

08 August 2002

REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2002

□ The acquisition of Coparex International providing

- current production of over 15,000 barrels of oil per day

- generating operating cashflow of over USD 50 million per year

□ Preliminary peace agreement in Sudan

Lundin Petroleum is a Swedish independent oil and gas exploration company with assets in Sudan and Iran. The Company's shares are traded on the New Market at Stockholmsbörsen (ticker "LUPE").

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Dear fellow shareholders

I am pleased to be writing my first quarterly report to you as President and Chief Executive Officer of Lundin Petroleum AB. I have been working with Lundin Petroleum associated companies for over 10 years and am extremely pleased and excited to have been offered this position and opportunity. The Lundin objective of maximising shareholder value will not change. The future for our Company and industry looks healthy and I look forward with a lot of confidence and enthusiasm to growing Lundin Petroleum's business.

Our strategy following the sale of Lundin Oil to Talisman last year and the subsequent spin off of Lundin Petroleum to shareholders was very clear.

- We sought exposure to world-class exploration assets with the potential to make very large discoveries.

- We planned to balance our portfolio and generate cash flow in the short term through the acquisition of producing assets.

Acquisition of Coparex

We have now essentially within one year of the sale of Lundin Oil met our objectives with the purchase of the French independent oil company Coparex International. We are very pleased with the deal and the impact it will have on Lundin Petroleum. The acquisition will give us immediate access to:

- A solid asset base with reserves of 55 million barrels and current production of over 15,000 bopd generating operating cash flow of over USD 50 million per year.

- A number of undeveloped discoveries and exploration targets with excellent growth opportunity.

- A team of experienced professional people to complement our existing staff.

We expect to complete the Coparex acquisition in September on receipt of the final regulatory approvals. The funding for the acquisition has been arranged through a combination of debt and equity.

The acquisition complements our existing assets in Sudan and Iran, where the potential for growth through exploration and development is very significant.

Financial results

The financial results of the Group for the six months to 30 June 2002 do not incorporate the Coparex acquisition. As detailed in the financial report approximately SEK 50 million of the reported loss is in respect of currency adjustments due to the weakening of the United States dollar against the Swedish krona. The purchase price for Coparex and the majority of the Company's expenditures are in USD which we treat as our base currency. As a result the currency losses are viewed as "paper" losses and our USD cash balances or spending capacity are not affected.

Sudan

There have been recent positive developments in Sudan regarding the peace situation. The Government of Sudan and the main rebel group Sudan People's Liberation Movement (SPLM/A) signed on July 20, 2002 a preliminary peace agreement. The agreement was reached following extensive negotiations involving international observers and we believe it is an important milestone in achieving a definitive peace agreement for Sudan. We very much hope that a complete peace agreement including a cessation of hostilities can be concluded shortly thereby allowing us to resume operations in the field.

We are long-term investors and remain fully committed to exploiting the resources in Sudan to the mutual benefit of the Company and the people of Sudan. The quality of our assets in Sudan are world-class with the Thar Jath discovery estimated to contain 1 billion barrels in place and the rest of our acreage having excellent exploration potential.

Iran

We have a 40% interest in the Munir Block where seismic operations have commenced which will be followed by a drilling program in 2003. The Munir Block is located in the Zagros Fold Belt one of the most prolific oil producing regions in the Middle East.

In the current turbulent world economic and market environment we have met our strategic objectives in Lundin Petroleum over the past 6 months. The Coparex acquisition coupled with our existing assets in Sudan and Iran will now allow us to build a new Swedish oil and gas producing company with the people and assets to compete in the global market of oil and gas.

Yours sincerely

C Ashley Heppenstall
President and CEO

Results and Cashflow

Income statement

Service income received for the financial period amounted to MSEK 1.8. 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 2.8 is primarily the amount charged to third parties for work carried out by Lundin employees. General and administrative expenses amounting to MSEK 24.9 are mainly attributable to salaries, office leases and corporate costs.

Financial net expenses of MSEK 50.3 arise primarily from MSEK 53.2 in currency exchange movements resulting mostly from the revaluation of US dollar cash deposits offset by interest income of MSEK 2.9. Nearly all of Lundin Petroleum's operational expenditure is incurred in US dollars and as such, the majority of funds held by the company are kept in this currency. During the reporting period the US dollar has weakened significantly against the SEK causing the reported currency exchange loss. In real terms, the same amount of US dollars will be available to meet the same amount of US dollar expenditure.

Fixed assets

Tangible fixed assets

As at 30 June 2002, capitalised expenditure in relation to oil and gas properties amounted to MSEK 400.9, of which MSEK 365.6 are attributable to oil and gas properties in Sudan and MSEK 12.3 in Iran. MSEK 23.0 represents expenditure incurred up to 30 June 2002 on the corporate acquisition of Coparex International.

Restricted cash

As at 30 June 2002, restricted cash amounted to MSEK 56.9. This amount reflects amounts placed as collateral for bank guarantees issued to cover future work commitments. A bank guarantee is 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. A second bank 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 30 June 2002, current receivables amounted to MSEK 167.7. This amount consists primarily of the net receivable for the shares issued as a result of the exercise of warrants between 15 May 2002 and 14 June 2002 for MSEK 158.2 and prepaid expenses and other receivables attributable to joint venture partners in respect of operated ventures.

Cash and bank

As at 30 June 2002, Lundin Petroleum's cash position amounts to MSEK 280.9.

Current liabilities

As at 30 June 2002, current liabilities, consisting principally of trade creditors and accruals, amounted to MSEK 18.8.

Financial position

As at 30 June 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 MSEK 302.7 after share issue costs.

In addition, the subscribers received - at no cost - one warrant for every two new shares subscribed for. Each warrant entitled 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. During this period 35,609,748 warrants were exercised and the corresponding numbers of shares were issued realising SEK 157,990,795 after 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 were issued during 2001. The incentive warrants were exercisable from 1 May 2002.

Under the program for 2002, 3,250,000 incentive warrants were issued on 24 June 2002, exercisable during the period 31 May 2003 to 31 May 2005 at a strike price of SEK 4.50.

Cash flow

The change in cash and bank is attributable to the sale of the investment in KMOC offset by the investment in oil and gas properties.

FINANCIAL INFORMATION

The Company will publish the following reports:

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

- Year end report (January - December 2002) will be published on 28 February 2003.

FULL REPORT IN PDF

Stockholm 8 August 2002

C Ashley Heppenstall
President and CEO

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