

15 November 2002

REPORT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2002

The acquisition of Coparex International completed adding:
(Only eleven days of contribution to Lundin Petroleum income and cash flow.
Fourth quarter will be the first full quarter of contribution)

- **production of over 15,000 barrels of oil equivalent per day**

- **recoverable reserves of 55 million barrels of oil equivalent**

- **cash flow of over USD 50 million per year**

Ceasefire in Sudan where peace negotiations continue

Active exploration drilling program planned in 2003

Lundin Petroleum is a Swedish independent oil and gas exploration and production company with a well balanced portfolio of world-class assets in Albania, France, Indonesia, Iran, Netherlands, Sudan, Tunisia and Venezuela. The Company is listed on the New Market at Stockholmsbörsen, Sweden (ticker "LUPE").

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Dear fellow shareholders,

The acquisition of Coparex International was successfully completed on September 19th, 2002. Within one year of the sale of Lundin Oil and the formation of Lundin Petroleum we are again firmly established as a producing independent oil company. I am very pleased with the acquisition and believe it will provide the impetus to grow our business.

Reserves, Production & Cash Flow

Our company is now solidly underpinned by a low risk diverse portfolio of producing oil & gas assets. Our reserves of 55 million barrels of oil equivalent (115 million barrels including Sudan) produce 15,000 boepd generating cash flow of approximately US\$ 50 million. The majority of the assets (located in France, Netherlands, Indonesia and Venezuela) are fully developed and have been producing for many years. These producing assets still have opportunities for growth and we expect that they will provide a reliable cash flow stream for many years. The company will invest this cash flow into our development and exploration assets with a view to boost reserves and production. In addition we will continue to evaluate deals to acquire further producing assets should appropriate opportunities arise.

Exploration

The fundamental strategy of Lundin Petroleum is to create value through exploration. We seek exposure to world class exploration projects with the potential for very large reserves. Our exploration team have an excellent track record of discoveries and value creation.

During 2003 we anticipate an active exploration drilling program with high potential wells in Iran, Albania and Indonesia where any success will have a major impact upon a company of our size.

Sudan

The positive developments in the peace process seen during the summer of 2002 have been followed with further encouraging progress. I reported in the last quarterly report that the Government of Sudan and the main rebel group the Sudan People's Liberation Movement (SPLM/A) had signed on July 20, 2002 a preliminary peace agreement. A ceasefire was recently announced and negotiations have recommenced with the intention of completing a full peace agreement between the parties.

We require a sustainable secure working environment in the field to enable us to develop the Thar Jath field (which we estimate contains 1 billion barrels in place of reserves) and further evaluate the huge exploration potential of Blocks 5A and 5B.

Whilst our operations in the field remain suspended we are cautiously optimistic that the current peace negotiations will lead to an agreement which will enable us to resume operations.

The potential of our assets in Sudan are clearly world class and I believe that our investments in the country will ultimately realise major returns for shareholders.

Financial Results

The financial results of Lundin Petroleum for the nine months to 30 September incorporate the Coparex acquisition from the 19 September date of completion. As such the income statement and cash flow for the nine months period includes only an eleven day benefit from the Coparex assets. However, the balance sheet as at 30 September fully consolidates the assets and liabilities of Coparex International SA and its subsidiaries. The Coparex assets generated a profit during the third quarter and will contribute significantly to profit and cash flow generation going forward.

As I mentioned in our six month report, the majority of the Company's loss for the period is in respect of currency adjustments due to the weakening of the US dollar against the Swedish krona. The majority of the Company's expenditures are, and the purchase of Coparex was, denominated in US dollars which we treat as our base currency. As a result the currency losses are viewed as "paper" losses and our US dollar balances and our spending capacity are not affected.

Future Outlook

The world economic climate remains uncertain with the added concern surrounding the current situation in Iraq. Despite the potential impact of these issues on the oil price we continue to make our investment decisions with a long term view. We believe that oil prices will continue to average well above \$ 20/bbl over forthcoming years irrespective of economic conditions. Nevertheless our primary objective is to find new oil and increase our reserves. The future is full of opportunity for our company and we intend to deliver excellent returns to our shareholders.

Yours sincerely

C Ashley Heppenstall
President and CEO

Report for the Nine Months ended 30 September 2002

RESULT AND CASH FLOW

The results for the consolidated financial statement of Lundin Petroleum AB (Lundin Petroleum or the Group) are presented for the nine months ended 30 September 2002. The income statement and cashflow statement include the result of Coparex International S.A. and subsidiaries for the eleven-day period up to 30 September 2002 for which Lundin owned them. Lundin Petroleum was incorporated on 4 May 2001 and comparative figures quoted for 2001 reflects this shorter reporting period.

The Group

Lundin Petroleum reports a loss after tax for the nine months ended 30 September 2002 of MSEK 72.6 (MSEK 6.2 for the corresponding period during 2001) corresponding to SEK 0.32 per share.

Operating cash flow for the nine months ended 30 September 2002 amounted to MSEK 9.0 (MSEK 0.0) corresponding to SEK 0.04 per share this being predominantly generated in the eleven days period since the 19 September acquisition date of Coparex.

Oil and gas sales for the nine months ended 30 September 2002 amounted to MSEK 32.3 (MSEK nil) and relates to Lundin Petroleum's acquired assets in France, Netherlands and Venezuela. Sales for the eleven-day period have only been shown where the production is sold on a monthly contract or if sales have taken place during the period. As such, no sales of production from Tunisia, Indonesia or Aquitaine Basin, France have been recognised during the period.

Service income received for the financial period amounted to MSEK 1.9. This amount represents payments by joint venture partners to Lundin Petroleum as operator.

Production costs in the first nine months ended 30 September 2002 were MSEK 20.7 (MSEK nil). The depletion charge on oil and gas assets for the nine months ended 30 September 2002 was MSEK 6.4 (MSEK nil).

General and administrative expenses were MSEK 39.3 (MSEK 8.3) for the nine months ended 30 September 2002.

Net financial income and expenses for the nine months ended 30 September 2002 were MSEK -42.1 (MSEK 0.3). Included within the nine months ended 30 September 2002 was interest income of MSEK 5.7 (MSEK 0.4) offset by interest expenses of MSEK 1.7 (MSEK nil) arising from bank debt and a currency exchange loss of MSEK 46.0 (MSEK 0.0). During the previous reporting period the US dollar weakened significantly against the SEK causing a reported currency exchange loss. The US dollar funds that were being held by Lundin Petroleum were utilised in the Coparex acquisition for a price that had been fixed in US dollars.

Tax for the nine months ended 30 September 2002 was MSEK 2.1 (MSEK nil). The tax charge includes a current tax charge offset by a deferred tax credit and a charge for petroleum taxes in the Netherlands.

Parent Company

The net loss for the parent company for the nine months ended 30 September 2002 amounted to MSEK 80.9 (net loss of MSEK 5.6). The loss resulted primarily from the administration costs of MSEK 35.1 (MSEK 5.8) and a foreign exchange loss of MSEK 54.3 (MSEK 0.0).

PRODUCTION

During the eleven day period from the date of the acquisition of Coparex to 30 September 2002 average daily production was 15,016 boepd.

BALANCE SHEET

Tangible Fixed Assets

Total oil and gas properties as at 30 September 2002 total MSEK 2,010.8 (MSEK 297.3) of which MSEK 1,607.6 relate to the oil and gas assets acquired through the Coparex acquisition.

On 19 September 2002, Lundin completed the acquisition of the 95.3% of Coparex International owned by BNP Paribas. A further 3.7% of the shares in Coparex International were acquired up to 30 September 2002.

As at 30 September 2002, other fixed assets, including property assets, amounted to MSEK 60.8 (MSEK 7.0).

Financial Fixed Asset

Financial fixed assets as at 30 September 2002 total MSEK 98.1 (MSEK 249.5). This includes restricted cash amounting to MSEK 57.5 reflecting amounts placed as collateral for bank guarantees issued to cover future joint venture work commitments.

The balance includes capitalised loan fees and other investments.

Current Assets

Inventories
As at 30 September 2002, inventories amounted to MSEK 38.4 (MSEK nil). Inventories include hydrocarbons and consumable well supplies.

Current receivables
As at 30 September 2002, current receivables amounted to MSEK 447.2 (MSEK 10.1). This amount includes trade receivables of MSEK 230.6 (MSEK nil).

Cash and bank
As at 30 September 2002, Lundin Petroleum's cash position amounted to MSEK 549.8 (MSEK 55.3).

Minority interest

The minority interest represents the 1.0% of Coparex International that Lundin Petroleum did not own as at 30 September 2002.

Provisions

As at 30 September 2002, provisions and long-term liabilities amounted to MSEK 220.9 (MSEK nil). This amount includes a provision for site restoration of MSEK 90.3 (MSEK nil) and a provision for deferred taxes of MSEK 106.6 (MSEK nil).

Long-term liabilities

As at 30 September 2002, long-term liabilities amounted MSEK 1,136 (MSEK nil). This amount represents the portion of the external debt that is repayable in more than twelve months.

Lundin Petroleum has entered into a seven-year term and revolving credit facility agreement to borrow up to MUSD 130 (MSEK 1,206.7). An amount of MUSD 124 (MSEK 1,151.0) was drawn under this facility on the acquisition of Coparex International. Long-term liabilities also include an amount of MSEK 23.4 (MSEK nil) being the amount outstanding under a property finance lease.

Current liabilities

As at 30 September 2002, current liabilities amounted to MSEK 931.0 (MSEK 14.6). Lundin Petroleum entered into a bridging loan facility of MUSD 42 (MSEK 389.9) during the period. The full amount of this facility was drawn on the acquisition of Coparex International. The amount, plus interest, is repayable during the fourth quarter of 2002 and is therefore included within current liabilities.

FINANCIAL INSTRUMENTS

The Group has entered into interest rate hedging contracts commencing on 1 January 2003 to tie the LIBOR based floating rate part of the Company's USD borrowings to a fixed LIBOR rate of interest of 3.49% pa. for a period of four years.

As part of its bank financing agreement, the Group has also entered into oil price hedges for part of its oil production from France.

From 1 January 2003 to 31 December 2003, the Group has entered into oil price hedging contracts of 2,250 bopd (being approximately 15% of forecast production) fixing the price at USD 24.23 dated Brent.

The Group has also entered into oil price hedging contracts for the production of 2,000 bopd for the period 1 January 2004 to 31 December 2004 such that in respect of this production the Group will receive USD 18.00 per barrel if the Dated Brent oil price falls below USD 18.00 per barrel and will receive USD 25.15 if the Dated Brent oil price exceeds USD 25.15 per barrel. The Group will receive the market price if Dated Brent trades between these two prices.

SHARE DATA

Lundin Petroleum AB's registered share capital at 30 September 2002 amounts to SEK 2,482,014.66 represented by 248,201,466 shares of nominal value SEK 0.01 each.

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 are exercisable from 1 May 2002. As at 30 September 2002, 184,150 stock options had been exercised.

The 2002 program, approved on 23rd May 2002, is for the issue of up to 3,250,000 incentive warrants exercisable during the period 31st May 2003 to 31st May 2005 at a strike price of SEK 4.50.

EXCHANGE RATES

For the preparation of the balance sheet, US dollar balances have been converted to SEK at a rate of 1 US dollar equals 9.2825 SEK. For the preparation of the income statement, US dollars have been converted at an average rate for the period of 1 US dollar equals 9.934 SEK.

FINANCIAL INFORMATION

The Company will publish the following interim reports:

- The year end result 2002 will be published on 28 February 2003
- Three months report (January – March) will be published on 15 May 2003
- Six months report (January – June) will be published on 14 August 2003
- Nine months report (January – September) will be published on 14 November 2003

FULL REPORT IN PDF

Stockholm, 15 November 2002
C.Ashley Heppenstall
President and CEO

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