Listing prospectus for Lundin Petroleum AB (publ)

The listing prospectus includes this Addendum, Lundin Petroleum's annual report 2002 and the interim report for the period 1 January – 30 June 2003

Öhman
E. ÖHMAN J:OR FONDKOMMISSION AB

CONTENTS

IMPORTANT DATES

The last day of trading in Lundin Petroleum shares on the New Market at Stockholmsbörsen is scheduled to be 1 October 2003.

The first day of trading in Lundin Petroleum shares on the O-list at Stockholmsbörsen is scheduled to be 2 October 2003.

FINANCIAL REPORT DATES

Interim report for the period
1 January–30 September 2003
will be published 14 November 2003.

Preliminary annual statement
for the period 1 January–31 December 2003
will be published 24 February 2004.

Interim report for the period
1 January – 31 March 2004
will be published 18 May 2004.

Annual general meetings will be held in May.

Definitions:
References to "Lundin Petroleum" or "the Company" pertain to the corporate group in which Lundin Petroleum AB (publ) (company registration number 556610-8055) is the parent company or to Lundin Petroleum AB (publ), depending on the context. References to "Coparex" pertain to Coparex International S.A., which was acquired by Lundin Petroleum in September 2002. References to "Lundin Oil" pertain to Lundin Oil AB (publ), which was acquired by Talisman Energy Inc. in August 2001. References to "OER" pertain to OER Oil AS, of which Lundin Petroleum acquired 75 percent in February 2003. References to "Öhman" pertain to E. Öhman J:or Fondkommission AB. References to "Stockholmsbörsen" pertain to the Stockholm Stock Exchange (Stockholmsbörsen AB).

References to "the Addendum" pertain to this document containing information to the shareholders in Lundin Petroleum AB (publ) pertaining to the Company's shares being listed on the O-list at Stockholmsbörsen. References to "the Prospectus" pertain to the Addendum together with Lundin Petroleum's annual report 2002 and the interim report for the period 1 January – 30 June 2003.

Important Information
The Addendum, together with Lundin Petroleum's annual report 2002 and the interim report for the period 1 January – 30 June 2003, form the Prospectus pertaining to the Company's shares being listed on the O-list at Stockholmsbörsen. The annual report 2002 and the interim report for the period 1 January – 30 June 2003 are available on www.lundin-petroleum.com or can be obtained from the Company's corporate head office.

This is a translation of a Swedish document that has been prepared by the Board of Directors of Lundin Petroleum as information to the shareholders in Lundin Petroleum pertaining to the Company's shares being listed on the O-list at Stockholmsbörsen. In case of any discrepancies between the English and the Swedish version, or, in any other context, the Swedish version shall have precedence.

Certain figures and amounts in the Addendum have been rounded off.

BACKGROUND AND RATIONALE

In June 2001, Talisman Energy Inc. announced its intention to make an offer to acquire Lundin Oil, excluding its wholly-owned subsidiary Lundin Petroleum. As a consequence of that offer being declared unconditional in August 2001, Lundin Petroleum was spun-off and the shares were distributed to Lundin Oil's shareholders. Following the spin-off, the Company's shares commenced trading on the New Market at Stockholmsbörsen on 6 September 2001. The Lundin Petroleum shares started trading on the New Market in order to provide the shareholders with a prompt market quotation.

Having strengthened the Company's cash position through a rights issue and issue of warrants of approximately SEK 480 million in total as well as having completed the acquisition of Coparex and the sale of Block 5A, Sudan, the Board of Directors believes that a list transfer from the New Market to the O-list is logical and the appropriate step to take. Consequently, the Board of Directors resolved on 3 December 2002 to apply for a listing on the O-list. The Board of Directors believes it is in the interest of the shareholders to list the Company's shares on the O-list, since an official listing would allow investors prohibited from investing in unlisted companies to invest in Lundin Petroleum. An O-listing would thus strengthen the shareholder base and further increase the liquidity in the shares. The Board of Directors also believes an official listing would enhance the Company's status in terms of recognition and credibility towards the stock/capital market. The first day of trading in Lundin Petroleum shares on the O-list is scheduled to be 2 October 2003. A trading lot will include 1,000 shares.

This Prospectus has been prepared by the Board of Directors of Lundin Petroleum in connection with the pending listing of shares in Lundin Petroleum on the O-list at Stockholmsbörsen and the Board of Directors is responsible for the content of the Prospectus. Assurance is hereby given that, to the best of the Board of Director's knowledge, the information herein pertaining to actual conditions is accurate and that nothing that could have a material impact on such descriptions has been omitted.

Stockholm, 26 September 2003

Lundin Petroleum AB (publ)
The Board of Directors

CHANGES IN ASSETS AND OPERATIONS DURING 2003

Since the beginning of 2003, changes have been made in Lundin Petroleum's assets and operations. The principal changes consist of the acquisition of the Norwegian oil company OER and the divestment of Lundin Petroleum's working interest in Block 5A, Sudan, through the sale by Lundin Sudan BV. Please note that OER is described in the Company's annual report 2002, while the divestment of Block 5A had not yet been completed at the time of the publishing of the annual report. Consequently, Block 5A is described in the annual report as if it was still part of Lundin Petroleum's asset portfolio.

ACQUISITION OF OER OIL AS

In January 2003, Lundin Petroleum announced the acquisition of a 75 percent interest in the Norwegian oil company OER at a cost of NOK 30 million. The fields acquired by OER, Njord and Brage, are estimated to contain recoverable reserves net to OER of 5.0 mmboe (3.75 mmboe net to Lundin Petroleum) with a production forecast for 2003 of 2,400 boepd net to OER (1,800 boepd net to Lundin Petroleum). This is the first acquisition that enables Lundin Petroleum to enter the prolific Norwegian Continental Shelf. Further information regarding OER is disclosed in Lundin Petroleum's annual report 2002 (see also www.oeroil.com).

DIVESTMENT OF BLOCK 5A, SUDAN

On 25 April 2003, Lundin Petroleum signed a sale and purchase agreement with Petronas Carigali Overseas Sdn Bhd for the sale of its 40.375 percent working interest in Block 5A, Sudan, for a cash consideration of USD 142.5 million adjusted for working capital based upon an effective date of 31 March 2003. The transaction was completed on 20 June 2003 following the receipt of all regulatory approvals.

INCREASE IN LUNDIN PETROLEUM'S INDONESIAN WORKING INTERESTS

On 28 July 2003, Lundin Petroleum announced the completion of the acquisition of a further 0.936 percent working interest in Salawati Basin and a further 0.52 percent working interest in Salawati Island for a cash consideration of USD 400,000 adjusted for working capital based upon an effective date of 1 January 2003. Both concessions are located onshore and offshore Western Papua, Indonesia, and are operated by PetroChina.

CHANGE IN LUNDIN PETROLEUM'S EXPLORATION ACTIVITIES IN ALBANIA

Following OMV's[1] acquisition of Lundin Petroleum's partner Preussag[2], negotiations commenced in June 2003 regarding the Company's working interest in Blocks D and E onshore Albania. As a result, an agreement has been reached with Preussag/OMV whereby exploration drilling on Blocks D and E will be suspended until the remaining well commitment is potentially transferred to a new area in Albania. Such transfer will require various government approvals. The agreement with Preussag/OMV includes a cash payment to Lundin Petroleum in respect of past costs incurred in Blocks D and E and a carry of certain costs in any new venture with OMV in Albania.

1 References to OMV pertain to OMV Aktiengesellschaft.
2 References to Preussag pertain to Preussag Energie International GmbH.

MISSION

Lundin Petroleum's mission is to explore for, develop and produce, oil and gas in the most economically efficient, socially and environmentally responsible way, for the benefit of its shareholders, employees and coventurers.

VISION

Lundin Petroleum's vision is to build a significant oil and gas exploration and production company, which will deliver significant growth and provide increasing value to the shareholders.

STRATEGY

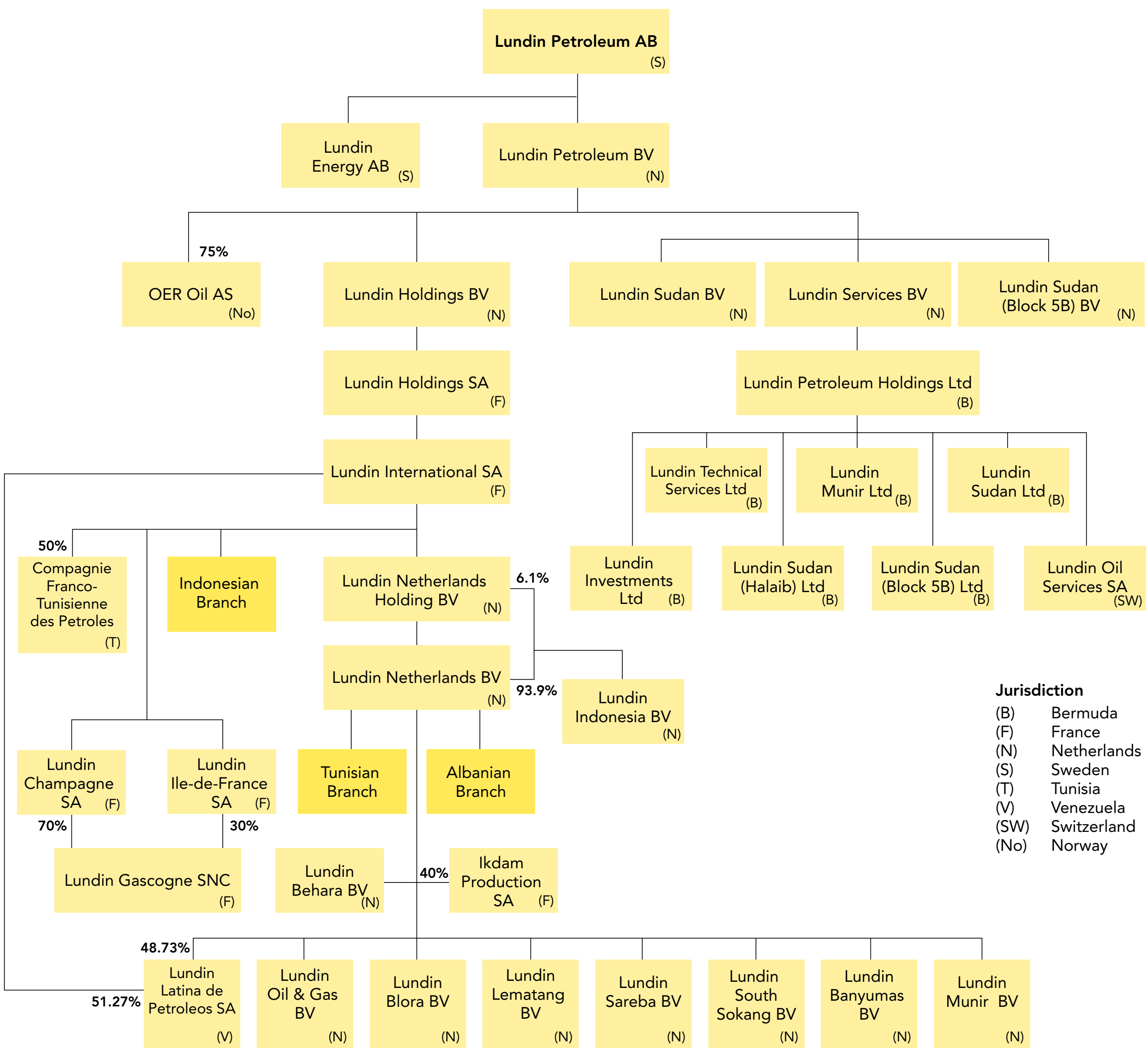
In order to realise Lundin Petroleum's vision, the Board of Directors has decided to pursue the following strategy:

- Continue to explore and develop its existing asset base. The Company has an inventory of drillable prospects with large upside potential and several discoveries in the appraisal/development stage.
- Actively pursue new exploration acreage around the world. The Company intends to increase its asset portfolio drawing on its extensive network of government and corporate contacts.
- Acquire producing assets which are undervalued and fit into the Company's scope of operations.

FINANCIAL OBJECTIVES

The primary objective of Lundin Petroleum is to add value for the shareholders, employees and society through profitable operations and growth. The added-value of the Company will flow from a mixture of improved cash flow and profitability from the producing assets and through exploration and technical success leading to an increase in reserves. Cash flow and profitability from the producing assets can be improved through good technical management of the assets leading to improved production levels and lower production costs. Lundin Petroleum aims to increase hydrocarbon reserves through exploration and through acquisitions. Lundin Petroleum will fund

Legal structure as of 1 September 2003



acquisitions through a mixture of internally generated funds, third party debt, and if necessary, through new equity.

The shareholders' equity of the Company does not reflect the underlying value of its assets as the recorded value relates to part exploration and development expenditures and part acquisition costs capitalised in accordance with Generally Accepted Accounting Principles. The underlying value of the Company's assets is the calculation of discounted cash flows based on the future production from its reserves. It is the policy of the Company to leverage with third party debt at a level of 50–70 percent of the underlying value of the Company's assets.

Lundin Petroleum's dividend policy is to give funding priority to ongoing exploration projects and to satisfy the immediate capital requirements of the company prior to considering distributions to shareholders.

ORGANISATION

Lundin Petroleum employs 133 persons on a full-time basis, 37 of whom are based at the technical and corporate offices in Stockholm, Sweden, and Geneva, Switzerland. Each country in which Lundin Petroleum operates has a local country manager responsible for the operations in that specific country.

In addition to the corporate and financial staff, Lundin Petroleum maintains a workforce of full-time key technical personnel within crucial activities such as geophysics, geology, reservoir engineering and drilling.

Lundin Petroleum is managed from its office in Geneva where the President and Chief Executive Officer, Chief Operating Officer and Chief Financial Officer are responsible for the strategic management of the Company. This involves the implementation of strategic and investment decisions in relation to existing and new business areas as well as the funding for the Company.

Staff

Lundin Petroleum's 133 employees are distributed on 99 men (74 percent) and 34 women (26 percent). The table below shows Lundin Petroleum's current work force. Lundin Petroleum recruits from a global market of people working in the oil and gas business. The Company foresees no future difficulties in recruiting people with excellent education and experience.

Country	Number of employees	Of which women	Of which men
Albania	1	–	1
France	46	9	37
Indonesia	20	5	15
Netherlands	5	2	3
Norway	12	2	10
Switzerland	35	11	24
Sweden	2	2	–
Tunisia	12	3	9
Total	**133**	**34**	**99**

Level of education	Number of employees	Share, %
Corresponding to elementary school	3	2
Further training	38	29
Corresponding to high school	35	26
University	57	43
Total	**133**	**100**

LUNDIN PETROLEUM'S PORTFOLIO OF OIL AND GAS ASSETS[1]

Lundin Petroleum's proven and probable reserves and the remaining economic life of producing assets, as of 1 January 2003, are shown in the table below.[1]

Country	Licenses	Proven and probable reserves (mmboe)	Remaining economic life (years)
Albania	2 exploration	–	–
France	15 production	23.8	Over 17
	5 exploration		
Indonesia	2 production	12.1	Over 17
	4 exploration		
Iran	1 exploration	–	–
Netherlands	19 production	9.1	Over 17
	3 exploration		
Norway	2 production	3.75 [1]	12
Sudan	2 exploration	–	–
Tunisia	2 production	3.2	Over 17[2]
	3 development		
Venezuela	1 production	8.8	13

1 Lundin Petroleum owns 75 percent of OER, amounts are net Lundin Petroleum.
2 The onshore production in Tunisia has a remaining economic life of over 17 years. The expected remaining economic life of the offshore production is 5 years.

WORK PROGRAM 2003

Lundin Petroleum is engaged in an extensive exploration program during 2003 including the drilling of eight exploration wells. One well has been drilled in The Netherlands, and a further well is currently being drilled in France. Further exploration wells are planned to be drilled in The Netherlands, Indonesia and Iran during the remainder of 2003.

Capital development expenditures during 2003 consist of the drilling of development wells in Venezuela, Indonesia, France and The Netherlands in order to curtail the natural decline of existing fields and maintain production at or above current levels.

COMPETITION

Lundin Petroleum competes globally with other upstream companies, including major international oil and gas companies, for exploration acreage and producing assets that may come up for sale.

Companies that are competitors in the stage where exploration acreage is acquired, can become partners in the stage when possible farm-out agreements are made. Hence, the separation between competitors and partners varies over time.

SUPPLIERS

In certain stages of the exploration and development process, Lundin Petroleum hires specialised companies and/or people for a limited period of time. Stages in which this would typically arise include acquisition of seismic data, drilling and building of infrastructure. During certain periods of time the use of sub-contractors and temporarily employed staff can exceed the number of full-time staff. Lundin Petroleum's suppliers are made up of both locally and globally operating companies. The Company is not experiencing difficulties in obtaining suppliers.

CUSTOMERS

The natural gas produced in the Netherlands is purchased, in its entirety, by the Dutch company NV Netherlandse Gasunie. The Company's production in other countries is sold on the spot market and under longer term contracts at market prices. The oil and gas markets are global markets with standardised pricing of hydrocarbons of uniform quality.

1 See further "Significant projects/agreements" on pages 23–25 and Lundin Petroleum's annual report on pages 8–19.

PARTNERS

Lundin Petroleum is partner with a number of companies on the various fields and in the various countries where it is operating. The partners can be competitors in some stages of the bidding for exploration or production licences and later become partners through farm-in or farm-out agreements. Some of Lundin Petroleum's major partners are shown in the table below.

Company	Country of incorporation	Owner
ETAP	Tunisia	State of Tunisia
Esso	US	Exxon Mobil (listed)
PetroChina	China	Listed
Petronas	Malaysia	State of Malaysia
Tecpetrol	Argentina	Techint
Total	France	Listed

FINANCIAL RISK MANAGEMENT POLICIES

As an international oil and gas exploration and production company operating globally, Lundin Petroleum is exposed to financial risks such as fluctuations in currency rates, oil price, interest rates, as well as credit financing. The Company shall seek to control these risks through sound management practice and the use of internationally accepted financial instruments, such as hedging and forward exchange.

Lundin Petroleum uses financial instrument solely for the purpose of minimising risks in the Company's business.

About Lundin Petroleum and currency exchange rates

Operating in many geographical locations through a network of companies, Lundin Petroleum is exposed to transactions in many different currencies. The Company's income is predominantly sourced in USD although it may be received in other currencies, depending on the sales contract. Expenditures are incurred primarily in USD and EUR, but also in CHF, NOK and SEK.

Lundin Petroleum has two types of currency requirements. There are monthly currency requirements for ongoing operational expenditures, such as salaries and property rentals. There are also ad hoc currency requirements for periodic expenditures, such as payment of taxes. The levels of currency requirements can be established through the budgetary process.

Furthermore, Lundin Petroleum has many subsidiaries operating outside of Sweden, and the value in SEK of the foreign investments is exposed to exchange rate fluctuations. Equity in subsidiaries is translated using the current method and the translation effects are reported directly in shareholders equity. At present, the Company does not hedge this translation exposure since the underlying value of the business is in other currencies.

Currency exchange rates hedging policy

Lundin Petroleum's policy on currency rate hedging is to consider setting the rate of exchange for known costs in non-US dollar currencies to US dollars in advance so that future US dollar cost levels can be forecasted with a reasonable degree of certainty. The Company will take into account the current rates of exchange and market expectations in comparison to historic trends and volatility in making the decision to hedge.

About Lundin Petroleum and oil prices

Contracts for the sale of hydrocarbons are continuously benchmarked to quoted oil prices or other indices. The Company has no control over these quoted prices, but its profitability is dependent upon them. Exposure to fluctuations in the quoted prices can be minimised by entering into forward sales contracts or other financial derivatives fixing in advance the price received by the Company. It is possible to enter into a hedging agreement whereby either the minimum oil price receivable is fixed, the oil price receivable is fixed between a minimum and maximum, or the oil price receivable is fixed at an agreed price.

The benefits of hedging the oil price risk are that (a) it limits the downside risk of the oil price, (b) it secures a known future (minimum) cash flow and (c) it ensures a degree of profitability. The negatives of hedging the oil price risk are (a) the cost of the hedge, which is charged during the duration of the hedge, and (b) the upside potential of the oil price is reduced.

The first consideration in the Company's oil price hedging policy is to identify which areas of operation are able to be hedged. Oil price hedging can be restricted by external factors such as security constraints imposed by external lenders and the fiscal regime in the countries in which the Company operates. For instance, a hedge may be excluded from the underlying sale for the purposes of calculating petroleum taxes.

The second consideration is the frequency of sales. Where production is sold on a monthly basis, hedging contracts can be entered into over a future period. Where production is sold on an irregular basis, hedging contracts can only be entered into when a lifting date is established.

The third consideration is the need to hedge. Under a financing agreement secured over future cash flows, an oil price hedging contract may provide guaranteed prices above the lending institution's pricing parameters used in calculating the future cash flows. In these circumstances, it is beneficial to enter into the oil price hedge.

The final consideration is to establish the Company's expectation of future prices and the stability of the oil price market to determine whether the anticipated benefits of hedging exceed the costs.

Oil price hedging policy

Lundin Petroleum's policy is to adopt a flexible approach towards oil price hedging, based on an assessment of the benefits of the hedge contract in the specific circumstances.

Based on an analysis of the circumstances, Lundin Petroleum will assess the benefits of forward hedging monthly sales contracts for the purposes of establishing cash flow. If it believes that the hedging contract will provide an enhanced cash flow then it may choose to enter into an oil price hedge.

Lundin Petroleum will monitor the oil price and market conditions to decide whether to hedge irregularly lifted sales contracts. Once cargo dates are set, the Company will obtain quotes for hedging and compare these against the anticipated forward pricing curves quoted by financial institutions and Lundin Petroleum's view of the volatility of the market at the time.

About Lundin Petroleum and interest rates

Where the Company has entered into external borrowings at floating interest rates, it is exposed to the risk that the market interest rates will increase. Interest rate risk is assessed on a loan-by-loan basis, as the rates and periods may vary.

Interest rate hedging policy

Lundin Petroleum will assess the benefits of interest rate hedging on borrowings on a continuous basis. If the hedging contract provides a reduction in the interest rate risk at a price that is deemed acceptable to the Company, then Lundin Petroleum may choose to enter into an interest rate hedge.

For the purposes of assessing interest rate risk, Lundin Petroleum will review historic interest rate levels and movements and assess the prevailing market conditions and expectations.

About Lundin Petroleum and credits and surplus liquid funds

Lundin Petroleum is exposed to three types of credit risk.

The first type of credit risk is non-payment by the purchasers of Lundin Petroleum hydrocarbons. The Company sells hydrocarbons to third parties through many different sales contracts and at different frequencies. The values of the sales can vary greatly through the size of the cargo lifted. The level of risk associated with the sale of hydrocarbons can be reduced through the requirement of the buyers to provide irrevocable letters of credit or other banking guarantees to support the payment.

The second type of credit risk is the non-payment by joint venture partners of their share of joint venture expenditures. Lundin Petroleum enters into oil and gas exploration, development and production joint ventures with other companies to share the costs and risks of exploration and development. There is a risk that joint venture partners may renege on their share of cash calls leaving Lundin Petroleum exposed to the full cost of the work commitments. There is recourse for non-payment under the joint operating agreement but Lundin Petroleum remains exposed to cash flow issues.

The third area of credit risk is losses on bank deposits and short-term investments.

Credit and surplus liquid funds policy

Lundin Petroleum's policy is to limit credit risk by limiting the counter-parties to major banks and oil companies.

Where it is determined that there is a credit risk for hydrocarbon sales, the policy is to require an irrevocable letter of credit for the full value of the sale.

The policy on joint venture parties is to rely on the provisions of the underlying joint operating agreements to take back possession of the licence or the joint venture partner's share of production for non-payment of cash calls or other amounts due.

The policy for investment of surplus liquid funds is to limit investments to major banks and to seek low credit risk investments. These investments will mostly be limited to time investments in major banks. Speculative investments in non-oil industry based activities are not permitted.

PRO FORMA FINANCIAL STATEMENTS

The pro forma accounts, which have been prepared for illustrative purposes only, show consolidated summarised income statements, balance sheets and cash flow statements for the full financial year 2002 and for the first six months 2003. The reason for providing pro forma accounts is to illustrate Lundin Petroleum's financial trend, assuming the Company's current assets and operations throughout the pro forma period. The principal adjustments arise from the following assumptions:

- *The acquisition of Coparex*
  The trading results for the acquired Coparex companies for the period 1 January – 19 September 2002 were eliminated from the consolidated results of Lundin Petroleum in accordance with Generally Accepted Accounting Principles as this period was prior to the acquisition. For the purposes of the pro forma accounts, Coparex is assumed to have been acquired 31 December 2001.

  To complete the acquisition of Coparex, Lundin Petroleum drew down under a term loan facility an amount of SEK 1,237.0 million. This amount was repaid partially in November 2002 and the balance in June 2003. For the purposes of the pro forma accounts the acquisition of Coparex is deemed to have been funded from the proceeds of the Sudan Block 5A sale.

- *The acquisition of 75 percent of OER*
  On 3 February 2003 the shares in OER were acquired and OER completed the acquisition of licence interests in Brage and Njord. Only the trading results from this date have been consolidated in the Lundin Petroleum results. For the purposes of the pro forma accounts, the trading results of OER have been included with effect from 1 January 2002. The year-end balance sheet has been amended to include the acquisition price of the fields effective 31 December 2001.

- *Limited funding requirement was drawn down for the acquisition of Coparex and OER*
  There is a funding requirement at 31 December 2001 to complete the acquisition of Coparex and OER. For the purposes of the pro forma accounts the funding shortfall at 31 December 2001 of SEK 140.0 million has been funded through a short term finance facility settled during 2002. An interest charge at 5 percent per annum has been applied.

- *The divestment of Block 5A, Sudan*
  The sale of Sudan Block 5A was recorded in the consolidated Lundin Petroleum accounts with effect from 20 June 2003. For the purposes of the pro forma accounts the sale has been treated as if it occurred on 31 December 2001. The full sales price has been applied effective that date and the gain on sale and the capital expenditure incurred on Sudan Block 5A during the reporting periods has been eliminated.

- *The lease of the Paris property was settled*
  The lease on the Paris office was settled effective 30 June 2003. For the purposes of the pro forma accounts the lease settlement has been treated as if it occurred on 31 December 2001.

- *Restructuring costs*
  Following the acquisition of the Coparex companies, restructuring costs of SEK 36.5 million were incurred upon the termination of Paris based employees. For the purposes of the pro forma accounts the restructuring costs have been treated as if they occurred on 31 December 2001. Further costs of SEK 12.1 million were incurred following the acquisition of the Coparex companies for the reorganisation of the Group. For the purposes of the pro forma accounts the reorganisation costs have been treated as if they occurred on 31 December 2001.

- *Capital contribution from the exercise of allotted warrants*
  In October 2001, the Board of Directors ratified a new share issue with a warrant to subscribe for further shares at SEK 4.50 per share, exercisable during the period 15 May – 14 June 2002. During the exercise period 35,609,748 warrants were exercised realising SEK 158.0 million after issue costs of SEK 2 million. For the purposes of the pro forma accounts the exercise of warrants has been treated as if it occurred on 31 December 2001.

Accounting principles applied are described in Lundin Petroleum's annual report 2002, which together with the interim report for the period 1 January – 30 June 2003 and the Addendum form the Prospectus pertaining to Lundin Petroleum's shares being listed on the O-list at Stockholmsbörsen.

The following exchange rates have been applied on transactions and balances:

	1 January – 30 June 2003	1 January – 31 December 2002
Average exchange rate, SEK/USD	8.31	9.70
Exchange rate at period end, SEK/USD	8.01	8.75
Average exchange rate, SEK/EUR	9.16	9.10
Exchange rate at period end, SEK/EUR	9.25	9.17

PRO FORMA CONSOLIDATED SUMMARISED INCOME STATEMENTS

Expressed in SEK thousand	Note	1 January – 30 June 2003	1 January – 31 December 2002
Net sales of oil and gas	1	595,315	1,369,494
Other operating income		30,182	54,625
Operating income		**625,497**	**1,424,119**
Production costs		–227,038	–563,549
Depletion of oil and gas properties		–101,203	–220,704
Gross profit		**297,256**	**639,866**
Other income		3,693	14,941
Administration expenses including depreciation		–60,170	–142,686
Operating result		**240,779**	**512,121**
Financial income and expenses, net	2	–52,943	–41,605
Result before tax		**187,836**	**470,516**
Tax		–73,390	–132,880
Minority interests		–565	765
NET RESULT		**113,881**	**338,401**

Commentary on pro forma consolidated summarised income statements

The pro forma consolidated summarised income statements have been prepared in accordance with the assumptions stated on pages 8–9 of this Addendum. The consolidated income statements for Lundin Petroleum for the corresponding periods have been used as a basis for the pro forma statements.

Relates to 1 January – 31 December 2002

Net sales of hydrocarbons, including change in overlift position have increased for the year ended 31 December 2002 by SEK 866.7 million and SEK 218.4 million for the inclusion of Coparex and Norway respectively. Other operating income has increased for the same period by SEK 18.5 million and SEK 24.7 million for the inclusion of Coparex and Norway respectively. The other operating income contributed by Coparex represents tariff income and receipts for the storage of strategic stocks of hydrocarbons. The other operating income contributed by OER includes revenue from the sale of a Floating Production Storage and Offloading vessel.

Production costs for the year ended 31 December 2002 have increased by SEK 337.8 million through the inclusion of the full year Coparex results and SEK 76.7 million through the inclusion of OER. Depletion for the year ended 31 December 2002 has increased by SEK 132.9 million for Coparex and SEK 34.2 million for OER representing a charge based on twelve months production.

Other income for the year ended 31 December 2002 has increased by SEK 4.7 million through the inclusion of the full years result for Coparex. Administration expenses have increased for the year ended 31 December 2002 by SEK 33.8 million and SEK 12.6 million for the inclusion of Coparex and OER. The increase in administration costs for Coparex is after an elimination of restructuring costs of SEK 20.3 million.

In accordance with the assumptions, the pro forma consolidated summarised income statements have been prepared on the basis that Lundin Petroleum borrowed SEK 140.0 million for the acquisition of Coparex and OER and that these borrowings were repaid during 2002. On this bases, the borrowing costs incurred in Coparex for the year ended 31 December 2002 were eliminated and an interest charge of SEK 3.5 million was recorded and the interest income recorded within the Coparex results was eliminated. Currency exchange losses incurred in Coparex for the period up to 19 September 2002 were included within the pro forma consolidated summarised income statement and exchange gains recorded in the consolidated income statement for Lundin Petroleum for the year ended 31 December 2002 of SEK 13.3 million were eliminated from the pro forma consolidated summarised income statement. The charge for the unwinding of site restoration discount was increased by SEK 5.2 million in the pro forma income statement for a full year charge for Coparex.

The charge for current corporation tax was increased in the pro forma consolidated summarised income statement by SEK 34.1 million and SEK 94.6 million for Coparex and OER respectively to reflect the current tax charge for the full year.

Relates to 1 January – 30 June 2003

Sales of oil and gas have increased for the six months ended 30 June 2003 by SEK 14.5 million representing sales from OER for January 2003. Production costs and depletion for the six-month period relating to OER have increased by SEK 5.9 million and SEK 2.9 million respectively.

The gain on the sale of Sudan Block 5A of SEK 724.8 million has been eliminated from the pro forma income statement for the six-month period. Restructuring costs amounting to SEK 28.4 million incurred following the acquisition of Coparex have been eliminated from the pro forma income statement for the six-month period.

The consolidated income statement for the six-months ended 30 June 2003 included an interest charge on the external borrowings of SEK 18.2 million and a currency exchange gain on the amount outstanding under the finance facility of SEK 102.0. million. These amounts have been eliminated in the preparation of the pro forma consolidated summarised income statements. Following the repayment of the finance facility, the amount of capitalized finance costs of SEK 15.9 million was written off. This amount has also been eliminated from the pro forma income statement.

Current corporation taxes have been increased by SEK 22.9 million and the deferred tax credit has increased by SEK 10.1 million for the inclusion of OER for the full period.

PRO FORMA CONSOLIDATED SUMMARISED BALANCE SHEETS

Expressed in SEK thousand	Note	30 June 2003	31 December 2002
Assets			
Tangible fixed assets			
Oil and gas properties	3	1,792,973	1,785,442
Office equipment and other assets		57,003	56,656
Total tangible fixed assets		**1,849,976**	**1,842,098**
Financial fixed assets		97,988	108,409
Total fixed assets		**1,947,964**	**1,950,507**
Current assets			
Current receivables and inventories		373,102	378,684
Cash and bank, short term investments		356,144	375,351
Total current assets		**729,246**	**754,035**
Total assets		**2,677,210**	**2,704,542**
Shareholders' equity and liabilities			
Shareholders' equity, including net result for the period		1,837,121	1,776,710
Minority interests		12,996	11,997
Provisions and other long-term liabilities		385,473	398,817
Current liabilities		441,620	517,018
Total shareholders' equity and liabilities		**2,677,210**	**2,704,542**
Pledged securities		–	–
Contingent liabilities		12,618	12,618

Commentary on pro forma consolidated summarised balance sheets

The pro forma consolidated summarised balance sheet as at 31 December 2002 has been prepared in accordance with the assumptions stated on pages 8–9 of this Addendum. The consolidated balance sheet for Lundin Petroleum for the corresponding period has been used as a basis for the pro forma balance sheet.

Relates to 31 December 2002

Oil and gas properties as at 31 December 2002 have been increased by SEK 153.1 million to reflect the acquisition of OER and have been reduced by SEK 356.6 million to reflect the sale of Sudan Block 5A.

Financial fixed assets as at 31 December 2002 have been reduced by SEK 15.9 million following the elimination of the capitalised financing fees and increased by SEK 20.7 million reflecting the cash deposit made by OER to cover site restoration liabilities.

Current receivables and inventories as at 31 December 2002 have increased by SEK 33.2 million reflecting the current receivables attributable to OER at that date.

Cash and bank as at 31 December 2002 has been decreased by SEK 7.2 million to reflect the acquisition of the Norwegian assets by OER. Cash and bank has been increased as at 31 December 2002 by SEK 1,155.6 million to reflect the sale proceeds from the sale of Block 5A, Sudan, and reduced by SEK 992.4 million to reflect not having drawn down the finance facility.

Shareholders equity as at 31 December 2002 has been increased by the gain on the sale of Block 5A, Sudan, of SEK 724.8 million and reduced by the additional income recorded in the pro forma income statement for the six months ended 30 June 2003 attributable to Coparex and OER of SEK 439.8 million and SEK 23.6 million respectively.

Provisions as at 31 December 2002 have increased by SEK 59.3 million and SEK 13.2 million representing the provisions for site restoration and deferred tax, respectively, for OER.

Long-term liabilities as at 31 December 2002 have decreased by SEK 1,067.0 million following the assumption that the lease on the Paris office was settled on 31 December 2001 and that the finance facility was not drawn for the acquisition of Coparex and hence there are no pledged securities.

Current liabilities as at 31 December 2002 have increased following the inclusion of the current liabilities attributed to OER as at that date and the elimination of the current portion of the Paris property lease.

Relates to 30 June 2003

The pro forma balance sheet as at 30 June 2003 is unchanged from the consolidated balance sheet as shown in the interim report for the six month period 1 January – 30 June 2003.

PRO FORMA CONSOLIDATED SUMMARISED CASH FLOW STATEMENTS

Expressed in SEK thousand	**1 January – 30 June 2003**	**1 January – 31 December 2002**
Cash flow from operations		
Net result for the period	113,881	338,401
Adjustments for depletion and other non-cash related items	93,067	197,609
Changes in working capital	–112,786	205,337
Total cash flow from operations	**94,162**	**741,347**
Cash flow used for investments		
Change in financial fixed assets	–10,421	–22,239
Investment in oil and gas properties	–91,794	–178,354
Investment in other fixed assets	–6,796	–10,128
Total cash flow used for investments	**–109,011**	**–210,721**
Cash flow from financing		
Changes in long-term receivables	–	–3,130
Repayment of short-term liabilities	–	–140,000
Proceeds from share issue	1,241	–
Distribution paid by subsidiary	–	–972
Total cash flow from financing	**1,241**	**–144,102**
Change in cash and bank	–13,608	386,524
Cash and bank at the beginning of the period	375,351	1,037
Currency exchange difference in cash and bank	–5,599	–12,210
Cash and bank at the end of the period	**356,144**	**375,351**

Commentary on pro forma consolidated summarised cash flow statements

The pro forma consolidated summarised cash flow statements have been prepared in accordance with the assumptions stated on pages 8–9 of this Addendum. The consolidated cash flow statements for Lundin Petroleum for the corresponding periods have been used as a basis for the pro forma balance sheets.

Relates to 1 January – 31 December 2002

Cash flow from operations has increased by SEK 488.2 million in the pro forma consolidated summarised cash flow statement for the year ended 31 December 2002 because of the inclusion of the full year operating cash flow from Coparex and OER. The increased depletion charge for the year of SEK 167.1 million has been reversed out through movements in non-cash items.

The acquisition of shares in subsidiaries included in the consolidated cash flow statement for the year ended 31 December 2002 of SEK 1,213.0 million has been eliminated in the pro forma consolidated summarised cash flow statement because this transaction was deemed to have occurred in 2001. The change in financial fixed assets has been decreased by SEK 163.3 million in the pro forma consolidated summarised cash flow statement for the year ended 31 December 2002 based on the assumption that the shares in, and loan note from, Khanty Mansysk Oil Corporation was sold in December 2001. The investment in oil and gas properties has been increased in the pro forma consolidated summarised cash flow statement for the year ended 31 December 2002 through the inclusion of SEK 82.7 million and SEK 15.1 million representing capital expenditure in Coparex and OER respectively. The investment in oil and gas properties has been decreased in the pro forma consolidated summarised cash flow statement for the year ended 31 December 2002 through the elimination of SEK 80.4 million representing expenditures incurred for Sudan Block 5A.

Changes in long term liabilities have been adjusted from a draw down of long term debt of SEK 836.8 million to a repayment of short-term debt of SEK 140.0 million. This is in line with the assumption stated on funding requirements. The proceeds from share issues in the pro forma consolidated summarised cash flow statement for the year ended 31 December 2002 has been eliminated in line with the assumption that the issues took place in December 2001.

The portion of currency exchange difference in cash and bank included in the consolidated cash flow statement for the year ended 31 December 2002 has been eliminated to the extent that it relates to cash balances held by Lundin Petroleum AB at the start of 2002.

Relates to 1 January – 30 June 2003

Cash flow from operations has decreased by SEK 91.6 million in the pro forma consolidated summarised cash flow statement for the period ended 30 June 2003. The operating cash flow for the period ended 30 June 2003 in the consolidated cash flow statement included realised currency differences on the external financing of SEK 102.0 million which have been eliminated from the pro forma consolidated summarised cash flow statement.

The sale of assets of SEK 1,155.5 million included in the consolidated cash flow statement for the period ended 30 June 2003 has been eliminated in line with the assumption that the sale of Sudan Block 5A occurred in December 2001. Investment in oil and gas properties has been reduced in the pro forma consolidated summarised cash flow statement for the period ended 30 June 2003 by SEK 82.3 million to eliminate the acquisition of the Norwegian assets in OER and by SEK 12.3 million to eliminate spending on Sudan Block 5A.

The changes in long term liabilities of SEK 1,022.8 million included in the consolidated cash flow statement for the period ended 30 June 2003 has been eliminated in line with the assumption that there was no draw down of the finance facility for the acquisition of Coparex.

PRO FORMA KEY DATA

	1 January – 30 June 2003	1 January – 31 December 2002
Return on equity, %[1]	6	21
Return on capital employed, %[2]	10	29
Debt/equity ratio, %[3]	–	–
Equity ratio, %[4]	69	66
Share of risk capital, %[5]	79	76
Interest coverage ratio, %[6]	–	13,543
Operating cash flow/interest ratio, %[7]	–	19,620
Yield, %[8]	–	–

1 Return on equity is defined as the Group's net results divided by average shareholders' equity (the average over the financial period).
2 Return on capital employed is defined as the Group's profit before tax and minority interest plus interest expenses plus/minus exchange differences on financial loans divided by the total average capital employed (the average balance sheet total less non interest-bearing liabilities).
3 Debt/equity ratio is defined as the Group's interest-bearing liabilities in relation to shareholders' equity.
4 Equity ratio is defined as the Group's shareholders' equity, including minority interest, in relation to balance sheet total.
5 Share of risk capital is defined as the sum of the Group's shareholders' equity and deferred taxes, including minority interest, in relation to balance sheet total.
6 Interest coverage ratio is defined as the Group's profit before tax and minority interest plus interest expenses plus/minus exchange differences on financial loans divided by interest expenses.
7 Operating cash flow/interest ratio is defined by the Group's operating income less production costs and less current taxes divided by the interest charge for the financial period.
8 Yield is defined as dividend in relation to quoted share price at the end of the financial period.

PRO FORMA DATA PER SHARE

	1 January – 30 June 2003	1 January – 31 December 2002
Shareholders' equity, SEK[1]	7.39	7.15
Operating cash flow, SEK[2]	1.24	2.77
Cash flow from operations, SEK[3]	0.38	2.99
Earnings, SEK[4]	0.46	1.36
Earnings (fully diluted), SEK[5]	0.45	1.36
Dividend, SEK	–	–
Quoted price at the end of the financial period (regards the parent company), SEK	10.60	9.20
P/E-ratio[6]	n.a.	6.7
Number of shares at financial period end	248,685,016	248,449,166
Weighted average number of shares for the financial period[7]	248,596,409	248,078,104
Weighted average number of shares for the financial period (fully diluted)[5, 7]	251,847,452	249,374,893

1 Shareholders' equity per share is defined as the Group's shareholders' equity divided by the number of shares at period end.
2 Operating cash flow per share is defined as the Group's operating income less production costs and less current taxes divided by the weighted average number of shares for the financial period.
3 Cash flow from operations per share is defined as cash flow from operations in accordance with the pro forma consolidated summarised cash flow statements divided by the weighted average number of shares for the financial period.
4 Earnings per share is defined as the Group's net result divided by the weighted average number of shares for the financial period.
5 Earnings per share fully diluted is defined as the Group's net result divided by the weighted average number of shares for the financial period after considering the dilution effect of outstanding warrants.
6 P/E-ratio is defined as quoted price at the end of the period (regards the parent company) divided by earnings per share.
7 Weighted average number of shares for the financial period is defined as the number of shares at the beginning of the financial period with new issue of shares weighted for the proportion of the period they are in issue.

NOTES TO THE PRO FORMA FINANCIAL STATEMENTS

Note 1: Net sales of oil and gas

Expressed in SEK thousand	**1 January – 30 June 2003**	**1 January – 31 December 2002**
France	172,471	423,287
Netherlands	88,790	208,439
Tunisia	104,107	262,344
Indonesia	99,158	172,509
Norway	90,552	218,357
Venezuela	53,221	83,885
Oil price hedging settlement	–15,374	–
Change in underlift position	2,390	673
Total	**595,315**	**1,369,494**

Note 2: Financial income and expense

Expressed in SEK thousand	**1 January – 30 June 2003**	**1 January – 31 December 2002**
Interest income	5,858	–
Interest expense	–	–3,500
Interest rate hedge	–10,949	–
Currency translation differences, net	–43,810	–43,196
Unwind discount on abandonment provision	–2,923	–6,984
Other financial income	743	13,701
Other financial expenses	–1,862	–1,626
Total	**–52,943**	**–41,605**

Note 3: Oil and gas properties

Expressed in SEK thousand	**Book amount 30 June 2003**	**Book amount 31 December 2002**
France	861,466	864,266
Netherlands	516,208	522,978
Tunisia	65,352	61,230
Indonesia	41,608	20,115
Venezuela	100,784	101,820
Norway	138,430	153,081
Sudan	18,995	16,224
Iran	49,916	44,765
Others	214	969
Total	**1,792,973**	**1,785,448**

SHARE CAPITAL AND OWNERSHIP STRUCTURE

SHARE CAPITAL

Lundin Petroleum's registered share capital as at 31 August 2003, amounted to SEK 2,493,309.66 distributed among 249,330,966 shares with a par value of SEK 0.01 and representing 1 vote each. All shares outstanding are common shares and carry equal rights to participation in Lundin Petroleum's assets and earnings. Since the initial formation of Lundin Petroleum, the Company's share capital has developed as shown below.

Transaction	Month and year	Nominal value, SEK	Change in number of shares	Total number of share	Change in share capital, SEK	Total share capital, SEK	Subscription price, SEK
Initial formation of the Company	May, 2001	100.00	1,000	1,000	100,000.00	100,000.00	100.00
Share split 10,000:1	June, 2001	0.01	9,999,000	10,000,000	–	100,000.00	–
New share issue	June, 2001	0.01	92,861,283	102,861,283	928,612.83	1,028,612.83	0.01
New share issue	July, 2001	0.01	3,342,501	106,203,784	33,425.01	1,062,037.84	0.01
New share issue	November, 2001	0.01	106,203,784	212,407,568	1,062,037.84	2,124,075.68	3.00
Exercise of allotted warrants	June, 2002	0.01	35,609,748	248,017,316	356,097.48	2,480,173.16	4.50
Incentive warrants (2001 program)	2002	0.01	667,700[1]	248,685,016	6,677.00	2,486,850.16	3.37
Incentive warrants (2001 program)	2003	0.01	641,350	249,326,366	6,413.50	2,493,263.66	3.37
Incentive warrants (2002 program)	2003	0.01	4,600	249,330,966	46.00	2,493,309.66	4.50

1 Of which 235,850 were exercised during 2002 and registered during 2003.

OWNERSHIP STRUCTURE

The ownership structure in Lundin Petroleum according to a report from VPC dated 31 August 2003, is shown in the table below.

Shareholders as at 31 August 2003	Number of shares	Percentage of share capital/ votes, %
Lorito Holdings Ltd.[1]	71,435,168	28.7
Landor Participations Inc.[2]	15,407,456	6.2
Mourgue d'Algue et Cie	6,960,000	2.8
Gylling, Bertil	2,375,000	1.0
Goldman Sachs International	2,154,000	0.9
Pictet & Cie	2,013,108	0.8
Investors Life	2,000,572	0.8
State Street Bank and Trust Co	1,880,852	0.8
Bank Carnegie Luxembourg	1,394,579	0.6
Bank Julius Baer	1,288,601	0.6
Other shareholders	142,421,630	57.1
Total	**249,330,966**	**100.0**

1 Lorito Holdings Ltd. is an investment company wholly owned by a trust whose settler is Adolf H. Lundin.
2 Landor Participations Inc. is an investment company wholly owned by a trust whose settler is Ian H. Lundin.
Source: VPC as at 31 August 2003.

Lorito Holdings Ltd. intends to remain a long-term major shareholder in Lundin Petroleum.

DISTRIBUTION OF SHAREHOLDINGS

On 31 August 2003, the shareholdings in Lundin Petroleum were distributed according to the table below.

Size categories as at 31 August 2003	Number of shares	Percentage of shares, %	Number of shareholders	Percentage of shareholders, %
1 – 500	2,853,882	1.1	14,471	52.2
501 – 1,000	3,870,544	1.6	4,587	16.5
1,001 – 10,000	23,684,260	9.5	7,445	26.9
10,001 – 50,000	21,223,917	8.5	976	3.5
50,001 – 100,000	8,897,136	3.6	123	0.4
100,001 –	188,801,227	75.7	115	0.4
Total	**249,330,966**	**100.0**	**27,717**	**100.0**

Source: VPC as at 31 August 2003.

TRADING IN LUNDIN PETROLEUM SHARES

The shares in Lundin Petroleum have been traded on the New Market at Stockholmsbörsen since 6 September 2001. The graph below shows the share price development of the Lundin Petroleum share against Affärsvärlden's composite index as from 6 September 2001 and up until 31 August 2003.

LUNDIN PETROLEUM'S INCENTIVE SCHEME

Lundin Petroleum operates an employee incentive scheme based on stock options (Sw. personaloptioner) which entitle the option holder to acquire shares in the Company on terms equivalent to those of warrants issued by the general meeting. So far, the annual general meeting has issued three programs under the incentive scheme, the 2001 program, the 2002 program and the 2003 program.

The 2001 program

The issue of up to 3,175,000[1] warrants was approved by the annual general meeting 2001. As at 31 August 2003, 896,000 warrants remain issued and outstanding. The warrants are exercisable at a strike price of SEK 3.37[1] expiring on 1 May 2004.

The 2002 program

The issue of up to 3,250,000 warrants was approved by the annual general meeting 2002. As at 31 August 2003, 2,322,400 warrants remain issued and outstanding. The warrants are exercisable at a strike price of SEK 4.50 expiring on 31 May 2005.

The 2003 program

The issue of up to 3,400,000 warrants was approved by the annual general meeting 2003. As at 31 August 2003, nil warrants had been exercised and 3,360,000 remain issued and outstanding. The warrants are exercisable at a strike price of SEK 10.10 commencing on 31 May 2004 and expiring on 31 May 2006.

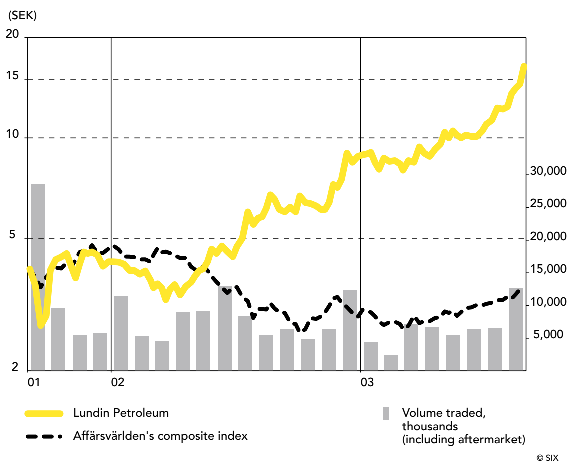
Dilution

Assuming exercise of all outstanding warrants, the number of shares in Lundin Petroleum increases with 6,578,400 shares, corresponding to a dilution effect of 2.6 percent. Shareholders' equity will then increase with SEK 47,406,320, of which SEK 65,784 contributes to the share capital and SEK 47,340,536 to the share premium reserve.

AUTHORISED SECURITIES

The Annual General Meeting held on 23 May 2003 in Lundin Petroleum, resolved to authorise the Board of Directors to issue no more than 27,000,000 new shares during the period up to the next Annual General Meeting and thereby be able to resolve to disapply the shareholders pre-emption rights in order to enable Lundin Petroleum to raise capital for the Company's business operations and business acquisitions.

Lundin Petroleum share price development as from 6 September 2001 and up until 31 August 2003



1 Following recalculation of subscription price and number of shares each warrant entitles the holder to subscribe for.

BOARD OF DIRECTORS, SENIOR EXECUTIVES AND AUDITORS

BOARD OF DIRECTORS

Ian H. Lundin
Chairman
Born 1960
Board member since 2001.
Other board duties: none.
Bachelor of Science degree in Petroleum Engineering from the University of Tulsa.
Shares in Lundin Petroleum: nil[1].
Incentive warrants: 1,485,000.

Adolf H. Lundin
Honorary Chairman
Born 1932
Board member since 2001.
Other board duties: North Atlantic Natural Resources AB, Vostok Nafta Investment Ltd., Atacama Minerals Corp., Champion Resources Inc., South Atlantic Ventures Ltd., Tenke Mining Corp. and Valkyries Petroleum Corp.
Master of Science degree (Department of Engineering) from the Royal Institute of Technology, Stockholm. Master of Business Administration degree from Centre d´Etudes Industrielles, Geneva.
Shares in Lundin Petroleum: nil[2].
Incentive warrants: nil.

Carl Bildt
Director
Born 1949
Board member since 2001.
Other board duties: Chairman of Teleoptimering AB, board member of HiQ AB, Humany AB, Melody Interactive Solutions AB, E. Öhman J:or AB, KREAB, Vostok Nafta Investment Ltd., Rand Corporation and Legg Mason Inc.
Member of the Swedish Parliament 1979–2001. Prime Minister of Sweden 1991–1994. UN Secretary General's Special Envoy for the Balkans 1999–2001.
Shares in Lundin Petroleum: nil.
Incentive warrants: nil.

C. Ashley Heppenstall
President and Chief Executive Officer
Born 1962
Board member since 2001.
Other board duties: Board member of Champion Resources Inc and Valkyries Petroleum Corp.
Bachelor of Science degree in Mathematics from the University of Durham.
Shares in Lundin Petroleum: 1,143,250.
Incentive warrants: 1,194,500.

Kai Hietarinta
Director
Born 1932
Board member since 2001.
Other board duties: Board member of Vostok Nafta Investment Ltd.
Master of Science degree in Engineering from Helsinki University of Technology. Master of Business Administration degree from Helsinki School of Economics. Dr of Economics HC from the School of Economics and Business Administration in Turku.
Shares in Lundin Petroleum: nil.
Incentive warrants: nil.

Lukas H. Lundin
Director
Born 1958
Board member since 2001.
Other board duties: Chairman of Tanganyika Oil Co. Ltd. and International Curator Resources Ltd., board member of North Atlantic Natural Resources AB, Vostok Nafta Investment Ltd. (acting Chairman), Tenke Mining Corp. and Valkyries Petroleum Corp.
Graduate from New Mexico Institution of Mining, Technology and Engineering.
Shares in Lundin Petroleum: 708,478.
Incentive warrants: nil.

William A. Rand
Director
Born 1942
Board member since 2001.
Other board duties: International Curator Resources Ltd., International Uranium Corporation, Tenke Mining Corp. Devon Ventures Corp. and Dome Ventures Corp.
Commerce degree (Honours Economics) from McGill University. Law degree from Dalhousie University. Master of Law degree in International Law from the London School of Economics.
Shares in Lundin Petroleum: 104,185.
Incentive warrants: nil.

Magnus Unger
Director
Born 1942
Board member since 2001.
Other board duties: Chairman of the Odin Group and Mimer Invest AB.
Master of Business Administration from the Stockholm School of Economics.
Shares in Lundin Petroleum: 100,000.
Incentive warrants: 156,200.

1 Landor Participations Inc. holds 15,407,456 shares in Lundin Petroleum. Landor Participations Inc. is an investment company wholly owned by a trust whose settler is Ian H. Lundin.
2 Lorito Holdings Ltd. holds 71,435,168 shares in Lundin Petroleum. Lorito Holdings Ltd. is an investment company wholly owned by a trust whose settler is Adolf H. Lundin.

Board committees

The members and the functions of Lundin Petroleum's compensation, finance and audit committee are described in the Company's annual report 2002, which is part of the Prospectus.

Continuity in the Board of Directors

The Board of Directors of Lundin Petroleum is unchanged in relation to the Board of Directors of Lundin Oil at the time of Talisman Energy Inc.'s acquisition of Lundin Oil. This implies a good continuity in the Board of Directors of Lundin Petroleum.

MANAGEMENT

C. Ashley Heppenstall
President and Chief Executive Officer, see Board of Directors.
Employed by Lundin Petroleum since 2001.

Alexandre Schneiter
Chief Operating Officer and first Deputy Managing Director
Born 1962
Employed by Lundin Petroleum since 2001.
Bachelor of Science in Geology from the University of Geneva and a Masters degree in Geophysics.
Shares in Lundin Petroleum: 50,000.
Incentive warrants: 970,000.

Christine Batruch
Vice President Corporate Responsibility
Born 1959
Employed by Lundin Petroleum since 2001.
Shares in Lundin Petroleum: 2,000.
Incentive warrants: 134,450.

Andrew Harber
Vice President Corporate Services and second Deputy Managing Director
Born 1956
Employed by Lundin Petroleum since 2001.
Shares in Lundin Petroleum: 2,000.
Incentive warrants: 205,000.

Geoffrey Turbott
Vice President Finance and Chief Financial Officer
Born 1963
Employed by Lundin Petroleum since 2001.
Shares in Lundin Petroleum: 2,000.
Incentive warrants: 205,000.

AUDITORS

Carl-Eric Bohlin
Born 1946
Authorised Public Accountant
PricewaterhouseCoopers AB, Stockholm
Lundin Petroleum's auditor since 2001.

Klas Brand
Born 1956
Authorised Public Accountant
PricewaterhouseCoopers AB, Gothenburg
Lundin Petroleum's auditor since 2001.

Deputy Auditor
Bo Hjalmarsson
Born 1960
Authorised Public Accountant
PricewaterhouseCoopers AB, Stockholm
Lundin Petroleum's deputy auditor since 2001.

RISK FACTORS

In addition to the risks that may be derived from the information contained in the Prospectus, Lundin Petroleum faces a number of risks and uncertainties in its properties, which may adversely impact on its ability to successfully pursue its exploration, appraisal and development plans as well as on its production of oil and gas. The Board of Directors believes that the risk factors set out below should be taken into account when evaluating Lundin Petroleum and its operations. The risk factors mentioned below should not be considered exhaustive and are not set forth in any order of priority.

NATURE OF OIL AND GAS EXPLORATION AND PRODUCTION

Oil and gas exploration, development and production involves high operational and financial risks, which even a combination of experience, knowledge and careful evaluation may not be able to eliminate. Lundin Petroleum's prospects depend on its ability to exploit the oil and gas assets it holds, and to foster new relationships to enter into additional agreements in other areas. The marketability of the oil and gas acquired or discovered is affected by numerous factors beyond the control of the Company. These factors include market fluctuations in terms of supply and demand, proximity and capacity of oil and gas pipelines and processing equipment and government regulations (including regulations relating to royalties, allowable production, importing and exporting of oil and gas and environmental protection).

Oil and gas drilling activities are subject to numerous risks, many of which are beyond the Company's control. The Company's operations may be curtailed, delayed or cancelled as a result of weather conditions, mechanical difficulties, shortages or delays in the delivery of equipment, the prevailing security situation in countries in which the Company conducts operations and compliance with governmental requirements. In addition, there is no assurance that commercial quantities of oil and gas will be recovered within any of the Company's exploration projects. Drilling may involve unprofitable efforts, not only with respect to dry wells, but also with respect to wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs.

ENVIRONMENT

Among the inherent risks related to oil and gas exploration, development and production, special mention should be given to the danger of causing serious damage to the environment. There is a risk that the Company's activities, carried out both onshore and offshore, will entail emissions to the air, the earth, the ocean and the ground water, which may pose a threat to the environment. In particular, the environment will suffer in case of an accident in connection with the activities. Under applicable laws and regulations as well as exploration and production sharing agreements[1], the Company may be held liable towards governments, the Company's joint venture partners and third parties for such damage.

PROPERTY AND/OR BORDER DISPUTES

Longitude and latitude establish the co-ordinates of the Company's concession areas. There could be some doubt as to the exact location of certain areas of the Company's concession areas being explored and/or developed and/or under production relative to the established co-ordinates. Further, the jurisdictions within which Lundin Petroleum's concessions exist, periodically become the subject of disputes. Failure to resolve these disputes or any disputes, which may arise in the future, could materially and adversely affect the Company's ability to develop a concession area and/or to continue to produce oil and gas and may have a material adverse effect on the Company's business, financial condition and results of operations.

POLITICAL UNCERTAINTIES AND MILITARY DISTURBANCES

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 programs require the consent or favourable decisions of governmental bodies. In addition, the Company's exploration, development and production activities are 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 the Company's operations are conducted, as well as risks of loss in some countries due to civil strife, acts of war, guerrilla activities and insurrection. Oil installations are known to be likely objects, and even targets, of military operations and terrorism. Given their vulnerability and the considerable economic interests involved, this adds to the risk profile of Lundin Petroleum's interests.

1 See further "Significant projects/agreements" on pages 23–25.

Sudan and Iran, in which Lundin Petroleum has interests, constitute 2 of the 7 countries on the list of governments that the US Secretary of State has designated as state sponsors of international terrorism. The United States' struggle against international terrorism has been strongly intensified as a result of the terrorist attacks that took place in the United States on 11 September 2001. The European Union has expressed its support for the United States in the struggle against terrorism. In November 1997, the United States imposed sanctions against Sudan based on the Sudanese government's alleged sponsorship of international terrorism. The United States has also imposed sanctions against Iran, beginning in October 1987. The sanctions imposed against Sudan and Iran, which apply to all "U.S. persons[1]", prohibit them from, amongst other things, trading with and investing in, Sudan and Iran. If the United States takes further actions against countries allegedly sponsoring international terrorism, such as Sudan and Iran, and/or if the European Union and/or any country imposes sanctions, similar to those imposed by the United States, and/or takes other measures against the countries in question, this may prevent Lundin Petroleum from conducting business in those countries.

LIABILITIES AND OBLIGATIONS UNDER EXPLORATION AND PRODUCTION AGREEMENTS

Lundin Petroleum participates in joint ventures with third parties in oil and gas exploration and production activities. The Company and its joint venture partners are contractually committed under various agreements to complete certain work programmes. The liabilities and obligations under the agreements are joint and several meaning that failure of one such joint venture partner to perform its share of the liabilities and obligations shall not relieve the other joint venture partners of its or their liabilities and obligations to perform fully all of the liabilities and obligations pursuant to the terms of the agreement.

Should a force majeure situation arise, the liabilities and obligations under the agreement will not cease. The liabilities and obligations are instead postponed for a period corresponding to the period the agreement is in force majeure. Should force majeure exceed a certain period, depending on the agreement, this may lead to the termination of the agreement.

LAWS GOVERNING EXPLORATION AND PRODUCTION AGREEMENTS

Agreements entered into by Lundin Petroleum with governments and joint venture partners as counterparties are governed by the laws of different countries. Due to the uncertainties concerning the consequences of these laws, this may be a risk factor. Further, any arbitration proceedings concerning the agreements shall be held in places and within jurisdictions stipulated in the agreements, which could be disadvantageous for Lundin Petroleum.

DEPENDENCE ON KEY EMPLOYEES

The Company's success is largely dependent on the efforts and abilities of certain senior executives and key employees. While the Company does not foresee any reason why such executives or key employees will not remain with the Company, if for any reason they do not, it could have a material adverse effect on the Company's business, financial condition and results of operations.

COMPETITION

The oil and gas exploration and production industry is highly competitive. Lundin Petroleum competes with other companies, including major oil and gas companies. Some of these companies have greater financial resources than the Company and, as a result, may be in a better position to compete for future business opportunities.

TAX

Lundin Petroleum runs its business in several different countries and strives to run its business as tax efficiently as possible. The tax systems in many of these countries are complicated and can be subject to changes. For this reason, negative effects on the future result of the Company due to changes in tax regulations cannot be excluded. It can further not be excluded that the Company's assessment can be challenged by the tax authorities.

CURRENCY EXCHANGE RATES

Operating in many geographical locations through a network of companies, Lundin Petroleum is exposed to fluctuations in various currencies. The Company's income is predominantly sourced in USD, although it may be received in other currencies, depending on the sales contract. Expenditures are incurred primarily in USD and EUR, but also in CHF, NOK and SEK. As a consequence of Lundin Petroleum's exposure to

1 The term "U.S. persons" is defined to mean "any United States citizen, permanent resident alien, entity organised under the laws of the United States (including foreign branches), or any person in the United States".

various currencies, changes in currency exchange rates may have an adverse effect on the Company's financial position and financial results.

OIL PRICE

Contracts for the sale of hydrocarbons are benchmarked to quoted oil prices or other indices. Historically, oil prices have fluctuated widely. Aside from supply and demand, factors affecting the oil prices include global and regional economic developments in resource-producing regions as well as the extent to which the Organization of Petroleum Exporting Countries ("OPEC") and other producing nations influence global production levels. In addition, prices of alternative fuels, global economic conditions and weather conditions affect the oil price. Lundin Petroleum has no control over these parameters, but its profitability is dependent upon them. Consequently, changes in the oil price may adversely affect Lundin Petroleum's financial position and financial results.

INTEREST RATES

Whenever entering into external borrowings at floating interest rates, Lundin Petroleum is exposed to the risk that the market interest rates will increase. Consequently, any increase in the market interest rates will then increase the Company's interest expenses and thereby adversely affect Lundin Petroleum's financial position and financial results.

COUNTERPARTIES

Lundin Petroleum is exposed to various counterparty risks. When the Company sells hydrocarbons to third parties there is a risk for non-payment by the purchasers of Lundin Petroleum's hydrocarbons. Furthermore, there is a risk for non-payment by joint venture partners of their share of joint venture expenditures. Consequently, non-payment by either purchasers or joint venture partners may adversely affect Lundin Petroleum's financial position and financial results.

SIGNIFICANT PROJECTS/AGREEMENTS

Acquisition of Coparex

On 19 June 2002, BNP Paribas and the Company entered into an agreement regarding the sale and purchase of 95.3 percent of the share capital of Coparex, which at that time was publicly listed and the remaining part of the shares were on the market. The transaction closed on 19 September 2002. Presently, the Company controls approximately 99.8 percent of the shares. The remaining shares continue to be traded on the Marché Libre in Paris and the Company continues to purchase shares as and when they become available. The purchase price for Coparex was USD 172.5 million with a price formula for an additional price of up to USD 27.5 million. No breach of the representations and warranties, covenants and other obligations under the agreement has been identified and the Company has not made any claim under the agreement. The seller's representations and warranties are customary and given subject to what was disclosed prior to the acquisition.

The contracts include traditional clauses for compensation for damage and limitation of the seller's responsibility. Claims shall be made within two (or in certain cases, five) years from closing.

Facility Agreement

In connection with the acquisition of Coparex, the Company entered into a Facility Agreement in order to finance the acquisition and to have access to a revolving facility. The amount drawn down under the facility has been repaid. The revolving facility in the amount of USD 30 million is still available however presently not used. The Company has an obligation to provide the lender with certain information and is also bound by general undertakings. Such undertakings will for example to some extent limit disposals of assets within the Company without the lenders' approval and limit the possibility to give additional securities to third parties. The Company also has to comply with certain financial undertakings. In connection with the facility agreement, securities have been given in the form of share pledges, charges over accounts and option agreements. The securities are still outstanding in order to secure the revolving facility.

France

Lundin Petroleum has interests in production and exploration licences in the Paris Basin, the Aquitaine Basin and the Jura area. Under the legislation in France, production licences are granted for a maximum period of 50 years and exploration licences are granted for a period of between three to five years depending on the area, renewable for two further periods on reduced areas. In the Paris Basin, the Company's principal production concessions have the following durations: Villeperdue until 2037, Soudron until 2035 and Dommartin-Lettree until 2024. In the Aquitaine Basin, the production licences have terms which expire 2021 (Les Pins) to 2045 (Les Arbousiers). In respect of the Company's exploration licences in France, the Company believes that such licences are currently in force or applications for extensions are pending with the relevant authorities.

Netherlands

In the Netherlands, the Company has interests in onshore and offshore production and exploration licences with the Dutch government. The Company also enters into joint operating agreements with its partners in respect of these concessions and licences. Certain production licences have an unlimited term, while others have terms which expire 2011 to 2033. In order to sell and transport gas produced under these arrangements, the Company and its partners are required to enter into gas sales and transportation agreements with NV Netherlandse Gasunie, which is owned in part by the Dutch government.

Tunisia

Lundin Petroleum has interests in two production licences and three development licences onshore and offshore Tunisia. The concessions are governed by agreements signed with the Tunisian government and provide for durations of up to 50 years. The Company's principal production concession, the Isis Field, has a term until 2030. The development of the Isis Field involves the Ikdam FPSO (floating production, storage and offloading vessel). The Ikdam FPSO is leased from Ikdam Production SA, a company which is 40 percent owned by the Company. The term of the lease is until 2005, with an option to extend for up to six further years. Ikdam Production SA leases the process equipment and gas compressors installed on the Ikdam FPSO from a third party until 2005.

Ikdam Production SA has entered into a term loan facility agreement dated September 2001 with certain financial institutions, under which approximately USD 14 million is outstanding as at September 2003. As security for this facility, the Company has guaranteed 50 percent of Ikdam Production SA's outstanding indebtedness, up to a maximum of USD 15 million. In the case of certain defaults by the Company under its other indebtedness, the Company is required to deposit by way of cash collateral, an amount equal to its maximum liability under such guarantee.

Indonesia

Lundin Petroleum has interests in two production licences and four exploration licences in Indonesia. In respect of the producing properties at Salawati Island and Salawati Basin, the Company is party to production sharing contracts with the Indonesian state oil company with terms which expire in 2020. The Company is also a party to joint operating agreements with its partners in respect of these properties.

Venezuela

Lundin Petroleum is party to an operating services agreement (OSA) dated December 1994 with an affiliate of Petroleos de Venezuela SA, which grants production rights for a period of 20 years in respect of the Colón Block, Venezuela. Under the terms of the OSA, the Company is paid a fee based on the volume of production. The rights and obligations of the Company and its partners in the Colón Block are governed by a joint operating agreement.

Acquisition of OER

In a subscription agreement, the Company agreed to fund OER with up to NOK 60 million of new equity and convertible debt in order to finance certain investments to be made by OER. The Company has so far invested NOK 30 million by subscription of shares in OER. After the subscription, the Company owns 75 percent of the fully diluted number of outstanding shares in OER. In addition thereto, the Company has an obligation to invest an additional amount of maximum NOK 30 million by subscription of unsecured convertible bonds. The Company's obligations are subject to OER's fulfilment of the agreed investments. If OER does not fulfil the intended investments, the Company instead has an option to subscribe for 20,000,000 additional shares in OER for a subscription price of NOK 1 per share, which will give the Company a total shareholding of 94.7 percent. In case the Company subscribes for the unsecured convertible bond, the bond shall be converted into 20,000,000 new shares of OER if OER is unable to repay the loan at maturity. Also in this case, the Company's ownership will reach 94.7 percent. If OER fulfils the intended transaction and repays the loan to the Company, the other present shareholders of OER can exercise options, which would give them a holding of approximately 31 percent of the outstanding shares in OER.

Sudan

The Company has entered into an exploration and production sharing agreement (EPSA) dated May 2001 with the government of Sudan, under which the Company has a 24.5 percent working interest (27.2 percent paying interest) in Block 5B, Sudan. The term of the Block 5B EPSA has a six-year exploration period and a 25-year development and production period.

In connection with the Block 5B EPSA, the Company has deposited approximately SEK 23.2 million (as at 30 June 2003) as security for a bank guarantee in favour of the government of Sudan. The partners under the Block 5B EPSA are required to guarantee one-third of the work commitments under the Block 5B EPSA. The Company's bank guarantee represents the Company's 27.2 percent paying interest of such amount.

Divestment of Block 5A

In June 2003, the Company completed the sale of its interest and engagement as operator of Block 5A Sudan to Petronas Carigali Overseas Sdn Bhd. The Company sold the assets used in connection with or otherwise relating to the Block 5A business and the buyer assumed all obligations and liabilities related to the block. Following the receipt of all necessary approvals, closing of the transaction took place on 20 June 2003. In the agreement, the Company gave customary representations and warranties to the buyer including limitations of the seller's responsibility. The representations and warranties survive during 18 months from the closing date.

Iran

The Company is party to an exploration service contract (ESC) dated January 2001 with the National Iranian Oil Company (NIOC), under which the Company has a 30 percent interest in the Munir Block, Iran. The term of the Munir ESC is four years, with extensions upon consent by NIOC. The rights and obligations of the Company and its partners in respect of the Munir ESC are governed by a joint operating agreement.

In connection with the Munir ESC, the Company has deposited approximately SEK 19.2 million (as at 30 June 2003) as security for a bank guarantee in favour of Edison International, the operator under the Munir ESC. The bank guarantee is a counter-guarantee of the bank guarantee placed by Edison in favour of NIOC, equal to the Company's 30 percent interest in the Munir ESC. The term of the guarantee is for the duration of the Munir ESC and is reduced annually in proportion to work performed.

Albania

Lundin Petroleum is party to two exploration and production sharing contracts with the government of Albania in respect of Blocks D and E, onshore Albania. The Company is obligated to complete certain seismic work and the drilling of an exploration well on one of the two blocks. The term of the EPSA for Block

E expires in November 2003 and the term of the EPSA for Block D expires in July 2004. If the Company has not completed its minimum work obligations, a payment of USD 2 million will become payable to the Albanian government. The Company has entered into an agreement with Preussag/OMV under which the parties have agreed to negotiate the transfer of the outstanding work obligations for Blocks D and E to another area in Albania, to be shared on a 50/50 basis between Preussag/OMV and the Company. In the event that an agreement cannot be reached to transfer such work obligations, Preussag/OMV has agreed to accept liability for any payments due to the Albanian government under the EPSAs for Blocks D and E.

SHAREHOLDERS' AGREEMENT

To the best knowledge of the Company's Board of Directors, there are no shareholders' agreements between the Company's current owners.

LITIGATION

In November 2002, Lundin Petroleum commenced arbitration proceedings against one of its partners in the Colón Block in Venezuela. After being notified of the proposed sale of the interests of CMS Oil and Gas (Venezuela) LDC, Lundin Petroleum exercised its rights under the Colón Block joint operating agreement to acquire those interests. Lundin Petroleum's rights were disregarded and the interests were sold to a third party. Lundin Petroleum is seeking a decision from the arbitrators that Lundin Petroleum be entitled to acquire these interests. The arbitrator's decision is expected to be made during 2004. In the event of a favourable ruling Lundin Petroleum would purchase an additional 43.75 percent interest in the Colón Block for a cash consideration of USD 45.0 million.

There are no other current or pending legal proceedings to which Lundin Petroleum or any of its subsidiaries is a party which are expected to have a material adverse effect on the Company's financial position or results of operations.

INSURANCE

The Board of Directors believes that Lundin Petroleum has satisfactory insurance cover in view of the risks arising from operations.

HEALTH, SAFETY AND ENVIRONMENT

Lundin Petroleum takes a proactive approach to Health, Safety and Environmental ("HSE") issues to ensure sound practice throughout its operations. It monitors HSE performance on an ongoing basis and requires regular reporting of day to day HSE issues. Any incident which cannot be resolved through the normal course of business by the local management must be reported to corporate management, in order to ensure that the appropriate corrective measure is adopted. To date, no issue has been identified that could materially affect the Company.

PROPERTIES

The Company's executive, administrative and principal technical offices are located in approximately 600 square metres of leased space in two locations in Geneva, Switzerland. The Company also leases a technical database and storage facility of approximately 400 square metres outside of Geneva. In addition to its premises in Switzerland, the Company leases an office in Stockholm, Sweden of 355 square metres. At the time it was acquired, Coparex leased an office building in Paris. In June 2003, the Company settled the outstanding lease commitment and acquired the building by payment of approximately EUR 2.2 million. The Company's present intention is to dispose of such property. The Company also leases offices to support its operations and administration in The Hague (the Netherlands), the Paris Basin (France), Tunisia and Indonesia. The Company expects that its current facilities and offices will be sufficient to meet its needs for at least the next 12 months.

EMPLOYMENT AGREEMENTS

The executives have entered into employment agreements with the Company which provide for, among other things, standard employment terms, including compensation, termination and assignment of intellectual property rights. Pursuant to these employment agreements, employment can be terminated upon 1 month's notice during the first year of employment, 2 months' notice from 2 to 9 years of employment and 3 months' notice from 10 years of employment, after which the executive officers remain subject to confidentiality clause.

REMUNERATION OF MANAGEMENT AND THE BOARD OF DIRECTORS

The President's yearly remuneration during 2003 will amount to CHF 480,000 (SEK 2,784,000[1]) and total yearly remuneration to other senior executives will amount to a total of CHF 925,800 (SEK 5,369,640[1]). In addition, the President and the other senior executives receive additional benefits in respect of the payment of school fees and health insurance.

The President and the other senior executives are subject to notice periods as previously described under "Employment agreements".

1 Converted at an exchange rate as at 24 September 2003 of CHF 1 equal SEK 580.

The President and the other senior executives are entitled to pension benefits on market terms (see also page 55 in Lundin Petroleum's annual report 2002). The age for retirement is 65 years for men and 63 years for women. The pension is based on actual payments.

The Chairman's yearly remuneration during 2003 will amount to CHF 358,800 (SEK 2,081,040[1]). Total yearly remuneration to the non-executive Board of Directors during 2003 will amount to SEK 220,500 each. Apart from board remuneration, Magnus Unger receives remuneration in respect of any time associated with the supervision of the Stockholm office and its employees, including budgeting and monitoring of expenses. During 2003, Magnus Unger receives a fixed remuneration of CHF 25 000 (SEK 145,000[1]) per quarter.

There are no severance payment agreements.

PROCEDURES FOR THE BOARD OF DIRECTORS

The Board of Directors in Lundin Petroleum has adopted work procedures governing its work, which set forth the manner in which duties shall be allocated among the members of the Board of Directors and between the Board of Directors as such, the Managing Director and the Deputy Managing Directors. The work procedures further contain terms and references for the committees appointed by the Board.

On 11 September 2003, the Board of Directors resolved that the Chairman of the Board of Directors, Ian H. Lundin, henceforth should not be employed by the Company as executive Chairman of the Board and not hold any operative functions. Until the annual general meeting 2004, Ian H. Lundin will receive an annual remuneration of CHF 358,800 (SEK 2,081,040[1]). Thereafter, the remuneration will consist of director's fee and remuneration for separate assignments as resolved by the general meeting.

At the same meeting, the Board of Directors appointed Alexandre Schneiter as first Deputy Managing Director to serve instead of the Managing Director in his absence. In order to obtain exemption from the residency requirement for the Managing Director, as stipulated by the Companies Act, Andrew Harber has been appointed second Deputy Managing Director.

PENSIONS

The Company fulfills all mandatory social security payments required under Swiss law and all other applicable local laws in respect of the Company's employees in all relevant jurisdictions. The Company has no other pension or retirement plan for its employees. The age for retirement is 65 years for men and 63 years for women. The pension is based on actual payments.

A pension is paid to Adolf H. Lundin since his resignation as Chairman of the Board of Directors in May 2002. The pension amount consists of monthly payments totalling an annual amount of CHF 214,000 (SEK 1,241,200[1]) for the duration of his life. The pension includes a survivor's pension for his spouse, which is reduced to CHF 138,000 (SEK 800,400[1]) annually and lasts for the duration of her life. The Company may, at its option, buy out the obligation to make pension payments through a lump sum payment in the amount of CHF 2,000,000 (SEK 11,600,000[1]). No provision has been recorded for these payments as at 30 June 2003. In connection with the annual accounts as at 31 December 2003, the pension liability will be calculated on an actuarial basis and charged to income.

AGREEMENTS AND TRANSACTIONS WITH CLOSELY RELATED PARTIES

During 2002, the Company paid SEK 346,000 to Namdo Management Services Ltd., a private corporation owned by Lukas H. Lundin, a director of the Company, pursuant to a services agreement. Namdo has 12 employees and provides administration and financial services to a number of public companies. Accordingly, there is no basis for allocating the amounts paid to Namdo to Lukas H. Lundin directly.

During 2002, the Company received SEK 4,924,000 from Vostok Nafta Investment Ltd. and related companies, for the provision of office and accounting services. Vostok Nafta Investment Ltd. is considered a related party because Lorito Holdings Ltd. has a significant investment in Vostok Nafta Investment Ltd. Lorito Holdings Ltd. is an investment company wholly owned by a trust whose settler is Adolf H. Lundin.

During 2002, the Company received SEK 1,148,000 from Lundin S.A. for the provision of services. Lundin S.A. is owned by Adolf H. Lundin.

MISCELLANEOUS

Lundin Petroleum's corporate registration number is 556610-8055. Its registered office is located at Hovslagargatan 5, SE-111 48 Stockholm, Sweden. The Company was registered with the Swedish Patent and Registration Office 4 May 2001 and has conducted business since. The current company name was registered 26 June 2001. The Company's form of association is governed by the Swedish Companies Act (1975:1385).

1 Converted at an exchange rate as at 24 September 2003 of CHF 1 equal SEK 580.

The following is a general description of the tax consequences related to the holding of shares in Lundin Petroleum subsequent to a listing on the O-list at the Stockholm Stock Exchange rather than on the New Market. The description is based on prevailing legislation and is applicable for individuals/companies tax resident in Sweden, unless otherwise stated.

The description does not include shares that are held directly or indirectly by individuals who, themselves or through related parties, have been active in the Company in such a way that the rules for closely held companies would be applicable. Neither does the description include shares held by partnerships or shares held as current assets in business operations.

Specific tax consequences could arise in certain cases. Each shareholder should therefore consult a tax adviser for advice regarding the special tax consequences a listing/holding or disposal of the shares can imply.

LISTING ON THE O-LIST

The listing of the Lundin Petroleum shares on the O-list of the Stockholm Stock Exchange instead of the New Market will not be regarded as a disposal of the shares.

CAPITAL GAIN/CAPITAL LOSS

The capital gain or capital loss realised through the divestment of Lundin Petroleum shares is calculated as the difference between sales proceeds, less deduction for selling expenses, and the acquisition value. The acquisition value is calculated according to the Average Method (Sw. genomsnittsmetoden). The acquisition value per share shall according to this method be the average acquisition value for the total number of shares of the same type and class based on the true purchase price and taking into account changes in the share holding. As an alternative, the acquisition value for listed shares can be based on the Standard Method. According to this method, the acquisition value is 20 percent of the sales proceeds after a reduction for selling expenses.

INDIVIDUALS AS SHAREHOLDERS

Individuals are taxed for dividends and capital gains as income from capital with a 30 percent tax. For individuals resident in Sweden and for Estates after Swedish residents, preliminary tax on dividends will be withheld with 30 percent of the distributed amount. When calculating income from capital, capital losses on listed shares are fully deductible against capital gains on listed shares and other securities taxed as shares as well as shares in Swedish Limited Liability Companies (Sw. Aktiebolag) and foreign legal entities that are not listed. Only 70 percent of capital losses not deducted against such capital gains are tax deductible.

If a deficit arises in income from capital, tax reduction is granted from tax on income from employment, business operations and real estate. Tax reduction is granted with 30 percent of a deficit not exceeding SEK 100,000 and 21 percent of a deficit in excess of SEK 100,000. Losses can not be carried forward to subsequent income years.

WEALTH TAX

The shares in Lundin Petroleum will be listed on the O-list of the Stockholm Stock Exchange. The shares in Lundin Petroleum are not subject to wealth tax.

INHERITANCE AND GIFT TAX

The shares in Lundin Petroleum will, for inheritance and gift tax purposes, be assessed to 30 percent of the listed value.

LEGAL ENTITIES AS SHAREHOLDERS

Limited Liability Companies (Sw. Aktiebolag) and other legal entities are taxed for dividends and capital gains as business income with a 28 percent tax rate. Capital losses realised through the divestment of listed shares, such as shares in Lundin Petroleum, are deductible only against capital gains on shares and other securities taxed as shares. Capital losses not deducted are considered a new capital loss for the legal entity realising the loss the subsequent income year. Under certain circumstances, capital gains and capital losses can be offset between legal entities within the same group.

According to new rules that entered into force on 1 July 2003, dividends and capital gains on listed shares are tax exempt provided the shares have been held for a coherent period of at least one year. Furthermore, the share holding shall amount to at least 10 percent of the outstanding votes in the company or the shares shall be held for business purposes. Capital losses on such shares are not tax deductible. Previous tax rules are applicable on dividends received during income years commencing prior to 1 January 2004. Specific tax rules apply to certain categories of companies such as investment companies and holding companies.

WITHHOLDING TAX

Withholding tax with 30 percent will normally be levied on dividends to shareholders resident abroad. The tax rate is often reduced according to provisions in the applicable tax treaty. In Sweden, VPC is responsible for withholding the tax. In case the shares are registered with a nominee, the nominee will execute the withholding.

ARTICLES OF ASSOCIATION

§ 1 Name

The name of the Company is Lundin Petroleum AB. The Company is a public company (publ).

§ 2 Registered office

The Board of Directors shall have its registered office in Stockholm.

§ 3 Object of the Company

The object of the Company's business is to explore for and exploit gas, oil and gold and activities compatible therewith, either directly, through its subsidiaries, associated companies or other forms of partnerships.

§ 4 Share capital

The share capital of the Company shall amount to not less than SEK 1,000,000 and not more than SEK 4,000,000.

§ 5 Shares

Shares shall have a nominal value of SEK 0.01.

§ 6 Financial year

The financial year of the Company shall be January 1 – December 31.

§ 7 Board of Directors

The Board of Directors shall consist of not less than three and not more than ten members with not more than three deputies.

The Board of Directors shall be elected annually at the Ordinary General Meeting for the time until the end of the next ordinary general meeting.

§ 8 Auditors

With the duties to examine the Company's annual report and financial statements as well as the management of the Company by the Board of Directors and the President, one or two auditors with not more than two deputy auditors shall be appointed. The auditors are appointed for a term until the end of the annual general meeting of shareholders that are held on the fourth financial year after the election took place.

§ 9 Shareholders' meeting

At an Ordinary General Meeting the following matters shall be dealt with;

1. Election of a chairman at the meeting,
2. Preparation and approval of the voting list,
3. Election of at a minimum one person to attest the minutes,
4. Approval of the agenda
5. Determination as to whether the meeting has been duly convened,
6. Presentation of the annual statement of accounts and the auditor's report
7. Resolutions in respect of
   a) adoption of the profit and loss statement and the balance sheet and the consolidated profit and loss statement and consolidated balance sheet,
   b) appropriation of the Company's profit or loss according to the adopted balance sheet,
   c) discharge of the Directors and President from liability
8. Resolutions in respect to the fees payable to the Board of Directors and, where applicable, to the auditors,
9. Election of the members of the Board of Directors and, where applicable, of auditors
10. Other matters which should be addressed by the Annual General Meeting according to the Swedish Companies Act (1975:1385) or the Articles of Association

§ 10 Notice

Notice convening shareholders meeting shall be given through announcement in the Post- och Inrikes Tidningar (the Swedish Gazette) and in Svenska Dagbladet or other Swedish daily newspaper with nationwide coverage.

Notice of Annual General Meeting and any Extraordinary General Meeting at which a proposal for amendment of the articles of association is to be considered shall be given not earlier than six weeks and not sooner than four weeks before the meeting. Notice of other Extraordinary General Meetings shall be given not earlier than six weeks and not sooner than two weeks before to the meeting.

Shareholders who wish to participate in a General Meeting shall be registered in the share register of the Company pertaining to conditions ten days prior to the General Meeting, and shall notify the Company of the same on the date stated in the notice. The latter shall not be a Saturday, Sunday, holiday, Mid-Summer's Eve, Christmas Eve, New Year's Eve and not fall earlier than five working days before the general shareholders meeting.

§ 11 Record date provision

Persons who, on the recorded date, are registered in the share register or in a schedule in accordance with Chapter 3 section 12 of the Swedish Companies Act (1975:1385) shall be deemed entitled to receive dividends and, in connection with a bonus issue, new shares to which the holder is entitled.

Lundin Petroleum's Articles of Association were adopted at the Extraordinary General Meeting 20 June 2001.

EFFECTS ARISING FROM NEW ACCOUNTING PRINCIPLES

New accounting principles expected to come into force during 2004 are not anticipated to have any significant effects on Lundin Petroleum's financial position or financial results

CHANGE IN SHAREHOLDERS' EQUITY

2001

Group, SEK thousand	Share capital	Restricted reserves	Retained earnings	Net result	Total
Balance at 1 January	–	–	–	–	–
Currency translation difference	–	11,976	–	–5	11,971
New share issue	2,124	910,355	–	–	912,479
Net result	–	–	–	–41,983	–41,983
Balance at 31 December	**2,124**	**922,331**	**–**	**–41,988**	**882,467**

Parent company, SEK thousand	Share capital	Share premium reserve	Retained earnings	Net result	Total
Balance at 1 January	–	–	–	–	–
New share issue	2,124	910,355	–	–	912,479
Net result	–	–	–	–41,440	–41,440
Balance at 31 December	**2,124**	**910,355**	**–**	**–41,440**	**871,039**

2002

Group, SEK thousand	Share capital	Restricted reserves	Retained earnings	Net result	Total
Balance at 1 January	2,124	922,331	–	–41,988	882,467
Transfer of prior year net result	–	–41,988	–	41,988	–
Distribution of reserves from subsidiary	–	–	–972	–	–972
Transfer from non restricted capital	–	–	–	–	–
Currency translation difference	–	–109,697	15,637	–	–94,060
New share issue	363	159,878	–	–	160,241
Netr result	–	–	–	–16,564	–16,564
Balance at 31 December	**2,487**	**930,524**	**14,665**	**–16,564**	**931,112**

Parent company, SEK thousand	Share capital	Share premium reserve	Retained earnings	Net result	Total
Balance at 1 January	2,124	910,355	–	–41,440	871,039
Transfer of prior year net result	–	–41,440	–	41,440	–
New share issue	363	162,131	–	–	162,494
Share issue cost	–	–2,254	–	–	–2,254
Net result	–	–	–	–80,904	–80,904
Balance at 31 December	**2,487**	**1,028,792**	**–**	**–80,904**	**950,375**

1 JANUARY–30 JUNE 2003

Group, SEK thousand	Share capital	Restricted reserves	Retained earnings	Net result	Total
Balance at 1 January	2,487	930,524	14,665	–16,564	931,112
Transfer of prior year net result	–	–	–16,564	16,564	–
Issuance of shares	4	1,236	–	–	1,240
Currency translation difference	–	58,949	–39,522	–	19,427
Net result	–	–	–	885,342	885,342
Balance at 30 June	**2,491**	**990,709**	**–41,421**	**885,342**	**1,837,121**

Parent company, SEK thousand	Share capital	Share premium reserve	Retained earnings	Net result	Total
Balance at 1 January	2,487	1,028,792	–	–80,904	950,375
Transfer of prior year net result	–	–80,904	–	80,904	–
Issuance of shares	4	1,236	–	–	1,240
Net result	–	–	–	–111,634	–111,634
Balance at 30 June	**2,491**	**949,124**	**–**	**–111,634**	**839,981**

SENSITIVITY ANALYSIS

Lundin Petroleum's profit is affected by a number of parameters. The table below describes the effects on gross profit on a yearly basis in the event of changes in certain parameters. The reported effects are based on Lundin Petroleum's oil production during the period 1 January – 30 June 2003 and on the Company's income statement for the same period (see reviewed interim report). The sensitivity analysis should be viewed as an indication of the effects of an isolated change in each parameter.

Parameter	Change	Effect on gross profit, SEK million
SEK/USD exchange rate	+/– 10%	+/– 58
Oil price (Brent)	+/– 1 USD/bbl	+/– 37

AUDITORS' STATEMENT

In our capacity as auditors of Lundin Petroleum AB (publ) we have reviewed this prospectus. The listing prospectus includes this Addendum, Lundin Petroleum's annual report 2002 and the interim report for the six month period 1 January – 30 June 2003. Our review has been carried out in accordance with the recommendation issued by the Swedish Institute for the Accountancy Profession in Sweden (FAR).

Information relating to future assessments has not been reviewed by us.

The pro forma accounts included in the prospectus have been calculated using the assumptions described on pages 8–9.

The annual reports for 4 May – 31 December 2001 and 1 January – 31 December 2002 have been audited by us. The interim report for the six months ended 30 June 2003 has been reviewed. The information taken from the annual reports is reproduced correctly.

Nothing has come to our attention that causes us to believe that this prospectus does not comply with the requirements of the Stock Exchange and Clearing Operations Act, whose rules have been used as guidelines in the making of this prospectus.

Stockholm, 26 September 2003

Carl-Eric Bohlin
Authorised Public Accountant
PricewaterhouseCoopers AB

Klas Brand
Authorised Public Accountant
PricewaterhouseCoopers AB

DEFINITIONS AND TERMS USED

CURRENCY ABBREVIATIONS

CHF	Swiss franc
EUR	Euro
NOK	Norwegian krona
SEK	Swedish krona
USD	US dollar
T	Thousand
M	Million

OIL RELATED TERMS AND MEASUREMENTS

Bbl	Barrel
Bbls	Barrels
Bopd	Barrels of oil per day
Boepd	Barrels of oil equivalents per day
Mbbl	Thousand barrels (in Latin mille)
Mmbo	Million barrels of oil
Mmboe	Million barrels of oil equivalents
Mmbopd	Million barrels of oil per day

CORPORATE HEAD OFFICE
Lundin Petroleum AB (publ)
Hovslagargatan 5
SE-111 48 Stockholm
Telephone: +46-8-440 54 50
Telefax: +46-8-440 54 59
E-mail: info@lundin.ch
Website: www.lundin-petroleum.com

PRESIDENT'S OFFICE
Lundin Oil Services SA
6, rue de Rive
P.O. Box 3410
CH-1211 Geneva 3
Switzerland
Telephone: +41-22 319 66 00
Telefax: +41-22 319 66 65

www.lundin-petroleum.com

Tryckindustri/Finanstryck 0312264