

# LUNDIN PETROLEUM – PRESS RELEASE

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OMX Nasdaq Nordic Exchange at Stockholmsbörsen: LUPE

11 November 2009

## INTERIM REPORT FOR NINE MONTH PERIOD ENDING 30 SEPTEMBER 2009

	1 Jan 2009- 30 Sep 2009 9 months	1 Jul 2009- 30 Sep 2009 3 months	1 Jan 2008- 30 Sep 2008 9 months	1 Jul 2008- 30 Sep 2008 3 months	1 Jan 2008- 31 Dec 2008 12 months
Production in Mboepd, gross	39.1	38.3	31.4	38.6	32.4
Production in Mboepd, after minority	38.6	37.7	30.7	37.9	31.7
Operating income in MSEK	4,615.5	1,776.0	5,079.7	2,147.8	6,393.7
Net profit in MSEK	42.8	-111.3	1,072.0	307.2	310.3
Net profit attributable to shareholders of the parent company in MSEK	82.6	-108.3	1,126.4	357.9	560.0
Earnings/share in SEK <sup>1</sup>	0.26	-0.35	3.56	1.13	1.77
Diluted earnings/share in SEK <sup>1</sup>	0.26	-0.35	3.56	1.13	1.77
EBITDA in MSEK	2,823.4	1,067.2	3,249.9	1,580.0	3,878.4
Operating cash flow in MSEK	2,821.8	997.7	2,963.1	1,460.7	4,092.1

<sup>1</sup> Based on net result attributable to shareholders of the parent company.

**Listen to President & CEO Ashley Heppenstall and CFO Geoffrey Turbott comment on the report at the live broadcast presentation 11 November 2009 at 08.00 CET.**

**The live presentation and slides will be available on [www.lundin-petroleum.com](http://www.lundin-petroleum.com) following the presentation. You can also dial in to listen to the presentation on the following telephone number: + 44 (0) 203 043 24 36.**

*Lundin Petroleum is a Swedish independent oil and gas exploration and production company with a well balanced portfolio of world-class assets in Europe, Africa, Russia and the Far East. The Company is listed at the Nasdaq OMX Nordic Exchange, Sweden (ticker "LUPE"). Lundin Petroleum has existing proven and probable reserves of 265 million barrels of oil equivalent.*

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**Dear fellow Shareholders,**

I believe that Lundin Petroleum has weathered the economic downturn very well and is now well positioned to benefit from the expected economic recovery. We continue to generate strong operating cash flow from our production base particularly in the North Sea, we have a "pipeline" of development projects which will increase our production over the next few years and we continue to pursue an active exploration driven organic growth strategy.

We have seen further strengthening of oil prices which are now approaching USD 80 per barrel. There is a growing realisation that an economic recovery will lead to renewed demand for hydrocarbons which will create further upward pressure on oil prices. Our strategy at Lundin Petroleum is to increase our reserve base through exploration and this will ultimately lead to increased production volumes. If we are able to achieve this we will increase shareholder value which will be further enhanced in an increasing oil price environment.

**Financial Performance**

Lundin Petroleum generated a net profit after taxes for the nine months ended 30 September 2009 of MSEK 42.8 (MUSD 5.5). The result was negatively impacted in the third quarter of 2009 by an amount of MSEK 529.1 (MUSD 67.4) for the expensing of unsuccessful exploration well expenditures and the write down of the carrying value of the Venezuelan assets held by Etrion Corporation. Both of these items are non-cash charges to the income for the period and despite oil prices being lower than the comparative period last year, the impact of increased production and lower operating costs resulted in strong operating cash flow of MSEK 2,821.8 (MUSD 359.6). This strong operating cash flow ensures that the company maintains a strong liquidity position and has actually reduced bank loans outstanding during the last quarter.

**Production**

The Alvheim field, offshore Norway has continued to produce strongly during the third quarter. We are very pleased with the performance of the Alvheim reservoir which has ensured that the Alvheim FPSO has continued to remain at full capacity. During the third quarter, the first Volund production well was successfully brought onstream and cleaned up through the Alvheim FPSO over a couple of days. We expect Volund to commence production during the first half of 2010 when capacity becomes available in the Alvheim FPSO. This will lead to increased production for Lundin Petroleum in 2010.

We expect third quarter production to remain flat for the remainder of 2009 which will mean that production for the year will come in at the mid range of our original guidance despite there being no production from Volund during the period.

**Exploration**

We are currently in the midst of a major exploration drilling programme in Norway and Russia which will continue into 2010.

The nature of exploration drilling is that there will invariably be disappointing results from time to time. We have drilled a number of dry holes during 2009 including four in Norway but remain firmly committed to our exploration programme. We have also had our successes with a new discovery called Marihone in PL 340 which is likely to be another subsea tieback for the Alvheim FPSO. The Luno South (previously the Luno Extension) was also a discovery which has opened up a new play concept in the Norwegian Continental Shelf. The Greater Luno Area remains extremely prospective and we will be drilling a further four exploration wells in 2010.

We recently commenced drilling the Petrovskaya prospect in the Russian sector of the Northern Caspian. This is a large structure on trend with the Morskaya discovery made last year. We expect to complete the well within the weather window this year and, irrespective of whether we are able to complete a limited testing programme, we will be able to determine this year whether we have another discovery or not.

As I have mentioned previously, I firmly believe that for the foreseeable future fossil fuels will be the world's predominant source of energy. At the same time we support the development of renewable energy sources which will grow significantly in the future. In this respect we have an equity interest in Etrion Corporation, an independently managed publicly listed developer of solar powered electricity generation. We believe this business will have excellent growth opportunities in the next few years.

Best Regards,

C. Ashley Heppenstall  
President and CEO

## OPERATIONS

### EUROPE

#### Norway

The net production to Lundin Petroleum for the nine month period ended 30 September 2009 from the Alvheim field (Lundin Petroleum working interest (WI) 15%), offshore Norway, was 13,700 barrels of oil equivalent per day (boepd). The Alvheim field which came onstream in June 2008 has performed above expectations for the period. Production during the second quarter of 2009 was negatively impacted by a planned shutdown associated with the replacement of valves on the Alvheim FPSO and during the third quarter of 2009 by an unplanned shutdown associated with gas turbine outages. Development drilling for Phase 1 of the Alvheim project has been successfully completed and Phase 2 which involves the drilling of a further three multi-lateral wells will commence in 2010. The cost of operations for the Alvheim field averaged below USD 5 per barrel for the nine month period.

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 2009. 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 development drilling on the Volund field which involves a further two multilateral wells has commenced. 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 reserves of 20 to 30 million barrels of oil equivalent (MMboe) and will likely be developed as a further subsea tieback to the Alvheim FPSO.

The Luno discovery in PL338 (WI 50%) was drilled in 2007. In January 2009 the first Luno appraisal well was successfully completed confirming the extension of the Luno field to the north east. The well was tested at a flow rate of approximately 4,000 bopd. The results of the appraisal well have been incorporated into a reserve estimate prepared by our independent reserve auditor Gaffney Cline & Associates. The reserve report 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 reentered and tested at 5,700 bopd. A further appraisal well will be drilled in 2010 to assist in optimising the Luno development plan and potentially increase Luno recoverable reserves. Development studies are ongoing for the Luno field.

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

Lundin Petroleum has a major exploration acreage position in the Greater Luno Area covering licenses 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 for PL359 and PL410. Four exploration wells are planned to be drilled in the Greater Luno Area in 2010.

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 and 25/9-3 in PL412 (WI 30%) targeting the Tasta prospect were all drilled during the period as dry holes.

#### United Kingdom

The net production to Lundin Petroleum averaged 10,500 boepd during the nine month period ended 30 September 2009 which was above forecast.

Net production from the Broom field (WI 55%) averaged 4,900 boepd during the nine month period ended 30 September 2009. Although the Broom field reservoir continues to perform ahead of expectation, 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. The Ninian field export pipeline which is utilised for Broom and Heather export volumes was shutdown for an unplanned period in September 2009 which negatively impacted third quarter Broom production. An additional Broom infill development well is likely to be drilled in 2010.

Production from the Heather field (WI 100%) averaged 1,700 boepd during the nine month period ended 30 September 2009. Despite the negative impact of the Ninian field export pipeline shutdown the Heather production continued to exceed expectations as a result of gas compressor uptime with a sustained period of two compressor operations.

Net production from the Thistle field (WI 99%) averaged 3,900 boepd during the nine 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 the continued strong facilities uptime performance. The redevelopment of the Thistle field will commence in 2010 utilising the rebuilt Thistle platform drilling rig with an extended programme of drilling and workover projects. During the period Thistle has 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 will receive a tariff for the service which will commence in early 2010 and which will materially reduce the net Thistle operating costs.

#### **France**

The net production in the Paris Basin averaged 2,800 boepd and in the Aquitaine Basin (WI 50%) averaged 700 boepd for the nine month period.

#### **The Netherlands**

The net gas production from the Netherlands averaged 2,100 boepd for the nine month period.

The exploration well Vinkega-1 (WI 7.75%) was a discovery and tested flow rates in excess of 40 million cubic feet per day (MMcf/d), gross, from two separate formations. A full development and production 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 (SEK 97.3 million) was completed in the third quarter.

### **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 2,500 boepd for the nine month period.

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

##### *Lematang (South Sumatra)*

The development of the Singa gas field (WI 25.9%) is ongoing with first gas production expected in 2009. A gas sales agreement is in place with PT PLN (PERSORO) an Indonesian electricity generating company to supply a gross contract volume of 133 billion standard cubic feet. 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).

#### **Vietnam**

The first exploration well on Block 06/94 (WI 33.33%) Tuong Vi-IX was plugged and abandoned as a dry hole. An additional 616 km<sup>2</sup> of 3D seismic has been acquired. A further two exploration wells will be drilled in 2010.

#### **Malaysia**

A 2,150 km<sup>2</sup> 3D seismic acquisition programme on Blocks PM308A (WI 35%), PM 308B (WI 75%) and SB303 (WI 75%) is currently ongoing and will be completed in 2009.

#### **Cambodia**

The 3D seismic acquired in Block E (WI 34%), offshore Cambodia indicates limited prospectivity.

### **RUSSIA**

The net oil production from Russia for the nine month period was 4,900 boepd after minority interests and was in line with expectation.

During the third quarter of 2009 Lundin Petroleum completed the sale of its 50% interest in CJSC Oilgaztet which held the Ashirovskoye field in the Orenburg region, for a cash consideration of USD 4 million (SEK 28.0 million). Prior to the sale the Ashirovskoye field was producing approximately 280 bopd net to Lundin Petroleum.

In 2008 the first exploration well, Morskaya-1 drilled in the Lagansky Block in the northern Caspian resulted in a major oil discovery. It is estimated that the Morskaya discovery contains between 110 and 450 MMboe of recoverable resources from the part of the structure contained within the Lagansky Block. The Petrovskaya prospect is another structure on trend with the Morskaya discovery containing an estimated 300 MMboe of gross potential resource. The drilling on the Petrovskaya prospect commenced in October 2009 and is ongoing.

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 (SEK 209.6 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 nine month period. Production continues to outperform expectations.

### Congo (Brazzaville)

The Liyeke Marine-1 exploration well in Block Marine XI (WI 18.75%) was completed in the third quarter of 2009. The well targeting the post-salt Sendji prospect encountered a heavy oil column which would not flow. An appraisal well on the Viodo discovery (VIM-4) is currently ongoing. The initial drill stem test (DST) on the VIM-4 well was successful and preparations are underway to conduct a second DST in a shallower section of the reservoir.

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

### Sudan

The decision was taken earlier this year not to enter the second phase of exploration for Block 5B and as a result Lundin Petroleum has exited operations in Sudan.

### Ethiopia/Kenya

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

## THE GROUP

### Result

Lundin Petroleum reports a net profit for the nine month period ended 30 September 2009 of MSEK 42.8 (MSEK 1,072.0) and MSEK -111.3 (MSEK 307.2) for the third quarter of 2009. Net profit attributable to shareholders of the Parent Company for the nine month period ended 30 September 2009 amounted to MSEK 82.6 (MSEK 1,126.4) and MSEK -108.3 (MSEK 357.9) for the third quarter of 2009 representing earnings per share on a fully diluted basis of SEK 0.26 (SEK 3.56) for the nine month period ended 30 September 2009 and SEK -0.35 (SEK 1.13) for the third quarter of 2009. The third quarter result was negatively impacted by the non-cash write down of the Venezuelan investments held by Etrion of MSEK 412.8.

Operating cash flow for the nine month period ended 30 September 2009 amounted to MSEK 2,821.8 (MSEK 2,963.1) and MSEK 997.7 (MSEK 1,460.7) for the third quarter of 2009 representing operating cash flow per share on a fully diluted basis of SEK 9.00 (SEK 9.35) for the nine month period ended 30 September 2009 and SEK 3.18 (SEK 4.59) for the third quarter of 2009.

Earnings before interest, tax, depletion and amortisation (EBITDA) for the nine month period ended 30 September 2009 amounted to MSEK 2,823.4 (MSEK 3,249.9) and MSEK 1,067.2 (MSEK 1,580.0) for the third quarter of 2009 representing EBITDA per share on a fully diluted basis of SEK 9.01 (SEK 10.26) for the nine month period ended 30 September 2009 and SEK 3.41 (SEK 4.97) for the third quarter of 2009.

### Changes in the Group

During the second quarter of 2009, Lundin Petroleum completed the sale of its 100% 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 USD 23.7 million (SEK 165.6 million).

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 USD 30 million (SEK 209.6 million) 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 USD 30 million 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 USD 30 million 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% 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 USD 4.0 million (SEK 27.9 million). 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% 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	14,971	104,606
<b>Assigned values upon consolidation</b>		
Other tangible assets	460	3,217
Other shares and participations	10,000	69,876
Other financial assets	44	307
Other intangible assets	2,690	18,800
Working capital	-347	-2,423
Cash and cash equivalents	27,006	188,709
Other provisions	-111	-777
IFRS 2 reserve	-6,225	-43,501
Minority interest	-18,546	-129,602
<b>Total assigned value 30 September 2009</b>	<b>14,971</b>	<b>104,606</b>

#### Revenue

Net sales of oil and gas for the nine month period ended 30 September 2009 amounted to MSEK 4,523.8 (MSEK 4,998.5) and MSEK 1,748.3 (MSEK 2,113.2) for the third quarter of 2009 and are detailed in Note 1. Production for the nine month period ended 30 September 2009 amounted to 10,671.2 (8,589.9) thousand barrels of oil equivalent (Mboe) representing 39.1 Mboe per day (Mboepd) (31.4 Mboepd). The average price achieved for a barrel of oil equivalent for the nine month period ended 30 September 2009 amounted to USD 53.93 (USD 99.89). The average Dated Brent price for the nine month period ended 30 September 2009 amounted to USD 57.32 (USD 111.11) per barrel.

Other operating income for the nine month period ended 30 September 2009 amounted to MSEK 91.6 (MSEK 81.3) and MSEK 27.7 (MSEK 34.5) for the third 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. The Alvheim field in Norway receives a tariff for operating services from the Vilje field which is produced through the Alvheim FPSO. Compared to the comparative period, this income has offset the reduced tariff income from the Broom field in the United Kingdom.

Sales for the nine month period ended 30 September 2009 were comprised as follows:

<b>Sales</b>	<b>1 Jan 2009- 30 Sep 2009 9 months</b>	<b>1 Jul 2009- 30 Sep 2009 3 months</b>	<b>1 Jan 2008- 30 Sep 2008 9 months</b>	<b>1 Jul 2008- 30 Sep 2008 3 months</b>	<b>1 Jan 2008- 31 Dec 2008 12 months</b>
Average price per boe expressed in USD					
<b>United Kingdom</b>					
- Quantity in Mboe	2,737.6	982.9	2,628.6	846.2	3,523.3
- Average price per boe	59.10	69.09	110.96	117.74	96.41
<b>France</b>					
- Quantity in Mboe	965.9	313.8	1,060.2	406.7	1,325.8
- Average price per boe	56.74	67.01	107.35	99.01	92.63
<b>Norway</b>					
- Quantity in Mboe	3,888.1	1,434.4	1,328.5	1,051.1	2,385.0
- Average price per boe	57.17	64.08	117.99	116.23	90.45
<b>Netherlands</b>					
- Quantity in Mboe	580.6	175.2	617.5	183.5	839.1
- Average price per boe	51.31	41.06	69.22	76.25	70.90
<b>Indonesia</b>					
- Quantity in Mboe	470.1	191.1	380.5	121.0	483.4
- Average price per boe	57.86	66.84	103.65	117.00	92.92
<b>Russia</b>					
- Quantity in Mboe	1,583.5	489.3	1,637.8	571.0	1,985.4
- Average price per boe	34.86	44.70	68.92	68.95	62.85
<b>Tunisia</b>					
- Quantity in Mboe	465.5	204.1	441.7	87.2	441.0
- Average price per boe	54.72	65.21	116.18	90.27	116.22
<b>Total</b>					
<b>- Quantity in Mboe</b>	<b>10,691.3</b>	3,790.8	8,094.8	3,266.7	10,983.0
<b>- Average price per boe</b>	<b>53.93</b>	62.26	99.89	103.30	87.29

The oil produced in Russia is sold on either the Russian domestic market or exported into the international market. 38% of Russian sales for the nine month period ended 30 September 2009 were on the export market at an average price of USD 53.91 per barrel with the remaining 62% of Russian sales being sold on the domestic market at an average price of USD 23.06 per barrel.

<b>Production</b>	<b>1 Jan 2009- 30 Sep 2009 9 months</b>	<b>1 Jul 2009- 30 Sep 2009 3 months</b>	<b>1 Jan 2008- 30 Sep 2008 9 months</b>	<b>1 Jul 2008- 30 Sep 2008 3 months</b>	<b>1 Jan 2008- 31 Dec 2008 12 months</b>
<b>United Kingdom</b>					
- Quantity in Mboe	2,846.9	887.4	2,865.0	1,030.6	3,706.0
- Quantity in Mboepd	10.5	9.6	10.5	11.2	10.2
<b>France</b>					
- Quantity in Mboe	942.5	314.6	1,058.0	346.4	1,394.1
- Quantity in Mboepd	3.5	3.4	3.9	3.8	3.8
<b>Norway</b>					
- Quantity in Mboe	3,749.4	1,316.0	1,340.4	1,070.2	2,372.1
- Quantity in Mboepd	13.7	14.3	4.9	11.6	6.5
<b>Netherlands</b>					
- Quantity in Mboe	580.6	175.2	617.5	183.5	839.1
- Quantity in Mboepd	2.1	1.9	2.3	2.0	2.3
<b>Indonesia</b>					
- Quantity in Mboe	678.3	211.9	641.3	210.3	853.3
- Quantity in Mboepd	2.5	2.3	2.3	2.3	2.3
<b>Russia</b>					
- Quantity in Mboe	1,484.1	494.7	1,626.1	554.0	2,091.2
- Quantity in Mboepd	5.4	5.4	5.9	6.0	5.7
<b>Tunisia</b>					
- Quantity in Mboe	389.4	126.0	441.6	152.1	586.4
- Quantity in Mboepd	1.4	1.4	1.6	1.7	1.6
<b>Total</b>					
<b>- Quantity in Mboe</b>	<b>10,671.2</b>	3,525.8	8,589.9	3,547.1	11,842.2
<b>- Quantity in Mboepd</b>	<b>39.1</b>	38.3	31.4	38.6	32.4
<b>Minority interest in Russia</b>					
- Quantity in Mboe	146.4	51.5	190.3	63.2	239.9
- Quantity in Mboepd	0.5	0.6	0.7	0.7	0.7
<b>Total excluding minority interest</b>					
<b>- Quantity in Mboe</b>	<b>10,524.8</b>	3,474.3	8,399.6	3,483.9	11,602.3
<b>- Quantity in Mboepd</b>	<b>38.6</b>	37.7	30.7	37.9	31.7

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 nine month period ended 30 September 2009 adjusted for Lundin Petroleum's share of ownership is 4.9 Mboepd (5.2 Mboepd).

The number of barrels produced differs from the number of barrels sold for a number of reasons. There are timing differences between sales and production in field areas such as Tunisia and Norway where production is into a Floating Production Storage Offloading vessel (FPSO). Sales are recorded when a lifting takes place and these can be at varying intervals and will not always be equal to the production at the end of a financial period. Sales in the United Kingdom are based upon production nominated in advance and may not represent the actual production for that month. A difference between nominated and actual production will result in a timing difference in an accounting period for which the accounting effect is reflected in the movements in the hydrocarbons inventory and the under/overlift position. Over time, the total sales will equal the production. There are permanent differences between production and sales in some of the field areas. The production reported for the United Kingdom is the platform production. This is the amount of crude oil that is produced from the field into the pipeline system that takes the crude to the onshore terminal. Once the field's crude oil enters the pipeline system it is commingled with the crude oil produced from other fields in the pipeline system that produce the blend of crude oil that is sold. The crude oil that is pumped into the pipeline system is tested against the blend of crude oil that arrives at the terminal and an adjustment is made to the number of barrels allocated to each field to reflect the relative quality of the crude oil input into the system. There is a quality adjustment of approximately minus five percent applied to the Heather/Broom field, offshore United Kingdom, crude oil produced. In Tunisia, a portion of the production is allocated to the Tunisian state as a royalty payment. In Indonesia, production is allocated under a Production Sharing Contract (PSC) where, as part of the commercial terms of the agreement, a part of the working interest production is allocated to the host country as a type of royalty payment.

#### Production cost

Production costs for the nine month period ended 30 September 2009 amounted to MSEK 1,699.3 (MSEK 1,723.2) and MSEK 677.3 (MSEK 545.0) for the third quarter of 2009 and are detailed in Note 2. The reported cost of operations amounted to USD 15.19 per barrel (USD 22.08 per barrel) for the nine month period ended 30 September 2009 and USD 15.94 per barrel (USD 19.27 per barrel) for the third quarter of 2009.

Production costs for the nine month period ended 30 September 2009 expressed in US dollars were comprised as follows:

Production cost and depletion in TUSD	1 Jan 2009- 30 Sep 2009 9 months	1 Jul 2009- 30 Sep 2009 3 months	1 Jan 2008- 30 Sep 2008 9 months	1 Jul 2008- 30 Sep 2008 3 months	1 Jan 2008- 31 Dec 2008 12 months
Cost of operations	162,102	56,194	189,686	68,367	253,933
Tariff and transportation expenses	22,669	7,203	23,726	9,438	32,590
Royalty and direct taxes	29,466	12,356	71,221	25,904	80,738
Changes in inventory/overlift	2,347	15,423	-5,869	-17,345	-3,511
<b>Total production costs</b>	<b>216,584</b>	<b>91,176</b>	<b>278,764</b>	<b>86,364</b>	<b>363,750</b>
Depletion	126,428	40,943	111,120	48,892	157,823
<b>Total</b>	<b>343,012</b>	<b>132,119</b>	<b>389,884</b>	<b>135,256</b>	<b>521,573</b>

Production cost and depletion in USD per boe	1 Jan 2009- 30 Sep 2009 9 months	1 Jul 2009- 30 Sep 2009 3 months	1 Jan 2008- 30 Sep 2008 9 months	1 Jul 2008- 30 Sep 2008 3 months	1 Jan 2008- 31 Dec 2008 12 months
Cost of operations	15.19	15.94	22.08	19.27	21.44
Tariff and transportation expenses	2.12	2.04	2.76	2.66	2.75
Royalty and direct taxes	2.76	3.50	8.29	7.30	6.82
Changes in inventory/overlift	0.23	4.37	-0.68	-4.89	-0.30
<b>Total production costs</b>	<b>20.30</b>	<b>25.85</b>	<b>32.45</b>	<b>24.34</b>	<b>30.71</b>
Depletion	11.84	11.61	12.94	13.78	13.33
<b>Total cost per boe</b>	<b>32.14</b>	<b>37.46</b>	<b>45.39</b>	<b>38.12</b>	<b>44.04</b>

Actual cost of operations for the nine month period ended 30 September 2009 was 13% under forecast in US Dollar terms. This variance in USD terms was mainly attributable to favourable currency rates compared to the forecast. This had the largest impact on the United Kingdom operations where cost of operations was in line with forecast in GBP terms but was 15% lower than forecast in USD terms.

The cost of operations per barrel for the nine month period ended 30 September 2009 was significantly lower than the first nine months of 2008 as a result of the Alvheim field contributing 35% of Lundin Petroleum's production for the nine month period in 2009 compared to 16% 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 9.45 (USD 21.75) per barrel for the nine month period ended 30 September 2009. The rate of export duty on Russian oil is revised by the Russian Federation once every two months and is dependant on the price obtained for Russian oil on the export market. The export duty is levied on the volume of oil exported from Russia and averaged USD 19.61 (USD 51.26) per barrel for the nine month period ended 30 September 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 nine month period ended 30 September 2009 amounted to MSEK 991.9 (MSEK 686.9) and MSEK 295.3 (MSEK 305.8) for the third quarter of 2009 and is detailed in Note 3. The depletion charge is higher than the comparative period due to the higher production volumes produced in the nine month period ended 30 September 2009.

The depletion rate per barrel in the nine month period ended 30 September 2009 is in line with forecast and the comparative period.

#### **Exploration Costs**

Exploration costs for the nine month period ended 30 September 2009 amounted to MSEK 712.7 (MSEK 284.1) and MSEK 376.6 (MSEK 95.6) for the third 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 costs are reviewed on a regular basis and where there is uncertainty regarding the future of a project such capitalised costs are expensed.

During the first quarter of 2009, the costs associated with drilling the Paris Basin exploration wells Dordives 1-D and Vaxy-1 were expensed amounting to MSEK 21.7.

During the second quarter of 2009, the costs associated with drilling well 2/5-145 Hyme well in PL006c, Norway and the Tuong Vi-1X well on Block 6/94, Vietnam were expensed amounting to MSEK 219.2 and MSEK 60.1 respectively.

During the third quarter of 2009, three unsuccessful exploration wells were drilled in Norway on licences PL304, PL363 and PL412. The costs associated with these wells amounting to a total of MSEK 287.1 were expensed in the quarter. In addition, the costs of the Liyeke Marine-1 exploration well in Congo (Brazzaville) Block Marine XI were expensed in the third quarter for an amount of MSEK 25.5. Other exploration costs expensed in the quarter amounted to MSEK 64.0.

#### **Sale of asset**

Sale of assets for the nine month period ended 30 September 2009 amounted to MSEK -93.4 (MSEK 130.5). There was an accounting loss recorded in the third quarter of 2009 relating to the sale of Lundin Petroleum's 50% interest in CJSC Olgaztet. The carrying value of the oil and gas properties in the company had been written down to zero at the end of 2008; the accounting loss represents the loss incurred on the residual equity in the sold company. 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 also the gain on the sale of the Jotun field in Norway.

#### **Other income**

Other income for the nine month period ended 30 September 2009 amounted to MSEK 5.0 (MSEK 2.5) and MSEK 0.7 (MSEK 1.5) for the third 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 nine month period ended 30 September 2009 amounted to MSEK 97.8 (MSEK 109.1) and MSEK 32.2 (MSEK 24.4) for the third quarter of 2009. Depreciation charges included in this amount totalled MSEK 18.1 (MSEK 15.7) for the nine month period ended 30 September 2009.

#### **Financial income**

Financial income for the nine month period ended 30 September 2009 amounted to MSEK 334.7 (MSEK 64.0) and MSEK 285.1 (MSEK 9.6) for the third quarter of 2009 and is detailed in Note 5. Interest income for the nine month period ended 30 September 2009 amounted to MSEK 26.4 (MSEK 27.2) and includes interest received on bank accounts and accrued on the Norwegian tax refund totalling MSEK 23.4 (MSEK 23.6) as well as interest received on a loan to an associated company of MSEK 3.0 (MSEK 3.6).

Net exchange gains for the nine month period ended 30 September 2009 amounted to MSEK 219.0 (MSEK -246.0) and MSEK 193.8 (MSEK -404.3) for the third quarter of 2009. This amount includes a loss for the nine month period ended 30 September 2009 of MSEK 154.3 (MSEK -) relating to the currency hedge contracts entered into in September 2008. 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 nine month period ended 30 September 2009 amounted to MSEK 4.5 (MSEK 9.2) 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 and realised an accounting gain of MSEK 80.4 in the third quarter of 2009.

Included in other financial income in the comparative period was an amount of MSEK 25.7 relating to the value of shares received from the then associated company PetroFalcon for providing a guarantee of financing for a potential acquisition.

#### **Financial expense**

Financial expenses for the nine month period ended 30 September 2009 amounted to MSEK 389.5 (MSEK 380.4) and MSEK 280.3 (MSEK 453.6) for the third quarter of 2009 and are detailed in Note 6. Interest expense for the nine month period ended 30 September 2009 amounted to MSEK 63.5 (MSEK 87.0) and mainly relates to the bank loan facility.

The amortisation of financing fees for the nine month period ended 30 September 2009 amounted to MSEK 13.7 (MSEK 7.6) and MSEK 4.4 (MSEK 3.5) for the third quarter of 2009. During the fourth quarter of 2007, Lundin Petroleum signed new credit facilities totalling USD one billion. The fees capitalised in relation to the new credit facilities are being amortised over the anticipated usage of the facility.

Other financial expenses for the nine month period 30 September 2009 amounted to MSEK 249.7 (MSEK 10.7) and MSEK 236.6 (MSEK 4.2) for the third quarter of 2009. Included in the third quarter of 2009 is an amount of MSEK 233.8 in relation to the impairment of the share in associated company for reasons as explained under "Result from share in associated company".

#### **Result from share in associated company**

The result from share in associated company for the nine months ended 30 September 2009 amounted to MSEK -195.5 (MSEK 37.0) and MSEK -182.7 (MSEK -7.4) for the third quarter of 2009 and consists of the 44.81% equity share of the result of Etrion (formerly called PetroFalcon) owned by Lundin Petroleum.

During the third quarter of 2009, Etrion decided to write down the value of its Venezuelan oil and gas assets. As Etrion has not received any dividends over the last 12 months and after recent discussions held with representatives of the mixed enterprise companies in Venezuela it seems unlikely to receive any dividends in the near future, it has been deemed prudent to write down the value of the investments. This has resulted in a write down of MSEK 412.8 (MUSD 52.6) recorded as result from share in associated company in the accounts of Lundin Petroleum for an amount of MSEK 179.0 (MUSD 22.8) and recorded in Other financial expenses for an amount of MSEK 233.8 (MUSD 29.8). The market value of Lundin Petroleum's investment in Etrion is currently approximately MSEK 255.0 (MUSD 36.5) versus a revised carrying value of MSEK 104.6 (MUSD 15.0).

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 nine month period ended 30 September 2009 amounted to MSEK 732.3 (MSEK 1,057.9) and MSEK 235.4 (MSEK 459.5) for the third quarter of 2009 and is detailed in Note 7.

The current tax charge of MSEK 94.4 (MSEK 393.4) for the nine month period ended 30 September 2009 comprises of tax charges of MSEK 169.1 in countries of production operations partially offset by a tax credit in Norway of MSEK 74.7. There is a cash tax refund due in Norway due to the allowance of a deduction of 100 percent of exploration expenditure against taxable profits within a fiscal year.

The deferred tax charge for the nine month period ended 30 September 2009 amounted to MSEK 638.0 (MSEK 664.5) and consists of corporation tax amounting to MSEK 669.4 (MSEK 660.7) and petroleum tax amounting to MSEK -31.4 (MSEK 3.8).

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% and 78%. The effective tax rate for the Group for the nine month period ended 30 September 2009 amounts to approximately 94% and 190% for the third quarter. The effective tax rate for the nine month period ended 30 September 2009 and for the third quarter is distorted by the impairment of the Venezuelan assets. Taking out the effect of this impairment, the effective tax rate for the Group for the nine month period ended 30 September 2009 amounts to approximately 62% and 44% for the third quarter. This is a lower tax rate than the two prior quarters due to the foreign exchange gains being primarily reported in a fiscal regime with a tax rate lower than Lundin Petroleum's effective rate of tax.

### Minority interest

The net result attributable to minority interest for the nine month period ended 30 September 2009 amounted to MSEK -39.8 (MSEK -54.4) and MSEK -3.0 (MSEK -50.7) for the third quarter of 2009 and relates primarily to the minority portion of the Russian subsidiaries which are fully consolidated.

### BALANCE SHEET

#### Non-current assets

Oil and gas properties as at 30 September 2009 amounted to MSEK 20,885.1 (MSEK 20,996.2) and are detailed in Note 8. Development and exploration expenditure incurred for the nine month period ended 30 September 2009 is as follows:

Development expenditure	1 Jan 2009- 30 Sep 2009 9 months	1 Jul 2009- 30 Sep 2009 3 months	1 Jan 2008- 30 Sep 2008 9 months	1 Jul 2008- 30 Sep 2008 3 months	1 Jan 2008- 31 Dec 2008 12 months
in MSEK					
United Kingdom	436.3	140.4	778.9	198.2	1,027.0
France	25.7	9.6	71.0	21.8	123.3
Norway	477.7	93.5	650.5	209.2	853.5
Netherlands	24.0	2.1	46.4	7.6	63.0
Indonesia	226.6	58.0	68.3	29.1	96.0
Russia	59.7	23.3	85.0	25.5	158.0
Tunisia	0.1	0.1	6.2	0.1	6.3
<b>Development expenditures</b>	<b>1,250.1</b>	327.0	1,706.3	491.5	2,327.1

Exploration expenditure	1 Jan 2009- 30 Sep 2009 9 months	1 Jul 2009- 30 Sep 2009 3 months	1 Jan 2008- 30 Sep 2008 9 months	1 Jul 2008- 30 Sep 2008 3 months	1 Jan 2008- 31 Dec 2008 12 months
in MSEK					
United Kingdom	13.8	4.7	154.5	94.1	175.2
France	20.7	0.8	12.4	9.0	45.7
Norway	1,185.6	407.9	626.2	220.4	932.5
Indonesia	52.6	7.5	25.9	17.0	58.6
Russia	195.1	89.8	372.8	189.9	541.7
Sudan	-12.1	0.2	169.2	44.9	219.3
Ethiopia	7.8	-	27.3	9.7	16.8
Vietnam	66.1	8.0	36.0	8.0	47.3
Cambodia	3.2	-1.0	60.6	45.4	63.2
Congo (Brazzaville)	62.6	26.8	13.9	7.5	22.5
Kenya	6.9	-	26.7	18.7	55.9
Malaysia	108.4	49.9	32.1	24.4	49.8
Other	13.7	3.0	23.8	3.2	36.1
<b>Exploration expenditures</b>	<b>1,724.4</b>	597.6	1,581.4	692.2	2,264.6

Other tangible assets as at 30 September 2009 amounted to MSEK 111.6 (MSEK 128.0) and represents office fixed assets and real estate.

The book value for goodwill in relation to the acquisition of the Russian business in 2006 amounted to MSEK 831.9 (MSEK 929.8) as at 30 September 2009. The movement in book value results from a change in exchange rate used for the consolidation of the financial statements.

Other intangible assets as at 30 September 2009 amounted to MSEK 18.8 (MSEK -) and represents licences to develop solar power projects.

Financial assets as at 30 September 2009 amounted to MSEK 474.2 (MSEK 895.3) and are detailed in Note 9. Share in associated company amounted to MSEK - (MSEK 505.7) and related to the 44.81% share in Etrion. As per 30 September 2009 Etrion is consolidated within the Lundin Petroleum AB consolidated accounts. Other shares and participations amounted to MSEK 76.4 (MSEK 121.6) as at 30 September 2009. The 1.8% investment in NOGAT was sold in July 2009 to Venture Production plc. Capitalised financing fees as at 30 September 2009 amounted to MSEK 58.8 (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 amounted to MSEK 170.9 (MSEK 22.3) and relate to an amount paid to BNP Paribas to fund a bank loan held in a Russian jointly controlled entity for an amount of MSEK 4.6 (MSEK 22.3) and the loan provided to Africa Oil Corporation for an amount of MSEK 166.3 (MSEK -). Other financial assets amounted to MSEK 168.1 (MSEK 169.9) and mainly represent VAT paid on costs in Russia that is expected to be recovered from VAT received on future project revenues.

The deferred tax asset as at 30 September 2009 amounted to MSEK 162.1 (MSEK 201.8).

### **Current assets**

Receivables and inventories amounted to MSEK 1,949.1 (MSEK 1,680.6) as at 30 September 2009 and are detailed in Note 10. Inventories include hydrocarbons and consumable well supplies. The short-term loan receivable relates mainly to the short term portion of the BNP Paribas funding described in financial assets above amounting to MSEK 27.3 (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 209.6 (MSEK -). Corporation tax receivables as at 30 September 2009 amounted to MSEK 542.8 (MSEK 461.3) and relate primarily to tax refunds due in Norway for exploration expenditure incurred during 2008 and 2009.

Cash and cash equivalents as at 30 September 2009 amounted to MSEK 557.8 (MSEK 448.9). Cash balances were held at 30 September 2009 to meet operational and investment requirements. Included in cash and cash equivalents is an amount of MSEK 188.7 held by Etrion.

### **Non-current liabilities**

Provisions as at 30 September 2009 amounted to MSEK 6,462.3 (MSEK 6,087.3) and are detailed in Note 11. This amount includes a provision for site restoration of MSEK 703.5 (MSEK 700.2).

The provision for deferred tax as at 30 September 2009 amounted to MSEK 5,653.3 (MSEK 5,266.6) and is mainly arising on the excess of book value over the tax value of oil and gas properties and the deferred tax gross up of the excess purchase price allocated to the Russian assets acquired in 2006. 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 999.1 and MSEK 396.0 respectively.

The provision for derivative instruments amounted to MSEK 28.0 (MSEK 54.9) as at 30 September 2009 and relates to the long term portion of the fair value of the interest rate swap entered into in January 2008.

Long term interest bearing debt amounted to MSEK 4,155.4 (MSEK 4,339.8) as at 30 September 2009. On 26 October 2007 a facility was entered into to repay the existing facility, to provide liquidity for the Company's operations and to enable the funding of potential new projects and acquisition opportunities. The financing facilities consist of a USD 850 million revolving borrowing base and letter of credit facility with a seven year term expiring 2014 and a USD 150 million unsecured corporate facility with a three year term expiring 2010. Under the USD 850 million facility, USD 35 million 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 594 as at 30 September 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.

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 licenses 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 106.6. In addition, BNP Paribas have issued additional bank guarantees to cover work commitments in Indonesia amounting to MUSD 15.0.

### **Current liabilities**

Current liabilities as at 30 September 2009 amounted to MSEK 2,011.2 (MSEK 2,026.5) and are detailed in Note 12. The overlift position as at 30 September 2009 amounted to MSEK 82.1 (MSEK 106.8). Joint venture creditors as at 30 September 2009 amounted to MSEK 1,114.4 (MSEK 954.5) and relate to ongoing operational costs. Short-term loans as at 30 September 2009 amounted to MSEK 236.9 (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 27.3 (MSEK 53.9) and the advance in relation to the agreement with Gunvor for an amount of MSEK 209.6 (MSEK -). Tax payables as at 30 September 2009 amounted to MSEK 79.8 (MSEK 123.4). The short term portion of the fair value of the interest rate swap entered into in January 2008 and the currency hedging contracts entered into in September 2008 and August 2009 included in current liabilities as at 30 September 2009 amounted to MSEK 87.0 (MSEK 304.5).

### **LIQUIDITY**

Lundin Petroleum has a secured revolving borrowing base facility of USD 850 million, of which USD 594 million has been drawn in cash and USD 35 million has been drawn as Letters of Credit as at 30 September 2009. In addition Lundin Petroleum has an unsecured corporate facility for an amount of USD 150 million which remains undrawn as at 30 September 2009. With the undrawn credit lines and the operating cash flows being generated at the prevailing oil price levels, Lundin Petroleum has sufficient liquidity to meet its financial commitments. The USD 850 million 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 USD 850 million secured facility, a new borrowing base amount was calculated effective 1 July 2009 using prevailing oil prices. The borrowing base amount of approximately USD 1.1 billion, which is in excess of the facility size, was unanimously approved by the syndicate of banks providing the facility.

## SUBSEQUENT EVENTS

As part of its ongoing appraisal of new venture activities, Lundin Petroleum identified and evaluated several projects in the autonomous region of Kurdistan in Northern Iraq. Through Lundin International BV (LIBV), a 100 percent owned subsidiary, Lundin Petroleum commenced negotiations for Production Sharing Contracts (PSCs) for three separate exploration and development blocks in Kurdistan with the Kurdistan Regional Government ("KRG"). Lundin Petroleum determined that holding a direct interest in Kurdistan is not aligned with Lundin Petroleum's current investment and risk strategy and as a result, agreed to dispose LIBV to Bayou Bend Petroleum Ltd (BBP), a Canadian-incorporated company whose shares are listed on the TSX Venture Exchange. As consideration, BBP agreed to grant 50 million common shares to Lundin Petroleum following signing of the PSCs, and additional consideration of 50 million shares of BBP contingent upon the approval of a development plan for the PSC covering the Pulkhana Block, Kurdistan. The issuance of the shares was subject to BBP's shareholders ratifying and approving the PSCs and approval by the TSX Venture Exchange. BBP's shareholders ratified and approved the PSCs on 16 October 2009 and the TSX Venture Exchange approved the transaction on 19 October 2009. Lundin Petroleum will record the receipt of shares in BBP in the fourth quarter of 2009. In addition, Lundin Petroleum agreed to provide support to BBP in terms of future technical services on commercially agreed terms and to provide certain corporate guarantees of BBP's preliminary work obligations. BBP changed its name to ShaMaran Petroleum Corp. at the shareholder's meeting held on 16 October 2009.

### 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 a loss of MSEK 4.8 (MSEK 3.2) for the nine month period ended 30 September 2009 and a gain of MSEK 2.5 (MSEK 2.7) for the third quarter of 2009.

The result included general and administrative expenses of MSEK 33.7 (MSEK 29.5) for the nine month period ending 30 September 2009 and MSEK 6.8 (MSEK 18.0) for the third quarter of 2009. Interest income derived from loans to subsidiary companies amounted to MSEK 5.8 (MSEK 9.3) for the nine month period ended 30 September 2009. Net currency exchange losses amounted to MSEK 1.5 (MSEK -1.6) for the nine month period ended 30 September 2009.

### SHARE DATA

Lundin Petroleum AB's issued share capital at 30 September 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 30 September 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% of the options awarded and the shares issued under the Performance Share Plan will be between 50 and 100% of the shares awarded. The period for the performance condition relating to the options expired on 30 November 2008 at which time 50% 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	1,433,250
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 per cent 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 30 September 2009 the outstanding number of stock options under Etrion's plans amounted to 12,213,640 of which 8,668,640 are exercisable. Exercise prices vary in the range between CAD 0.25 and CAD 3.28.

Etrion is fully consolidated in the Lundin Petroleum accounts due to which the related equity reserve for an amount of TSEK 43,501 is included within the Group's shareholders' equity.

#### **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% p.a. on MUSD 200 of the Group's USD borrowings for the period January 2008 to January 2012. The interest rate contract relates to the current credit facility. Under IAS 39, the interest rate contract is effective and qualifies for hedge accounting. Changes in fair value of this contract are charged directly to equity. At 30 September 2009, a provision has been recognised in the balance sheet amounting to MSEK 28.0 (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 the balance sheet amounting to MSEK 45.1 (MSEK 39.4) 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. Details of these hedge contracts are shown below. Under IAS 39, subject to hedge effectiveness testing, all of these hedges will be treated as effective and changes to the fair value will be reflected in equity. At 30 September 2009, a current liability has been recognised amounting to MSEK 41.9 (MSEK 265.1) representing the short-term portion of the fair value of the outstanding currency hedging contracts.

Buy	Sell	Average contractual exchange rate	Settlement period
MGBP 78.0	MUSD 139.8	USD 1.79: 1 GBP	2 Jan 2009 – 16 Dec 2009
MEUR 21.6	MUSD 31.6	USD 1.47: 1 EUR	2 Jan 2009 – 1 Dec 2009
MNOK 192.0	MUSD 33.7	NOK 5.70: 1 USD	2 Jan 2009 – 1 Dec 2009
MCHF 12.0	MUSD 11.2	CHF 1.07: 1 USD	2 Jan 2009 – 16 Dec 2009
MUSD 59.6	MNOK 360.0	NOK 6.04: 1 USD	23 Dec 2009

#### **EXCHANGE RATES**

For the preparation of the financial statements for the nine month period ending 30 September 2009, the following currency exchange rates have been used.

	Average	Period end
1 EUR equals SEK	10.7097	10.2320
1 USD equals SEK	7.8461	6.9876

CONSOLIDATED INCOME STATEMENT <<

Expressed in TSEK	Note	1 Jan 2009- 30 Sep 2009 9 months	1 Jul 2009- 30 Sep 2009 3 months	1 Jan 2008- 30 Sep 2008 9 months	1 Jul 2008- 30 Sep 2008 3 months	1 Jan 2008- 31 Dec 2008 12 months
<b>Operating income</b>						
Net sales of oil and gas	1	4,523,815	1,748,251	4,998,488	2,113,248	6,269,130
Other operating income		91,647	27,732	81,260	34,528	124,607
		<b>4,615,462</b>	1,775,983	5,079,748	2,147,776	6,393,737
<b>Cost of sales</b>						
Production costs	2	-1,699,304	-677,250	-1,723,233	-544,978	-2,378,706
Depletion of oil and gas properties	3	-991,944	-295,259	-686,913	-305,826	-1,032,068
Exploration costs	4	-712,695	-376,572	-284,132	-95,575	-901,683
Impairment costs for oil and gas properties		-	-	-	-	-613,693
<b>Gross profit</b>		<b>1,211,519</b>	426,902	2,385,470	1,201,397	1,467,587
Sale of asset		-93,359	-93,359	130,547	39,513	130,547
Other income		5,012	650	2,463	1,529	3,000
General, administration and depreciation expenses		-97,772	-32,177	-109,107	-24,372	-139,665
<b>Operating profit</b>		<b>1,025,400</b>	302,016	2,409,373	1,218,067	1,461,469
<b>Result from financial investments</b>						
Financial income	5	334,704	285,088	64,045	9,620	488,774
Financial expenses	6	-389,481	-280,321	-380,404	-453,594	-1,038,417
		<b>-54,777</b>	4,767	-316,359	-443,974	-549,643
<b>Result from share in associated company</b>		<b>-195,519</b>	-182,728	36,951	-7,378	29,298
<b>Profit before tax</b>		<b>775,104</b>	124,055	2,129,965	766,715	941,124
Tax	7	-732,330	-235,397	-1,057,916	-459,484	-630,837
<b>Net result</b>		<b>42,774</b>	-111,342	1,072,049	307,231	310,287
<b>Net result attributable to:</b>						
Shareholders of the parent company		82,604	-108,332	1,126,407	357,926	560,011
Minority interest		-39,830	-3,010	-54,358	-50,695	-249,724
<b>Net result</b>		<b>42,774</b>	-111,342	1,072,049	307,231	310,287
Earnings per share – SEK 1)		0.26	-0.35	3.56	1.13	1.77
Diluted earnings per share – SEK 1)		0.26	-0.35	3.56	1.13	1.77

<sup>1</sup> Based on net result attributable to shareholders of the parent company.

STATEMENT OF COMPREHENSIVE INCOME<<

Expressed in TSEK	1 Jan 2009- 30 Sep 2009 9 months	1 Jul 2009- 30 Sep 2009 3 months	1 Jan 2008- 30 Sep 2008 9 months	1 Jul 2008- 30 Sep 2008 3 months	1 Jan 2008- 31 Dec 2008 12 months
<b>Net result</b>	<b>42,774</b>	-111,342	1,072,049	307,231	310,287
<b>Other comprehensive income</b>					
Exchange differences foreign operations	-916,062	-808,293	658,139	1,138,616	1,787,001
Cash flow hedges	320,373	3,935	758	-7,317	-262,313
Available-for-sale financial assets	-79,501	-73,807	-11,341	-2,737	-20,917
Income tax relating to other comprehensive income	-146,038	-3,210	-216	1,843	36,491
Other comprehensive income, net of tax	-821,228	-881,375	647,340	1,130,405	1,540,262
<b>Total comprehensive income</b>	<b>-778,454</b>	<b>-992,717</b>	<b>1,719,389</b>	<b>1,437,636</b>	<b>1,850,549</b>
Total comprehensive income attributable to:					
Shareholders of the parent company	-519,526	-874,571	1,683,939	1,312,156	1,800,021
Minority interest	-258,928	-118,146	35,450	125,480	50,528
	<b>-778,454</b>	<b>-992,717</b>	<b>1,719,389</b>	<b>1,437,636</b>	<b>1,850,549</b>

>> CONSOLIDATED BALANCE SHEET

Expressed in TSEK	Note	30 September 2009	31 December 2008
<b>ASSETS</b>			
<b>Non-current assets</b>			
Oil and gas properties	8	20,885,099	20,996,161
Other tangible assets		111,611	128,016
Goodwill		831,855	929,825
Other intangible assets		18,800	-
Financial assets	9	474,234	895,286
Deferred tax		162,135	201,843
<b>Total non-current assets</b>		<b>22,483,734</b>	23,151,131
<b>Current assets</b>			
Receivables and inventory	10	1,949,052	1,680,638
Cash and cash equivalents		557,845	448,855
<b>Total current assets</b>		<b>2,506,897</b>	2,129,493
<b>TOTAL ASSETS</b>		<b>24,990,631</b>	25,280,624
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Shareholders' equity		10,955,126	11,430,988
Minority interest		1,406,691	1,396,046
<b>Total equity</b>		<b>12,361,817</b>	12,827,034
<b>Non-current liabilities</b>			
Provisions	11	6,462,255	6,087,340
Bank loans		4,155,374	4,339,769
<b>Total non-current liabilities</b>		<b>10,617,629</b>	10,427,109
<b>Current liabilities</b>	12	<b>2,011,185</b>	2,026,481
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>24,990,631</b>	25,280,624
Pledged assets		5,085,955	4,605,804
Contingent liabilities		164,209	183,549

CONSOLIDATED STATEMENT OF CASH FLOW <<

Expressed in TSEK	1 Jan 2009- 30 Sep 2009 9 months	1 Jul 2009- 30 Sep 2009 3 months	1 Jan 2008- 30 Sep 2008 9 months	1 Jul 2008- 30 Sep 2008 3 months	1 Jan 2008- 31 Dec 2008 12 months
<b>Cash flow from operations</b>					
Net result	42,774	-111,342	1,072,049	307,231	310,287
Adjustments for non-cash related items	2,789,348	1,179,118	2,265,289	1,332,769	3,820,673
Interest received	19,615	5,546	23,239	-1,826	50,151
Interest paid	-55,782	-14,234	-140,442	-13,876	-73,976
Income taxes paid	-107,318	19,861	-268,495	-81,481	-408,895
Changes in working capital	-274,447	280,642	-219,189	186,443	266,724
<b>Total cash flow from operations</b>	<b>2,414,190</b>	<b>1,359,591</b>	<b>2,732,451</b>	<b>1,729,260</b>	<b>3,964,964</b>
<b>Cash flow used for investments</b>					
Investment in associated company	-	-	-170,500	-	-170,500
Sale of other shares and participations	96,389	96,389	-66,829	-66,829	259,239
Change in other financial fixed assets	-969	-514	3,716	3,515	21,149
Other payments	-15,723	-140	-1,174	-162	-1,334
Divestment of fixed assets	-4,501	-	4,116	1,055	5,383
Investment in oil and gas properties	-2,945,374	-895,472	-3,287,655	-1,183,677	-4,591,836
Investment in office equipment and other assets	-13,500	-3,779	-25,463	-8,121	-36,630
<b>Total cash flow used for investments</b>	<b>-2,883,678</b>	<b>-803,516</b>	<b>-3,543,789</b>	<b>-1,254,219</b>	<b>-4,514,529</b>
<b>Cash flow from financing</b>					
Changes in long-term bank loan	326,009	-770,909	1,178,183	195,255	548,019
Paid financing fees	-647	-	-13,773	-720	-13,885
Purchase of own shares	-	-	-128,260	-56,028	-234,103
Proceeds from share issues	-	-	142,072	-	142,072
Dividend paid to minority	-351	-	-	-	-646
<b>Total cash flow from financing</b>	<b>325,011</b>	<b>-770,909</b>	<b>1,178,222</b>	<b>138,507</b>	<b>441,457</b>
Change in cash and cash equivalents	-144,477	-214,834	366,884	613,548	-108,108
Cash and cash equivalents at the beginning of the period	448,855	567,733	483,452	214,413	483,452
Acquired on consolidation	188,422	188,422	-	-	-
Currency exchange difference in cash and cash equivalents	65,045	16,524	-31,921	-9,546	73,511
<b>Cash and cash equivalents at the end of the period</b>	<b>557,845</b>	<b>557,845</b>	<b>818,415</b>	<b>818,415</b>	<b>448,855</b>

>>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
<b>Balance at 1 January 2008</b>	<b>3,155</b>	<b>5,562,123</b>	<b>3,183,718</b>	<b>956,953</b>	<b>1,346,164</b>	<b>11,052,113</b>
Transfer of prior year net result	-	-	956,953	-956,953	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>557,532</b>	<b>-</b>	<b>1,126,407</b>	<b>35,450</b>	<b>1,719,389</b>
Issuance of shares	24	142,048	-	-	-	142,072
Purchase of own shares	-	-128,260	-	-	-	-128,260
Transfer of share based payments	-	17,322	-17,322	-	-	-
Share based payments	-	-	13,337	-	-	13,337
Minority share in dividend	-	-	-	-	-	-
<b>Balance at 30 September 2008</b>	<b>3,179</b>	<b>6,150,765</b>	<b>4,136,686</b>	<b>1,126,407</b>	<b>1,381,614</b>	<b>12,798,651</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>682,478</b>	<b>-</b>	<b>-566,396</b>	<b>15,078</b>	<b>131,160</b>
Issuance of shares	-	-	-	-	-	-
Purchase of own shares	-	-105,843	-	-	-	-105,843
Transfer of share based payments	-	-	-	-	-	-
Share based payments	-	-	3,712	-	-	3,712
Minority share in dividend	-	-	-	-	-646	-646
<b>Balance at 31 December 2008</b>	<b>3,179</b>	<b>6,727,400</b>	<b>4,140,398</b>	<b>560,011</b>	<b>1,396,046</b>	<b>12,827,034</b>
Transfer of prior year net result	-	-	560,011	-560,011	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-602,130</b>	<b>-</b>	<b>82,604</b>	<b>-258,928</b>	<b>-778,454</b>
Acquired on consolidation	-	-	43,501	-	129,602	173,103
Divestments	-	-	-	-	140,322	140,322
Issuance of shares	-	-	-	-	-	-
Purchase of own shares	-	-	-	-	-	-
Transfer of share based payments	-	30,894	-30,894	-	-	-
Share based payments	-	-	163	-	-	163
Minority share in dividend	-	-	-	-	-351	-351
<b>Balance at 30 September 2009</b>	<b>3,179</b>	<b>6,156,164</b>	<b>4,713,179</b>	<b>82,604</b>	<b>1,406,691</b>	<b>12,361,817</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS>>**

<b>Note 1. Segment information,</b> TSEK	<b>1 Jan 2009- 30 Sep 2009 9 months</b>	<b>1 Jul 2009- 30 Sep 2009 3 months</b>	<b>1 Jan 2008- 30 Sep 2008 9 months</b>	<b>1 Jul 2008- 30 Sep 2008 3 months</b>	<b>1 Jan 2008- 31 Dec 2008 12 months</b>
<b>Operating income</b>					
Net sales of:					
Crude oil					
- United Kingdom	1,258,826	499,649	1,789,261	626,760	2,200,178
- Netherlands	602	72	4,462	211	4,561
- France	430,040	154,707	703,539	253,152	803,075
- Norway	1,639,721	657,440	930,765	719,142	1,330,259
- Indonesia	211,592	95,396	242,207	88,689	290,979
- Russia	433,057	161,482	697,725	247,610	816,039
- Tunisia	199,828	100,720	317,233	51,169	335,153
	<b>4,173,666</b>	1,669,466	4,685,192	1,986,733	5,780,244
Condensate					
- United Kingdom	10,693	4,639	13,738	210	21,197
- Netherlands	4,104	1,484	5,675	2,173	7,442
- Indonesia	805	112	1,321	192	2,327
	<b>15,602</b>	6,235	20,734	2,575	30,966
Gas					
- Norway	104,460	24,181	38,203	38,068	80,475
- Netherlands	229,055	48,020	254,102	85,803	377,026
- Indonesia	1,032	349	257	69	419
	<b>334,547</b>	72,550	292,562	123,940	457,920
	<b>4,523,815</b>	1,748,251	4,998,488	2,113,248	6,269,130
<b>Operating profit contribution</b>					
- United Kingdom	200,032	69,007	697,031	265,997	646,034
- France	189,808	88,399	512,865	176,820	548,519
- Norway	698,626	215,437	815,247	667,846	1,102,027
- Netherlands	101,559	12,427	144,882	42,473	218,066
- Russia	-61,447	-77,714	89,311	29,179	-564,822
- Indonesia	27,293	21,399	64,691	10,832	15,120
- Tunisia	29,209	25,785	215,518	48,015	34,795
- Sudan	12,159	-150	-121,083	-2,143	-482,965
- Vietnam	-56,518	3,621	-	-	-
- Congo (Brazzaville)	-25,546	-25,521	-	-	-
- Other	-89,775	-30,674	-9,089	-20,952	-55,305
<b>Total operating profit contribution</b>	<b>1,025,400</b>	302,016	2,409,373	1,218,067	1,461,469

<b>Note 2. Production costs,</b> TSEK	<b>1 Jan 2009- 30 Sep 2009 9 months</b>	<b>1 Jul 2009- 30 Sep 2009 3 months</b>	<b>1 Jan 2008- 30 Sep 2008 9 months</b>	<b>1 Jul 2008- 30 Sep 2008 3 months</b>	<b>1 Jan 2008- 31 Dec 2008 12 months</b>
Cost of operations	1,271,839	408,702	1,172,583	429,623	1,660,573
Tariff and transportation expenses	177,861	51,819	146,668	59,169	213,116
Royalty and direct taxes	231,192	91,751	440,265	162,746	527,978
Change in inventory/ overlift position	18,412	124,978	-36,283	-106,560	-22,961
	<b>1,699,304</b>	<b>677,250</b>	<b>1,723,233</b>	<b>544,978</b>	<b>2,378,706</b>
<b>Note 3. Depletion of oil and gas properties,</b> TSEK	<b>1 Jan 2009- 30 Sep 2009 9 months</b>	<b>1 Jul 2009- 30 Sep 2009 3 months</b>	<b>1 Jan 2008- 30 Sep 2008 9 months</b>	<b>1 Jul 2008- 30 Sep 2008 3 months</b>	<b>1 Jan 2008- 31 Dec 2008 12 months</b>
United Kingdom	309,736	88,060	296,815	106,833	410,523
France	76,768	21,640	59,448	19,833	82,867
Norway	379,039	122,432	138,898	107,031	255,894
Netherlands	76,259	20,750	62,644	19,034	90,048
Indonesia	27,202	9,301	17,160	5,416	28,968
Russia	51,848	15,711	51,859	18,017	70,620
Tunisia	71,092	17,365	60,089	29,662	93,148
	<b>991,944</b>	<b>295,259</b>	<b>686,913</b>	<b>305,826</b>	<b>1,032,068</b>
<b>Note 4. Exploration costs,</b> TSEK	<b>1 Jan 2009- 30 Sep 2009 9 months</b>	<b>1 Jul 2009- 30 Sep 2009 3 months</b>	<b>1 Jan 2008- 30 Sep 2008 9 months</b>	<b>1 Jul 2008- 30 Sep 2008 3 months</b>	<b>1 Jan 2008- 31 Dec 2008 12 months</b>
United Kingdom	47,211	46,989	127,393	82,221	134,984
France	21,508	-263	-	-	-
Russia	-	-	-	-	234,071
Sudan	-12,143	167	121,083	2,143	482,738
Congo (Brazzaville)	25,523	25,523	-	-	-
Netherlands	318	-198	9,417	9,417	10,135
Norway	521,143	290,878	-	-	-
Vietnam	56,517	-3,621	-	-	-
Indonesia	28,317	-811	-	-	4,078
Other	24,301	17,908	26,239	1,794	35,677
	<b>712,695</b>	<b>376,572</b>	<b>284,132</b>	<b>95,575</b>	<b>901,683</b>
<b>Note 5. Financial income,</b> TSEK	<b>1 Jan 2009- 30 Sep 2009 9 months</b>	<b>1 Jul 2009- 30 Sep 2009 3 months</b>	<b>1 Jan 2008- 30 Sep 2008 9 months</b>	<b>1 Jul 2008- 30 Sep 2008 3 months</b>	<b>1 Jan 2008- 31 Dec 2008 12 months</b>
Interest income	26,356	8,371	27,190	6,886	55,988
Dividends received	4,471	-	9,190	2,730	12,022
Foreign exchange gain, net	218,963	193,754	-	-	-
Fair value adjustment pension	-908	39	815	-	815
Insurance proceeds	-	-	-	-	131,814
Gain on sale of shares	80,376	80,376	-	-	259,239
Other financial income	5,446	2,548	26,850	4	28,896
	<b>334,704</b>	<b>285,088</b>	<b>64,045</b>	<b>9,620</b>	<b>488,774</b>

<b>Note 6. Financial expenses,</b> TSEK	<b>1 Jan 2009- 30 Sep 2009 9 months</b>	1 Jul 2009- 30 Sep 2009 3 months	1 Jan 2008- 30 Sep 2008 9 months	1 Jul 2008- 30 Sep 2008 3 months	1 Jan 2008- 31 Dec 2008 12 months
Interest expenses	63,459	16,491	87,048	32,067	107,774
Unwind site restoration discount	31,533	10,641	25,469	6,467	31,263
Result on interest rate hedge settlement	31,044	12,245	3,610	3,089	1,236
Amortisation of deferred financing fees	13,720	4,371	7,616	3,505	11,415
Foreign exchange loss, net	-	-	245,989	404,290	871,053
Other financial expenses	249,725	236,573	10,672	4,176	15,676
	<b>389,481</b>	280,321	380,404	453,594	1,038,417

  

<b>Note 7. Tax,</b> TSEK	<b>1 Jan 2009- 30 Sep 2009 9 months</b>	1 Jul 2009- 30 Sep 2009 3 months	1 Jan 2008- 30 Sep 2008 9 months	1 Jul 2008- 30 Sep 2008 3 months	1 Jan 2008- 31 Dec 2008 12 months
Current tax	94,374	101,082	393,435	142,057	-77,107
Deferred tax	637,956	134,315	664,481	317,427	707,944
	<b>732,330</b>	235,397	1,057,916	459,484	630,837

  

<b>Note 8. Oil and gas properties,</b> TSEK	<b>Book amount</b> <b>30 Sep 2009</b>	Book amount 31 Dec 2008
United Kingdom	4,151,785	4,511,082
France	1,198,512	1,325,874
Norway	6,071,131	4,894,076
Netherlands	393,476	468,407
Indonesia	603,309	466,055
Russia	7,963,644	8,691,938
Tunisia	1,393	72,308
Congo (Brazzaville)	162,144	144,350
Vietnam	109,950	113,383
Ethiopia	-	87,619
Cambodia	70,993	76,085
Kenya	-	77,175
Malaysia	150,556	59,663
Others	8,206	8,146
	<b>20,885,099</b>	20,996,161

  

<b>Note 9. Financial assets,</b> TSEK	<b>Book amount</b> <b>30 Sep 2009</b>	Book amount 31 Dec 2008
Share in associated company	-	505,721
Other shares and participations	76,378	121,634
Capitalised financing fees	58,816	75,748
Long-term receivable	170,947	22,255
Other financial assets	168,093	169,928
	<b>474,234</b>	895,286

  

<b>Note 10. Receivables and inventories,</b> TSEK	<b>Book amount</b> <b>30 Sep 2009</b>	Book amount 31 Dec 2008
Inventories	167,518	206,161
Trade receivables	672,068	581,978
Underlift	51,510	32,236
Short-term loan receivable	239,799	53,893
Corporation tax	542,780	461,293
Joint venture debtors	171,223	208,416
Derivative instruments	-	3,438
Other assets	104,154	133,223
	<b>1,949,052</b>	1,680,638

<b>Note 11. Provisions, TSEK</b>	<b>Book amount 30 Sep 2009</b>	Book amount 31 Dec 2008
Site restoration	703,485	700,206
Pension	9,608	10,140
Deferred taxes	5,653,314	5,266,552
Derivative instruments	28,002	54,896
Other	67,846	55,546
	<b>6,462,255</b>	<b>6,087,340</b>

<b>Note 12. Current liabilities, TSEK</b>	<b>Book amount 30 Sep 2009</b>	Book amount 31 Dec 2008
Trade payables	167,986	276,443
Overlift	82,059	106,844
Tax payables	79,796	123,429
Accrued expenses	135,761	102,837
Acquisition liabilities	50,899	44,708
Joint venture creditors	1,114,378	954,544
Short-term loans	236,881	53,893
Derivative instruments	86,958	304,459
Other liabilities	56,467	59,324
	<b>2,011,185</b>	<b>2,026,481</b>

#### PARENT COMPANY INCOME STATEMENT IN SUMMARY

Expressed in TSEK	1 Jan 2009- 30 Sep 2009 9 months	1 Jul 2009- 30 Sep 2009 3 months	1 Jan 2008- 30 Sep 2008 9 months	1 Jul 2008- 30 Sep 2008 3 months	1 Jan 2008- 31 Dec 2008 12 months
<b>Operating income</b>					
Other operating income	24,124	8,449	15,365	11,148	21,406
<b>Gross profit</b>	<b>24,124</b>	8,449	15,365	11,148	21,406
General and administration expenses	-33,726	-6,822	-29,477	-18,012	-25,638
<b>Operating profit</b>	<b>-9,602</b>	1,627	-14,112	-6,864	-4,232
<b>Result from financial investments</b>					
Financial income	4,837	931	10,908	9,540	126,276
Financial expenses	-44	-15	-	-	-22,863
	<b>4,793</b>	916	10,908	9,540	103,413
<b>Profit before tax</b>	<b>-4,809</b>	2,543	-3,204	2,676	99,181
Tax	-	-	-	-	-36,403
<b>Net result</b>	<b>-4,809</b>	2,543	-3,204	2,676	62,778

**PARENT COMPANY BALANCE SHEET IN SUMMARY**

Expressed in TSEK	30 September 2009	31 December 2008
<b>ASSETS</b>		
<b>Non-current assets</b>		
Financial assets	7,900,756	7,900,522
<b>Total non-current assets</b>	<b>7,900,756</b>	7,900,522
<b>Current assets</b>		
Receivables	4,913	9,928
Cash and cash equivalents	1,614	1,184
<b>Total current assets</b>	<b>6,527</b>	11,112
<b>TOTAL ASSETS</b>	<b>7,907,283</b>	7,911,634
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
Shareholders' equity including net result for the period	7,868,156	7,872,802
Provisions	36,402	36,403
Current liabilities	2,725	2,429
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7,907,283</b>	7,911,634
Pledged assets	5,085,955	4,605,804
Contingent liabilities	164,209	183,549

**PARENT COMPANY CASH FLOW STATEMENT IN SUMMARY**

Expressed in TSEK	1 Jan 2009- 30 Sep 2009 9 months	1 Jul 2009- 30 Sep 2009 3 months	1 Jan 2008- 30 Sep 2008 9 months	1 Jul 2008- 30 Sep 2008 3 months	1 Jan 2008- 31 Dec 2008 12 months
<b>Cash flow used for operations</b>					
Net result					
	-4,809	2,543	-3,204	4,201	62,778
Adjustments for non-cash related items	1,514	1,271	-1,685	-1,928	-44,611
Changes in working capital	4,392	1,235	885	1,099	-35,990
<b>Total cash flow from / used for operations</b>	<b>1,097</b>	5,049	-4,004	3,372	-17,823
<b>Cash flow used for investments</b>					
Change in other financial fixed assets					
	-884	-5,404	92,129	160,491	-13,813
Investment in subsidiaries	-	-	-66,829	-66,829	113,328
<b>Total cash flow from / used for investments</b>	<b>-884</b>	-5,404	25,300	93,662	99,515
<b>Cash flow from financing</b>					
Purchase of own shares					
	-	-	-128,260	-56,028	-234,103
Proceeds from share issues	-	-	142,072	-	142,072
<b>Total cash flow from / used for financing</b>	<b>-</b>	-	13,812	-56,028	-92,031
Change in cash and cash equivalents					
	213	-355	35,108	41,006	-10,339
Cash and bank at the beginning of the period	1,184	1,323	8,861	2,686	8,861
Currency exchange difference in cash and cash equivalents	217	646	-266	11	2,662
<b>Cash and cash equivalents at the end of the period</b>	<b>1,614</b>	1,614	43,703	43,703	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	
<b>Balance at 1 January 2008</b>	<b>3,155</b>	<b>861,306</b>	<b>5,157,307</b>	<b>1,821,289</b>	<b>34,667</b>	<b>7,877,724</b>
Transfer of prior year net result	-	-	-	34,667	-34,667	-
New share issuance	24	-	142,048	-	-	142,072
Purchase of own shares	-	-	-128,260	-	-	-128,260
Transfer of share based payments	-	-	17,322	-17,322	-	-
Share based payments	-	-	-	13,337	-	13,337
Available-for-sale reserve	-	-	-3,489	-	-	-3,489
Currency translation result	-	-	1,049	-	-	1,049
Net result	-	-	-	-	-3,204	-3,204
<b>Balance at 30 September 2008</b>	<b>3,179</b>	<b>861,306</b>	<b>5,185,977</b>	<b>1,851,971</b>	<b>-3,204</b>	<b>7,899,229</b>
New share issuance	-	-	-	-	-	-
Purchase of own shares	-	-	-105,843	-	-	-105,843
Transfer of share based payments	-	-	-	-	-	-
Share based payments	-	-	-	3,712	-	3,712
Available-for-sale reserve	-	-	3,489	-	-	3,489
Currency translation result	-	-	6,233	-	-	6,233
Net result	-	-	-	-	65,982	65,982
<b>Balance at 31 December 2008</b>	<b>3,179</b>	<b>861,306</b>	<b>5,089,856</b>	<b>1,855,683</b>	<b>62,778</b>	<b>7,872,802</b>
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	-	-	-	163	-	163
Currency translation result	-	-	-	-	-	-
Net result	-	-	-	-	-4,809	-4,809
<b>Balance at 30 September 2009</b>	<b>3,179</b>	<b>861,306</b>	<b>5,120,750</b>	<b>1,887,730</b>	<b>-4,809</b>	<b>7,868,156</b>

## KEY FINANCIAL DATA

Data per share	1 Jan 2009- 30 Sep 2009 9 months	1 Jul 2009- 30 Sep 2009 3 months	1 Jan 2008- 30 Sep 2008 9 months	1 Jul 2008- 30 Sep 2008 3 months	1 Jan 2008- 31 Dec 2008 12 months
Shareholders' equity SEK per share <sup>1</sup>	34.95	34.95	40.26	40.26	36.49
Operating cash flow SEK per share <sup>2</sup>	9.00	3.18	9.35	4.59	12.96
Cash flow from operations SEK per share <sup>3</sup>	7.70	4.34	8.64	5.44	12.56
Earnings SEK per share <sup>4</sup>	0.26	-0.35	3.56	1.13	1.77
Earnings SEK per share fully diluted <sup>5</sup>	0.26	-0.35	3.56	1.13	1.77
EBITDA SEK per share fully diluted <sup>6</sup>	9.01	3.41	10.26	4.97	12.29
Dividend per share	-	-	-	-	-
Quoted price at the end of the financial period (regards the parent company), SEK	59.70	59.70	56.50	56.50	41.00
Numbers of shares issued at period end	317,910,580	317,910,580	317,910,580	317,910,580	317,910,580
Number of shares in circulation at period end	313,420,280	313,420,280	313,420,280	313,420,280	313,420,280
Weighted average number of shares for the period <sup>7</sup>	313,420,280	313,420,280	316,827,768	313,420,280	315,682,981
Weighted average number of shares for the period (fully diluted) <sup>7</sup>	313,420,280	313,420,280	316,827,768	313,420,280	315,682,981
Key data group	1 Jan 2009- 30 Sep 2009 9 months	1 Jul 2009- 30 Sep 2009 3 months	1 Jan 2008- 30 Sep 2008 9 months	1 Jul 2008- 30 Sep 2008 3 months	1 Jan 2008- 31 Dec 2008 12 months
Return on equity, % <sup>8</sup>	0	-1	9	3	3
Return on capital employed, % <sup>9</sup>	4	0	20	11	11
Net debt/equity ratio, % <sup>10</sup>	31	31	31	31	35
Equity ratio, % <sup>11</sup>	49	49	52	52	51
Share of risk capital, % <sup>12</sup>	71	71	71	71	71
Interest coverage ratio, % <sup>13</sup>	688	-143	588	248	973
Operating cash flow/interest ratio <sup>14</sup>	2,986	3,472	786	454	3,797
Yield <sup>15</sup>	-	-	-	-	-

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

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

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

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

<sup>5</sup> 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.

<sup>6</sup> 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.

<sup>7</sup> 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.

<sup>8</sup> the Group's net result divided by the Group's average total equity.

<sup>9</sup> 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).

<sup>10</sup> the Group's net interest bearing liabilities in relation to shareholders' equity.

<sup>11</sup> the Group's total equity in relation to balance sheet total.

<sup>12</sup> the sum of the total equity and the deferred tax provision divided by the balance sheet total.

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

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

<sup>15</sup> dividend in relation to quoted share price at the end of the financial period.

## **Financial information**

### **The Company will publish the following reports:**

- The year end report (January – December 2009) will be published on 17 February 2010
- 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 AGM will be held on 6 May 2010 in Stockholm, Sweden.

Stockholm, 11 November 2009

C. Ashley Heppenstall  
President & CEO

*The financial information relating to the nine month period ended 30 September 2009 has not been subject to review by the auditors of the company.*