Lundin Petroleum AB – Press Release

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The O-List at Stockholmsbörsen: **LUPE**
Company registration number 556610-8055

24 February 2004

YEAR END REPORT 2003

	Q4 2003 3 months	Q4 2002 3 months	**Year end 2003 12 months**	Year end 2002 12 months
• Production in boepd	**16,441**	14,573	**16,062**	14,621
• Turnover in MSEK	**228.8**	261.7	**1,120.5**	295.8
• Net profit in MSEK	**14.7**	56.0	**930.2**	-16.6
• Diluted earnings/share in SEK	**0.06**	0.22	**3.71**	-0.07
• Operating cash flow in MSEK	**169.5**	106.1	**634.6**	115.1
• Gain on sale Sudan Block 5A in MSEK	**-**	-	**720.1**	-

After year end a major producing asset portfolio offshore UK, Norway and Ireland for cash consideration of USD 165 million was acquired from DNO ASA.

- Forecasted Group net profit 2004 — USD 50 million
- Forecasted Group operating cash flow 2004 — USD 125 million

Listen to President & CEO Ashley Heppenstall's comments on this report at today's conference call at 17.00 CET.
Telephone number: +44 (0) 207 162 0187. Please call 10 minutes prior to the conference call.
To listen to the replay call +44 (0)208 288 4459 access code 212 222.

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, Ireland, Netherlands, Norway, Sudan, Tunisia, United Kingdom and Venezuela. The Company is listed on the O-List at Stockholmsbörsen, Sweden (ticker "LUPE").

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Visit our website: www.lundin-petroleum.com

Dear fellow Shareholders,

2003 was a very successful year for Lundin Petroleum. We have seen significant increases in shareholder value throughout the year. This increase in value has, I believe, been a result of our joint exploration and acquisition strategy. During the year:

- We successfully integrated the Coparex assets into Lundin Petroleum. These assets have produced in excess of 16,000 boepd during the year generating strong operating cash flow and profit.
- We sold our 40.375% working interest in Block 5A, onshore Sudan to Petronas Carigali for USD 142.5 million in cash. The deal demonstrates how value can be created in cash terms through successful exploration.
- We signed an agreement to acquire all of the UK and Irish, and substantially all of the Norwegian assets of DNO ASA. This acquisition will double our reserves and will more than double our production. We will acquire a first class portfolio of producing, development and exploration assets which will maintain the growth profile of Lundin Petroleum into 2004 and beyond.

I am very pleased to announce that Lundin Petroleum generated net profit of SEK 930 million and operating cash flow of SEK 634 million for 2003.

I am also optimistic regarding the future. The DNO acquisition will have a material impact on our 2004 performance. We are forecasting for the combined Group a net profit of USD 50 million and operating cash flow of USD 125 million for 2004 using a USD 25/bbl oil price. We forecast average production of 29,000 boepd for the year with production approaching 40,000 boepd by year end.

Notwithstanding our strong financial performance in 2003 the fundamental strategy of Lundin Petroleum is to create value through exploration. We remain committed to a proactive exploration investment program. In 2003 we commenced our drilling activities in Iran where two highly prospective exploration wells will be completed in 2004. In addition, we will be drilling high potential exploration wells in France Aquitaine Basin, Indonesia (Blora & Lematang blocks), Netherlands and Norway during 2004. Our exploration budget for 2004 is USD 34 million. We continue to seek out exploration investment opportunities and will look to increase our exploration portfolio going forward.

We will also continue to seek out further acquisition opportunities which we believe are undervalued and/or where we can add value through our technical knowledge. In particular we are interested in acquisition opportunities in areas where we are already present.

Our expectations for strong oil prices during 2003 proved correct. We expect this to continue into 2004 with OPEC continuing to stabilize the market resulting in low world inventory levels. In tandem world economic activity is recovering with a resultant increase in demand for petroleum products. We remain convinced that access to reserves and production is the key to achieve strong increases in shareholder value and Lundin Petroleum will continue to invest accordingly.

Yours sincerely,
Ashley Heppenstall
President & CEO

Financial report 2003

OPERATIONS

Iran

Lundin Petroleum has a 30% interest in the Munir Block, onshore Iran. A 537km 2D seismic program was completed in January 2003 following which the data was processed and interpreted. Seismic interpretation results have identified several drillable prospects, including two large four way dip structures on which two wells are being drilled back to back. The first well (Seh Qanat deep prospect) spudded in November 2003 and drilling operations are currently ongoing. The two prospects have the potential to contain combined recoverable reserves in excess of one billion barrels.

Sudan

Lundin Petroleum has a 24.5% working interest in Block 5B, located just south of Block 5A and on trend with existing discoveries in the Muglad Basin. Technical studies are ongoing and several large prospects have already been identified. The peace negotiations in Sudan continue and will, we believe, result in a positive conclusion, thus enabling operations in Block 5B to commence.

France

Overall production in France was in line with expectations during 2003.

In the Paris Basin a new development well was successfully completed on the Merissier field adding incremental production. Further development of the Merissier field is currently being evaluated which will involve the drilling of more development wells in 2004.

In the Aquitaine Basin the Les Pins-5 development well was successfully drilled and completed in the third quarter of 2003. The well has now been tied-back to the existing facilities and a submersible pump has been installed to enhance productivity of the well. Lundin Petroleum has a 50% interest in Les Pins. An exploration well on the Mimosa prospect plus one development well on the Courbey field will be drilled during 2004.

The Netherlands

The production in the Netherlands during 2003 was below budget due to reduced off-take by the state controlled buyer Gasunie. During the fourth quarter production increased closer to budget estimates. Lundin Petroleum has been advised by government representatives that the reduced off-take is temporary and that demand will be restored to our production capacity in line with Dutch "small fields" policy where Gasunie purchase gas production from smaller fields on a preferential basis.
Other activities including development drilling to enhance production are ongoing.

Tunisia

Field optimisation on the Isis field continues and 2003 production was above budget. Production for the fourth quarter 2003 was however below budget due to a mechanical problem on one of the Isis wells which has subsequently been repaired. Lundin Petroleum has a 40% interest in the Isis field.

The development plan for the Oudna field, offshore Tunisia, was completed during the fourth quarter and submitted to the Government for approval. Lundin Petroleum has a 50% interest in the Oudna field.

Indonesia
Banyumas (Java): A new 490 km seismic programme was completed during the year. Several prospects have been identified. Lundin Petroleum holds a 50% interest.

Blora (Java): Preparations are underway for the drilling of the PADI-1 exploration well. It is anticipated that the well will spud during the 3rd quarter of 2004. The prospect has potential reserves in excess of 50 mmboe. Lundin Petroleum owns a 40% working interest in Blora.

Lematang (South Sumatra): Negotiations continue in relation to the completion of a gas sales agreement which will enable the development of the Singa gas discovery. A Memorandum of Understanding (MOU) and Heads of Agreement were signed in December 2003 providing a solid base for the negotiation and completion of a gas sales agreement. In parallel, preparations are ongoing for the drilling of the Bantang prospect although the well has been postponed until the second quarter of 2004. The Bantang prospect has potential reserves estimated at in excess of 500 bcf. Lundin Petroleum has a 15.88% interest having acquired an additional 0.88% interest in the fourth quarter 2003, subject to Government approval.

Salawati Island & Basin (Papua): a 12 well infill development well programme in Salawati Basin and further development drilling in Salawati Island (Matoa field) is ongoing. Interpretation of the newly acquired 3D seismic (on Salawati Island) is almost complete. The acquisition of 3D seismic on Salawati Basin is expected to commence during the first half 2004. An exploration well on Salawati Island was spudded during the 4th quarter of 2003 (NEO-1) and further exploration drilling is scheduled for 2004. Lundin Petroleum has a 14.4% and 25.9% interest in Salawati Island and Basin, respectively.

Venezuela
The La Palma-8 & 9 development wells have now been completed and successfully tied-back to the existing facilities. Overall gross oil production from the Colon Block is now at the capacity of 20,000 bopd. Further development drilling on the La Palma field will resume during the second quarter of 2004 to maintain production capacity. Lundin Petroleum holds a 12.5% interest in the Colon Block.

Albania
An agreement was reached with Preussag/OMV whereby the remaining well commitment (subject to Government approval) on Blocks D and E will be transferred to a new area in Albania. Block E has been relinquished.

Norway
Overall production in Norway was in line with expectations during 2003. Lundin Petroleum announced the acquisition of Aker Energy AS through its 75% owned subsidiary OER. Aker Energy owns an interest in an undeveloped Norwegian discovery as well as various tax assets. The acquisition was completed prior to year end on receipt of government approval. Aker Energy AS has changed its name to OER energy AS.

FINANCAIL RESULT 2003

RESULT AND CASH FLOW

The results for the consolidated financial statements of Lundin Petroleum AB (Lundin Petroleum or the Group) are presented for the year ended 31 December 2003. Lundin Petroleum acquired Lundin International S.A. (formerly Coparex International S.A.) and subsidiaries on 19 September 2002. The results of these companies are included in the consolidated results only from the date of acquisition, and hence are only included within the comparative results for a one hundred and three day period. The amounts relating to the comparative period are shown in parentheses after the amount for the current period.

The Group

Lundin Petroleum reports a profit for the year ended 31 December 2003 of MSEK 930.2 (MSEK-16.6) and MSEK 14.7 (MSEK 56.0) for the fourth quarter of 2003 representing earnings per share on a fully diluted basis of SEK 3.71 (SEK -0.07) for the year ended 31 December 2003 and SEK 0.06 (SEK 0.22) for the fourth quarter of 2003. Operating cashflow, which does not include the gain on the sale of Sudan Block 5A, for the year ended 31 December 2003 amounted to MSEK 634.6 (MSEK 115.1) and MSEK 169.5 (MSEK 106.1) for the fourth quarter of 2003. Operating cashflow amounted to SEK 2.52 (SEK 0.49) per share for the year ended 31 December 2003 and SEK 0.67 (SEK 0.46) per share for the fourth quarter of 2003.

The net result for the fourth quarter has been negatively impacted by net foreign exchange losses of MSEK 24.2 and through the provision recorded for the interest rate swap of MSEK 12.2 net of tax effect. The profits for the quarters excluding foreign exchange losses and gains relating to the sale of Sudan are shown in the table below.

Expressed in TSEK	1 Jan 2003– 31 Dec 2003 12 months	1 Oct 2003– 31 Dec 2003 3 months	1 Jul 2003– 30 Sep 2003 3 months	1 April 2003– 30 June 2003 3 months	1 Jan 2003– 31 Mar 2003 3 months
Net result	930,229	14,735	30,152	789,725	95,617
Exchange movements	-11,361	24,192	24,384	-20,321	-39,616
Gain on sale of Sudan	-720,098	-	4,747	-724,845	-
Adjusted net result	**198,770**	38,927	59,283	44,559	56,001

Net sales of oil and gas for the year ended 31 December 2003 amounted to MSEK 1,082.1 (MSEK 284.9) and MSEK 225.0 (MSEK 252.7) for the fourth quarter of 2003. Production for the year ended 31 December 2003 amounted to 5,790,546 barrels of oil equivalent (boe) representing 16,062 boe per day (boepd). The average price achieved for a barrel of oil equivalent for the year ended 31 December 2003 amounted to USD 27.35. Lundin Petroleum had entered in an oil price hedge for 2003 fixing the oil price at USD 24.23 for 2,250 bopd. The average Dated Brent price for the year ended 31 December 2003 amounted to USD 28.95 resulting in a pre-tax negative hedge settlement of MSEK 30.5.

Other operating income for the year ended 31 December 2003 amounted to MSEK 38.4 (MSEK 10.9) and MSEK 3.8 (MSEK 9.1) for the fourth quarter of 2003. This amount includes the recovery of past exploration costs in Tunisia, tariff income from France and The Netherlands and income for maintaining strategic inventory levels in France.

Sales and production for the year ended 31 December 2003 were comprised as follows:

Sales Average price per barrel given in USD	1 Jan 2003– 31 Dec 2003 12 months	1 Oct 2003– 31 Dec 2003 3 months	1 Jul 2003– 30 Sep 2003 3 months	1 April 2003– 30 June 2003 3 months	1 Jan 2003– 31 Mar 2003 3 months
France					
- Quantity in boe	1,436,709	393,749	268,933	383,245	390,782
- Average price per boe	27.71	29.15	27.49	26.44	27.67
Tunisia					
- Quantity in boe	723,976	48,864	241,494	138,001	295,617
- Average price per boe	28.12	30.16	26.55	25.17	30.45
Indonesia					
- Quantity in boe	727,139	52,508	265,111	143,303	266,217
- Average price per boe	27.57	25.10	25.79	26.85	30.22
Netherlands					
- Quantity in boe	864,687	264,479	179,594	146,744	273,870
- Average price per boe	24.87	25.19	24.82	26.21	23.85
Norway					
- Quantity in boe	690,466	173,457	206,861	210,148	100,000
- Average price per boe	28.69	29.74	28.66	26.60	31,29
Total					
- Quantity in boe	**4,442,977**	933,057	1,161,993	1,021,441	1,326,486
- Average price per boe	**27.35**	27.96	26.70	26.33	28.28

Production	1 Jan 2003– 31 Dec 2003 12 months	1 Oct 2003– 31 Dec 2003 3 months	1 Jul 2003– 30 Sep 2003 3 months	1 April 2003– 30 June 2003 3 months	1 Jan 2003– 31 Mar 2003 3 months
France					
- Quantity in boe	1,517,749	390,900	369,330	374,359	383,160
- Quantity in boepd	4,158	4,249	4,014	4,114	4,257
Tunisia					
- Quantity in boe	851,023	160,558	219,684	248,098	222,683
- Quantity in boepd	2,332	1,745	2,388	2,726	2,474
Indonesia					
- Quantity in boe	902,338	220,756	231,978	233,784	215,820
- Quantity in boepd	2,472	2,400	2,522	2,569	2,398
Netherlands					
- Quantity in boe	871,994	271,558	183,211	143,355	273,870
- Quantity in boepd	2,389	2,952	1,991	1,575	3,043
Norway					
- Quantity in boe	778,012	214,431	225,493	209,927	128,161
- Quantity in boepd	2,329	2,331	2,451	2,307	2,172
Venezuela					
- Quantity in boe	869,430	254,323	216,002	211,883	187,222
- Quantity in boepd	2,382	2,764	2,348	2,328	2,080
Total					
- Quantity in boe	**5,790,546**	1,512,526	1,445,698	1,421,406	1,410,916
- Quantity in boepd	**16,062**	16,441	15,714	15,619	16,424

Production costs for the year ended 31 December 2003 expressed in US dollars were comprised as follows:

Production cost and depletion in TUSD	1 Jan 2003–31 Dec 2003 12 months	1 Oct 2003–31 Dec 2003 3 months	1 Jul 2003–30 Sep 2003 3 months	1 April 2003–30 June 2003 3 months	1 Jan 2003–31 Mar 2003 3 months
Cost of operations	39,309	10,878	10,349	9,195	8,887
Tariff and transportation expenses	10,276	2,783	2,236	2,841	2,416
Royalty and direct taxes	3,511	830	849	876	956
Changes in inventory/overlift	-1,143	-3,299	720	-3,976	5,412
Total production costs	**51,953**	11,192	14,154	8,936	17,671
Depletion	23,755	5,929	5,999	5,935	5,892
Total	**75,708**	17,121	20,153	14,871	23,563

Cost per boe given in USD	1 Jan 2003–31 Dec 2003 12 months	1 Oct 2003–31 Dec 2003 3 months	1 Jul 2003–30 Sep 2003 3 months	1 April 2003–30 June 2003 3 months	1 Jan 2003–31 Mar 2003 3 months
Cost of operations	6.79	7.19	7.16	6.47	6.30
Tariff and transportation expenses	1.77	1.84	1.55	2.00	1.71
Royalty and direct taxes	0.61	0.55	0.59	0.62	0.67
Changes in inventory/overlift	-0.20	-2.18	0.50	-2.80	3.84
Total production costs	**8.97**	7.40	9.80	6.29	12.52
Depletion	4.10	3.92	4.15	4.18	4.18
Total cost per boe	**13.07**	11.32	13.95	10.47	16.70

In June 2003, Lundin Petroleum sold its interest in Sudan Block 5A to Petronas Carigali Overseas Sdn Bhd for MSEK 1,184 resulting in a profit of MSEK 720.1 after deducting exchange losses of MSEK 100.4. The exchange losses recorded relate to the translation to SEK of the USD loans to the single purpose subsidiary that held the Sudan Block 5A asset to fund the exploration expenditure and were repaid upon the sale of the asset.

Other income for the year ended 31 December 2003 amounted to MSEK 7.2 (MSEK 10.2) and MSEK 2.6 (MSEK 6.3) for the fourth quarter of 2003 and represents fees and costs recovered by Lundin Petroleum from third parties.

General and administrative expenses for the year ended 31 December 2003 amounted to MSEK 164.9 (MSEK 96.2) and MSEK 42.9 (MSEK 57.0) for the fourth quarter of 2003. Included within general and administration expenses are restructuring costs incurred in the first quarter of 2003 of MSEK 16.3 related specifically to the redundancy costs associated with the closure of the Paris office. This amount is in addition to the MSEK 20.3 incurred during the last quarter of 2002. There were other non-recurring costs incurred during the first half of 2003 associated with the acquisition of Coparex amounting to MSEK 12.1. These costs included the personnel and office costs of the Paris office until its closure in June 2003 and certain fees associated with the reorganisation of the Group structure.

Net financial income and expenses for the year ended 31 December 2003 amounted to MSEK -50.5 (MSEK 1.8) and MSEK -33.9 (MSEK 43.9) for the fourth quarter of 2003. Interest income for the year ended 31 December 2003 amounted to MSEK 11.4 (MSEK

10.2) and MSEK 3.7 (MSEK 4.6) for the fourth quarter of 2003. Interest expense for the year ended 31 December 2003 amounted to MSEK 25.6 (MSEK 14.0) and MSEK 3.6 (MSEK 12.3) for the fourth quarter of 2003. The cost of the interest rate hedge for the year ended 31 December 2003 amounted to MSEK 37.2 (MSEK nil) and MSEK 20.8 (MSEK nil) for the fourth quarter of 2003. At the time of the Coparex acquisition, Lundin Petroleum entered into a four year interest rate swap to fix the interest rate associated with borrowings taken out to fund the acquisition. Following the repayment and cancellation of the credit facility on the sale of Sudan 5A it is necessary to revalue the interest rate swap and provide for any diminution in value. As such, a charge has been recorded at 31 December 2003 of MSEK 18.6.

The amortisation of loan fees amounted to MSEK 15.9 (MSEK 0.6) for the year ended 31 December 2003 and MSEK nil (MSEK 0.6) for the fourth quarter of 2003. This amortisation represents the expensing of the entire fees capitalised in respect of the loan facility following the repayment of the loan facility in the second quarter of 2003.

Exchange gains and losses for the year ended 31 December 2003 amounted to MSEK 11.4 (MSEK -0.2) and MSEK -24.2 (MSEK 45.8) for the fourth quarter of 2003. The exchange gains in the first two quarters of 2003 relate primarily to the gains on the revaluation of the USD loan facility into the EUR reporting currency of the entities in which the funds are drawn offset by losses on the revaluation of USD bank balances and receivables into their underlying Euro or SEK reporting currencies. The USD loan facility was repaid at the end of the second quarter resulting in no further such exchange gains to offset the exchange losses. The exchange losses for the third and fourth quarters of 2003 and for the comparative period primarily relates to the exchange effect of USD held in the Parent Company.

The tax charge for the year ended 31 December 2003 amounted to MSEK 79.9 (MSEK 26.4) and MSEK 2.1 (MSEK 24.3) for the fourth quarter of 2003. The tax charge comprises current corporation tax of MSEK 45.7 (MSEK 29.6), a deferred tax charge of MSEK 19.8 (MSEK -5.3), petroleum taxes payable of MSEK 20.3 (MSEK 2.1) and a release of deferred petroleum taxes of MSEK 5.9 (MSEK nil). The current corporation tax credit for the fourth quarter of 2003 amounting to MSEK 36.1 (MSEK -25.2) is the result of the reversal of the current tax charge in Norway following the acquisition of OER energy AS (formerly called Aker Energy AS) and the subsequent utilisation of the tax losses that were transferred from that company. The deferred tax charge for the fourth quarter of 2003 of MSEK 32.2 (MSEK-3.1) primarily reflects the utilisation of tax losses of OER energy AS offset by the release of the deferred tax liability arising on the difference between the booked value of the oil and gas assets and the tax value.

The current petroleum tax charge for the fourth quarter of 2003 amounting to MSEK 12.0 (MSEK 2.1) is higher than previous quarters because of a change in the site restoration provision used in the calculation as advised by the operator of certain of the fields in The Netherlands. The revision in estimate has also resulted in a release of the deferred petroleum tax liability of MSEK 5.9 (MSEK nil).

Tangible fixed assets

Tangible fixed assets as at 31 December 2003 amounted to MSEK 1,873.0 (MSEK 2,045.6) of which MSEK 1,817.6 (MSEK 1,988.9) relates to oil and gas properties. Development expenditure of MSEK 144.6 (MSEK 40.9) was incurred for the year ended 31 December 2003 including France, MSEK 71.7 (MSEK 5.7), The Netherlands, MSEK 26.0 (MSEK 25.4) and Norway, MSEK 26.0 (MSEK nil). Exploration expenditure of MSEK 141.1 (MSEK 122.3) for the year ended 31 December 2003, including France, MSEK 15.7 (MSEK nil), Indonesia, MSEK 41.6 (MSEK nil), Venezuela, MSEK 16.3 (MSEK nil), Iran, MSEK 35.5 (MSEK 40.7) and Sudan, MSEK 13.9 (MSEK 80.4).

Financial fixed assets

Financial fixed assets as at 31 December 2003 amounted to MSEK 134.0 (MSEK 103.6). Included in financial fixed assets as at 31 December 2003 is an amount of MSEK 56.6 (MSEK 54.2) recorded as restricted cash. This amount comprises MSEK 17.8 (MSEK nil) or MNOK 16.5 representing cash deposited as security for future site restoration costs for fields held offshore Norway and two amounts totaling MSEK 38.8 (MSEK 54.2) representing cash collateralisation of bank guarantees to cover future joint venture work commitments. Shares in associated companies of MSEK 21.3 (MSEK 21.5) relates primarily to an investment in a company owning gas infrastructure in The Netherlands. Deferred financing fees amounted to MSEK nil (MSEK 15.9) as at 31 December 2003. The deferred financing fees related to the term loan and revolving credit facility which were being amortised over the period of the loan. Following the repayment of the loan during the second quarter of 2003 the balance of the loan fees was expensed. A deferred tax asset of MSEK 48.0 (MSEK nil) has been recorded as at 31 December 2003 for tax losses acquired through the purchase of OER energy AS. Other financial fixed assets amount to MSEK 8.1 (MSEK 11.9) and represent a loan to an associated company and funds held by joint venture partners in anticipation of future expenditures.

Current receivables and inventories

Current receivables and inventories amounted to MSEK 395.7 (MSEK 345.5) as at 31 December 2003. Inventories, including hydrocarbons and consumable well supplies amounted to MSEK 71.7 (MSEK 45.6) as at 31 December 2003. Trade receivables amounted to MSEK 131.2 (MSEK 118.1) as at 31 December 2003. Joint venture debtors amounted to MSEK 73.0 (MSEK 69.0). Other current assets include taxation balances of MSEK 80.4 (MSEK 50.0).

Cash and bank

Cash and bank as at 31 December 2003 amounted to MSEK 301.6 (MSEK 247.8).

Minority interest

Minority interest amounts to MSEK 20.0 (MSEK 2.5) as at 31 December 2003. The minority interest as at 31 December 2003 represents the portion of fully consolidated subsidiaries not owned by Lundin Petroleum. Lundin Petroleum owns 75.8% of OER Oil AS and 99.8% of Lundin International SA.

Provisions and other long term liabilities
As at 31 December 2003, provisions amounted to MSEK 377.6 (MSEK 326.1). This amount includes a provision for site restoration of MSEK 110.6 (MSEK 58.4) and a provision for deferred tax of MSEK 242.0 (MSEK 261.7). The increase in provision for site restoration from 31 December 2002 is primarily due to the acquisition of the Norwegian assets. Lundin Petroleum entered into a four year interest rate swap to reduce the financial risk of rising interest rates. Following the repayment and cancellation of the credit facility accounting rules make it necessary to record the market value of the potential cost under the swap. A provision has been recorded at 31 December 2003 of MSEK 18.5 to recognise this potential cost.

Long term interest bearing debt
Long term interest bearing debt amounted to MSEK nil (MSEK 1,067.2) as at 31 December 2003. Lundin Petroleum entered into a seven-year term and revolving credit facility agreement to borrow up to MUSD 130 (MSEK 1,106) during 2002. An amount of MUSD 124 (MSEK 1,085) was drawn under this facility on the acquisition of Lundin International SA. An amount of MUSD 2.1 (MSEK 18.4) was repaid on 31 December 2002 and the facility was repaid in full during June 2003. The lease on the Paris property was cancelled and the property was purchased with effect 30 June 2003.

Current liabilities
Current liabilities as at 31 December 2003 amount to MSEK 449.6 (MSEK 415.5). Included within current liabilities is MSEK 71.6 (MSEK 85.9) representing trade payables and MSEK 29.3 (MSEK 92.5) of current tax payables. The current tax payables have decreased from previous quarter ends as a result of the utilisation of tax losses from the acquired OER energy AS. The acquisition liability relates to an accrual of MSEK 146.5 (MSEK 109.4) including the outstanding consideration for the acquisition of Lundin International SA relating to the portion of the original acquisition price dependent upon the performance of certain offshore Tunisian assets of MSEK 52.1 (MSEK 109.4) and the balance outstanding for the acquisition of Aker Energy AS of MSEK 86.7 (MSEK nil). Other current liabilities as at 31 December 2003 amount to MSEK 77.0 (MSEK 32.3) and primarily represent amounts owing to joint venture partners at that date. The higher amount outstanding represents the higher level of operational activity.

Parent Company
The net result for the parent company amounted to MSEK -150.1 (MSEK -80.9) for the year ended 31 December 2003 and MSEK -19.6 (MSEK 0.0) for the fourth quarter of 2003.
The loss comprised administrative expenses of MSEK -71.3 (MSEK -55.6) and net financial income and expenses of MSEK -80.4 (MSEK -29.4). Financial income included a gain of MSEK 12.9 recorded on the contribution at market value of the shares of Lundin Holdings BV to Lundin Petroleum BV and interest income of MSEK 27.3 (MSEK 10.3) derived from loans to subsidiary companies. Financial expenses included an amount of MSEK 120.3 (MSEK 50.3) being net exchange losses. The losses for 2003 principally arise upon the revaluation of loans to subsidiaries for the funding of their operations that have been realised during the second quarter of 2003. The losses for 2002 relate principally to the revaluation of USD currency held by the Parent Company.
No deferred tax asset has been recorded against the losses incurred by the Parent Company because of uncertainty as to the timing of their utilisation.

SUBSEQUENT EVENTS

On 13 November 2003, Lundin Petroleum announced that it had entered into an agreement with DNO ASA ("DNO") to purchase DNO's UK and Irish oil and gas interests, as well as the majority of its Norwegian assets, (the "Transaction") for cash consideration of USD 165 million

On 13 February 2004 the company completed the acquisition from DNO of its UK and Irish oil and gas interests. The acquisition was funded from internal funds and by the partial utilisation of a new USD 300 million loan facility, signed on 12 February 2004, provided by Bank of Scotland and BNP Paribas. The acquisition incorporates two producing fields and a development project in the UK North Sea and the newly commissioned Seven Heads gas field offshore Ireland. The Broom field development project, of which Lundin Petroleum holds 55%, is expected to come onstream in the third quarter of 2004 with gross plateau production of 20,000 bopd. Associated development drilling and facility costs to be spent during 2004 are estimated at USD 51.7 million. In addition, Lundin Petroleum has initiated a USD 15.0 million three well workover programme on the Thistle field designed to add incremental production from this mature field.

In February 2004 the Group entered into an oil hedging contract for 3,000 bopd for the period 1 March 2004 until 31 December 2004 fixing the price at USD 29.20 Dated Brent.

The Group has entered into a number of currency hedging contracts for 2004 fixing the rate of exchange from USD into Euros and CHF. The contracts run from 20 February 2004 until 20 December 2004. The total amount hedged amounts to MUSD 27.8, of which MUSD 22.0 relates to USD to Euro hedging.

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. The USD borrowings were repaid during the second quarter of 2003 but the interest rate hedging contracts continue to remain in place.

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

From 1 January 2003 to 31 December 2003, the Group had entered into oil price hedging contracts of 2,250 bopd (being approximately 15% of the Group's 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.

CHANGES IN THE BOARD

At the AGM on 23 May 2003 all serving Directors were re-elected with the exception of Alex Schneiter, who did not offer himself for re-election.

SHARE DATA

Lundin Petroleum AB's registered share capital at 31 December 2003 amounts to SEK 2,515,254.66 represented by 251,525,466 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 31 December 2003, 247,300 remain issued and outstanding.

The 2002 program, approved on 23 May 2002, is for the issue of up to 3,250,000 incentive warrants exercisable during the period 31 May 2003 to 31 May 2005 at a strike price of SEK 4.50. As at 31 December 2003, 1,640,000 incentive warrants remain issued and outstanding following the exercise of 764,600 warrants and the cancellation of certain incentive warrants resulting from the sale of the Sudan asset and related personnel.

The 2003 program, approved on 23 May 2003, is for the issue of up to 3,400,000 incentive warrants exercisable during the period 31 May 2004 to 31 May 2006 at a strike price of SEK 10.10. As at 31 December 2003, 3,360,000 incentive warrants are issued and outstanding.

Exchange rates

For the preparation of financial statements for the year ended 31 December 2003, the following currency exchange rates have been used.

	Year average	Period end
1 EUR equals SEK	9.1226	9.0800
1 USD equals SEK	8.0826	7.2236

Accounting principals

The year end report of Lundin Petroleum AB (publ) has been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendations and statements on a basis consistent with the previous year.

CONSOLIDATED INCOME STATEMENT IN SUMMARY

Expressed in TSEK	Note	1 Jan 2003–31 Dec 2003 12 months	1 Oct 2003–31 Dec 2003 3 months	1 Jan 2002–31 Dec 2002 12 months	1 Oct 2002–31 Dec 2002 3 months
Operating income					
Net sales of oil and gas	1	1,082,136	224,990	284,905	252,652
Other operating income		38,369	3,839	10,939	9,087
		1,120,505	228,829	295,844	261,739
Cost of sales					
Production costs	2	-419,911	-83,513	-149,038	-128,299
Depletion of oil and gas properties	3	-192,002	-44,883	-53,591	-47,225
Write off of exploration expenditure		-2,395	-2,395	-	-
Gross profit		**506,197**	98,038	93,215	86,215
Gain on sale of Sudan Block 5A		720,098	-	-	-
Other income		7,161	2,619	10,247	6,334
Administration expenses		-164,947	-42,938	-96,245	-56,955
Operating profit		**1,068,509**	57,719	7,217	35,594
Financial income and expenses, net	4	-50,526	-33,863	1,816	43,936
Profit before tax		**1,017,983**	23,856	9,033	79,530
Tax	5	-79,881	-2,128	-26,362	-24,254
Minority interests		-7,873	-6,993	765	765
Net result		**930,229**	14,735	-16,564	56,041
Earnings per share – SEK		3.73	0.06	-0.07	0.22
Diluted earnings per share – SEK		3.71	0.06	-0.07	0.22

CONSOLIDATED BALANCE SHEET IN SUMMARY

Expressed in TSEK	Note	31 Dec 2003	31 Dec 2002
ASSETS			
Tangible fixed assets			
Oil and gas properties	6	1,817,606	1,988,933
Other fixed assets		55,356	56,656
Total tangible fixed assets		**1,872,962**	2,045,589
Financial fixed assets	7	134,018	103,586
Total fixed assets		**2,006,980**	2,149,175
Current Assets			
Current receivables and inventories	8	395,654	345,480
Cash and bank		301,589	247,776
Total current assets		**697,243**	593,256
Total assets		**2,704,223**	2,742,431
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity including net result for the period		1,856,932	931,112
Minority interest		20,036	2,525
Provisions and other long-term liabilities		377,623	326,130
Long-term interest bearing debt		-	1,067,177
Current liabilities	9	449,632	415,487
Total shareholders' equity and liabilities		**2,704,223**	2,742,431
Pledged assets		**-**	247,779
Contingent liabilities		**11,669**	12,618

STATEMENT OF CHANGE IN GROUP EQUITY

Expressed in TSEK	**Share Capital**	**Restricted reserves**	**Retained earnings**	**Net result**
Balance at 1 January 2002	2,124	922,331	-	-41,988
Transfer of prior year net result	-	-41,988	-	41,988
New share issue	363	159,878	-	-
Distribution of reserves from a subsidiary	-	-	-972	-
Currency translation difference	-	-109,697	15,637	-
Net result	-	-	-	-16,564
Balance at 31 December 2002	2,487	930,524	14,665	-16,564
Transfer of prior year net result	-	-	-16,564	16,564
Issuance of shares	28	10,409	-	-
Currency translation difference	-	43,179	-58,025	-
Net result	-	-	-	930,229
Balance at 31 December 2003	**2,515**	**984,112**	**-59,924**	**930,229**

GROUP CASH FLOW STATEMENT IN SUMMARY

Expressed in TSEK	1 Jan 2003– 31 Dec 2003 12 months	1 Oct 2003– 31 Dec 2003 3 months	1 Jan 2002– 31 Dec 2002 12 months	1 Oct 2002– 31 Dec 2002 3 months
Cash flow from operations				
Net result	930,229	14,735	-16,564	56,041
Adjustment for depletion and other non cash related items	-491,917	109,233	105,589	50,701
Changes in working capital	-191,654	-116,263	164,095	189,196
Total cash flow from operations	**246,658**	7,705	253,120	295,938
Acquisition of shares in subsidiaries	-10,864	-10,864	-1,213,010	-57,101
Sale of assets	1,150,802	-	-	-
Change in financial fixed assets	157	15,716	158,829	14,578
Investment in oil and gas properties	-285,808	-8,197	-160,836	-57,089
Investment in other fixed assets	-13,266	-3,693	-10,128	-1,046
Total cash flow used for investments	**841,021**	-7,038	-1,225,145	-100,658
Changes in long-term liabilities	-1,022,808	-	836,805	-476,066
Paid deferred financing fees	-	-	-17,774	-17,774
Proceeds from share issues	10,436	5,075	160,240	1,629
Other financing activities	-	-	-4,102	-4,102
Total cash flow from financing	**-1,012,372**	5,075	975,169	-496,313
Change in cash and bank	75,307	5,742	3,144	-301,033
Cash and bank at the beginning of the period	247,776	309,656	301,519	549,813
Currency exchange difference in cash and bank	-21,494	-13,809	-56,887	-1,004
Cash and bank at the end of the period	**301,589**	301,589	247,776	247,776

Note 1. Net sales of oil and gas, TSEK	1 Jan 2003– 31 Dec 2003 12 months	1 Oct 2003– 31 Dec 2003 3 months	1 Jan 2002– 31 Dec 2002 12 months	1 Oct 2002– 31 Dec 2002 3 months
Sale of crude oil				
- France	317,704	85,555	104,970	92,749
- Tunisia	168,567	10,949	35,962	27,460
- Indonesia	163,132	8,524	70,770	66,514
- Norway	161,600	39,262	-	-
Sale of condensate				
- Netherlands	8,348	2,765	873	264
- Norway	3,238	882	-	-
Sale of gas				
- Netherlands	173,435	50,370	58,679	53,605
- Indonesia	909	209	335	335
- Norway	3,449	1,273	-	-
Operating fee				
- Venezuela	102,205	26,456	21,667	20,076
Oil price hedging settlement	-30,488	-8,042	-	-
Change in underlift position	10,037	6,787	-8,351	-8,351
	1,082,136	224,990	284,905	252,652

Note 2. Production costs, TSEK	1 Jan 2003–31 Dec 2003 12 months	1 Oct 2003–31 Dec 2003 3 months	1 Jan 2002–31 Dec 2002 12 months	1 Oct 2002–31 Dec 2002 3 months
Costs of operations	320,141	88,081	116,080	101,030
Tariff and transportation expenses	83,057	21,217	5,084	4,842
Royalty and direct taxes	25,955	3,830	8,162	7,290
Changes in inventory/overlift position	-9,242	-29,615	19,712	15,137
	419,911	83,513	149,038	128,299

Note 3. Depletion of oil and gas properties, TSEK	1 Jan 2003–31 Dec 2003 12 months	1 Oct 2003–31 Dec 2003 3 months	1 Jan 2002–31 Dec 2002 12 months	1 Oct 2002–31 Dec 2002 3 months
France	60,673	11,128	20,112	18,127
Netherlands	58,196	20,369	19,983	16,809
Venezuela	18,880	3,709	4,330	3,727
Tunisia	20,875	3,772	6,474	6,123
Indonesia	8,896	543	2,692	2,439
Norway	24,482	5,362	-	-
	192,002	44,883	53,591	47,225

Note 4. Financial income and expenses, net, TSEK	1 Jan 2003–31 Dec 2003 12 months	1 Oct 2003–31 Dec 2003 3 months	1 Jan 2002–31 Dec 2002 12 months	1 Oct 2002–31 Dec 2002 3 months
Interest income	11,374	3,747	10,711	5,058
Interest expense	-25,562	-3,578	-14,013	-12,274
Interest hedge cost	-37,220	-20,837	-	-
Amortisation of loan fees	-15,915	-	-582	-582
Unwind discount on abandonment provision	-5,255	-866	-1,746	-1,746
Exchange gains/(losses), net	11,361	-24,192	-210	45,824
Other financial income/(expense), net	10,691	11,863	7,656	7,656
	-50,526	-33,863	1,816	43,936

Note 5. Tax, TSEK	1 Jan 2003–31 Dec 2003 12 months	1 Oct 2003–31 Dec 2003 3 months	1 Jan 2002–31 Dec 2002 12 months	1 Oct 2002–31 Dec 2002 3 months
Current corporate tax	45,658	-36,147	29,568	25,232
Deferred corporate tax	19,810	32,186	-5,309	-3,081
Current state profit share tax	20,335	12,011	2,103	2,103
Deferred state profit share tax	-5,922	-5,922	-	-
	79,881	2,128	26,362	24,254

Note 6. Oil and gas properties, TSEK	Book amount 31 Dec 2003	Book amount 31 Dec 2002
France	770,265	864,266
Netherlands	477,634	522,978
Tunisia	53,290	61,230
Indonesia	60,229	20,115
Venezuela	217,839	101,820
Norway	136,862	-
Sudan	20,457	372,790
Iran	79,765	44,765
Others	1,265	969
	1,817,606	1,988,933

Note 7. Financial fixed assets, TSEK	Book amount 31 Dec 2003	Book amount 31 Dec 2002
Shares in associated companies	21,328	21,535
Restricted cash	56,585	54,176
Deferred financing fees	-	15,926
Deferred tax asset	47,983	-
Other financial fixed assets	8,122	11,949
	134,018	103,586

Note 8. Current receivables and inventories, TSEK	Book amount 31 Dec 2003	Book amount 31 Dec 2002
Inventories	71,666	45,562
Trade receivables	131,188	118,067
Underlift	12,883	4,309
Joint venture debtors	72,964	69,031
Cash deposit for OER Oil AS acquisition	-	37,407
Other current assets	106,953	71,104
	395,654	345,480

Note 9. Current liabilities, TSEK	Book amount 31 Dec 2003	Book amount 31 Dec 2002
Trade payables	71,640	85,851
Overlift	23,237	22,164
Short term portion of long term liabilities	-	9,186
Short term liability	15,550	-
Tax payables	29,329	92,530
Accrued expenses	86,439	64,143
Acquisition liabilities	146,465	109,362
Other current liabilities	76,972	32,251
	449,632	415,487

PARENT COMPANY INCOME STATEMENT IN SUMMARY

Expressed in TSEK	1 Jan 2003– 31 Dec 2003 12 months	1 Oct 2003– 31 Dec 2003 3 months	1 Jan 2002– 31 Dec 2002 12 months	1 Oct 2002– 31 Dec 2002 3 months
Service income	1,119	-	3,710	336
Gross profit	**1,119**	-	3,710	336
Other income	396	86	405	116
General and administrative expenses	-71,302	-17,119	-55,627	-20,508
Operating loss	**-69,787**	-17,033	-51,512	-20,056
Financial income and expenses, net	-80,360	-2,521	-29,392	20,071
Net result before tax	**-150,147**	-19,554	-80,904	15
Tax	-	-	-	-
Net result	**-150,147**	-19,554	-80,904	15

PARENT COMPANY BALANCE SHEET IN SUMMARY

Expressed in TSEK	31 Dec 2003	31 Dec 2002
ASSETS		
Tangible fixed assets	95	49
Financial fixed assets	754,863	967,309
Total fixed assets	**754,958**	967,358
Current Assets		
Current receivables	12,355	1,862
Cash and bank, short term investments	112,609	2,081
Total current assets	**124,964**	3,943
Total assets	**879,922**	971,301
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity including net result for the period	810,665	950,375
Current liabilities	69,257	20,926
Total shareholders' equity and liabilities	**879,922**	971,301
Pledged assets	**-**	247,779
Contingent liabilities	**11,619**	12,618

PARENT COMPANY CASH FLOW STATEMENT IN SUMMARY

Expressed in TSEK	1 Jan 2003– 31 Dec 2003 12 months	1 Oct 2003– 31 Dec 2003 3 months	1 Jan 2002– 31 Dec 2002 12 months	1 Oct 2002– 31 Dec 2002 3 months
Cash flow from operations				
Net result	-150,147	-19,554	-80,904	15
Adjustment for non cash related items	6,626	9,274	48,451	17
Changes in working capital	10,504	5,890	15,202	11,961
Total cash flow used in operations	**-133,017**	-4,390	-17,251	11,993
Investment in shares in subsidiaries	-585	-	-170,908	72,372
Loans to subsidiary companies	253,265	-41,840	-310,726	-92,517
Investment in fixed assets	-85	-	-18	-
Sale of shares and participations	-	-	181,205	-
Sale of loan note receivable	-	-	13,640	-
Total cash flow used for investments	**252,595**	-41,840	-286,807	-20,145
Proceeds from share issue	10,436	5,075	160,240	1,630
Total cash flow from financing	**10,436**	5,075	160,240	1,630
Change in cash and bank	130,014	-41,155	-143,818	-6,522
Cash and bank at the beginning of the period	2,081	163,024	193,683	8,615
Currency exchange difference Bank	-19,486	-9,260	-47,784	-12
Cash and bank at the end of the period	**112,609**	112,609	2,081	2,081

STATEMENT OF CHANGES IN PARENT COMPANY EQUITY

Expressed in TSEK	**Share Capital**	**Share premium reserve**	**Net result**
Balance at 1 January 2002	2,124	910,355	-41,440
Transfer of prior year net result	-	-41,440	41,440
New share issue	363	159,878	-
Net result	-	-	-80,904
Balance at 31 December 2002	2,487	1,028,792	-80,904
Transfer of prior year net result	-	-80,904	80,904
Issuance of shares	28	10,409	-
Net result	-	-	-150,147
Balance at 31 December 2003	**2,515**	**958,297**	**-150,147**

KEY DATA GROUP	1 Jan 2003–31 Dec 2003 12 months	1 Oct 2003–31 Dec 2003 3 months	1 Jan 2002–31 Dec 2002 12 months	1 Oct 2002–31 Dec 2002 3 months
Return on equity, %[1]	67	1	-2	6
Return on capital employed, %[2]	50	2	-3	1
Debt/equity ratio, %[3]	-	-	89	89
Equity ratio, %[4]	69	69	34	34
Share of risk capital, %[5]	78	78	44	44
Interest coverage ratio, %[6]	1,559	160	-342	170
Operating cash flow/interest expenses, %[7]	1,011	694	822	864
Yield, %[8]	-	-	-	-

1 Return on equity is defined as the Group's net result divided by average shareholders' equity.
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).
3 Debt/equity ratio is defined as the Group's interest-bearing liabilities less cash and bank 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**	1 Jan 2003– 31 Dec 2003 12 months	1 Oct 2003– 31 Dec 2003 3 months	1 Jan 2002– 31 Dec 2002 12 months	1 Oct 2002– 31 Dec 2002 3 months
Shareholders' equity, SEK[1]	7.38	7.38	3.70	3.70
Operating cash flow, SEK[2]	2.52	0.67	0.49	0.46
Cash flow used in operations, SEK[3]	0.98	0.03	1.09	1.19
Earnings, SEK[4]	3.73	0.06	-0.07	0.22
Earnings, (fully diluted), SEK[5]	3.71	0.06	-0.07	0.22
Dividend, SEK	-	-	-	-
Quoted price at the end of the financial period (regards the parent company), SEK	34.30	34.30	9.20	9.20
Number of shares at period end	251,525,466	251,525,466	248,685,016	248,685,016
Weighted average number of shares for the period[6]	249,401,389	249,711,572	232,150,181	248,414,810
Weighted average number of shares for the period (fully diluted) [5]	251,041,951	255,622,432	233,235,711	251,486,246

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.

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.

DIVIDEND
The Directors propose that no dividend be paid for the year.

FINANCIAL INFORMATION

The Company will publish the following interim reports:

- Three months report (January – March 2004) will be published on 18 May 2004
- Six months report (January – June 2004) will be published on 17 August 2004
- Nine months report (January – September 2004) will be published on 16 November 2004.

Estimated distribution of the annual report 2003 will be April/May 2004 and will be available at the Stockholm office or at the Company's webpage, www.lundin-petroleum.com.

The Annual General Meeting will be held the 19th May, 2004 at Nybrokajen 11 in Stockholm

Stockholm 24 February 2004

Adolf H. Lundin
Honorary Chairman

Carl Bildt

Kai Hietarinta

Lukas H. Lundin

William Rand

Ashley Heppenstall
President & CEO

Magnus Unger

Ian H. Lundin
Chairman of the Board

The financial information relating to the fourth quarter has not been subject to review by the auditors of the company.