28 February 2003

YEAR – END REPORT 2002

- **Fourth quarter net profit of SEK 56.0million and operating cash flow of SEK 106.1 million – being the first quarter incorporating the Coparex International acquisition.**

- **Proven & probable reserves increase by 94% as as result of Coparex acquisition.**

- **Production for the fourth quarter of 14,573 barrels of oil equivalent per day**

- **Active exploration drilling program in 2003.**

Important Events – CEO Comments

The year 2002 was extremely important for Lundin Petroleum. Within one year of the sale of Lundin Oil to Talisman Energy and the formation of Lundin Petroleum we completed the acquisition of Coparex International. This firmly established Lundin Petroleum as a producing independent oil company.

The Company generated fourth quarter operating cash flow of SEK 106.1 million(US$ 11.7 million) and profit of SEK 56.0 million(US$ 6.2 million) from production of 14,573 barrels of oil equivalents per day (boepd). These results are in line with our expectations at the time of the acquistion apart from the loss of the majority of Venezuelan production for most of December. Our forecasts for 2003 show an increase of in excess of 15% in production levels.

The integration of the Coparex assets into Lundin Petroleum is close to completion and will result in significant general and administrative cost reductions.

The year was also important for Sudan, an important area for the Company, with positive developments in the peace process which we hope will allow us to resume operations in the near future.

Our acquisition strategy continued with the purchase of a 75% interest in OER Oil AS which has provided a ground floor entry into the Norwegian sector. OER has recently completed its first production acquisition with reserves of 5 million barrels of oil equivalent (boe) and production of in excess of 2,000 boepd. OER is actively looking at further acquisition opportunities in the Norwegian sector.

In Venezuela our production was restored to in excess of 80% of capacity in early January 2003 and is now approaching pre-strike levels. We calculate that the Company lost close to US$ 1 million of revenue during the fourth quarter as a result of the reduced production from Venezuela.

The world economic climate remains uncertain with added concern surrounding the current situation in Iraq. OPEC members have exerted strong discipline resulting in oil prices remaining well above $ 22/bbl. The Company benefited from the upward movement in oil prices resulting from the Venezuela and Middle East situations which have coincided with the completion of the Coparex acquisition.

Irrespective of developments in Iraq and/or other parts of the world we believe oil prices will continue to average above $ 20/bbl over forthcoming years. The macro position in the upstream oil business is positive – demand for oil continues to increase particularly in the developing world despite the economic conditions; production from existing mature fields is in decline; and production is not being replaced by the discovery of new reserves. As a producing independent oil company with an exciting exploration portfolio we therefore look forward to the future with a high level of optimism.

Exploration

The fundamental strategy of Lundin Petroleum is to create value through exploration. During 2002 exploration activity focused upon Iran with the completion of a 600 Km 2-D seismic acquisition. We have received preliminary results from the seismic acquisition identifying major structures for the drilling campaign which begins later in 2003. In addition the acquired Coparex assets also have excellent exploration potential.

Even though our operations on the ground have remained suspended as a result of the security position we have completed a Development Plan for the Thar Jath Field. Reserves in the field have been certified at 150 million barrels of oil recoverable and the initial production rate will be 40,000 barrels of oil per day. A full exploration review of the Block 5A was also carried out which identified a number of drillable targets with unrisked gross recoverable reserves potential in excess of 2 billion barrels. We are currently monitoring the security position in Block 5A with a view to a resumption of operations. This will allow us to recommence exploration drilling and enable us to develop the Thar Jath field.

In 2003 there will be an active exploration program with exploration drilling in Iran, Albania, France, Indonesia and the Netherlands where success will have a major impact upon the value of the Company.

Financial Results

The financial results of Lundin Petroleum for the year ended 31 December 2002 incorporate the Coparex assets from the 19 September date of completion. As such the income statement and cash flow for the twelve month period includes only a 103 day benefit from the Coparex assets.

The fourth quarter results as detailed above confirm the strong profit and operating cash flow generated from the acquired Coparex assets. The Company will invest this cash flow into our development and exploration assets with a view to boost reserves and production.

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 2002. The income statement and cashflow statement include the result of Lundin International S.A. (formerly Coparex International S.A.) and subsidiaries for the period 20 September 2002 to 31 December 2002, being the period Lundin Petroleum owned them. Lundin Petroleum was incorporated on 4 May 2001 and comparative figures quoted for 2001 reflect this shorter reporting period. Daily production numbers quoted for the year ended 31 December 2002 are calculated over a 103 day period.

The Group

Lundin Petroleum reports a profit for the fourth quarter of 2002 of MSEK 56.0 (MSEK –35.8) and an operating cashflow of MSEK 106.1 (MSEK 0.0). Lundin Petroleum incurred a loss after tax for the year ended 31 December 2002 of MSEK 16.6 (MSEK 42.0) and an operating cashflow of MSEK 115.1 (MSEK 0.2).

Net sales of oil and gas for the year ended 31 December 2002 amounted to MSEK 284.9 (MSEK nil) and MSEK 252.7 (MSEK nil) for the fourth quarter. Production for the year ended 31 December 2002 amounted to 1,505,929 barrels of oil equivalent (boe) representing 14,621 barrels of oil equivalents per day (boepd) (for 103 days). Production for the fourth quarter amounted to 1,340,753 boe representing 14,573 boepd. The average price achieved for a boe for the year ended 31 December 2002 amounted to USD 24.76 and for the fourth quarter amounted to USD 24.75.

France

Oil sales for the year ended 31 December 2002 amounted to MSEK 105.0 (MSEK nil) and MSEK 94.6 (MSEK nil) for the fourth quarter.Production from France amounted to 451,801 barrels of oil or 4,386 barrels per day (for 103 days) for the year ended 31 December 2002 of which 402,058 barrels of oil (bbl) or 4,370 barrels of oil per day (bopd) were produced in the fourth quarter. The average price achieved for the sales amounted to USD 25.93 per barrel for the year ended 31 December 2002 and USD 25.86 per barrel for the fourth quarter.

Netherlands

Gas sales for the year ended 31 December 2002 amounted to MSEK 58.7 (MSEK nil) and for the fourth quarter, MSEK 53.2 (MSEK nil). Gas production from fields on- and offshore The Netherlands amounted to 305,545 boe or 2,966 boepd (for 103 days) for the year ended 31 December 2002 and 276,859 boe or 3,009 boepd for the fourth quarter. The average price achieved for the gas sales was Euro 0.13 per normal cubic meter (Nm3) which equates to approximately USD 19.93 per boe for the year ended 31 December 2002 and USD 20.01 per boe for the fourth quarter.Sales of condensate for the year ended 31 December 2002 amounted to MSEK 0.9 (MSEK nil).

Tunisia

Oil sales for the year ended 31 December 2002 amounted to MSEK 36.0 (MSEK nil) all of which took place in the fourth quarter. Production from onshore Tunisia amounted to 29,326 boe or 285 boepd (for 103 days)for the year ended 31 December 2002 and 25,521 boe or 277 boepd for the fourth quarter. Sales from onshore represented 45,818 barrels at a price of USD 28.07 per barrel. Production from offshore Tunisia amounted to 235,946 boe or 2,306 boepd (for 103 days) for the year ended 31 December 2002 and 209,680 boe or 2,279 boepd for the fourth quarter. Sales from offshore Tunisia are lifted on an irregular basis. Sales for the fourth quarter amounted to 110,265 barrels at an average price of USD 25.91 per barrel.

Indonesia

Oil sales for the year ended 31 December 2002 amounted to MSEK 70.8 (MSEK nil) of which MSEK 54.2 (MSEK nil) were included within the fourth quarter. Production from Indonesia amounted to 240,407 bbl or 2,334 bopd (for 103 days) for the year ended 31 December 2002 and 216,847 bbl 2,357 barrels per day for the fourth quarter. The average price achieved for the sales amounted to USD 27.23 per barrel for the year ended 31 December 2002 and USD 27.46 per barrel for the fourth quarter.

Venezuela

Income from Venezuela relates to an operating fee received based upon production from the Colon block. The fee earned for the year ended 31 December 2002 amounted to MSEK 21.7 (MSEK nil) and MSEK 18.7 (MSEK nil) for the fourth quarter. Production for the year ended 31 December 2002 amounted to 178,548 bbl or 1,733 bopd (for 103 days) and 158,616 bbl or 1,724 bopd.An additional part of the fee is for interest on unrecovered capital expenditure which amounted to MSEK 1.7 (MSEK nil) and is included in the financial statements within interest income.

Other operating income for the year ended 31 December 2002 amounted to MSEK 10.9 (MSEK 0.7). This amount includes service income from the operated joint venture in Sudan of MSEK 2.0 (MSEK 0.7) and the recovery of past exploration costs in Tunisia of MSEK 1.3 (MSEK nil). Other income also includes tariff income and income for maintaining strategic inventory levels in France.

Production costs for the year ended 31 December 2002 amounted to MSEK 149.0 (MSEK nil) and for the fourth quarter amounted to MSEK 128.3 (MSEK nil).Costs of operations amounted to MSEK 116.1 for the year ended 31 December 2002 and MSEK 101.0 for the fourth quarter. Tariff expenses amounted to MSEK 5.1 for the year ended 31 December 2002 and MSEK 4.8 for the fourth quarter. Royalty and production taxes are direct cash taxes levied on production. The charge for royalty and direct taxes amounted to MSEK 8.2 for the year ended 31 December 2002 and MSEK 7.3 for the fourth quarter. Changes in inventory position relate to the movement of inventories of hydrocarbons and operational supplies. The change in inventory position amounted to a charge of MSEK 19.7 for the year ended 31 December 2002 and MSEK 15.1 for the fourth quarter.

Other income for the year ended 31 December 2002 amounted to MSEK 10.2 (MSEK 4.4) and represents fees and costs recovered by Lundin Petroleum from third parties.

General and administrative expenses for the year ended 31 December 2002 amounted to MSEK 76.0 (MSEK 23.1) and for the quarter ended 31 December 2002 amounted to MSEK 36.7 (MSEK 14.9).The increase in expenditure in the fourth quarter reflects, primarily, the corporate costs incurred by the acquired Coparex companies. Plans to reduce these costs have been initiated in the fourth quarter resulting in restructuring costs of MSEK 20.3 being incurred.

Net financial income and expenses for the year ended 31 December 2002 amounted to MSEK 1.8 (MSEK -22,907). Interest income of MSEK 10.2 (MSEK 2.0) was offset by the interest charge on external borrowings of MSEK 14.0 (MSEK nil). The net financial income in the fourth quarter of MSEK 43.9 (MSEK 23.8) mainly comprises net foreign exchange gains of MSEK 45.8, primarily on the external borrowings. The net financial expense incurred in the fourth quarter of 2001 resulted from the write down of a short term investment.

The tax charge for the year ended 31 December 2002 amounted to MSEK 26.4 (MSEK 0.6). The tax charge comprises current corporation tax of MSEK 29.6 (MSEK 0.6) partially offset by a release of deferred tax provision of MSEK 5.3 (MSEK nil) and petroleum taxes payable of MSEK 2.1 (MSEK nil). The current corporation tax charge for the year ended 31 December 2002 included an amount of MSEK 12.5 being tax payable on unrealised foreign exchange differences.

Financial fixed assets

Financial fixed assets as at 31 December 2002 amounted to MSEK 103.6 (MSEK 227.4). An amount of MSEK 54.2 (MSEK 31.9) represents cash collateralisation of bank guarantees to cover future joint venture work commitments. Shares in associated companies of MSEK 21.5 relates primarily to an investment in a company owning gas infrastructure in The Netherlands.

Current receivables and inventories

Current receivables and inventories amounted to MSEK 345.5 as at 31 December 2002. Inventories, including hydrocarbons and consumable well supplies amounted to MSEK 45.6 (MSEK nil) as at 31 December 2002. Trade receivables amounted to MSEK 118.1 (MSEK nil) as at 31 December 2002. This amount has decreased from the end of the last quarter due to the phasing of the hydrocarbon sales. Other current assets include an amount of MSEK 42.3 representing the prepayment of taxes.

Cash and bank

Cash and bank as at 31 December 2002 amounted to MSEK 247.8 (MSEK 301.5). Cash was utilised during the quarter to repay the MUSD 42 (MSEK 367.4) bridging loan used to partially fund the acquisition of Lundin International SA (formerly Coparex International SA).

Minority interest

Minority interest amounts to MSEK 2.5 as at 31 December 2002. Lundin Petroleum continued to acquire the outstanding shares in Lundin International SA during the fourth quarter and as at 31 December 2002 owned 99.8% of the outstanding shares.

Provisions

As at 31 December 2002, provisions amounted to MSEK 326.1 (MSEK nil). This amount includes a provision for site restoration of MSEK 58.4 (MSEK nil) and a provision for deferred tax of MSEK 261.7 (MSEK nil).

Long term interest bearing debt

Long term interest bearing debt amounted to MSEK 1,067.2 (MSEK nil) as at 31 December 2002. Lundin Petroleum has entered into a seven-year term and revolving credit facility agreement to borrow up to MUSD 130 (MSEK 1,137). 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. Long-term interest bearing debt also includes an amount of MSEK 12.7 (MSEK nil) being the amounts outstanding under the property finance lease.

Current liabilities

Current liabilities as at 31 December 2002 amount to MSEK 415.5 (MSEK 38.4). Included within current liabilities is MSEK 85.9 (MSEK 34.3) representing trade payables and MSEK 92.5 of current tax payables. Other current liabilities include an accrual of MSEK 109.4 for outstanding consideration for the acquisition of Lundin International SA. Of this amount, MSEK 59.0 relates to the portion of the original acquisition price dependent upon the performance of certain offshore Tunisian assets.Current liabilities also includes an amount of MSEK 9.2 being the current portion of the amount outstanding under the property finance lease.

Financial position

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 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.

Parent Company

The net loss for the parent company amounted to MSEK 80.9 (MSEK 41.4) for the year ended 31 December 2002. The net result for the fourth quarter amounted to MSEK 0.0 (MSEK –35.8).

Administrative expenses of MSEK 55.6 and currency exchange losses of MSEK 50.3 were partially offset by a gain on the sale of a subsidiary within the Group of MSEK 10.7 and interest income of MSEK 10.2.

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.

DIVIDEND

The Directors and the President & CEO propose that no dividend be paid for the year

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.

CHANGES IN THE BOARD

At the AGM on May 2002 all serving Directors were re-elected and Alex Schneiter was newly elected to the Board.

SHARE DATA

Lundin Petroleum AB's registered share capital at 31 December 2002 amounts to SEK 2,484,491.66 represented by 248,491,466 shares of nominal value SEK 0.01 each.An additional 235,850 shares had been issued but not registered as at 31 December 2002.

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 2002, 667,700 warrants had been exercised and 2,323,150 remain issued and outstanding.

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. As at 31 December 2002, 3,140,000 incentive warrants had been issued.

SUBSEQUENT EVENTS

In January 2003, Lundin Petroleum acquired a 75% shareholding in a start up Norwegian oil company called OER Oil AS at a cost of MNOK 30 (MSEK 37.7) (MUSD 4.3). At the same time as the investment in OER, OER completed the acquisition of minority interests in the Brage and Njord fields offshore Norway. The acquired fields are estimated to contain net recoverable reserves of 5 million boe and with forecast net production of in excess of 2,000 boepd.

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

For further information, please contact:

C. Ashley Heppenstall,
President and CEO
Tel: +41 22 319 66 00

or

Maria Hamilton
Head of Corporate Communications
Tel:+46 8 440 54 50