994
- Russia	19,080	16,787	66,624
- Tunisia	–	15,308	29,517
	262,891	151,818	714,334
Condensate			
- Netherlands	250	144	1,088
- Indonesia	–	22	200
	250	166	1,288
Gas			
- Norway	14,410	5,096	32,687
- Netherlands	9,909	8,422	32,357
- Indonesia	2,112	47	4,496
	26,431	13,565	69,540
Net sales from continuing operations	289,572	165,549	785,162
Net sales from discontinued operations - United Kingdom	–	62,567	62,567
Total net sales	289,572	228,116	847,729
Operating profit contribution			
- Norway	172,929	41,144	303,892
- France	21,544	13,386	52,309
- Netherlands	4,401	2,217	7,273
- Indonesia	-25	1,944	18,203
- Russia	2,847	906	4,734
- Tunisia	-132	3,986	11,500
- Congo (Brazzaville)	–	–	-19
- Vietnam	-126	–	-31,906
- Other	-14,347	-8,744	27,864
Operating profit contribution from continuing operations	187,091	54,839	393,850
Operating profit contribution from discontinued operations - United Kingdom	–	20,774	20,774
Total operating profit contribution	187,091	75,613	414,624

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Production costs, TUSD	1 Jan 2011- 31 Mar 2011 3 months	1 Jan 2010- 31 Mar 2010 3 months	1 Jan 2010- 31 Dec 2010 12 months
Cost of operations	23,192	20,828	97,179
Tariff and transportation expenses	5,966	2,838	17,438
Direct production taxes	11,623	10,616	41,624
Change in inventory/lifting position	-1,881	4,214	-3,409
Other	561	686	4,233
Production costs from continuing operations	39,461	39,182	157,065
Production costs from discontinued operations - United Kingdom	-	32,030	32,030
Total production costs	39,461	71,212	189,095

Note 3. Depletion costs, TUSD	1 Jan 2011- 31 Mar 2011 3 months	1 Jan 2010- 31 Mar 2010 3 months	1 Jan 2010- 31 Dec 2010 12 months
Norway	32,134	20,287	101,643
France	2,982	3,347	14,623
Netherlands	3,249	4,451	16,490
Indonesia	1,035	798	4,218
Russia	1,219	1,616	6,002
Tunisia	-	-	6
Depletion of oil and gas properties	40,619	30,499	142,982
Italy	-	-	2,334
Depletion of solar properties	-	-	2,334
Depletion from continuing operations	40,619	30,499	145,316
Depletion from discontinued operations - United Kingdom	-	11,362	11,362
Total depletion costs	40,619	41,861	156,678

Note 4. Exploration costs, TUSD	1 Jan 2011- 31 Mar 2011 3 months	1 Jan 2010- 31 Mar 2010 3 months	1 Jan 2010- 31 Dec 2010 12 months
Norway	9,209	33,051	94,526
Vietnam	113	-	31,906
Other	688	452	1,102
Exploration costs from continuing operations	10,010	33,503	127,534
Exploration costs from discontinued operations - United Kingdom	-	61	61
Total exploration costs	10,010	33,564	127,595

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 5. Financial income, TUSD	1 Jan 2011- 31 Mar 2011 3 months	1 Jan 2010- 31 Mar 2010 3 months	1 Jan 2010- 31 Dec 2010 12 months
Interest income	1,342	648	3,409
Foreign exchange gain, net	–	4,854	13,360
Insurance proceeds	–	362	377
Guarantee fees	250	45	2,348
Gain on sale of loan conversion shares	15,633	–	–
Other financial income	28	107	1,462
Financial income from continuing operations	17,253	6,016	20,956
Financial income from discontinued operations - United Kingdom	–	360	360
Total financial income	17,253	6,376	21,316

Note 6. Financial expenses, TUSD	1 Jan 2011- 31 Mar 2011 3 months	1 Jan 2010- 31 Mar 2010 3 months	1 Jan 2010- 31 Dec 2010 12 months
Loan interest expenses	1,591	1,244	10,047
Foreign exchange loss, net	8,518	–	–
Result on interest rate hedge settlement	1,695	1,751	6,990
Change in market value of interest rate hedge	–	942	3,872
Unwinding of site restoration discount	1,102	1,026	3,989
Amortisation of deferred financing fees	600	397	2,360
Loss on sale of shares	–	972	3,879
Other financial expenses	548	369	2,326
Financial expenses from continuing operations	14,054	6,701	33,463
Financial expenses from discontinued operations - United Kingdom	–	1,224	1,224
Total financial expenses	14,054	7,925	34,687

Note 7. Tax, TUSD	1 Jan 2011- 31 Mar 2011 3 months	1 Jan 2010- 31 Mar 2010 3 months	1 Jan 2010- 31 Dec 2010 12 months
Continuing operations			
Current tax	58,665	6,820	68,152
Deferred tax	78,190	33,743	183,713
Tax from continuing operations	136,855	40,563	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	136,855	49,551	260,853

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 8. Discontinued operations - United Kingdom, TUSD	1 Jan 2011- 31 Mar 2011 3 months	1 Jan 2010- 31 Mar 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	–	–	358,070
Net result from discontinued operations	–	10,922	368,992

Note 9. Oil and gas properties, TUSD	31 Mar 2011	31 Dec 2010
Norway	1,129,840	1,018,533
France	169,354	159,168
Netherlands	49,954	49,721
Indonesia	82,491	78,011
Russia	628,802	614,731
Malaysia	46,200	42,058
Congo (Brazzaville)	33,730	32,256
Ireland	4,515	4,099
Others	509	394
	2,145,395	1,998,971

Note 10. Financial assets, TUSD	31 Mar 2011	31 Dec 2010
Other shares and participations	49,903	68,613
Capitalised financing fees	4,340	4,650
Long-term receivable	10,831	23,791
Other financial assets	18,793	17,824
	83,867	114,878

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 11. Receivables and inventories, TUSD

	31 Mar 2011	31 Dec 2010
Inventories	26,179	20,039
Trade receivables	113,871	94,190
Underlift	10,676	13,452
Short-term loan receivable	81,120	74,527
Joint venture debtors	18,820	21,389
Prepaid expenses and accrued income	4,347	6,351
Other assets	4,083	6,299
	259,096	236,247

Note 12. Receivables and inventories, TUSD

	31 Mar 2011	31 Dec 2010
Site restoration	99,167	93,766
Deferred taxes	764,212	650,695
Long-term incentive plan	30,075	18,821
Pension	1,524	1,421
Other provisions	5,293	4,984
	900,271	769,687

Note 13. Provisions, TUSD

	31 Mar 2011	31 Dec 2010
Trade payables	8,880	16,031
Overlift	–	1,761
Tax payables	83,560	39,679
Accrued expenses	7,771	7,667
Acquisition liabilities	–	5,680
Joint venture creditors	105,707	100,931
Short-term loans	–	450
Derivative instruments	5,288	6,866
Other liabilities	6,014	5,932
	217,220	184,997

PARENT COMPANY INCOME STATEMENT IN SUMMARY

Expressed in TSEK	1 Jan 2011- 31 Mar 2011 3 months	1 Jan 2010- 31 Mar 2010 3 months	1 Jan 2010- 31 Dec 2010 12 months
Operating income			
Other operating income	3,822	8,178	25,822
Gross profit	3,822	8,178	25,822
General and administration expenses	-44,883	-18,425	-72,222
Operating loss	-41,061	-10,247	-46,400
Result from financial investments			
Financial income	1,626	491	4,012,086
Financial expenses	-5,709	-30	-36,928
	-4,083	461	3,975,158
Profit before tax	-45,144	-9,786	3,928,758
Corporation tax	-	-550	7,328
Net result	-45,144	-10,336	3,936,086

PARENT COMPANY COMPREHENSIVE INCOME STATEMENT IN SUMMARY

Expressed in TSEK	1 Jan 2011- 31 Mar 2011 3 months	1 Jan 2010- 31 Mar 2010 3 months	1 Jan 2010- 31 Dec 2010 12 months
Net result	-45,144	-10,336	3,936,086
Other comprehensive income	-	-	-
Total comprehensive income	-45,144	-10,336	3,936,086
Total comprehensive income attributable to:			
Shareholders of the Parent Company	-45,144	-10,336	3,936,086
	-45,144	-10,336	3,936,086

PARENT COMPANY BALANCE SHEET IN SUMMARY

Expressed in TSEK	31 March 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	4,965	7,175
Cash and cash equivalents	579	6,735
Total current assets	5,544	13,910
TOTAL ASSETS	7,877,491	7,885,857
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity including net result for the period	7,307,232	7,352,376
Non-current liabilities		
Provisions	36,402	36,403
Payables to Group companies	523,883	482,281
Total non-current liabilities	560,285	518,684
Current liabilities		
Current liabilities	9,974	14,797
Total current liabilities	9,974	14,797
TOTAL EQUITY AND LIABILITIES	7,877,491	7,885,857
Pledged assets	4,141,683	3,081,228
Contingent liabilities	-	-

PARENT COMPANY CASH FLOW STATEMENT IN SUMMARY

Expressed in TSEK	1 Jan 2011- 31 Mar 2011 3 months	1 Jan 2010- 31 Mar 2010 3 months	1 Jan 2010- 31 Dec 2010 12 months
Cash flow used for/from operations			
Net result	-45,144	-10,336	3,936,086
Non-cash items	422	507	-3,918,807
Changes in working capital	-2,909	78	-798
Total cash flow used for/from operations	-47,631	-9,751	16,481
Cash flow from investments			
Change in other financial fixed assets	-	-	1,590
Total cash flow from investments	-	-	1,590
Cash flow from/used for financing			
Change in long term liabilities	41,602	9,891	71,870
Purchase of own shares	-	-	-83,157
Total cash flow from/used for financing	41,602	9,891	-11,287
Change in cash and cash equivalents	-6,029	140	6,784
Cash and cash equivalents at the beginning of the period	6,735	532	532
Currency exchange difference in cash and cash equivalents	-127	9	-581
Cash and cash equivalents at the end of the period	579	681	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	-	-	-	-	-10,336	-10,336
Transfer of share based payments	-	-	4,462	-4,462	-	-
Share based payments	-	-	-	135	-	135
Balance at 31 March 2010	3,179	861,306	5,125,212	1,851,190	-10,336	7,830,551
Total comprehensive income	-	-	-	-	3,946,422	3,946,422
Dividend	-	-	-2,515,168	-1,826,272	-	-4,341,440
Purchase of own shares	-	-	-83,157	-	-	-83,157
Transfer of share based payments	-	-	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	-	-	-	-	-45,144	-45,144
Balance at 31 March 2010	3,179	861,306	2,551,805	3,936,086	-45,144	7,307,232

KEY FINANCIAL DATA

Key financial data is based on continuing operations.

	1 Jan 2011- 31 Mar 2011 3 months	1 Jan 2010- 31 Mar 2010 3 months	1 Jan 2010- 31 Dec 2010 12 months
Financial data (TUSD)			
Operating income	291,758	166,493	798,599
EBITDA	238,404	118,840	603,450
Net result	53,435	13,591	129,478
Operating cashflow	193,632	120,491	573,380
Data per share (USD)			
Shareholders' equity per share	3.24	3.64	2.96
Operating cash flow per share	0.62	0.38	1.84
Cash flow from operations per share	0.65	0.38	1.79
Earnings per share	0.18	0.06	0.46
Earnings per share fully diluted	0.18	0.06	0.46
EBITDA per share fully diluted	0.77	0.38	1.93
Dividend per share	–	–	2.30
Quoted price at the end of the financial period	14.56	8.49	12.47
Number of shares issued at period end	317,910,580	317,910,580	317,910,580
Number of shares in circulation at period end	311,027,942	313,420,280	311,027,942
Weighted average number of shares for the period	311,027,942	313,420,280	312,096,990
Weighted average number of shares for the period (fully diluted)	311,027,942	313,420,280	312,096,990
Key ratios (%)			
Return on equity	5	1	12
Return on capital employed	14	3	24
Net debt/equity ratio	22	42	36
Equity ratio	43	42	41
Share of risk capital	72	66	67
Interest coverage ratio	6,151	1,352	1,860
Operating cash flow/interest ratio	5,893	3,061	2,742
Yield	–	–	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.

FINANCIAL INFORMATION

The Company will publish the following reports:

- 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, 4 May 2011

C. Ashley Heppenstall
President & CEO

The financial information relating to the three month period ended 31 March 2011 has not been subject to review by the auditors of the Company.

For further information, please contact:

C. Ashley Heppenstall,
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

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.

Corporate Head Office

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



www.lundin-petroleum.com