

Lundin Petroleum AB

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The New Market at Stockholmsbörsen: **LUPE & LUPTO**

May 8, 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

Lundin Petroleum is a Swedish independent oil and gas exploration company with a strategic focus on areas of the world where there are proven petroleum systems, large reserves potential and lack of recent exploration activity. The Company's shares are traded on the New Market at Stockholmsbörsen (ticker "LUPE").

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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 Mansyisk 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.

INCOME STATEMENT IN SUMMARY		Group	Group	Parent Company	Parent Company
For the period		1 Jan 2002– 31 Mar 2002	4 May 2001– 31 Dec 2001	1 Jan 2002– 31 Mar 2002	4 May 2001– 31 Dec 2001
<i>Expressed in SEK thousand</i>					
Net sales of oil and gas		-	-	-	-
Service income		1,552	749	2,727	1,304
Write off of capitalised exploration costs		-	-502	-	-
Result from operations		1,552	247	2,727	1,304
Other income		1,235	4,373	53	63
General and administrative expenses		-13,526	-23,145	-9,981	-19,036
Operating result		-10,739	-18,525	-7,201	-17,669
Financial income and expenses, net		-10,850	-22,907	-10,818	-23,771
Income before tax		-21,589	-41,432	-18,019	-41,440
Tax		-71	-551	-	-
Net result for the period		-21,660	-41,983	-18,019	-41,440

BALANCE SHEET IN SUMMARY		Group	Group	Parent Company	Parent Company	
<i>Expressed in SEK thousand</i>		Note	31 Mar 2002	31 Dec 2001	31 Mar 2002	31 Dec 2001
Assets						
<i>Tangible fixed assets</i>						
Oil and gas properties	1	412,845	376,181	-	-	
Other fixed assets		13,712	6,254	67	55	
Total tangible assets		426,557	382,435	67	55	
Financial fixed assets	2	64,029	227,425	485,674	681,160	
Total fixed assets		490,586	609,860	485,741	681,215	
<i>Current assets</i>						
Current receivables and inventories		10,495	9,475	14,797	2,539	
Cash and bank, and short term investments		367,602	301,519	359,179	193,683	
Total current assets		378,097	310,994	373,976	196,222	
Total assets		868,683	920,854	859,717	877,437	
Shareholders' equity and liabilities						
Shareholders' equity including net result for the period	3	845,471	882,467	853,020	871,039	
Current liabilities		23,212	38,387	6,697	6,398	
Total shareholders' equity and liabilities		868,683	920,854	859,717	877,437	
Pledged assets and contingent liabilities		-	-	-	-	

CASH FLOW STATEMENT IN SUMMARY	Group	Group	Parent Company	Parent Company
For the period	1 Jan 2002– 31 Mar 2002	4 May 2001– 31 Dec 2001	1 Jan 2002– 31 Mar 2002	4 May 2001– 31 Dec 2001
<i>Expressed in SEK thousand</i>				
<i>Cash flow used in operations</i>				
Net result for the period	-21,660	-41,983	-18,019	-41,440
Adjustments for non-cash items	11,710	25,485	10,965	22,725
Changes in working capital	-15,458	20,265	-11,960	3,859
Total cash flow used in operations	-25,408	3,767	-19,014	-14,856
<i>Cash flow used for investments</i>				
Movement in restricted cash	-33,440	5	-	-
Investment in shares in subsidiary	-	-	-	-95,297
Sale of other shares	181,205	-	181,205	-
Sale of promissory note	13,640	-	13,640	-
Investment in oil and gas properties	-48,826	-77,263	-	-
Investment in other fixed assets	-8,485	-1,071	-18	-55
Total cash flow used for investments	104,094	-78,329	194,827	-95,352
<i>Cash flow from financing</i>				
Proceeds from share issue	-	303,891	-	303,891
Total cash flow financing	-	303,891	-	303,891
Change in cash and bank	78,686	229,329	175,813	193,683
Cash and bank at the beginning of the period	301,519	-	193,683	-
Cash contributed in connection with formation	-	69,792	-	-
Currency exchange difference in cash and bank	-12,603	2,398	-10,317	-
Cash and bank at the end of the period	367,602	301,519	359,179	193,683

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Oil and gas properties	Group	Group	Parent Company	Parent Company
<i>Expressed in SEK thousand</i>	31 Mar 2002	31 Dec 2001	31 Mar 2002	31 Dec 2001
Sudan	399,955	366,289	-	-
Iran	12,141	9,892	-	-
Other	749	-	-	-
Total oil and gas properties	412,845	376,181	-	-

Note 2: Financial fixed assets	Group	Group	Parent Company	Parent Company
<i>Expressed in SEK thousand</i>	31 Mar 2002	31 Dec 2001	31 Mar 2002	31 Dec 2001
Shares in subsidiaries	-	-	485,674	485,674
Shares in KMOC	-	181,619	-	181,619
Promissory note from KMOC	-	13,867	-	13,867
Restricted cash	64,029	31,939	-	-
Total financial fixed assets	64,029	227,425	485,674	681,160

Note 3: Shareholders' equity	Group	Parent Company
<i>Expressed in SEK thousand</i>		
Balance 1 January 2002	882,467	871,039
Net result for the period	-21,660	-18,019
Currency translation	-15,336	-
Balance 31 March 2002	845,471	853,020

KEY DATA

Group

For the period 1 January 2002 – 31 March 2002

Return on equity, % ¹	0
Return on capital employed, % ²	0
Debt/equity ratio, % ³	-
Equity ratio, % ⁴	97
Share of risk capital, % ⁵	97
Interest coverage ratio, % ⁶	-
Operating cash flow/interest expenses, % ⁷	-
Yield, % ⁸	-

1 Return on equity is defined as the Group's net result divided by average shareholders' equity (the average over the Group's existence).

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

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 shareholders' equity and deferred taxes, including minority interest, divided by balance sheet total.

6 Interest coverage ratio is defined as the Group's income before tax plus interest expenses plus/less exchange differences on financial loans divided by interest expenses.

7 Operating cash flow/interest expenses is defined as the Group's operating income less production costs and less current taxes divided by the interest charge for the period.

8 Yield is defined as dividend in relation to quoted share price at the end of the financial period.

DATA PER SHARE

Group

For the period 1 January 2002 – 31 March 2002

Shareholders' equity, SEK ¹	4.0
Operating cash flow, SEK ²	0.0
Cash flow used in operations, SEK ³	-0.1
Earnings, SEK ⁴	-0.1
Earnings, (fully diluted), SEK ⁵	-0.1
Dividend, SEK	-
Quoted price at the end of the financial period (regards the parent company), SEK	3.51
Number of shares at period end	212,407,568
Weighted average number of shares for the period ⁶	212,407,568
Weighted average number of shares for the period (fully diluted) ⁵	212,763,135

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 period.

3 Cash flow used in operations per share is defined as cash flow used in operations in accordance with the consolidated statement of cash flow divided by the weighted average number of shares for the period.

4 Earnings per share is defined as the Group's net result divided by the weighted average number of shares for the period.

5 Earnings per share fully diluted is defined as the Group's net result divided by the fully diluted weighted average number of shares for the period. The warrants to be issued to employees will have an exercise price calculated as the average of the first 20 trading days. No dilution has been calculated given the uncertainty relating to the issue and trading prices.

6 Weighted average number of shares is defined as the number of shares at the beginning of the period with newly issued shares weighted for the proportion of the period they are in issue.

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.