

Lundin Petroleum AB (publ)

company registration number 556610-8055



YEAR END REPORT
2009

HIGHLIGHTS

	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months	1 Jan 2008- 31 Dec 2008 12 months	1 Oct 2008- 31 Dec 2008 3 months
Production in Mboepd, gross	38.6	37.2	32.4	35.4
Production in Mboepd, after minority	38.2	37.0	31.7	34.9
Operating income in MSEK	6,191.1	1,575.6	6,393.7	1,314.0
Net profit in MSEK	-3,790.0	-3,832.7	310.3	-761.8
Net profit attributable to shareholders of the parent company in MSEK	-2,890.5	-2,973.1	560.0	-566.4
Earnings/share in SEK¹	-9.22	-9.49	1.77	-1.81
Diluted earnings/share in SEK¹	-9.22	-9.49	1.77	-1.81
EBITDA in MSEK	3,678.5	855.1	3,878.4	628.5
Operating cash flow in MSEK	3,597.3	775.5	4,092.1	1,129.1

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

LETTER TO SHAREHOLDERS

Dear fellow Shareholders,

The theme of our recent Capital Markets Day presentation was that of "Continued Focused Growth" for Lundin Petroleum. We have been very successful over recent years in growing our reserves organically through exploration and exploitation drilling. In January 2010 we announced a reserves replacement ratio of 400 percent for the second consecutive year. This reserve growth will ultimately lead to increases in production, operating cash flow and value creation for our shareholders. Indeed our production increased by over 20 percent to 38,200 boepd in 2009 compared to the previous year with the first full year's contribution from the Alvhheim field, offshore Norway. Production will further increase in 2010 with the Volund field, offshore Norway coming onstream and pushing our production close to 50,000 boepd by the end of the year. We have a portfolio of undeveloped reserves and resources which will deliver continued production growth for a number of years to come.

In addition to our large reserves portfolio we continue our strong focus on exploration with an active exploration programme in 2010 targeting unrisks potential resources of 330 million barrels of oil equivalent from eleven exploration wells. We are focusing our efforts on areas where we believe we have a competitive advantage and as such Norway, South East Asia and Russia will continue to be areas of focus for the company.

Financial Performance

In 2009, our profitability was adversely affected by a number of non-recurring and non-cash items which resulted in a net loss after taxes attributable to the shareholders of Lundin Petroleum of MSEK 2,890.5 (MUSD 411.3). The major negative impact results from our decision to write down the carrying value of our Russian Caspian assets by approximately MUSD 450. Despite the fact that we have made a major discovery at Morskaya in the northern Caspian and that the area still contains further exploration potential, we felt it was prudent, following the latest unsuccessful exploration drilling on Petrovskaya, to reduce our carrying value.

I am pleased, however, that despite lower oil prices in 2009 Lundin Petroleum still generated a strong operating cash flow during the year. Operating cash flow in 2009 was MSEK 3,597.3 (MUSD 471.9) and we fully funded our major capital expenditures programme from internally

generated funds. Our balance sheet remains very strong with unutilised borrowing capacity and strong liquidity to fund our growth going forward.

Reserves

Proven and probable reserves increased by 26 percent in 2009 to 256 MBoe. We are particularly focused upon oil with over 85 percent of our reserves being liquid hydrocarbons and 95 percent of our reserves located in areas with tax/royalty fiscal regimes.

As I mentioned earlier we continue to be successful in increasing our reserve base which in 2009 was primarily driven by the addition of the Luno field offshore Norway. I am confident that our reserves will continue to increase in future years with positive results coming from our recent Luno appraisal well in addition to our major contingent resource portfolio.

Production/ Development

The strong production performance from the Alvhheim field, offshore Norway contributed to our 20 percent increase in production in 2009. In 2010 with the Volund field, offshore Norway, likely to come onstream mid-year and the redevelopment of the UK Thistle field, we are forecasting a production range of 38,000-44,000 boepd but exiting the year at close to 50,000 boepd. We are progressing our development studies on the Luno field with the objective to submit a plan of development in 2011. The Luno field is a world class project which we operate with a major equity position which when onstream will result in a further step change to our production levels.

Exploration

Our exploration drilling programme in 2009 delivered mixed results with a number of new discoveries particularly in Norway but also some disappointments. Our core strategy is to focus on exploration in certain targeted areas where with a mixture of access to latest 3D seismic imaging technology, an experienced regional technical workforce and a corporate philosophy to allocate risk capital we can grow our business. This will continue in 2010 with a USD 290 million exploration budget targeting unrisks reserves potential of 330 million barrels. Our major focus will be Norway where we will be targeting the Greater Luno Area with four exploration wells particularly utilising our knowledge from the Luno and Luno South discoveries.

LETTER TO SHAREHOLDERS

The world's economies are slowly beginning to grow following a sustained period of recession after the impact of the world financial crisis. This crisis has had a material impact upon the finances of many of the developed western economies. There still remains a level of uncertainty as to the long term effects of this and how that may impact growth when fiscal stimuli are removed. What is clear however is that the emerging market economies particularly China power forward and will represent the future demand growth engine for energy particularly hydrocarbons. Whilst short term oil prices are difficult to predict I remain confident that longer term oil prices can only go upwards as the impacts of increased demand coupled with limited supply feed into the system.

At Lundin Petroleum we have an exciting period of growth ahead of us where increased reserves will drive future production growth, cash flow and profitability. We continue to be exposed to exploration activity which if successful will have a material impact on our company. And we continue to maintain a financial structure which will allow us to grow in a way to ensure maximum value creation for our shareholders.

I would like to thank you our shareholders for your continued support and patience, my fellow directors for their support and guidance and to all Lundin Petroleum employees for all their contributions during the year.

Best Regards,

C. Ashley Heppenstall
President and CEO

OPERATIONS

EUROPE

Norway

The net production to Lundin Petroleum for the twelve month period ended 31 December 2009 from the Alvheim field (Lundin Petroleum working interest (WI) 15%), offshore Norway, was 13,800 barrels of oil equivalent per day (boepd). The Alvheim field which came onstream in June 2008 has performed above expectations for the period despite a number of unplanned shutdowns associated with various facilities related issues. Development drilling for Phase 1 of the Alvheim project was successfully completed and Phase 2 which involves the drilling of a further 3 multi-lateral wells will commence in 2010. The cost of operations for the Alvheim field averaged below USD 5 per barrel for the period and is expected to remain at approximately this level for 2010. Alvheim reserves again increased during the year primarily as a result of the excellent reservoir performance.

The first two development wells on the Volund field (WI 35%) have been successfully completed. The completed production well was cleaned up and successfully flow tested through the Alvheim FPSO facilities in September. Despite the expansion of capacity on the Alvheim FPSO, the outperformance of the Alvheim field is such that spare capacity on the Alvheim FPSO to accommodate Volund production is not expected until the first half of 2010. Phase 2 of Volund development drilling which involves a further two multilateral wells is currently ongoing. The Volund field is forecast to produce at a plateau rate of 8,700 boepd net to Lundin Petroleum.

In October 2009 a new oil discovery on the Marihone prospect in PL340 (WI 15%) was announced. The discovery is estimated to contain gross resources of 20 to 30 million barrels of oil equivalent (MMboe) and will likely be developed as a further subsea tieback to the Alvheim FPSO.

In the fourth quarter 2009, additional discoveries were announced in the Greater Alvheim Area with the drilling of the Viper and South Kneler prospects in PL203 (WI 15%). The Viper discovery is estimated to contain between 5 and 10 million barrels of gross recoverable oil and is also likely to be developed as a subsea tieback to the Alvheim FPSO. South Kneler was a gas discovery which will now be evaluated with the undeveloped Gekko gas discovery located in the same licence.

The Luno discovery in PL338 (WI 50%) was drilled in 2007. In January 2009 the first Luno appraisal well was successfully drilled confirming the extension of the Luno field to the north east. The well was tested at a flow rate of approximately 4,000 boepd. The results of this appraisal well were incorporated into a reserve assessment prepared by the independent reserve auditor Gaffney Cline & Associates (GCA). The reserves auditor has assigned 95 MMboe of gross proven and probable (2P) reserves to the Luno field. In the third quarter of 2009, the original Luno discovery well was re-entered and tested at 5,700 boepd. A second appraisal well on the Luno field was completed in January 2010 encountering an approximate 50 meter oil column with excellent reservoir characteristics. The results of this appraisal well are being incorporated into the reservoir model being used for development planning and will most likely result in an upgrade to the reserves previously assigned by GCA. Conceptual development studies are ongoing for the Luno field to select a development concept by the end of 2010 and a development plan submission in 2011.

An additional discovery in PL338 (WI 50%) was made during the third quarter of 2009 with the drilling of the Luno South prospect. The discovery made in fractured basement reservoir is potentially connected to large volumes of oil in place but will require further work to determine resource potential and commerciality.

Lundin Petroleum has a major exploration acreage position in the Greater Luno Area covering licences PL359 (WI 40%), PL409 (WI 70%), PL410 (WI 70%) and PL501 (WI 40%). In April 2009 a farm out agreement was signed with Statoil covering licences PL359, PL409 and PL410 whereby Statoil will pay a disproportionate share of the costs of the 3D seismic programme and exploration drilling to be carried out in PL359 and PL410. Exploration drilling is currently ongoing on PL359 with the drilling of the Luno High prospect and a further three exploration wells will be drilled in the Greater Luno Area in 2010.

In December 2009 Lundin Petroleum acquired a 10 percent working interest in PL265 in the Greater Luno Area from Talisman Energy Norge AS. PL265 contains the Ragnarrock oil and gas discovery located close to the Luno field.

Exploration wells 2/5-14S in PL006c (WI 75%) targeting the Hyme prospect, 25/10-9 in PL304 (WI 50%) targeting the Aegis prospect, 25/5-6 in PL363 (WI 45%) targeting the Mon prospect, 25/9-3 in PL412 (WI 30%) targeting the Tasta prospect and 6507/11-10 in PL476 (WI 30%) have all been drilled.

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In January 2010 seven new exploration licences were awarded to Lundin Petroleum in the 2009 Awards in Predefined Areas (APA) round, four of which will be operated by Lundin Petroleum.

United Kingdom

The net production to Lundin Petroleum averaged 10,200 boepd during the twelve month period ended 31 December 2009 which was above forecast.

Net production from the Broom field (WI 55%) averaged 4,600 boepd during the twelve month period ended 31 December 2009. The Broom reservoir has performed ahead of expectation during the period. However Broom production is currently restricted to one of two production export pipelines to the Heather platform which negatively affects Broom production by up to 1,500 bopd gross. A replacement pipeline will be installed during 2010. An additional Broom development well will be drilled in 2010.

Production from the Heather field (WI 100%) averaged 1,800 boepd during the twelve month period ended 31 December 2009. The Heather field has performed ahead of expectation as a result of gas compressor uptime with a sustained period of two compressor operations.

Net production from the Thistle field (WI 99%) averaged 3,800 boepd during the twelve month period. Production during the period was positively impacted by good water injection performance as a result of improved facilities uptime. Damaged power generation facilities have now been successfully replaced and will ensure continued strong facilities uptime performance. The redevelopment of the Thistle field has commenced with one workover and three new production wells planned for 2010 utilising the rebuilt Thistle platform drilling rig. During 2009 Thistle agreed to provide facilities services to the nearby South West and West Don fields which both came onstream in the first half of 2009. Thistle is expected to receive first oil from the South West and West Don fields in the first quarter 2010 and will receive a tariff for the service which will materially reduce the net Thistle operating costs.

France

The net production in the Paris Basin (WI 100%) averaged 2,700 boepd and in the Aquitaine Basin (WI 50%) averaged 700 boepd for the twelve month period ended 31 December 2009. Development drilling will commence on the Mimosa licence (WI 50%) in 2010. The Villeseneux exploration well, drilled in 2008 was successfully put

on a long term production test in 2009 and produced 150 boepd.

The Netherlands

The net gas production from the Netherlands averaged 2,100 boepd for the twelve month period ended 31 December 2009.

The exploration well Vinkega-1 (WI 7.75%) was a discovery and tested flow rates in excess of 40 million cubic feet per day (MMcfd) gross. A development plan is currently under preparation.

The sale of Lundin Petroleum's 1.8 percent shareholding in Nogat B.V. to Venture Production plc for a cash consideration of Euro 9 million was completed in the third quarter 2009.

Ireland

A licence extension was applied for and granted on Slyne basin licence 04/06, where work continues ahead of planned 3D seismic acquisition. In the fourth quarter of 2009, Lundin Petroleum decided not to enter into the next phase of the Donegal Basin frontier licence 03/06, and the licence was relinquished.

SOUTH EAST ASIA

Indonesia

Salawati Island and Basin (Papua)

The net production from Salawati (Salawati Island WI 14.5%, Salawati Basin WI 25.9%) was 2,400 boepd for the twelve month period ended 31 December 2009.

Following the successful drilling of the South East Walio-1 exploration well in Salawati Basin, three further appraisal wells have been completed in 2009 with results below expectation.

Lematang (South Sumatra)

The development of the Singa gas field (WI 25.9%) is ongoing and the facilities are substantially complete. The first of two production wells is expected to commence production in the first half of 2010. The original Singa gas sales agreement with PT PLN (Persoro), an Indonesian state owned electricity company, was amended in February 2010 incorporating an increased gas price at in excess of USD 5 per million British thermal units (MMbtu) and to allow PT PGN (Persoro), an Indonesian state owned gas distributor, to buy the first three years of Singa gas production. The expected plateau production from the Singa gas field, net to Lundin Petroleum, is approximately 12.5 million standard cubic feet per day (2,000 boepd).

Rangkas (Java)

During 2009 a 49 percent interest in the Rangkas block (WI 51%) was farmed out to Carnevon Petroleum Limited and Top Oil Limited. A 2D seismic acquisition programme will be completed in 2010.

Malaysia

A 2,150 km² 3D seismic acquisition programme on Blocks PM308A (WI 35%), PM308B (WI 75%) and SB303 (WI 75%) was completed in 2009. The seismic data processing is at an advanced stage and will be followed by interpretation work to identify potential drilling targets for the 2011/2012 drilling campaign.

Cambodia

The 3D seismic acquired in Block E (WI 34%), offshore Cambodia showed limited prospectivity and the licence was relinquished in the fourth quarter of 2009.

Vietnam

In 2009, the first well of a three well exploration programme was drilled on Block 06/94 (WI 33.33%). However, the Tuong Vi prospect found non-commercial quantities of gas pay and was plugged and abandoned. Two further exploration wells will be drilled in 2010 the first of which will spud in the first half of 2010 on the Hoa Hong-1X prospect.

RUSSIA

The net oil production from Russia for the twelve month period ended 31 December 2009 was 4,800 boepd after minority interest.

During the third quarter of 2009 Lundin Petroleum completed the sale of its 50 percent interest in CJSC Oilgaztet which held the Ashirovskoya field in the Orenburg region, for a cash consideration of USD 4 million. During the fourth quarter of 2009 Lundin Petroleum completed the sale of its 51 percent interest in CJSC Kalmeastern which held the Kaspiskoya field in the Republic of Kalmykia, for a cash consideration of USD 0.5 million. Prior to the sales the fields contributed jointly approximately 500 bopd of net production after minority interest.

In the fourth quarter of 2009 the Petrovskaya-1 exploration well was drilled and abandoned as a dry hole. Conceptual development studies are ongoing with respect to the Morskaya field and appraisal drilling will likely commence in 2011 along with further exploration drilling on the Lagansky Block. The results of the 3D seismic acquisition programme in 2009 covering parts

of the Lagansky Block indicate further exploration potential.

During the third quarter of 2009, Gunvor Cyprus Holding Ltd ("Gunvor") entered into an agreement to acquire a 30 percent interest in the Lagansky Block with Lundin Petroleum holding the remaining 70 percent interest. Under the terms of the transaction Gunvor becomes a full paying partner in the Lagansky Block from the commencement of the Petrovskaya exploration well. The consideration for the acquisition is USD 30 million plus an additional deferred consideration dependent upon future discoveries and reserves within the Lagansky Block. Lundin Petroleum retains the rights to recover historical costs expended on the Lagansky Block. The transaction is subject to various Russian government approvals.

AFRICA

Tunisia

The net oil production from the Oudna field (WI 40%) averaged 1,400 boepd for the twelve month period ended 31 December 2009. Oudna field production continues to outperform expectations.

Congo (Brazzaville)

The Liyeke Marine-1 exploration well in Block Marine XI (WI 18.75%) drilled in the third quarter of 2009 encountered a heavy oil column and was plugged and abandoned. An appraisal well on the Viодо discovery was completed in the fourth quarter of 2009 as a further oil discovery. The results of the well are currently being reviewed with respect to the development potential of the Viодо field.

In Block Marine XIV (WI 21.55%) a 3D seismic survey was completed in 2009 and exploration drilling will commence in 2010.

Sudan

In 2009 Lundin Petroleum decided not to enter the second phase of exploration for Block 5B and as a result we exited operations in Sudan.

Ethiopia/Kenya

In April 2009 Lundin Petroleum completed the sale of its Kenyan and Ethiopian assets to Africa Oil Corporation.

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THE GROUP

Result

Lundin Petroleum reports a net result for the financial year ended 31 December 2009 of MSEK -3,790.0 (MSEK 310.3) and MSEK -3,832.7 (MSEK -761.8) for the fourth quarter of 2009.

The reported result for the financial year ended 31 December 2009 was affected by the following non-recurring and non-cash items:

Expressed in MSEK	Result before tax	Tax	Result after tax	Minority interest	Result attributable to Lundin Petroleum
Reported result	-3,376.5	-413.5	-3,790.0	-899.5	-2,890.5
Impairment of Russian carrying value	4,588.5	-618.4	3,970.1	761.5	3,208.6
Other one off items					
- Etrion impairment	409.3	-	409.3	-	409.3
- Sale of Lundin International BV	-211.2	-	-211.2	-	-211.2
- Sale of NOGAT	-80.4	-	-80.4	-	-80.4
- Sale of Russian onshore fields	179.1	-	179.1	-	179.1
Exploration costs	1,051.0	-544.1	506.9	59.8	447.1
Net Result before adjustments	2,559.8	-1,576.0	983.8	-78.2	1,062.0

Net result attributable to shareholders of the Parent Company for the financial year ended 31 December 2009 amounted to MSEK -2,890.5 (MSEK 560.0) and MSEK -2,973.1 (MSEK -566.4) for the fourth quarter of 2009 representing earnings per share on a fully diluted basis of SEK -9.22 (SEK 1.77) for the financial year ended 31 December 2009 and SEK -9.49 (SEK -1.81) for the fourth quarter of 2009.

Operating cash flow for the financial year ended 31 December 2009 amounted to MSEK 3,597.3 (MSEK 4,092.1) and MSEK 775.5 (MSEK 1,129.1) for the fourth quarter of 2009 representing operating cash flow per share on a fully diluted basis of SEK 11.48 (SEK 12.96) for the financial year ended 31 December 2009 and SEK 2.47 (SEK 3.60) for the fourth quarter of 2009.

Earnings before interest, tax, depletion and amortisation (EBITDA) for the financial year ended 31 December 2009 amounted to MSEK 3,678.5 (MSEK 3,878.4) and MSEK 855.1 (MSEK 628.5) for the fourth quarter of 2009 representing EBITDA per share on a fully diluted basis of SEK 11.74 (SEK 12.29) for the financial year ended 31 December 2009 and SEK 2.73 (SEK 2.00) for the fourth quarter of 2009.

Changes in the Group during the fourth quarter of 2009

During the fourth quarter of 2009, Lundin Petroleum sold its 51 percent shareholding in CJSC Kalmeastern, the company holding the operated onshore production assets in Kalmykia, Russia, for a cash consideration of MUSD 0.5 (MSEK 3.6). The result of CJSC Kalmeastern has been fully consolidated into the Lundin Petroleum consolidated accounts up to the date of the completion of the sale.

Revenue

Net sales of oil and gas for the financial year ended 31 December 2009 amounted to MSEK 6,064.2 (MSEK 6,269.1) and MSEK 1,540.4 (MSEK 1,270.6) for the fourth quarter of 2009 and are detailed in Note 1. Production for the financial year ended 31 December 2009 amounted to 14,093.9 (11,842.2) thousand barrels of oil equivalent (Mboe) representing 38.6 Mboe per day (Mboepd) (32.4 Mboepd). The average price achieved for a barrel of oil equivalent for the financial year ended 31 December

2009 amounted to USD 57.16 (USD 87.29). The average Dated Brent price for the financial year ended 31 December 2009 amounted to USD 61.67 (USD 97.26) per barrel.

Other operating income for the financial year ended 31 December 2009 amounted to MSEK 126.9 (MSEK 124.6) and MSEK 35.2 (MSEK 43.3) for the fourth quarter of 2009. This amount includes tariff income from Norway, the United Kingdom, France and the Netherlands and income for maintaining strategic inventory levels in France.

Sales for the financial year ended 31 December 2009 were comprised as follows:

Sales	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months	1 Jan 2008- 31 Dec 2008 12 months	1 Oct 2008- 31 Dec 2008 3 months
Average price per boe expressed in USD				
United Kingdom				
- Quantity in Mboe	3,630.8	893.2	3,523.3	894.7
- Average price per boe	62.83	74.23	96.41	53.67
France				
- Quantity in Mboe	1,277.9	312.0	1,325.8	265.6
- Average price per boe	60.94	73.93	92.63	33.87
Norway				
- Quantity in Mboe	5,200.1	1,312.0	2,385.0	1,056.5
- Average price per boe	60.48	70.26	90.45	55.82
Netherlands				
- Quantity in Mboe	759.3	178.7	839.1	221.6
- Average price per boe	50.49	47.83	70.90	75.56
Indonesia				
- Quantity in Mboe	609.4	139.3	483.4	102.9
- Average price per boe	60.58	69.76	92.92	53.25
Russia				
- Quantity in Mboe	1,976.4	392.9	1,985.4	347.6
- Average price per boe	37.64	48.87	62.85	34.28
Tunisia				
- Quantity in Mboe	465.5	-	441.0	-0.7
- Average price per boe	54.72	-	116.22	90.27
Total				
- Quantity in Mboe	13,919.4	3,228.1	10,983.0	2,888.2
- Average price per boe	57.16	67.85	87.29	51.96

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Production for the financial year ended 31 December 2009 was comprised as follows:

Production	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months	1 Jan 2008- 31 Dec 2008 12 months	1 Oct 2008- 31 Dec 2008 3 months
United Kingdom				
- Quantity in Mboe	3,743.3	896.4	3,706.0	841.0
- Quantity in Mboepd	10.2	9.7	10.2	9.1
France				
- Quantity in Mboe	1,249.2	306.7	1,394.1	336.1
- Quantity in Mboepd	3.4	3.3	3.8	3.7
Norway				
- Quantity in Mboe	5,060.9	1,311.5	2,372.1	1,031.7
- Quantity in Mboepd	13.9	14.3	6.5	11.2
Netherlands				
- Quantity in Mboe	759.3	178.7	839.1	221.6
- Quantity in Mboepd	2.1	1.9	2.3	2.4
Indonesia				
- Quantity in Mboe	896.3	218.0	853.3	212.0
- Quantity in Mboepd	2.4	2.4	2.3	2.3
Russia				
- Quantity in Mboe	1,890.0	405.9	2,091.2	465.1
- Quantity in Mboepd	5.2	4.4	5.7	5.1
Tunisia				
- Quantity in Mboe	494.9	105.5	586.4	144.8
- Quantity in Mboepd	1.4	1.2	1.6	1.6
Total				
- Quantity in Mboe	14,093.9	3,422.7	11,842.2	3,252.3
- Quantity in Mboepd	38.6	37.2	32.4	35.4
Minority interest in Russia				
- Quantity in Mboe	162.2	15.8	239.9	49.6
- Quantity in Mboepd	0.4	0.2	0.7	0.5
Total excluding minority interest				
- Quantity in Mboe	13,931.7	3,406.9	11,602.3	3,202.7
- Quantity in Mboepd	38.2	37.0	31.7	34.9

The oil produced in Russia is sold on either the Russian domestic market or exported into the international market. 40 percent of Russian sales for the financial year ended 31 December 2009 were on the international market at an average price of USD 57.23 per barrel with the remaining 60 percent of Russian sales being sold on the domestic market at an average price of USD 24.67 per barrel.

Lundin Petroleum has fully consolidated the subsidiaries in Russia over which it has control, with the portion not owned by Lundin Petroleum shown as a minority interest. The average production for Russia for the financial year ended 31 December 2009 adjusted for Lundin Petroleum's share of ownership is 4.8 Mboepd (5.0 Mboepd). Lundin Petroleum sold the two controlled Russian subsidiaries during 2009.

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

Production cost

Production costs for the financial year ended 31 December 2009 amounted to MSEK 2,299.9 (MSEK 2,378.7) and MSEK 600.6 (MSEK 655.5) for the fourth quarter of 2009 and are detailed in Note 2. The reported cost of operations amounted to USD 16.40 per barrel (USD 21.44 per barrel) for the financial year ended 31 December 2009 and USD 20.81 per barrel (USD 19.75 per barrel) for the fourth quarter of 2009.

Production costs for the financial year ended 31 December 2009 expressed in US dollars were comprised as follows:

Production cost and depletion in TUSD	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months	1 Jan 2008- 31 Dec 2008 12 months	1 Oct 2008- 31 Dec 2008 3 months
Cost of operations	231,089	71,223	253,933	64,247
Tariff and transportation expenses	31,149	8,480	32,590	8,864
Royalty and direct taxes	40,987	11,521	80,738	9,517
Changes in inventory/overlift	-4,570	-6,917	-3,511	2,358
Other	3,082	846	-	-
Total production costs	301,737	85,153	363,750	84,986
Depletion	169,907	43,479	157,823	46,703
Total	471,644	128,632	521,573	131,689

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Production cost and depletion in USD per boe	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months	1 Jan 2008- 31 Dec 2008 12 months	1 Oct 2008- 31 Dec 2008 3 months
Cost of operations	16.40	20.81	21.44	19.75
Tariff and transportation expenses	2.21	2.48	2.75	2.73
Royalty and direct taxes	2.91	3.37	6.82	2.93
Changes in inventory/overlift	-0.32	-2.02	-0.30	0.73
Other	0.22	0.25	-	-
Total production costs	21.42	24.89	30.71	26.14
Depletion	12.06	12.70	13.33	14.36
Total cost per boe	33.48	37.59	44.04	40.50

Actual cost of operations for the financial year ended 31 December 2009 was 7 percent under forecast in US Dollar terms. This variance in USD terms was mainly attributable to favourable currency exchange rates compared to the forecast. This had the largest impact on the United Kingdom operations where cost of operations was slightly above forecast in GBP terms but was 8 percent lower than forecast in USD terms.

The cost of operations in the fourth quarter of 2009 was impacted by a high degree of one off project and maintenance work including a coiled tubing well intervention programme on the Thistle field and a dive support vessel intervention campaign on the Broom field in the United Kingdom.

The cost of operations per barrel for the financial year ended 31 December 2009 was significantly lower than for the comparable period of 2008 as a result of the Alvhheim field contributing 36 percent of Lundin Petroleum's production for the financial year ended 31 December 2009 compared to 20 percent for the comparable period of 2008 at a cost of operations of less than USD 5 per barrel.

Royalty and direct taxes includes Russian Mineral Resource Extraction Tax ("MRET") and Russian Export Duties. The rate of MRET varies in relation to world oil prices and is levied on the volume of Russian production. MRET averaged USD 10.23 (USD 18.04) per barrel for the financial year ended 31 December 2009. The rate of export duty on Russian oil is revised by the Russian Federation monthly and is dependant on the average price obtained for Urals Blend for the preceding one month period. The export

duty is levied on the volume of oil exported from Russia and averaged USD 21.42 (USD 49.73) per barrel for the financial year ended 31 December 2009. The royalty and direct taxes have decreased compared to the comparative period following the fall in crude prices impacting the cost of Russian MRET and export duty which makes up the majority of the overall expense.

As mentioned in the production section, 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.

Depletion

Depletion of oil and gas properties for the financial year ended 31 December 2009 amounted to MSEK 1,295.1 (MSEK 1,032.1) and MSEK 303.1 (MSEK 345.2) for the fourth quarter of 2009 and is detailed in Note 3. The depletion charge for the financial year ended 31 December 2009 is higher than the comparative period due to the higher production volumes produced in 2009.

The overall depletion rate per barrel in the financial year ended 31 December 2009 is slightly above forecast and is mainly due to the better production performance in the United Kingdom at a higher than average depletion rate per barrel.

Exploration costs

Exploration costs for the financial year ended 31 December 2009 amounted to MSEK 1,051.0 (MSEK 901.7) and MSEK 338.3 (MSEK 617.6) for the fourth quarter of 2009

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 the recoverability of the capitalised costs.

During the fourth quarter of 2009, the unsuccessful exploration well, Petrovskaya-1, drilled on the Lagansky Block in Russia was expensed for an amount of MSEK 249.1. Capitalised costs for Cambodia Block E of MSEK 78.2 were expensed during the fourth quarter of 2009 following the decision to withdraw from this block. Other exploration costs amounting to MSEK 11.0 were expensed during the fourth quarter of 2009.

Impairment costs

Lundin Petroleum reviews the carrying values of all of its assets at least annually and if necessary, an impairment cost is recorded to the income statement.

On 31 July 2006 Lundin Petroleum acquired 100 percent of the shares in Valkyries Petroleum Corp. (Valkyries) in an all share transaction. Lundin Petroleum recorded a purchase consideration of MSEK 5,067.6 being the value of the shares in Lundin Petroleum issued to complete the transaction and after accounting adjustments for deferred tax and minority

interests, an amount of MSEK 7,683.5 was assigned to oil and gas properties.

Lundin Petroleum has drilled three wells on the Lagansky Block and whilst two wells were unsuccessful, the Morskaya well has provided gross contingent resource on block of 233 MMboe of which 213 MMbbls is oil. Whilst the valuation of these resources is extremely subjective and a range of values can be derived and supported, Lundin Petroleum has assessed the value of discoveries to date and impaired the carrying value of the Lagansky Block, net of deferred tax and minority interest, to MSEK 2,798.2. This has resulted in an impairment charge to the income statement of MSEK 3,741.3 in the fourth quarter of 2009. An impairment charge of MSEK 613.7 was recorded in the fourth quarter of 2008 and primarily related to the impairment of the operated onshore Russian production properties.

As part of the Valkyries acquisition, an amount of MUSD 119.0 (MSEK 862.1) was assigned to Goodwill, reflecting the excess of purchase consideration over the fair value of the acquired assets. The Lagansky Block still has exploration potential but following the results of the Petrovskaya and Laganskaya wells, a write off the Goodwill is appropriate in the circumstances, and as such, MUSD 119.0 (MSEK 847.2) was charged to the income statement in the fourth quarter of 2009.

The following table shows the effect of the impairment on the result for the financial year ended 31 December 2009.

Expressed in MSEK	Result before impairment	Impairment	Net Result
Net result before tax	1,212.0	-4,588.5	-3,376.5
Tax	-1,031.9	618.4	-413.5
Net result after tax	180.1	-3,970.1	-3,790.0
Minority interest	138.0	761.5	899.5
Net result attributable to shareholders of Lundin Petroleum	318.1	-3,208.6	-2,890.5

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Sale of assets

Sale of assets for the financial year ended 31 December 2009 amounted to MSEK 32.1 (MSEK 130.5) and MSEK 125.5 (MSEK -) for the fourth quarter of 2009.

During the fourth quarter of 2009, Lundin Petroleum received 50 million shares of ShaMaran Petroleum Corp. (ShaMaran) in consideration for the sale of Lundin International BV (LIBV), a 100 percent owned subsidiary, which had commenced negotiations for Production Sharing Contracts (PSCs) for three separate exploration and development blocks in Kurdistan. An accounting gain of MSEK 211.2 was recognised in the fourth quarter of 2009 based on the market value of the shares on completion of the transaction.

There was an accounting loss of MSEK 96.1 recorded in the fourth quarter of 2009 relating to the sale of Lundin Petroleum's 51 percent interest in CJSC Kalmeastern and an accounting loss of MSEK 83.0 recorded in the third quarter of 2009 relating to the sale of Lundin Petroleum's 50 percent interest in CJSC Oilgaztet. The carrying value of the oil and gas properties in these companies had been written down to zero at the end of 2008 and the accounting losses represent the losses incurred on the residual equity in the sold companies.

The comparative period included the sale of the wholly owned subsidiary Lundin Latina de Petróleos S.A. to PetroFalcon in exchange for shares in PetroFalcon and the gain on the sale of the Jotun field in Norway.

Other income

Other income for the financial year ended 31 December 2009 amounted to MSEK 9.3 (MSEK 3.0) and MSEK 4.3 (MSEK 0.5) for the fourth quarter of 2009 and represents fees and costs recovered by Lundin Petroleum from third parties as well as a gain on the sale of some other fixed assets of MSEK 2.5 in the second quarter of 2009.

General, administrative and depreciation expenses

General, administrative and depreciation expenses for the financial year ended 31 December 2009 amounted to MSEK 222.0 (MSEK 139.7) and MSEK 124.2 (MSEK 30.6) for the fourth quarter of 2009. The costs for the fourth quarter of 2009 included one off costs for Etrion in support of its acquisition of the renewable energy company. Depreciation charges included in this amount totalled MSEK 26.1 (MSEK 24.9) for the financial year ended 31 December 2009.

Financial income

Financial income for the financial year ended 31 December 2009 amounted to MSEK 494.2 (MSEK 488.8) and MSEK 159.5 (MSEK 424.7) for the fourth quarter of 2009 and is detailed in Note 6. Interest income for the financial year ended 31 December 2009 amounted to MSEK 35.3 (MSEK 56.0) and includes interest received on bank accounts and on the Norwegian 2008 exploration tax refund totalling MSEK 31.4 (MSEK 51.5) as well as interest received on a loan to an associated company of MSEK 3.9 (MSEK 4.5).

Net exchange gains for the financial year ended 31 December 2009 amounted to MSEK 369.6 (MSEK -871.1) and MSEK 150.7 (MSEK -625.1) for the fourth quarter of 2009. The net exchange gains for the financial year ended 31 December 2009 includes a net of a loss for the financial year ended 31 December 2009 of MSEK 171.5 (MSEK -) relating to the currency hedge contracts settled during 2009. Exchange rate variations result primarily from fluctuations in the value of the USD currency against a pool of currencies which includes, amongst others, EUR, NOK, GBP and the Russian Rouble (RUR). Lundin Petroleum has USD denominated debt recorded in subsidiaries using a functional currency other than USD.

Dividend income received for the financial year ended 31 December 2009 amounted to MSEK 4.5 (MSEK 12.0) and relates to distributions received from an unconsolidated investment in a company owning an interest in the Dutch gas processing and transportation infrastructure (NOGAT). Lundin Petroleum sold its shareholding in NOGAT in the third quarter of 2009 and realised an accounting gain of MSEK 80.4.

Included in financial income in the comparative year was an amount of MSEK 259.2 relating to the gain on sale of an investment in Revus Energy ASA and an amount of MSEK 131.8 relating to insurance proceeds in relation to the Thistle field facility.

Financial expenses

Financial expenses for the financial year ended 31 December 2009 amounted to MSEK 452.4 (MSEK 1,038.4) and MSEK 62.9 (MSEK 658.0) for the fourth quarter of 2009 and are detailed in Note 7. Interest expenses for the financial year ended 31 December 2009 amounted to MSEK 91.4 (MSEK 107.8) and MSEK 28.0 (MSEK 20.7) for the fourth quarter of 2009 and mainly relates to the bank loan facility.

The amortisation of financing fees for the financial year ended 31 December 2009 amounted to MSEK 19.4 (MSEK 11.4) and MSEK 5.6 (MSEK 3.8) for the fourth quarter of 2009. During the fourth quarter of 2007, Lundin Petroleum entered into two new credit facilities totalling USD one billion. Effective 31 December 2009, the MUSD 150 unsecured credit facility was cancelled and the remaining financing fees relating to this loan were charged to the income statement. The fees capitalised in relation to the MUSD 850 credit facility continue to be amortised over the anticipated usage of the facility.

Other financial expenses for the financial year ended 31 December 2009 amounted to MSEK 257.2 (MSEK 15.7) and MSEK 7.4 (MSEK 5.0) for the fourth quarter of 2009. Included in the third quarter of 2009 is an amount of MSEK 231.8 in relation to the impairment of the share in associated company for reasons as explained below.

Result from share in associated company

The result from share in associated company for the financial year ended 31 December 2009 amounted to MSEK -194.4 (MSEK 29.3) and MSEK 1.1 (MSEK -7.7) for the fourth quarter of 2009 and consists of the 44.81 percent equity share of the result of Etrion (formerly called PetroFalcon) owned by Lundin Petroleum.

During the third quarter of 2009, Etrion wrote down the value of its Venezuelan oil and gas assets. This has resulted in a write down of MSEK 409.3 recorded as result from share in associated company in the accounts of Lundin Petroleum for an amount of MSEK 177.5 and recorded in Other financial expenses for an amount of MSEK 231.8. The comparative period consists of the fair value adjustment to the investment in PetroFalcon arising from sale of Lundin Petroleum's subsidiary, Lundin Latina de Petroleos SA.

Tax

The tax charge for the financial year ended 31 December 2009 amounted to MSEK 413.5 (MSEK 630.8) and MSEK -318.8 (MSEK -427.1) for the fourth quarter of 2009 and is detailed in Note 8.

The current tax charge for the financial year ended 31 December 2009 amounted to MSEK 293.9 (MSEK -77.1) and MSEK 199.5 (MSEK -470.5) for the fourth quarter of 2009. The current tax charge comprises primarily of tax charges in countries of production operations.

The deferred tax charge for the financial year ended 31 December 2009 amounted to MSEK 119.6 (MSEK 707.9) and consists of corporation tax amounting to MSEK 165.1 (MSEK 691.9) and a petroleum tax credit amounting to MSEK 45.5 (MSEK -16.0). The deferred tax charge for the fourth quarter of 2009 amounted to MSEK -518.4 (MSEK 43.5) and resulted primarily from a MSEK 618.4 deferred tax release on the Lagansky Block impairment.

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 financial year ended 31 December 2009 is distorted by the impairment of the Russian assets and other one-off items. Taking out the effect of these items, the effective tax rate for the Group for the financial year ended 31 December 2009 amounts to approximately 62 percent.

Minority interest

The net result attributable to minority interest for the financial year ended 31 December 2009 amounted to MSEK -899.5 (MSEK -249.7) and MSEK -859.6 (MSEK -195.4) for the fourth quarter of 2009 and relates primarily to the minority interest's share in the Lagansky Block impairment.

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BALANCE SHEET

Non-current assets

Oil and gas properties as at 31 December 2009 amounted to MSEK 18,078.3 (MSEK 20,996.2) and are detailed in Note 9. Development and exploration expenditure incurred for the financial year ended 31 December 2009 is as follows:

Development expenditure in MSEK	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months	1 Jan 2008- 31 Dec 2008 12 months	1 Oct 2008- 31 Dec 2008 3 months
United Kingdom	484.2	47.9	1,027.0	248.1
France	48.2	22.5	123.3	52.3
Norway	671.7	194.0	853.5	203.0
Netherlands	40.5	16.5	63.0	16.6
Indonesia	266.2	39.6	96.0	27.7
Russia	77.2	17.5	158.0	73.0
Tunisia	0.1	0.0	6.3	0.1
Development expenditures	1,588.1	338.0	2,327.1	620.8

Exploration expenditure in MSEK	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months	1 Jan 2008- 31 Dec 2008 12 months	1 Oct 2008- 31 Dec 2008 3 months
United Kingdom	17.8	4.0	175.2	20.7
France	23.6	2.9	45.7	33.3
Norway	1,513.2	327.6	932.5	306.3
Indonesia	73.8	21.2	58.6	32.7
Russia	344.9	149.8	541.7	168.9
Sudan	-12.0	0.1	219.3	50.1
Ethiopia	7.8	-	16.8	-10.5
Vietnam	70.5	4.4	47.3	11.3
Cambodia	9.5	6.3	63.2	2.6
Congo (Brazzaville)	105.5	42.9	22.5	8.6
Kenya	6.9	-	55.9	29.2
Malaysia	182.0	73.6	49.8	17.7
Other	23.5	9.8	36.1	12.3
Exploration expenditures	2,367.0	642.6	2,264.6	683.2

Other tangible assets as at 31 December 2009 amounted to MSEK 113.3 (MSEK 128.0) and represents office fixed assets and real estate.

Goodwill amounted to MSEK 4.8 (MSEK 929.8) as at 31 December 2009 and relates to Etrion's acquisition of the renewable energy company during 2009. The goodwill of MSEK 929.8 as at 31 December 2008 related to Lundin Petroleum's acquisition of Valkyries in 2006 and was fully impaired during 2009.

Other intangible assets as at 31 December 2009 amounted to MSEK 36.4 (MSEK -) and represents licences to develop renewable energy projects.

Financial assets as at 31 December 2009 amounted to MSEK 608.0 (MSEK 895.3) and are detailed in Note 10. Share in associated company as at 31 December 2009 amounted to MSEK - (MSEK 505.7) and related to the 44.81 percent share in Etrion which were fully consolidated within the Lundin Petroleum AB group accounts as from 30 September 2009. Other shares and participations amounted to MSEK 230.4 (MSEK 121.6) as at 31 December 2009 and primarily relate to the shares held in ShaMaran. Capitalised financing fees as at 31 December 2009 amounted to MSEK 53.5 (MSEK 75.7) and relate to the costs incurred in establishing the bank credit facility and are being amortised over the period of estimated usage of the facility. Long-term receivables as at 31 December 2009 amounted to MSEK 172.5 (MSEK 22.3) and mainly relate to the convertible loan provided to Africa Oil Corporation for an amount of MSEK 169.3 (MSEK -). Other financial assets as at 31 December 2009 amounted to MSEK 150.0 (MSEK 169.9) and mainly represent VAT paid on costs in Russia that is expected to be recovered.

The deferred tax asset as at 31 December 2009 amounted to MSEK 198.2 (MSEK 201.8).

Current assets

Receivables and inventories amounted to MSEK 1,408.7 (MSEK 1,680.6) as at 31 December 2009 and are detailed in Note 11. Inventories include hydrocarbons and consumable well supplies. The short-term loan receivable relates to the short term portion of the BNP Paribas funding amounting to MSEK 27.8 (MSEK 53.9) and the advance in relation to the acquisition of the 30 percent interest in the Lagansky Block to the minority partner for an amount of MSEK 213.5 (MSEK -). Corporation tax receivables as at 31 December 2009 amounted to MSEK 15.9 (MSEK 461.3) and relate primarily to tax refunds due in the Netherlands.

Cash and cash equivalents as at 31 December 2009 amounted to MSEK 550.4 (MSEK 448.9). Cash balances were held at 31 December 2009 to meet operational and investment requirements. Included in cash and cash equivalents is an amount of MSEK 166.9 held by Etrion.

Non-current liabilities

Provisions as at 31 December 2009 amounted to MSEK 6,387.9 (MSEK 6,087.3) and are detailed in Note 12. This amount includes a provision for site restoration of MSEK 944.3 (MSEK 700.2).

The provision for deferred tax as at 31 December 2009 amounted to MSEK 5,292.1 (MSEK 5,266.6) and is arising on the excess of book value over the tax value of oil and gas properties. In accordance with IFRS the amounts for deferred tax asset have been offset against the deferred tax liability where offsettable. The net deferred tax liability includes tax losses carry forward relating primarily to Norway and United Kingdom of MSEK 1,012.1 and MSEK 401.9 respectively.

The provision for derivative instruments amounted to MSEK 22.2 (MSEK 54.9) as at 31 December 2009 and relates to the long term portion of the fair value of the interest rate swap entered into in January 2008.

Other provisions amounted to MSEK 119.6 (MSEK 55.5) as at 31 December 2009 and relate to an exchange obligation of Etrion amounting to MSEK 40.5 (MSEK -), termination indemnity provisions in Indonesia and Tunisia amounting to MSEK 28.8 (MSEK 27.0) and other provisions amounting to MSEK 50.3 (MSEK 28.5).

Long term interest bearing debt amounted to MSEK 3,883.7 (MSEK 4,339.8) as at 31 December 2009. The financing facility consists of a MUSD 850 revolving borrowing base and letter of credit facility with a seven year term expiring 2014. Under the MUSD 850 facility, MUSD 35 of Letters of Credit in support of future site restoration costs payable to former owners of the Heather field, offshore United Kingdom, have been issued. The cash drawings outstanding under the credit facility amounted to MUSD 544 (MSEK 3,871.4) as at 31 December 2009. The long term interest bearing debt also includes the long-term portion of a bank loan drawn by a jointly controlled entity in Russia and the long-term bank loan drawn by Etrion.

Current liabilities

Current liabilities as at 31 December 2009 amounted to MSEK 1,832.5 (MSEK 2,026.5) and are detailed in Note 13.

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The overlift position as at 31 December 2009 amounted to MSEK 9.2 (MSEK 106.8). Joint venture creditors as at 31 December 2009 amounted to MSEK 996.6 (MSEK 954.5) and relate to ongoing operational costs. Short-term loans as at 31 December 2009 amounted to MSEK 230.6 (MSEK 53.9) and relates to the current portion of a bank loan drawn by a jointly controlled entity in Russia for an amount of MSEK 17.1 (MSEK 53.9) and the advance in relation to the agreement with Gunvor for an amount of MSEK 213.5 (MSEK -). Tax payables as at 31 December 2009 amounted to MSEK 148.5 (MSEK 123.4). The short term portion of the fair value of the interest rate swap entered into in January 2008 and the interest rate swap entered into in November 2009 by a renewable energy company included in current liabilities as at 31 December 2009 amounted to MSEK 50.3 (MSEK 304.5).

LIQUIDITY

Lundin Petroleum has a secured revolving borrowing base facility of MUSD 850, of which MUSD 544 has been drawn in cash and MUSD 35 has been drawn as Letters of Credit as at 31 December 2009. In addition Lundin Petroleum had an unsecured corporate facility for an amount of MUSD 150, which had an expiry date of 26 October 2010, and had remained undrawn. This facility was cancelled by Lundin Petroleum with an effective date of 31 December 2009. The MUSD 850 facility is a revolving borrowing base facility secured against certain cash flows generated by the company. The amount available under the facility is recalculated every six months based upon the calculated cash flow generated by certain producing fields at an oil price and economic assumptions agreed with the banking syndicate providing the facility. As part of the semi-annual redetermination process under the MUSD 850 secured facility, a new borrowing base amount of approximately USD 1.1 billion was calculated effective 1 January 2010.

Lundin Petroleum has, through its subsidiary Lundin Malaysia BV, entered into three 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 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 101.9. In addition, BNP Paribas have issued additional bank guarantees to cover work commitments in Indonesia amounting to MUSD 15.0.

SUBSEQUENT EVENTS

In February 2010, the exploration well 6507/11-10 targeting the Frusalen prospect in Norway licence PL476

(WI 30%) was plugged and abandoned as a dry hole. The costs associated with this well will be expensed during the first quarter of 2010.

Changes in the Group during previous quarters of 2009

During the second quarter of 2009, Lundin Petroleum completed the sale of its 100 percent owned subsidiaries Lundin Kenya B.V. and Lundin East Africa B.V., holding the Group's Kenyan and Ethiopian assets, to Africa Oil Corporation for a consideration of a convertible loan of MUSD 23.7 (MSEK 181.3).

During the third quarter of 2009, Lundin Petroleum entered into an agreement to acquire the 30 percent interest in the Lagansky Block held by a minority partner for MUSD 30.0 (MSEK 209.6) and certain deferred consideration payable on future commercial discoveries and on certain levels of certified reserves within the Lagansky Block. The agreement is subject to applicable Russian government approval. Lundin has advanced the MUSD 30.0 acquisition price to the seller as an interest free loan pending the governmental approval.

During the third quarter of 2009, Lundin Petroleum entered into an agreement to sell a 30 percent interest in the Lagansky Block to Gunvor Cyprus Holding Ltd (Gunvor) for MUSD 30.0 and certain deferred consideration payable on future commercial discoveries and on certain levels of certified reserves within the Lagansky Block. The agreement is subject to applicable Russian government approval. Lundin has received an advance of the USD 30 million acquisition price from Gunvor as an interest free loan pending the governmental approval. As a result of this transaction, Gunvor will become a full paying partner in respect of its 30 percent interest from commencement of the preparations for drilling the Petrovskaya-1 well. Lundin Petroleum will retain its rights to recover the shareholder loan previously funded 100 percent by it into the Lagansky Block. As a result of the above two transactions Lundin Petroleum will continue to hold 70 percent of the Lagansky Block.

During the third quarter of 2009, Lundin Petroleum sold the 50 percent shareholding in CJSC Oilgaztet (Oilgaztet) for a cash consideration of MUSD 4.0 (MSEK 27.9). The result of Oilgaztet has been fully consolidated into the Lundin Petroleum consolidated accounts up to the completion of the sale.

At the end of 2008, Lundin Petroleum owned approximately 45 percent of the issued and outstanding common shares of PetroFalcon Corporation (PetroFalcon).

The shareholding in PetroFalcon was accounted for under the equity method whereby only the change in equity is accounted for in the income statement of the Group under the heading Result from share in associated company. During the third quarter of 2009, PetroFalcon changed its name to Etrion Corporation (Etrion) and acquired a 90 percent interest in a renewable energy company which will be Etrion's primary business focus going forward. At the same time, Lundin Petroleum gained control of the board of directors of Etrion, and this, along with the combined shareholding of Etrion by Lundin Petroleum and certain of its directors gave deemed control for accounting purposes to Lundin Petroleum. As a result of this deemed control, Lundin Petroleum is required to fully consolidate the results of Etrion into the Lundin Petroleum consolidated accounts and has done so with an effective date of 30 September 2009.

The effects of the consolidation of Etrion into the Lundin Petroleum accounts are shown in the table below.

	TUSD	TSEK
Carrying value 30 September 2009	14,899	104,103
Assigned values upon consolidation		
Other tangible assets	460	3,217
Other shares and participations	10,000	69,876
Other financial assets	44	307
Other intangible assets	3,079	21,512
Working capital	-418	-2,909
Goodwill	674	4,708
Cash and cash equivalents	27,006	188,709
Deferred tax provision	-840	-5,873
Other provisions	-111	-777
IFRS 2 reserve	-6,225	-43,501
Minority interest	-18,770	-131,166
Total assigned value 30 September 2009	14,899	104,103

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 -32.3 (MSEK 62.8) for the financial year ended 31 December 2009 and MSEK -27.5 (MSEK 66.0) for the fourth quarter of 2009.

The result included general and administrative expenses of MSEK 49.3 (MSEK 25.6) for the financial year ended

31 December 2009 and MSEK 15.6 (MSEK -3.8) for the fourth quarter of 2009. Interest income derived from loans to subsidiary companies amounted to MSEK 7.7 (MSEK 8.7) for the financial year ended 31 December 2009. Net currency exchange losses amounted to MSEK 7.1 (MSEK -3.9) for the financial year ended 31 December 2009. Included in financial income for the comparative period is an amount of MSEK 113.3 in relation to the gain on the sale of an investment in Revus Energy ASA. For the financial year ended 31 December 2009 there is a tax charge of MSEK 17.6 (MSEK 36.4) and this relates to Swedish taxes on the results of Controlled Foreign Companies being Cyprus entities within the Group.

SHARE DATA

Lundin Petroleum AB's issued share capital at 31 December 2009 amounted to SEK 3,179,106 represented by 317,910,580 shares with a quota value of SEK 0.01 each.

The Annual General Meeting ("AGM") of Lundin Petroleum held on 13 May 2008 resolved to authorise the Board of Directors to decide on repurchases and sales of Lundin Petroleum shares on the Nasdaq OMX Nordic Exchange Stockholm ("OMX") during the period until the next AGM. The maximum number of shares that could be repurchased and held in treasury from time to time cannot exceed five percent of all shares of Lundin Petroleum. The purpose of the authorisation was to provide the Board of Directors with an ability to optimise Lundin Petroleum's capital structure and thereby create added value for the shareholders and to secure Lundin Petroleum's costs in relation to the long term variable bonus retention programme.

On 16 September 2008 the Board of Directors, based on the authorisation by the AGM held in 2008, resolved to mandate the management to execute repurchases of Lundin Petroleum shares on OMX. Under this mandate 3,625,300 shares were acquired during the second half of 2008. At 31 December 2009, Lundin Petroleum held 4,490,300 of its own shares.

In 2007 Lundin Petroleum implemented a Long-Term Incentive Plan (LTIP) consisting of a Share Option Plan and a Performance Share Plan. Employees had the choice to select the Share Option Plan, the Performance Share Plan or a 50/50 allocation of both. Both plans have a performance condition attached to their allocation relative to Total Shareholder Return (TSR) compared to a peer group of companies. The options issued under the Share Option Plan were to be between 0 and 100 percent of the options awarded and the shares issued

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under the Performance Share Plan will be between 50 and 100 percent of the shares awarded. The period for the performance condition relating to the options expired on 30 November 2008 at which time 50 percent of the options awarded were issued as incentive warrants. Under the Performance Share Plan, Lundin Petroleum made a conditional award of 67,751 shares. In June 2007, Lundin Petroleum acquired 68,000 of its own shares to fully hedge its potential obligation under the Performance Share Plan.

The incentive warrants outstanding at the end of the period and their expiry date and exercise prices are shown below:

Exercise price (SEK)	78.05
Number authorised	3,950,000
Number outstanding	1,410,750
Exercise period	1 Dec 2008- 31 May 2010

In 2008 Lundin Petroleum implemented a new LTIP consisting of a Unit Bonus Plan which provides for an annual grant of units that will lead to a cash payment at vesting. 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. In June 2008 Lundin Petroleum acquired 797,000 of its own shares to fully hedge its potential cash obligation under the 2008 LTIP.

The AGM held on 13 May 2009 approved the 2009 LTIP and renewed the authorisation for the Board of Directors to decide on repurchases and sales of Lundin Petroleum shares. The LTIP is related to the Company's share price and is divided into one plan for senior executives (being the President and Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer and the Senior Vice President Operations) and one plan for certain other employees.

The LTIP for senior executives includes the issuance of 4,000,000 phantom options with an exercise price of SEK 72.76 equal to 110 percent of the average of the closing prices of the Company's shares on the Nasdaq OMX Nordic Exchange in Stockholm for the ten trading days immediately following the Annual General Meeting 2009. The phantom options will vest on the fifth anniversary of the date of grant and the recipients will be entitled to receive a cash payment equal to the average

closing price of the Company's shares during the fifth year following grant, less the exercise price.

The LTIP for management other than senior executives includes the granting of 667,900 units that are converted into a cash award related to the Company's share price. 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.

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

As at 31 December 2009 the outstanding number of stock options under Etrion's plans amounted to 11,383,640 of which 7,571,972 are exercisable. Exercise prices vary in the range between CAD 0.25 and CAD 3.28.

Etrion has entered into a shareholders agreement with the shareholder of the remaining 10 percent interest in the renewable energy company of which Etrion holds a 90 percent interest. This agreement provides for issuance of further at the money options to prevent dilution to the 10 percent shareholder in relation to the first MEUR 100 of value from investments by Etrion. These options are viewed as being granted, subject to a performance condition relating to future investments. It is estimated that the performance condition is likely to be met over a remaining period of 3.5 years from 31 December 2009 and therefore the company has recorded a non-cash compensation expense of MUSD 1.2. The total fair value of the stock options will be expensed over the vesting period, being the period from the grant date until the funds are estimated to be invested.

Etrion is fully consolidated in the Lundin Petroleum accounts due to which the related equity reserve for an amount of TSEK 55,311 is included within the Group's shareholders' equity. Of this amount TSEK 46,848 relates to the outstanding stock options and TSEK 8,463 relates to the mentioned shareholders agreement.

ACCOUNTING PRINCIPLES

The financial statements of the Group have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Reporting, and the Swedish Annual Accounts Act (1995:1554). The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008.

The financial statements of the Parent Company are prepared in accordance with accounting principles generally accepted in Sweden, applying RFR 2.1 Reporting for legal entities and the Annual Accounts Act (1995:1554). RFR 2.1 requires the Parent Company to use similar accounting principles as for the Group, i.e. IFRS to the extent allowed by RFR 2.1. The Parent Company's accounting principles do not in any material respect deviate from the Group principles.

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 and as such the Board of Directors of Lundin Petroleum has resolved that Lundin Petroleum will present its financial statements in United States dollars 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.

RISKS AND UNCERTAINTIES

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

Operational risk

The Group faces a number of risks and uncertainties in the areas of operation which may have an adverse impact on

its ability to successfully pursue its exploration, appraisal and development plans as well as on its production of oil and gas. A more detailed analysis of the operational risks faced by Lundin Petroleum is given in the Company's annual report for 2008.

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

Financial risk

As an international oil and gas exploration and production company operating globally, Lundin Petroleum is exposed to financial risks such as fluctuations in oil price, currency rates, interest rates as well as liquidity and credit risks. The Company shall seek to control these risks through sound management practice and the use of internationally accepted financial instruments, such as oil price, currency and interest rate hedges. Lundin Petroleum uses financial instruments solely for the purpose of minimising risks in the Company's business. A more detailed analysis of the financial risks faced by Lundin Petroleum and how it addresses these risks is given in the Company's annual report for 2008.

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 MUS\$ 200 of the Group's USD borrowings for the period January 2008 to January 2012. The interest rate contract relates to the current credit facility. Under IAS 39, the interest rate contract is effective and qualifies for hedge accounting. Changes in fair value of this contract are charged directly to equity. At 31 December 2009, a provision has been recognised in the balance sheet amounting to MSEK 22.2 (MSEK 54.9), representing the long-term portion of the fair value of the outstanding part of the interest rate contract and a current liability in

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the balance sheet amounting to MSEK 45.3 (MSEK 39.4) representing the short-term portion of the fair value of the outstanding part of the interest rate contract.

Etrion entered into an interest hedging contract on 5 November 2009, fixing the 6-months EURIBOR rate of interest at 3.9 percent p.a. on 90 percent (MUSD 15.5) of Etrion's non-recourse loan for the period until 30 June 2028. The interest rate contract relates to the non-recourse loan of MEUR 17.2 of which MEUR 0.9 has been drawn per 31 December 2009. Under IAS 39, the interest rate contract is not effective and does not qualify for hedge accounting. Changes in fair value of this contract are charged through the income statement. At 31 December 2009, financial asset has been recognised in the balance sheet amounting to MSEK 1.6 (MSEK -), 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 MSEK 5.0 (MSEK -) representing the short-term portion of the fair value of the outstanding part of the interest rate contract.

At the end of September 2008, the Group entered into currency hedging contracts for 2009 fixing the rate of exchange from USD into GBP, EUR, NOK and CHF. In addition, at the end of August 2009 the Group entered into a currency hedging contract fixing the rate of exchange from NOK to USD for the Norwegian tax refund to be received in December 2009. Under IAS 39, subject to hedge effectiveness testing, all of these hedges were treated as effective and changes to the fair value were reflected in equity. At 31 December 2009, the currency hedging contracts had been closed out and no contracts had been entered into in respect of 2010.

EXCHANGE RATES

For the preparation of the financial statements for the financial year ended 31 December 2009, the following currency exchange rates have been used.

	Average	Period end
1 EUR equals SEK	10.6200	10.2520
1 USD equals SEK	7.6223	7.1165

CONSOLIDATED INCOME STATEMENT

Expressed in TSEK	Note	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months	1 Jan 2008- 31 Dec 2008 12 months	1 Oct 2008- 31 Dec 2008 3 months
Operating income					
Net sales of oil and gas	1	6,064,210	1,540,395	6,269,130	1,270,642
Other operating income		126,859	35,212	124,607	43,347
		6,191,069	1,575,607	6,393,737	1,313,989
Cost of sales					
Production costs	2	-2,299,894	-600,590	-2,378,706	-655,473
Depletion of oil and gas properties	3	-1,295,061	-303,117	-1,032,068	-345,155
Exploration costs	4	-1,051,024	-338,329	-901,683	-617,551
Impairment costs for oil and gas properties	5	-3,741,279	-3,741,279	-613,693	-613,693
Impairment cost for goodwill		-847,196	-847,196	-	-
Gross profit		-3,043,385	-4,254,904	1,467,587	-917,883
Sale of assets		32,098	125,457	130,547	-
Other income		9,317	4,305	3,000	537
General, administration and depreciation expenses		-221,984	-124,212	-139,665	-30,558
Operating profit		-3,223,954	-4,249,354	1,461,469	-947,904
Result from financial investments					
Financial income	6	494,242	159,538	488,774	424,729
Financial expenses	7	-452,353	-62,872	-1,038,417	-658,013
		41,889	96,666	-549,643	-233,284
Result from share in associated company		-194,399	1,120	29,298	-7,653
Profit before tax		-3,376,464	-4,151,568	941,124	-1,188,841
Tax	8	-413,502	318,828	-630,837	427,079
Net result		-3,789,966	-3,832,740	310,287	-761,762
Net result attributable to:					
Shareholders of the parent company		-2,890,510	-2,973,114	560,011	-566,396
Minority interest		-899,456	-859,626	-249,724	-195,366
Net result		-3,789,966	-3,832,740	310,287	-761,762
Earnings per share – SEK ¹⁾		-9.22	-9.49	1.77	-1.81
Diluted earnings per share – SEK ¹⁾		-9.22	-9.49	1.77	-1.81

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

STATEMENT OF COMPREHENSIVE INCOME

Expressed in TSEK	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months	1 Jan 2008- 31 Dec 2008 12 months	1 Oct 2008- 31 Dec 2008 3 months
Net result	-3,789,966	-3,832,740	310,287	-761,762
Other comprehensive income				
Exchange differences foreign operations	-755,602	160,460	1,787,001	1,128,862
Cash flow hedges	368,338	47,965	-262,313	-263,071
Available-for-sale financial assets	-136,340	-56,839	-20,917	-9,576
Income tax relating to other comprehensive income	-152,313	-6,275	36,491	36,707
Other comprehensive income, net of tax	-675,917	145,311	1,540,262	892,922
Total comprehensive income	-4,465,883	-3,687,429	1,850,549	131,160
Total comprehensive income attributable to:				
Shareholders of the parent company	-3,359,778	-2,840,252	1,800,021	116,082
Minority interest	-1,106,105	-847,177	50,528	15,078
	-4,465,883	-3,687,429	1,850,549	131,160

CONSOLIDATED BALANCE SHEET

Expressed in TSEK	Note	31 December 2009	31 December 2008
ASSETS			
Non-current assets			
Oil and gas properties	9	18,078,331	20,996,161
Other tangible assets		113,348	128,016
Goodwill		4,795	929,825
Other intangible assets		36,447	–
Financial assets	10	608,018	895,286
Deferred tax		198,193	201,843
Total non-current assets		19,039,132	23,151,131
Current assets			
Receivables and inventory	11	1,408,725	1,680,638
Cash and cash equivalents		550,372	448,855
Total current assets		1,959,097	2,129,493
TOTAL ASSETS		20,998,229	25,280,624
EQUITY AND LIABILITIES			
Equity			
Shareholders' equity		8,126,750	11,430,988
Minority interest		677,777	1,396,046
Total equity		8,804,527	12,827,034
Non-current liabilities			
Provisions	12	6,387,910	6,087,340
Bank loans		3,883,670	4,339,769
Other non-current liabilities		89,656	–
Total non-current liabilities		10,361,236	10,427,109
Current liabilities			
	13	1,832,466	2,026,481
TOTAL EQUITY AND LIABILITIES		20,998,229	25,280,624
Pledged assets		4,978,037	4,605,804
Contingent liabilities		167,238	183,549

CONSOLIDATED STATEMENT OF CASH FLOW

Expressed in TSEK	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months	1 Jan 2008- 31 Dec 2008 12 months	1 Oct 2008- 31 Dec 2008 3 months
Cash flow from operations				
Net result	-3,789,966	-3,832,740	310,287	-761,762
Adjustments for non-cash related items	7,523,255	4,733,907	3,820,673	1,555,384
Interest received	25,769	6,154	50,151	26,912
Interest paid	-48,091	7,691	-73,976	66,466
Income taxes paid	-200,502	-93,184	-408,895	-140,400
Changes in working capital	183,407	457,854	266,724	485,913
Total cash flow from operations	3,693,872	1,279,682	3,964,964	1,232,513
Cash flow used for investments				
Investment in associated company	-	-	-170,500	-
Sale of other shares and participations	96,389	-	259,239	326,068
Change in other financial fixed assets	902	1,871	21,149	17,433
Other payments	-15,517	206	-1,334	-160
Divestment of fixed assets	-	4,501	5,383	1,267
Investment in intangible fixed assets	-15,070	-15,070	-	-
Investment in oil and gas properties	-3,927,944	-982,570	-4,591,836	-1,304,181
Investment in office equipment and other assets	-18,246	-4,746	-36,630	-11,167
Total cash flow used for investments	-3,879,486	-995,808	-4,514,529	-970,740
Cash flow from/used for financing				
Changes in long-term receivables	-	-	-	-
Changes in long-term bank loan	38,426	-287,583	548,019	-630,164
Paid financing fees	-742	-95	-13,885	-112
Purchase of own shares	-	-	-234,103	-105,843
Proceeds from share issues	-	-	142,072	-
Dividend paid to minority	-351	-	-646	-646
Total cash flow from/used for financing	37,333	-287,678	441,457	-736,765
Change in cash and cash equivalents	-148,281	-3,804	-108,108	-474,992
Cash and cash equivalents at the beginning of the period	448,855	557,845	483,452	818,415
Acquired on consolidation	184,531	-3,891	-	-
Currency exchange difference in cash and cash equivalents	65,267	222	73,511	105,432
Cash and cash equivalents at the end of the period	550,372	550,372	448,855	448,855

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Expressed in TSEK	Share capital	Additional paid-in-capital/ Other reserves	Retained earnings	Net result	Minority interest	Total equity
Balance at 1 January 2008	3,155	5,562,123	3,183,718	956,953	1,346,164	11,052,113
Transfer of prior year net result	–	–	956,953	-956,953	–	–
Total comprehensive income	–	1,240,010	–	560,011	50,528	1,850,549
Issuance of shares	24	142,048	–	–	–	142,072
Purchase of own shares	–	-234,103	–	–	–	-234,103
Transfer of share based payments	–	17,322	-17,322	–	–	–
Share based payments	–	–	17,049	–	–	17,049
Minority share in dividend paid	–	–	–	–	-646	-646
Balance at 31 December 2008	3,179	6,727,400	4,140,398	560,011	1,396,046	12,827,034
Transfer of prior year net result	–	–	560,011	-560,011	–	–
Total comprehensive income	–	-469,268	–	-2,890,510	-1,106,105	-4,465,883
Acquired on consolidation	–	–	44,311	–	132,847	177,158
Divestments	–	–	–	–	255,340	255,340
Issuance of shares	–	–	–	–	–	–
Purchase of own shares	–	–	–	–	–	–
Transfer of share based payments	–	30,894	-30,894	–	–	–
Share based payments	–	–	11,229	–	–	11,229
Minority share in dividend paid	–	–	–	–	-351	-351
Balance at 31 December 2009	3,179	6,289,026	4,725,055	-2,890,510	677,777	8,804,527

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Segment information, TSEK	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months	1 Jan 2008- 31 Dec 2008 12 months	1 Oct 2008- 31 Dec 2008 3 months
Operating income				
Net sales of:				
Crude oil				
- United Kingdom	1,725,095	466,269	2,200,178	410,917
- Netherlands	1,058	456	4,561	99
- France	593,548	163,508	803,075	99,536
- Norway	2,257,930	618,209	1,330,259	399,494
- Indonesia	279,102	67,510	290,979	48,772
- Russia	567,074	134,017	816,039	118,314
- Tunisia	194,130	-5,698	335,153	17,920
	5,617,937	1,444,271	5,780,244	1,095,052
Condensate				
- United Kingdom	13,610	2,917	21,197	7,459
- Netherlands	6,465	2,361	7,442	1,767
- Indonesia	942	137	2,327	1,006
	21,017	5,415	30,966	10,232
Gas				
- Norway	139,158	34,698	80,475	42,272
- Netherlands	284,717	55,662	377,026	122,924
- Indonesia	1,381	349	419	162
	425,256	90,709	457,920	165,358
	6,064,210	1,540,395	6,269,130	1,270,642
Operating profit contribution				
- United Kingdom	273,837	73,805	646,034	-50,997
- France	276,156	86,348	548,519	35,654
- Norway	1,166,552	467,926	1,102,027	286,780
- Netherlands	115,291	13,732	218,066	73,184
- Russia	-4,982,568	-4,921,121	-564,822	-654,133
- Indonesia	27,729	436	15,120	-49,571
- Tunisia	24,077	-5,132	34,795	-180,723
- Sudan	12,057	-102	-482,965	-361,881
- Vietnam	-54,907	1,611	-	-
- Congo (Brazzaville)	-19,246	6,300	-	-
- Other	-62,932	26,843	-55,305	-46,217
Total operating profit contribution	-3,223,954	-4,249,354	1,461,469	-947,904

Note 2. Production costs, TSEK	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months	1 Jan 2008- 31 Dec 2008 12 months	1 Oct 2008- 31 Dec 2008 3 months
Cost of operations	1,761,405	507,111	1,660,573	487,990
Tariff and transportation expenses	237,421	59,560	213,116	66,448
Direct production taxes	312,408	81,216	527,978	87,713
Change in inventory/ overlift position	-34,831	-53,243	-22,961	13,322
Other	23,491	5,946	-	-
	2,299,894	600,590	2,378,706	655,473

Note 3. Depletion of oil and gas properties, TSEK	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months	1 Jan 2008- 31 Dec 2008 12 months	1 Oct 2008- 31 Dec 2008 3 months
United Kingdom	394,666	84,930	410,523	113,708
France	97,726	20,958	82,867	23,419
Norway	497,737	118,698	255,894	116,996
Netherlands	97,010	20,751	90,048	27,404
Indonesia	55,901	28,699	28,968	11,808
Russia	65,758	13,910	70,620	18,761
Tunisia	86,263	15,171	93,148	33,059
	1,295,061	303,117	1,032,068	345,155

Note 4. Exploration costs, TSEK	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months	1 Jan 2008- 31 Dec 2008 12 months	1 Oct 2008- 31 Dec 2008 3 months
United Kingdom	46,872	-339	134,984	7,591
France	23,842	2,334	-	-
Russia	249,077	249,077	234,071	234,071
Sudan	-12,041	102	482,738	361,655
Congo (Brazzaville)	19,223	-6,300	-	-
Netherlands	312	-6	10,135	718
Norway	530,077	8,934	-	-
Vietnam	54,905	-1,612	-	-
Indonesia	28,293	-24	4,078	4,078
Cambodia	78,203	78,203	-	-
Other	32,261	7,960	35,677	9,438
	1,051,024	338,329	901,683	617,551

Note 5. Impairment costs, TSEK	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months	1 Jan 2008- 31 Dec 2008 12 months	1 Oct 2008- 31 Dec 2008 3 months
Russia	3,741,279	3,741,279	396,396	396,396
Tunisia	-	-	150,586	150,586
Indonesia	-	-	66,711	66,711
	3,741,279	3,741,279	613,693	613,693

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 6. Financial income, TSEK	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months	1 Jan 2008- 31 Dec 2008 12 months	1 Oct 2008- 31 Dec 2008 3 months
Interest income	35,265	8,909	55,988	28,798
Dividends received	4,471	–	12,022	2,832
Foreign exchange gain, net	369,649	150,687	–	–
Fair value adjustment pension	-967	-59	815	–
Insurance proceeds	4	4	131,814	131,814
Gain on sale of shares	80,376	–	259,239	259,239
Other financial income	5,444	-3	28,896	2,046
	494,242	159,538	488,774	424,729

Note 7. Financial expenses, TSEK	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months	1 Jan 2008- 31 Dec 2008 12 months	1 Oct 2008- 31 Dec 2008 3 months
Interest expenses	91,420	27,961	107,774	20,726
Unwind site restoration discount	41,208	9,675	31,263	5,794
Result on interest rate hedge settlement	43,207	12,163	1,236	-2,374
Amortisation of deferred financing fees	19,354	5,634	11,415	3,799
Foreign exchange loss, net	–	–	871,053	625,064
Other financial expenses	257,164	7,439	15,676	5,004
	452,353	62,872	1,038,417	658,013

Note 8. Tax, TSEK	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months	1 Jan 2008- 31 Dec 2008 12 months	1 Oct 2008- 31 Dec 2008 3 months
Current tax	293,909	199,534	-77,107	-470,542
Deferred tax	119,593	-518,362	707,944	43,463
	413,502	-318,828	630,837	-427,079

Note 9. Oil and gas properties, TSEK	Book amount 31 Dec 2009	Book amount 31 Dec 2008
United Kingdom	4,190,789	4,511,082
France	1,202,021	1,325,875
Norway	6,773,412	4,894,076
Netherlands	438,873	468,407
Indonesia	644,240	444,249
Russia	4,260,772	8,691,938
Tunisia	1,496	72,308
Congo (Brazzaville)	212,071	144,350
Vietnam	117,867	113,384
Ethiopia	–	87,619
Cambodia	–	76,085
Kenya	–	77,175
Malaysia	223,980	59,663
Others	12,810	29,950
	18,078,331	20,996,161

Note 10 Financial assets, TSEK	Book amount 31 Dec 2009	Book amount 31 Dec 2008
Share in associated company	–	505,721
Other shares and participations	230,356	121,634
Capitalised financing fees	53,475	75,748
Long-term receivable	172,498	22,255
Derivative instruments	1,647	–
Other financial assets	150,042	169,928
	608,018	895,286

Note 11. Receivables and inventories, TSEK	Book amount 31 Dec 2009	Book amount 31 Dec 2008
Inventories	194,799	206,161
Trade receivables	574,452	581,978
Underlift	61,554	32,236
Short-term loan receivable	241,302	53,893
Corporation tax	15,949	461,293
Joint venture debtors	205,877	208,416
Derivative instruments	–	3,438
Other assets	114,792	133,223
	1,408,725	1,680,638

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 12. Provisions, TSEK	Book amount 31 Dec 2009	Book amount 31 Dec 2008
Site restoration	944,339	700,206
Pension	9,635	10,140
Deferred taxes	5,292,142	5,266,552
Derivative instruments	22,218	54,896
Other	119,576	55,546
	6,387,910	6,087,340

Note 13. Current liabilities, TSEK	Book amount 31 Dec 2009	Book amount 31 Dec 2008
Trade payables	145,792	276,443
Overlift	9,161	106,844
Tax payables	148,523	123,429
Accrued expenses	117,225	102,837
Acquisition liabilities	51,510	44,708
Joint venture creditors	996,632	954,544
Short-term loans	230,575	53,893
Derivative instruments	50,342	304,459
Other liabilities	82,706	59,324
	1,832,466	2,026,481

PARENT COMPANY INCOME STATEMENT IN SUMMARY

Expressed in TSEK	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months	1 Jan 2008- 31 Dec 2008 12 months	1 Oct 2008- 31 Dec 2008 3 months
Operating income				
Other operating income	33,154	9,030	21,406	6,041
Gross profit	33,154	9,030	21,406	6,041
General and administration expenses	-49,281	-15,555	-25,638	3,839
Operating profit	-16,127	-6,525	-4,232	9,880
Result from financial investments				
Financial income	8,589	3,752	103,413	92,505
Financial expenses	-7,133	-7,089	-	-
	1,456	-3,337	103,413	92,505
Profit before tax	-14,671	-9,862	99,181	102,385
Tax	-17,600	-17,600	-36,403	-36,403
Net result	-32,271	-27,462	62,778	65,982

PARENT COMPANY BALANCE SHEET IN SUMMARY

Expressed in TSEK	31 December 2009	31 December 2008
ASSETS		
Non-current assets		
Financial assets	7,891,762	7,900,522
Total non-current assets	7,891,762	7,900,522
Current assets		
Receivables	5,365	9,928
Cash and cash equivalents	532	1,184
Total current assets	5,897	11,112
TOTAL ASSETS	7,897,659	7,911,634
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity including net result for the period	7,840,752	7,872,802
Provision	36,403	36,403
Current liabilities	20,504	2,429
TOTAL EQUITY AND LIABILITIES	7,897,659	7,911,634
Pledged assets	4,978,037	4,605,804
Contingent liabilities	167,238	183,549

PARENT COMPANY CASH FLOW STATEMENT IN SUMMARY

Expressed in TSEK	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months	1 Jan 2008- 31 Dec 2008 12 months	1 Oct 2008- 31 Dec 2008 3 months
Cash flow used for/from operations				
Net result	-32,271	-27,462	62,778	65,982
Adjustments for non- cash related items	18,958	17,444	-44,611	-42,926
Changes in working capital	11,744	7,352	-35,990	-36,875
Total cash flow used for/from operations	-1,569	-2,666	-17,823	-13,819
Cash flow used for/from investments				
Change in other financial fixed assets	738	1,622	-13,813	-105,942
Change in other shares and participations	-	-	113,328	180,157
Total cash flow used for/from investments	738	1,622	99,515	74,215
Cash flow used for/ from financing				
Purchase of own shares	-	-	-234,103	-105,843
Proceeds from share issues	-	-	142,072	-
Total cash flow used for/ from financing	-	-	-92,031	-105,843
Change in cash and cash equivalents	-831	-1,044	-10,339	-45,447
Cash and bank at the beginning of the period	1,184	1,614	8,861	43,703
Currency exchange difference in cash and cash equivalents	179	-38	2,662	2,928
Cash and cash equivalents at the end of the period	532	532	1,184	1,184

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Restricted Equity		Unrestricted equity			Total equity
	Share Capital	Statutory reserve	Other Reserves	Retained Earnings	Net result	
Balance at 1 January 2008	3,155	861,306	5,157,307	1,821,289	34,667	7,877,724
Transfer of prior year net result	-	-	-	34,667	-34,667	-
New share issuance	24	-	142,048	-	-	142,072
Purchase of own shares	-	-	-234,103	-	-	-234,103
Transfer of share based payments	-	-	17,322	-17,322	-	-
Share based payments	-	-	-	17,049	-	17,049
Currency translation difference	-	-	7,282	-	-	7,282
Net result	-	-	-	-	62,778	62,778
Balance at 31 December 2008	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	-
New share issuance	-	-	-	-	-	-
Purchase of own shares	-	-	-	-	-	-
Transfer of share based payments	-	-	30,894	-30,894	-	-
Share based payments	-	-	-	221	-	221
Currency translation difference	-	-	-	-	-	-
Net result	-	-	-	-	-32,271	-32,271
Balance at 31 December 2009	3,179	861,306	5,120,750	1,887,788	-32,271	7,840,752

KEY FINANCIAL DATA

Data per share	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months	1 Jan 2008- 31 Dec 2008 12 months	1 Oct 2008- 31 Dec 2008 3 months
Shareholders' equity SEK per share ¹	25.93	25.93	36.49	36.49
Operating cash flow SEK per share ²	11.48	2.47	12.96	3.60
Cash flow from operations SEK per share ³	11.79	4.08	12.56	3.93
Earnings SEK per share ⁴	-9.22	-9.49	1.77	-1.81
Earnings SEK per share fully diluted ⁵	-9.22	-9.49	1.77	-1.81
EBITDA SEK per share fully diluted ⁶	11.74	2.73	12.29	2.00
Dividend per share	-	-	-	-
Quoted price at the end of the financial period (regards the parent company), SEK	56.60	56.60	41.00	41.00
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	313,420,280	313,420,280	313,420,280	313,420,280
Weighted average number of shares for the period ⁷	313,420,280	313,420,280	315,682,981	313,632,237
Weighted average number of shares for the period (fully diluted) ⁷	313,420,280	313,420,280	315,682,981	313,632,237

- 1 the Group's shareholders' equity divided by the number of shares at period end.
- 2 the Group's operating income less production costs and less current taxes divided by the weighted average number of shares for the period.
- 3 cash flow from operations in accordance with the consolidated statement of cash flow divided by the weighted average number of shares for the period.
- 4 the Group's net result attributable to shareholders of the Parent Company divided by the weighted average number of shares for the period.
- 5 the Group's net result attributable to shareholders of the Parent Company divided by the weighted average number of shares for the period after considering the dilution effect of outstanding warrants.
- 6 the Group's EBITDA divided by the weighted average number of shares for the period after considering the dilution effect of outstanding warrants. EBITDA is defined as operating profit before depletion of oil and gas properties, exploration costs, impairment costs and gain on sale of assets.
- 7 the number of shares at the beginning of the period with new issue of shares weighted for the proportion of the period they are in issue.

KEY FINANCIAL DATA

Key data group	1 Jan 2009- 31 Dec 2009 12 months	1 Oct 2009- 31 Dec 2009 3 months	1 Jan 2008- 31 Dec 2008 12 months	1 Oct 2008- 31 Dec 2008 3 months
Return on equity, % ⁸	-35	-36	3	-6
Return on capital employed, % ⁹	-28	-33	11	-3
Net debt/equity ratio, % ¹⁰	40	40	35	35
Equity ratio, % ¹¹	42	42	51	51
Share of risk capital, % ¹²	66	66	71	71
Interest coverage ratio, % ¹³	-2,613	-9,775	973	-5,636
Operating cash flow/interest ratio ¹⁴	2,605	1,780	3,797	5,448
Yield ¹⁵	-	-	-	-

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

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

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

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

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

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

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

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

FINANCIAL INFORMATION

The Company will publish the following reports:

- The three month report (January – March 2010) will be published on 5 May 2010.
- The six month report (January – June 2010) will be published on 4 August 2010.
- The nine month report (January – September 2010) will be published on 3 November 2010.

The 2009 annual report will be distributed in April 2010 and will be available at the Stockholm office or at the Company's web site, www.lundin-petroleum.com.

The Annual General Meeting will be held on 6 May 2010 at the movie theatre Skandia Drottninggatan in Stockholm.

Stockholm, 17 February 2010

Ian H. Lundin
Chairman

C. Ashley Heppenstall
President & CEO

William A. Rand

Asbjorn Larsen

Lukas H. Lundin

Magnus Unger

Dambisa Moyo

The financial information relating to financial year ended 31 December 2009 has not been subject to review by the auditors of the company.

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