

08 May 2002

REPORT FOR THE PERIOD ENDED 31 MARCH 2002

Dear fellow shareholders:

I am pleased to report that the Company is well on its way to complete its first acquisition of producing assets. This acquisition is in line with our stated aim to generate cash flow in the near term while maintaining significant exposure to world-class exploration plays.

On February 5, 2002 the Company announced that it had agreed to sell all of its shareholding in Khanty Mansiysk Oil Corporation ("KMOC") for a cash consideration of USD 18.3 million. The transaction closed shortly thereafter and has significantly added to the Company's cash reserves. Furthermore, the capital budget for the year 2002 has been reduced significantly as a result of the suspension of operations in Sudan, thereby freeing up further funds for acquisitions.

The Company does, however, remain committed to both Sudan and Iran, where the potential for large oil discoveries is among the highest anywhere. In Sudan where the Company has a 40.375% interest in Block 5A and 24.5% interest in Block 5B, the Company has already booked net proven and probable oil reserves of 60 million barrels on Block 5A. The ongoing peace effort has made some good progress recently and we are still aiming to re-start operations next dry season, starting in December.

In Iran where the Company has a 40% interest in Munir Block together with Edison International, seismic acquisition should commence in the second quarter.

Yours sincerely

Ian H Lundin

President and CEO

Result and Cashflow

Income statement

Service income received for the financial period amounted to MSEK 1.6. This amount represents payments by the Sudan Block 5A joint venture partners to Lundin Petroleum as the operator of Block 5A in Sudan.

Other income of MSEK 1.2 is primarily the amount charged to third parties for work carried out by Lundin employees. General and administrative expenses amounting to MSEK 13.5 are mainly attributable to salaries, office leases and corporate costs.

Financial net expenses of MSEK 10.9 arise primarily from MSEK 1.3 in interest income offset by MSEK 12.1 in currency exchange movements resulting mostly from the revaluation of US dollar cash deposits.

Fixed assets

Tangible fixed assets

As at 31 March 2002, capitalised expenditure in relation to oil and gas properties amounted to MSEK 412.8, of which MSEK 400.0 are attributable to oil and gas properties in Sudan.

Financial fixed assets

Lundin Petroleum completed the sale of its shares and promissory note in the United States Delaware company Khanty Mansiysk Oil Company (KMOC) for MSEK 194.8.

Restricted cash

As at 31 March 2002, restricted cash amounted to MSEK 64.0. This amount reflects amounts placed as collateral for bank guarantees issued to cover future work commitments. The first guarantee was issued to the Minister of Energy and Mining, representing the Republic of the Sudan, in relation to the first commitment period in Block 5B in Sudan, and the second guarantee is issued to Edison International, as operator of the Munir Block in Iran. The amount of the bank guarantees and the corresponding cash collateral will be reduced as the work commitments are performed.

Current receivables

As at 31 March 2002, current receivables amounted to MSEK 10.5. This amount consists primarily of prepaid expenses and other receivables attributable to joint venture partners in respect of joint ventures.

Cash and bank

As at 31 March 2002, Lundin Petroleum's cash position amounts to MSEK 367.6.

Current liabilities

As at 31 March 2002, current liabilities amounted to MSEK 23.2. This amount consists primarily of accruals relating to the Sudan Block 5A joint venture.

Financial position

As at 31 March 2002, Lundin Petroleum has no interest-bearing liabilities.

On 1 October 2001, the Board of Directors ratified the terms and conditions of the previously notified new share issue with preferential rights being offered to existing shareholders of Lundin Petroleum. One outstanding share entitled the holder to subscribe for one new share in Lundin Petroleum at a subscription price of SEK 3.00. Following full subscription 106,203,784 shares were issued for proceeds of 302.7 MSEK after share issue costs.

In addition, the subscribers received - at no cost - one warrant for every two new shares subscribed for. Each warrant entitles the holder to subscribe for one new Lundin Petroleum share at a subscription price of SEK 4.50 during the period 15 May - 14 June 2002. In the event the warrants are fully exercised an additional 237 MSEK will be raised after share issue costs.

Share data

Under the Group incentive program for employees 3,175,000 incentive warrants with a strike price of SEK 3.37 expiring on 1 May 2004 are outstanding. The incentive warrants are exercisable from 1 May 2002.

Cash flow

The change in cash and bank is attributable to the sale of the investment in KMOC.

FINANCIAL INFORMATION

The Company will publish the following interim reports:

- Six months report (January - June 2002) will be published on 8 August 2002.
- Nine months report (January - September 2002) will be published on 7 November 2002.

Stockholm 8 May 2002

Ian H. Lundin
President and CEO

This report has not been subject to review by the auditors of the company.

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