

LUNDIN PETROLEUM AB (PUBL)

REPORT FOR THE NINE MONTHS ENDED 30 SEPTEMBER
2003



Dear fellow Shareholders,

The successful development of Lundin Petroleum and consequent increase in shareholder value has continued during the year. We generated profit of MSEK 915.5 (MUSD 110.9) and operating cash flow of MSEK 465.1 (MUSD 56.4) for the nine month period to 30 September 2003. For the same period last year we incurred a loss of MSEK 72.6 and an operating cashflow of MSEK 9.0.

I am very pleased to be able to announce our latest acquisition. We have agreed to purchase the UK, Irish and the majority of the Norwegian assets of the Norwegian oil company DNO for cash consideration of USD 165 million. This is another milestone transaction for Lundin Petroleum which will be the catalyst for the next phase of growth as the Coparex acquisition has been over the last year.

Our joint acquisition and exploration strategy can clearly be seen with current activity within the Company and I believe the success of this strategy is responsible for our strong performance.

If we look at current activity:

- The DNO acquisition will double reserves and production and result in major operating cash flow increases over the next few years. The acquisition also allows us to build an operating base in the UK North Sea sector where we believe there remain good opportunities for lower cost operators. The deal also increases our presence in the Norwegian offshore sector with large upside potential from the West of Heimdal development.

In summary the DNO deal has the following characteristics:

- It replaces the reserves we sold in Sudan

earlier in the year with a portfolio of producing reserves and reserves under development located in Western Europe.

- It adds 12,000 boepd of production increasing to 20,000 boepd over the next twelve months
- The assets acquired include a portfolio of exploration interests with upside potential.

We continue to review further acquisition opportunities with particular focus around our existing assets.

- We have development opportunities within our existing asset base. In the Paris Basin the Merisier field development well drilled earlier this year was successful and we now expect the field to be further developed in 2004 adding approximately 1,000 boepd to our production from France. In the Aquitaine Basin we drilled another successful well in the Les Pins field which flowed at in excess of 2,000 boepd. In Tunisia we are finalising the development plan for the Oudna field which will increase Tunisia production.
- Exploration activity will increase over the forthcoming months.
 - In Iran the commencement of drilling our first exploration well is expected within days. Two major structures have been identified from the seismic and will be drilled during this forthcoming drilling campaign. Our acreage is part of a proven hydrocarbon system with major fields nearby and there has been little exploration drilling in Iran over the last 20 years. Our drillable prospects are large with the potential for major discoveries which, if successful, will have a material impact on the value of Lundin Petroleum.

- In the Lematang Block, South Sumatra, Indonesia the Banteng prospect will now be drilled in early 2004.
- We expect further exploration drilling activity in the Aquitaine Basin- France, Indonesia, The Netherlands and Norway in 2004.

Financial position

The sale of Sudan 5A has resulted in a strong balance sheet for Lundin Petroleum with positive cash balances and no long-term debt. As a result we will be able to fund the purchase of the DNO assets and the development capital expenditures associated with these assets from internal cash and third party borrowings. We will still have remaining borrowing capacity following the acquisition to fund further acquisitions should opportunities arise.

The financial performance for the first nine months of the year was well ahead of forecast. Our production remained about 16,000 boepd for the period slightly below forecast. I expect production in the fourth quarter to average well above 16,000 boepd as a result of our recent drilling successes in France and Venezuela and the gradual improvement of sales in the Netherlands. Oil prices averaged USD 27.19 per barrel for the nine month period.

The Big Picture

As we predicted, oil prices have remained strong. OPEC continue to stabilise the market and seem to remain very committed to ensure oil prices remain in the USD 22 – 28 price band for the foreseeable future as was seen with its recent reduction in quotas. In the meantime it is proving more difficult to restore Iraqi production than predicted and the security position in the country does not appear to be improving.

We have also seen strong signs of improvement in the world economy particularly in the United States. At the same time the demand for petroleum from the developing world particularly China shows no signs of weakening.

In summary we believe our underlying business is strong. We have managed to grow our asset base in a short period of time and I believe that has generated solid value within the Company. The DNO acquisition will take us to the next level. We have some exciting opportunities ahead of us which will continue the growth in our value. I would like to thank our Shareholders and Board of Directors but particularly our employees for their contribution to the success of Lundin Petroleum. Lots of time and hard work are necessary to ensure our projects and acquisitions are completed successfully and we have an excellent team of committed employees who make this possible.

Yours sincerely,

C. Ashley Heppenstall
President

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.

The preparation for drilling operations are now complete with the first exploratory well (Seh Qanat deep) due to spud in November of this year. Seismic interpretation results have identified several drilling prospects, including two well defined large four way dip closures the second of which will be drilled in the first quarter 2004 following completion of the first exploration well. The Iranian exploration prospects have the potential to contain recoverable reserves in excess of one billion barrels.

Sudan

Lundin Petroleum's 40.375% interest in Block 5A was sold to Petronas Carigali Overseas Sdn Bhd for a total value of MUS\$ 142.5 (MSEK 1,184.0) in June 2003.

Lundin has retained its 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. Meanwhile, the ongoing peace effort has had a positive impact which we hope will enable operations to commence possibly as early as the end of 2004.

France

During the first half of 2003 a new development well was successfully completed on the Merisier field in the Paris Basin. New facilities on the field have been successfully installed and production resumed in September 2003 at better than anticipated rates. Further development of the Merisier field, in which Lundin Petroleum holds a

100% interest, is currently anticipated including the drilling of further development wells in 2004.

Exploration drilling recommenced in the Paris Basin in the second quarter of this year with the drilling of the Val des Marais exploration well. Unfortunately, the well tested sub-commercial quantities of hydrocarbons and was plugged and abandoned.

In the Aquitaine Basin the Les Pins-5 development well was successfully drilled and completed in the third quarter of 2003. The well was tested at over 2,000 bopd on natural flow. The well has been tied-back to the existing facilities and is currently producing on natural flow until a submersible pump is installed to enhance productivity of the well. Lundin Petroleum has a 50% interest in Les Pins.

The Netherlands

During the first half of 2003 the Groot-Wyngarden exploration well was plugged and abandoned as non-commercial. Various programmes including development drilling to enhance existing production are ongoing and will continue.

The production in the Netherlands during the period was below budget due not only to seasonal demand but due to reduced off-take by the state controlled buyer Gasunie. Lundin Petroleum has been advised by government representatives that the reduced off-take is short term and that demand will be restored to our production capacity in line with Dutch "small fields" policy where Gasunie purchase all gas production. During this quarter production has increased closer to budget estimates.

Tunisia

During the period significant field optimisation on the Isis field has maintained gross production well above budget. In parallel we have improved the

efficiency of the Isis project by reducing operating costs. Nevertheless it is now unlikely that further development wells will be drilled on the Isis field.

A preliminary development plan has been completed for the Oudna field which is located offshore, Tunisia. Technical studies continue with the objective of the finalisation of a full development plan. Initial indications are positive and that the development is economically viable. Lundin Petroleum has a 50% interest in Oudna which if developed will have a material impact on our overall production.

Indonesia

Banyumas (Java): A new 490 km seismic programme has been successfully completed. Processing is completed and the interpretation is currently being finalised. Lundin Petroleum holds 50% interest.

Blora (Java): a 50 km 2D seismic programme was successfully completed, processed and interpreted. Currently, the company is preparing a new drilling campaign for 2004 where, most likely, one new exploration well will be drilled in the concession. Lundin Petroleum holds a 40% interest.

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. In parallel, preparations are ongoing for the drilling of the Banteng prospect which has been delayed until the first quarter of 2004. The Banteng prospect has potential reserves estimated at in excess of 500 bcf. Lundin Petroleum has a 15% interest.

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. In parallel, during the third quarter of this year, 3D seismic acquisition in

the Salawati Island was completed. Interpretation of the 3D seismic is ongoing. Preparations to acquire new 3D seismic in the Salawati Basin are ongoing with a most likely start up date during the first quarter of 2004. An exploration well on Salawati Island is planned for the fourth quarter of 2003. Lundin Petroleum has a 14.4% and 25.9% interest in Salawati Island and Basin, respectively.

Venezuela

Following the political disturbances during the early part of 2003 which directly affected our operations in Venezuela the development drilling programme did resume and very good progress was achieved during the third quarter of 2003. Both the La Palma-8 & 9 development wells have now been completed. La Palma-8 tested over 9,000 bopd and is currently producing. La Palma-9 will be tested and tied-back to the existing facilities during the early part of the fourth quarter of this year. Overall gross oil production from the Colon Block is now at the 20,000 bopd capacity. Lundin Petroleum holds a 12.5% interest in the Colon Block.

Albania

An agreement has been reached with Preussag/OMV whereby exploration drilling on Blocks D and E will be suspended until the remaining well commitment is potentially transferred to a new area in Albania. Such transfer will require various government approvals. The agreement with Preussag/OMV included a cash settlement payable to Lundin Petroleum and a carry of certain costs in any new venture with OMV in Albania.

Norway

During the period production was close to expectation. After the end of the financial period, 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.

RESULT AND CASH FLOW

The results for the consolidated financial statements of Lundin Petroleum AB (Lundin Petroleum or the Group) are presented for the nine month period ended 30 September 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 an eleven day period. The amounts relating to the comparative period are shown in parenthesis after the amount for the current period.

The Group

Lundin Petroleum reports a profit for the first nine month period of 2003 of MSEK 915.5 (MSEK -72.6) and MSEK 30.2 (MSEK -1.7) for the third quarter of 2003 representing earnings per share on a fully diluted basis of SEK 3.65 (SEK -0.29) for the first nine month period of 2003 and SEK 0.12 (SEK -0.01) for the third quarter of 2003. Operating cashflow for the first nine month period of 2003 amounted to MSEK 465.1 (MSEK 9.4) and MSEK 143.7 (MSEK 9.4) for the third quarter of 2003. Operating cashflow, which does not include the gain on the sale of Sudan Block 5A, amounted to SEK 1.87 (SEK 0.04) per share for the first nine month period of 2003 and SEK 0.57 (SEK 0.04) per share for the third quarter of 2003.

The net result for the third quarter has been negatively impacted by net foreign exchange losses of MSEK 24.3. The profit for the third quarter excluding foreign exchange losses and gains relating to the sale of Sudan was MSEK 59.3 which is comparable to the net result for the first and second quarter, similarly adjusted, of MSEK 56.0 and MSEK 44.6, respectively.

Net sales of oil and gas for the nine month period ended 30 September 2003 amounted to MSEK 857.1 (MSEK 32.3) and MSEK 276.4 (MSEK 32.3) for the third quarter of 2003. Production for the nine month period ended 30 September 2003 amounted to 4,278,020 barrels of oil equivalent (boe) representing 15,935 boe per day (boepd). The average price achieved for a barrel of oil equivalent for the nine month period ended 30 September 2003 amounted to USD 27.19. Lundin Petroleum has 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 nine month period amounted to USD 28.65 resulting in a cost under the hedge agreement of MSEK 22.4.

Other operating income for the nine month period ended 30 September 2003 amounted to MSEK 34.5 (MSEK 1.9) and MSEK 4.3 (MSEK 0.0) for the third 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 nine months ended 30 September 2003 were comprised as follows:

Sales	1 Jan 2003– 30 Sep 2003 9 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
Average price per barrel given in USD				
France				
- Quantity in boe	1,042,960	268,933	383,245	390,782
- Average price per boe	27.17	27.49	26.44	27.67
Tunisia				
- Quantity in boe	675,112	241,494	138,001	295,617
- Average price per boe	27.97	26.55	25.17	30.45
Indonesia				
- Quantity in boe	674,631	265,111	143,303	266,217
- Average price per boe	27.77	25.79	26.85	30.22
Netherlands				
- Quantity in boe	600,208	179,594	146,744	273,870
- Average price per boe	24.72	24.82	26.21	23.85
Norway				
- Quantity in boe	517,009	206,861	210,148	100,000
- Average price per boe	28.33	28.66	26.60	31.29
Total				
- Quantity in boe	3,509,920	1,161,993	1,021,441	1,326,486
- Average price per boe	27.19	26.70	26.33	28.28
Production	1 Jan 2003– 30 Sep 2003 9 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	1,126,849	369,330	374,359	383,160
- Quantity in boepd	4,128	4,014	4,069	4,257
Tunisia				
- Quantity in boe	690,465	219,684	248,098	222,683
- Quantity in boepd	2,529	2,388	2,697	2,474
Indonesia				
- Quantity in boe	681,582	231,978	233,784	215,820
- Quantity in boepd	2,497	2,522	2,541	2,398
Netherlands				
- Quantity in boe	600,436	183,211	143,355	273,870
- Quantity in boepd	2,199	1,991	1,558	3,043
Norway				
- Quantity in boe	563,581	225,493	209,927	128,161
- Quantity in boepd	2,329	2,451	2,282	2,172
Venezuela				
- Quantity in boe	615,107	216,002	211,883	187,222
- Quantity in boepd	2,253	2,348	2,303	2,080
Total				
- Quantity in boe	4,278,020	1,445,698	1,421,406	1,410,916
- Quantity in boepd	15,935	15,714	15,450	16,425

FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2003

Production costs for the nine month period ended 30 September 2003 were comprised as follows:

Production cost, depletion and administrative expenses in TUSD	1 Jan 2003– 30 Sep 2003 9 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	28,431	10,349	9,195	8,887
Tariff and transportation expenses	7,493	2,236	2,841	2,416
Royalty and direct taxes	2,681	849	876	956
Changes in inventory/overlift	2,156	720	-3,976	5,412
Total production costs	40,761	14,154	8,936	17,671
Depletion	17,826	5,999	5,935	5,892
Total	58,587	20,153	14,871	23,563

Cost per boe given in USD	1 Jan 2003– 30 Sep 2003 9 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	6.65	7.16	6.47	6.30
Tariff and transportation expenses	1.75	1.55	2.00	1.71
Royalty and direct taxes	0.63	0.59	0.62	0.67
Changes in inventory/overlift	0.50	0.50	-2.80	3.84
Total production costs	9.53	9.80	6.29	12.52
Depletion	4.17	4.15	4.18	4.18
Total cost per boe	13.70	13.95	10.47	16.70

In June 2003, Lundin sold its interest in Sudan Block 5A to Petronas Carigali Overseas Sdn Bhd for MSEK 1,184 or MUSD 142.5 resulting in a profit of MSEK 720.1 or MUSD 87.2 after deducting exchange losses of MSEK 100.4 or MUSD 11.5. 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 nine month period ended 30 September 2003 amounted to MSEK 4.5 (MSEK 3.9) and MSEK 0.8 (MSEK 1.1) for the third quarter of 2003 and represents fees and costs recovered by Lundin Petroleum from third parties.

General and administrative expenses for the nine month period ended 30 September 2003 amounted to MSEK 105.7 (MSEK 39.3) and MSEK 33.4 (MSEK 14.4) for the third quarter of 2003. 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. 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. General and administration costs incurred in the third quarter include the cost of obtaining a listing on the Stockholm Stock Exchange's O-list.

Net financial income and expenses for the nine month period ended 30 September 2003 amounted to MSEK -16.7 (MSEK -42.1) and MSEK -31.6 (MSEK 8.2) for the third quarter of 2003. Interest income for the nine month period ended 30 September 2003 amounted to MSEK 7.6 (MSEK 5.7) and MSEK 1.8 (MSEK 2.8) for the

third quarter of 2003. Interest expense for the nine month period ended 30 September 2003 amounted to MSEK 22.0 (MSEK 1.7) and MSEK 3.8 (MSEK 1.7) for the third quarter of 2003. The cost of the interest rate hedge for the nine month period ended 30 September 2003 amounted to MSEK 16.4 (MSEK nil) and MSEK 5.4 (MSEK nil) for the third quarter of 2003. The amortisation of loan fees amounted to MSEK 15.9 (MSEK nil) for the nine month period ended 30 September 2003 and MSEK 0.0 (MSEK nil) for the third 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 nine month period ended 30 September 2003 amounted to MSEK 35.6 (MSEK -46.0) and MSEK -24.4 (MSEK 7.1) for the third quarter. 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 there being no further exchange gains to offset the exchange losses. The exchange loss for the comparative period primarily relates to the exchange effect of USD held in the Parent Company.

The tax charge for the nine month period ended 30 September 2003 amounted to MSEK 77.8 (MSEK 2.1). The tax charge comprises current corporation tax of MSEK 81.8 (MSEK 4.3) partially offset by a release of deferred tax provision of MSEK 12.4 (MSEK 2.2) and petroleum taxes payable of MSEK 8.3 (MSEK nil). The tax charge for the third quarter of 2003 amounted to MSEK 17.2 (MSEK 1.8). The release of the

deferred tax provision reflects the difference between depletion charged in the consolidated accounts based upon the acquisition price of the assets and the depletion charged in the statutory accounts of the individual entities based upon allowable tax deductions. Petroleum taxes are based upon an estimate of the annual income.

Tangible fixed assets

Tangible fixed assets as at 30 September amounted to MSEK 1,826.7 (MSEK 2,045.6) of which MSEK 1,771.9 (MSEK 1,988.9) relates to oil and gas properties. Development expenditure of MSEK 95.6 (MSEK nil) was incurred for the nine month period ended 30 September 2003 including France for an amount of MSEK 50.5 (MSEK nil), the Netherlands for an amount of MSEK 20.6 (MSEK nil) and Norway for an amount of MSEK 12.3 (MSEK nil). Exploration expenditure of MSEK 95.4 (MSEK 81.2) for the nine month period ended 30 September 2003, including France for an amount of MSEK 12.9 (MSEK nil), Indonesia for an amount of MSEK 34.0 (MSEK nil), Venezuela for an amount of MSEK 12.2 (MSEK nil), Iran for an amount of MSEK 16.4 (MSEK 10.5) and Sudan for an amount of MSEK 13.2 (MSEK 65.9).

Financial fixed assets

Financial fixed assets as at 30 September 2003 amounted to MSEK 98.0 (MSEK 103.6). Included in financial fixed assets as at 30 September 2003 is an amount of MSEK 59.6 (MSEK 54.2) recorded as restricted cash. This amount comprises MSEK 18.1 (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 41.5 (MSEK 54.2) representing cash collateralisation of bank guarantees to cover future joint venture work commitments. Shares in associated companies of MSEK 21.1 (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 30 September 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 were expensed. Other financial fixed assets amount to MSEK 17.4 (MSEK 11.9) and represent a loan to a non-consolidated subsidiary company and funds held by joint venture partners in anticipation of future expenditures.

Current receivables and inventories

Current receivables and inventories amounted to MSEK 432.5 (MSEK 345.5) as at 30 September 2003. Inventories, including hydrocarbons and consumable well supplies amounted to MSEK 48.8 (MSEK 45.6) as at 30 September 2003. Trade receivables amounted to MSEK 241.4 (MSEK 118.1) as at 30 September 2003. This amount has increased from the end of the last year due to the phasing of the hydrocarbon sales and the inclusion of Norwegian operations.

Cash and bank

Cash and bank as at 30 September 2003 amounted to MSEK 309.7 (MSEK 247.8).

Minority interest

Minority interest amounts to MSEK 12.9 (MSEK 2.5) as at 30 September 2003. The minority interest as at 30 September 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 30 September 2003, provisions amounted to MSEK 371.0 (MSEK 326.1). This amount includes a provision for site restoration of MSEK 115.1 (MSEK 58.4) and a provision for deferred tax of MSEK 249.2 (MSEK 261.7). The increase in

provision for site restoration and deferred tax from 31 December 2002 is primarily due to the acquisition of the Norwegian assets.

Long term interest bearing debt

Long term interest bearing debt amounted to MSEK nil (MSEK 1,067.2) as at 30 September 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. The lease amount outstanding of MSEK 18.6 was repaid on 1 July 2003.

Current liabilities

Current liabilities as at 30 September 2003 amount to MSEK 453.0 (MSEK 415.5). Included within current liabilities is MSEK 44.3 (MSEK 85.9) representing trade payables and MSEK 145.9 (MSEK 92.5) of current tax payables. The acquisition liability relates to an accrual of MSEK 69.3 (MSEK 109.4) for 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. Other current liabilities as at 30 September 2003 amount to MSEK 71.5 (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 -130.6 (MSEK -80.9) for the nine month period ended 30 September 2003 and MSEK -19.0

(MSEK -12.8) for the third quarter of 2003.

The loss comprised administrative expenses of MSEK -54.2 (MSEK -35.1) and net financial income and expenses of MSEK -77.8 (MSEK -49.5). 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 20.7 (MSEK nil) derived from loans to subsidiary companies. Financial expenses included an amount of MSEK 111.8 (MSEK 54.3) 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.

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 has 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 Schneider, who did not offer himself for re-election.

SHARE DATA

Lundin Petroleum AB's registered share capital at 30 September 2003 amounts to SEK

2,502,247.66 represented by 250,224,766 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 2003, 896,000 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 30 September 2003, 2,282,400 incentive warrants remain issued and outstanding following the exercise of 122,600 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 30 September 2003, 3,360,000 incentive warrants are issued and outstanding.

Exchange rates

For the preparation of the nine month financial statements, the following currency exchange rates have been used.

	Period average	Period end
1 EUR equals SEK	9.1628	8.9625
1 USD equals SEK	8.2529	7.7400

Accounting principals

The nine month period report of Lundin Petroleum AB (publ) has been prepared in accordance with the Annual Accounts Act and the Swedish Financial Accounting Standards Council's recommendations and statements.

CONSOLIDATED INCOME STATEMENT IN SUMMARY

Expressed in TSEK	Note	1 Jan 2003– 30 Sep 2003 9 months	1 Jul 2003– 30 Sep 2003 3 months	1 Jan 2002– 30 Sep 2002 9 months	1 Jul 2002– 30 Sep 2002 3 months	1 Jan 2002– 31 Dec 2002 12 months
Operating income						
Net sales of oil and gas	1	857,146	276,371	32,253	32,253	284,905
Other operating income		34,530	4,348	1,852	38	10,939
		891,676	280,719	34,105	32,291	295,844
Cost of sales						
Production costs	2	-336,398	-115,318	-20,739	-20,739	-149,038
Depletion of oil and gas properties	3	-147,119	-48,849	-6,366	-6,366	-53,591
		408,159	116,552	7,000	5,186	93,215
Gross profit						
Gain on sale of Sudan 5A		720,098	-4,747	-	-	-
Other income		4,542	849	3,913	1,148	10,247
Administration expenses		-105,746	-33,439	-39,290	-14,384	-75,970
Restructuring costs		-16,263	-	-	-	-20,275
		1,010,790	79,215	-28,377	-8,050	7,217
Operating result						
Financial income and expenses, net	4	-16,663	-31,595	-42,120	8,158	1,816
		994,127	47,620	-70,497	108	9,033
Result before tax						
Tax	5	-77,753	-17,151	-2,108	-1,841	-26,362
Minority interests		-880	-317	-	-	765
		915,494	30,152	-72,605	-1,733	-16,564
Net result						
Earnings per share – SEK		3.68	0.12	-0.29	-0.01	-0.07
Diluted earnings per share – SEK		3.65	0.12	-0.29	-0.01	-0.07

CONSOLIDATED BALANCE SHEET IN SUMMARY

Expressed in TSEK	Note	30 Sep 2003	31 Dec 2002
ASSETS			
Tangible fixed assets			
Oil and gas properties	6	1,771,923	1,988,933
Other fixed assets		54,824	56,656
Total tangible fixed assets		1,826,747	2,045,589
Financial fixed assets			
	7	97,989	103,586
Total fixed assets		1,924,736	2,149,175
Current Assets			
Current receivables and inventories	8	432,483	345,480
Cash and bank, short term investments		309,656	247,776
Total current assets		742,139	593,256
Total assets		2,666,875	2,742,431

SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' equity including net result for the period		1,829,966	931,112
Minority interest		12,902	2,525
Provisions and other long-term liabilities		371,007	326,130
Long-term interest bearing debt		-	1,067,177
Current liabilities	9	453,000	415,487
Total shareholders' equity and liabilities		2,666,875	2,742,431
Pledged assets		435,703	247,779
Contingent liabilities		12,618	12,618

STATEMENT OF CHANGE IN GROUP EQUITY

2003 Expressed in TSEK	Share Capital	Restricted reserves	Retained earnings	Net result
Balance at 1 January	2,487	930,524	14,665	-16,564
Transfer of prior year net result	-	-	-16,564	16,564
Issuance of shares	15	5,346	-	-
Currency translation difference	-	54,519	-76,520	-
Net result	-	-	-	915,494
Balance at 30 September	2,502	990,389	-78,419	915,494

GROUP CASH FLOW STATEMENT IN SUMMARY

Expressed in TSEK	1 Jan 2003– 30 Sep 2003 9 months	1 Jul 2003– 30 Sep 2003 3 months	1 Jan 2002– 30 Sep 2002 9 months	1 Jul 2002– 30 Sep 2002 3 months	1 Jan 2002– 31 Dec 2002 12 months
Cash flow from operations					
Net result	915,494	30,152	-72,605	-1,733	-16,564
Adjustment for depletion and other non cash related items	-601,150	60,920	54,888	5,899	105,589
Changes in working capital	-75,391	-37,869	-25,101	-12,634	164,095
Total cash flow from operations	238,953	53,203	-42,818	-8,468	253,120
Acquisition of shares in subsidiaries	-	-	-1,173,683	-1,173,683	-1,213,010
Sale of assets	1,150,802	-4,747	-	-	-
Change in financial fixed assets	-15,559	-3,042	162,025	-	158,829
Investment in oil and gas properties	-277,611	-91,160	-103,747	-17,013	-160,836
Investment in other fixed assets	-9,573	-2,777	-9,082	-119	-10,128
Total cash flow used for investments	848,059	-101,726	-1,124,487	-1,190,815	-1,225,145
Changes in long-term liabilities	-1,022,808	-	1,312,871	1,312,871	836,805
Paid deferred financing fees	-	-	-	-	-17,774
Proceeds from share issues	5,361	4,121	158,611	158,611	160,240
Other financing activities	-	-	-	-	-4,102
Total cash flow from financing	-1,017,447	4,121	1,471,482	1,471,482	975,169
Change in cash and bank	69,565	-44,402	304,177	272,199	3,144
Cash and bank at the beginning of the period	247,776	356,144	301,519	280,950	301,519
Currency exchange difference in cash and bank	-7,685	-2,086	-55,883	-3,336	-56,887
Cash and bank at the end of the period	309,656	309,656	549,813	549,813	247,776

NOTES

Note 1. Net sales of oil and gas, TSEK	1 Jan 2003– 30 Sep 2003 9 months	1 Jul 2003– 30 Sep 2003 3 months	1 Jan 2002– 30 Sep 2002 9 months	1 Jul 2002– 30 Sep 2002 3 months	1 Jan 2002– 31 Dec 2002 12 months
Sale of crude oil					
– France	232,149	59,678	12,221	12,221	104,970
– Tunisia	157,618	53,511	8,502	8,502	35,962
– Indonesia	154,608	55,918	4,256	4,256	70,770
– Norway	122,338	48,841	–	–	–
Sale of condensate					
– Netherlands	5,583	2,858	609	609	873
– Norway	2,356	936	–	–	–
Sale of gas					
– Netherlands	123,065	37,000	5,074	5,074	58,679
– Indonesia	700	232	–	–	335
– Norway	2,176	1,081	–	–	–
Operating fee					
– Venezuela	75,749	22,528	1,591	1,591	21,667
Oil price hedging settlement	-22,446	-7,072	–	–	–
Change in underlift position	3,250	860	–	–	-8,351
	857,146	276,371	32,253	32,253	284,905

Note 2. Production costs, TSEK	1 Jan 2003– 30 Sep 2003 9 months	1 Jul 2003– 30 Sep 2003 3 months	1 Jan 2002– 30 Sep 2002 9 months	1 Jul 2002– 30 Sep 2002 3 months	1 Jan 2002– 31 Dec 2002 12 months
Costs of operations	234,638	84,396	15,050	15,050	116,080
Tariff and transportation expenses	61,841	18,159	242	242	5,084
Royalty and direct taxes	22,128	6,901	872	872	8,162
Changes in inventory/overlift position	17,791	5,862	4,575	4,575	19,712
	336,398	115,318	20,739	20,739	149,038

Note 3. Depletion of oil and gas properties, TSEK	1 Jan 2003– 30 Sep 2003 9 months	1 Jul 2003– 30 Sep 2003 3 months	1 Jan 2002– 30 Sep 2002 9 months	1 Jul 2002– 30 Sep 2002 3 months	1 Jan 2002– 31 Dec 2002 12 months
France	49,545	16,125	1,985	1,985	20,108
Netherlands	37,827	11,320	3,174	3,174	19,988
Venezuela	15,171	5,359	603	603	4,332
Tunisia	17,103	5,710	351	351	6,475
Indonesia	8,353	2,910	253	253	2,688
Norway	19,120	7,425	–	–	–
	147,119	48,849	6,366	6,366	53,591

Note 4. Financial income and expenses, net, TSEK	1 Jan 2003– 30 Sep 2003 9 months	1 Jul 2003– 30 Sep 2003 3 months	1 Jan 2002– 30 Sep 2002 9 months	1 Jul 2002– 30 Sep 2002 3 months	1 Jan 2002– 31 Dec 2002 12 months
Interest income	7,627	1,769	5,653	2,766	10,237
Interest expense	-21,984	-3,807	-1,739	-1,730	-14,013
Interest hedge cost	-16,383	-5,434	-	-	-
Amortisation of loan fees	-15,915	-	-	-	-582
Unwind discount on abandonment provision	-4,389	-1,466	-	-	-1,746
Exchange gains/(losses), net	35,553	-24,384	-46,034	7,122	-210
Other financial income/(expense), net	-1,172	1,727	-	-	8,130
	-16,663	-31,595	-42,120	8,158	1,816

Note 5. Taxes, TSEK	1 Jan 2003– 30 Sep 2003 9 months	1 Jul 2003– 30 Sep 2003 3 months	1 Jan 2002– 30 Sep 2002 9 months	1 Jul 2002– 30 Sep 2002 3 months	1 Jan 2002– 31 Dec 2002 12 months
Current corporate tax	81,805	16,356	4,336	4,069	29,567
Deferred corporate tax	-12,376	-4,570	-2,228	-2,228	-5,308
Current state profit share tax	8,324	5,365	-	-	2,103
	77,753	17,151	2,108	1,841	26,362

Note 6. Oil and gas properties, TSEK	Book amount 30 Sep 2003	Book amount 31 Dec 2002
France	858,750	864,266
Netherlands	494,232	522,978
Tunisia	61,578	61,230
Indonesia	45,919	20,115
Venezuela	95,484	101,820
Norway	133,383	-
Sudan	20,437	372,790
Iran	59,891	44,765
Others	2,249	969
	1,771,923	1,988,933

NOTES

Note 7. Financial fixed assets, TSEK	Book amount 30 Sep 2003	Book amount 31 Dec 2002
Shares in associated companies	21,052	21,535
Restricted cash	59,559	54,176
Deferred financing fees	-	15,926
Other financial fixed assets	17,378	11,949
	97,989	103,586

Note 8. Current receivables and inventories, TSEK	Book amount 30 Sep 2003	Book amount 31 Dec 2002
Inventories	48,779	45,562
Trade receivables	241,354	118,067
Underlift	7,493	4,309
Joint venture debtors	68,514	69,031
Cash deposit for OER Oil AS acquisition	-	37,407
Other current assets	66,343	71,104
	432,483	345,480

Note 9. Current liabilities, TSEK	Book amount 30 Sep 2003	Book amount 31 Dec 2002
Trade payables	44,253	85,851
Overlift	35,763	22,164
Short term portion of long term liabilities	-	9,186
Tax payables	145,899	92,530
Accrued expenses	86,344	64,143
Acquisition liability	69,253	109,362
Other current liabilities	71,488	32,251
	453,000	415,487

PARENT COMPANY INCOME STATEMENT IN SUMMARY

Expressed in TSEK	1 Jan 2003– 30 Sep 2003 9 months	1 Jul 2003– 30 Sep 2003 3 months	1 Jan 2002– 30 Sep 2002 9 months	1 Jul 2002– 30 Sep 2002 3 months	1 Jan 2002– 31 Dec 2002 12 months
Service income	1,119	–	3,374	142	3,710
Gross profit	1,119	–	3,374	142	3,710
Other income	310	92	289	107	405
General and administrative expenses	-54,183	-20,112	-35,119	-14,345	-55,627
Operating loss	-52,754	-20,020	-31,456	-14,096	-51,512
Financial income and expenses, net	-77,839	1,062	-49,463	1,295	-29,392
Net result before tax	-130,593	-18,958	-80,919	-12,801	-80,904
Tax	–	–	–	–	–
Net result	-130,593	-18,958	-80,919	-12,801	-80,904

PARENT COMPANY BALANCE SHEET IN SUMMARY

Expressed in TSEK	30 Sep 2003	31 Dec 2002
ASSETS		
Tangible fixed assets	109	49
Financial fixed assets	713,023	967,309
Total fixed assets	713,132	967,358
Current Assets		
Current receivables	1,788	1,862
Cash and bank, short term investments	163,024	2,081
Total current assets	164,812	3,943
Total assets	877,944	971,301

SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' equity including net result for the period	825,143	950,375
Current liabilities	52,801	20,926
Total shareholders' equity and liabilities	877,944	971,301
Pledged assets	435,703	247,779
Contingent liabilities	12,618	12,618

STATEMENT OF CHANGE IN PARENT COMPANY EQUITY

2003 Expressed in TSEK	Share Capital	Restricted reserves	Retained earnings	Net result
Balance at 1 January	2,487	1,028,792	-	-80,904
Transfer of prior year net result	-	-80,904	-	80,904
Issuance of shares	15	5,346	-	-
Net result	-	-	-	-130,593
Balance at 30 September	2,502	953,234	-	-130,593

PARENT COMPANY CASH FLOW STATEMENT IN SUMMARY

Expressed in TSEK	1 Jan 2003– 30 Sep 2003 9 months	1 Jul 2003– 30 Sep 2003 3 months	1 Jan 2002– 30 Sep 2002 9 months	1 Jul 2002– 30 Sep 2002 3 months	1 Jan 2002– 31 Dec 2002 12 months
Cash flow from operations					
Net result	-130,593	-18,958	-80,919	-12,801	-80,904
Adjustment for non cash related items	-2,648	6,467	48,433	992	48,451
Changes in working capital	4,614	6,494	3,242	7,598	15,202
Total cash flow used in operations	-128,627	-5,997	-29,244	-4,211	-17,251
Investment in shares in subsidiaries	-585	-585	-243,280	-196,967	-170,908
Loans to subsidiary companies	295,105	-2,274	-218,208	-218,208	-310,726
Investment in fixed assets	-85	-85	-18	-	-18
Sale of shares and participations	-	-	181,205	-	181,205
Sale of loan note receivable	-	-	13,640	-	13,640
Total cash flow used for investments	294,435	-2,944	-266,661	-415,175	-286,807
Proceeds from share issue	5,361	4,121	158,611	158,611	160,240
Total cash flow from financing	5,361	4,121	158,611	158,611	160,240
Change in cash and bank	171,169	-4,820	-137,294	-260,775	-143,818
Cash and bank at the beginning of the period	2,081	174,299	193,683	270,377	193,683
Currency exchange difference Bank	-10,226	-6,455	-47,774	-987	-47,784
Cash and bank at the end of the period	163,024	163,024	8,615	8,615	2,081

KEY DATA

Group	1 Jan 2003– 30 Sep 2003 9 months	1 Jul 2003– 30 Sep 2003 3 months	1 Jan 2002– 30 Sep 2002 9 months	1 Jul 2002– 30 Sep 2002 3 months	1 Jan 2002– 31 Dec 2002 12 months
Return on equity, % ¹	66	2	-8	0	-2
Return on capital employed, % ²	51	3	-3	0	-3
Debt/equity ratio, % ³	-	-	110	110	89
Equity ratio, % ⁴	69	69	28	28	34
Share of risk capital, % ⁵	78	78	32	32	44
Interest coverage ratio, % ⁶	2,554	653	-	-	-342
Operating cash flow/interest expenses, % ⁷	1,212	1,740	5.2	4.3	822
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 AND FINANCIAL INFORMATION

Group	1 Jan 2003– 30 Sep 2003 9 months	1 Jul 2003– 30 Sep 2003 3 months	1 Jan 2002– 30 Sep 2002 9 months	1 Jul 2002– 30 Sep 2002 3 months	1 Jan 2002– 31 Dec 2002 12 months
Shareholders' equity, SEK ¹	7.35	7.35	3.63	3.63	3.7
Operating cash flow, SEK ²	1.87	0.58	0.04	0.04	0.5
Cash flow used in operations, SEK ³	0.96	0.21	-0.19	-0.03	1.1
Earnings, SEK ⁴	3.68	0.12	-0.29	-0.01	-0.07
Earnings, (fully diluted), SEK ⁵	3.65	0.12	-0.29	-0.01	-0.07
Dividend, SEK	-	-	-	-	-
Quoted price at the end of the financial period (regards the parent company), SEK	16.60	16.60	6.40	6.40	9.20
Number of shares at period end	250,224,766	250,224,766	248,201,466	248,201,466	248,685,016
Weighted average number of shares for the period ⁶	248,978,700	249,391,421	226,664,759	248,134,170	232,150,181
Weighted average number of shares for the period (fully diluted) ⁵	250,933,079	252,959,864	227,458,346	250,110,717	233,235,711

- 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.

FINANCIAL INFORMATION

The Company will publish the following interim reports:

- The year end result 2003 will be published on 24 February 2004
- Three months report (January – March 2004) will be published on 18 May 2004
- Six months report (January – September 2004) will be published on 17 August 2004
- Nine months report (January – September 2004) will be published on 16 November 2004.

Stockholm 13 November 2003

C. Ashley Heppenstall
President and CEO

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

Corporate Head Office

Lundin Petroleum AB (publ)
Hovslagargatan 5
SE - 111 48 Stockholm
Sweden
Telephone: 46-8-440 54 50
Telefax: 46-8-440 54 59
E-mail: info@lundin.ch

President's Office

Lundin Petroleum AB (publ)
6 rue de Rive
PO Box 3410
CH - 1211 Geneva 3
Switzerland
Telephone: 41-22-319 66 00
Telefax 41-22-319 66 65

The Lundin logo features the word "Lundin" in a bold, italicized, sans-serif font. The letter "L" is significantly larger and more prominent than the other letters. The logo is set against a dark, horizontal rectangular background.

WWW.LUNDIN-PETROLEUM.COM