

7 November, 2001

**Report for the period ended 30 September 2001
Lundin Petroleum off to a strong start**

- New exploration block signed in Iran

- Three new wells to be drilled in Sudan starting in December

- MSEK 560 rights issue initiated

Letter to shareholder

Dear fellow Shareholders,

Lundin Petroleum AB started trading on the Stockholm "New Market" on the 6th of September 2001. We were very pleased to note that most of our loyal shareholders in Lundin Oil have maintained their holding in Lundin Petroleum after the completion of the SEK 4 billion take-over of Lundin Oil AB by Talisman Energy Inc.

Lundin Petroleum is off to a strong start and we were pleased to report, on 26 September 2001, that the Iranian government owned oil company approved the acquisition of our 40% interest in the Munir block onshore Iran. The block is situated in the most prolific basin in Iran and is surrounded by huge oil fields. We hope to start drilling the first exploration well next year after completion of an extensive seismic survey, which is due to commence early in 2002.

The main assets of Lundin Petroleum are of course the interests in Blocks 5A and 5B onshore southern Sudan. These two blocks together cover approximately 50% of the surface area of the prolific Muglad basin in which over one billion barrels of oil have been discovered so far. Lundin Petroleum is the operator of Block 5A in which already one big discovery (known as Thar Jath) has been made. Thar Jath could be the largest single discovery in the Muglad basin to date. Lundin Petroleum is currently planning to drill two appraisal wells on the Thar Jath structure and one exploration well on the nearby Mala structure, starting in December this year.

In order to finance our activities in Sudan and Iran, a rights issue with attached warrants has been initiated with a view to raise approximately MSEK 558 by the middle of 2002.

The initial tranche of the rights issue, which closes on November 16, 2001, consists of one new share for each existing share (or 106 Million new shares) at a subscription price SEK 3.00 per share. The warrant issue, which closes on June 14 2002, consists of an additional 53 million new shares at a price of SEK 4.50 per share.

I am very excited about the future prospects for Lundin Petroleum. We have exposure to substantial exploration upside in Sudan and Iran. In addition we have already discovered a significant oil accumulation at Thar Jath, which we are now looking to bring on stream as soon as possible.

Yours sincerely

Ian Lundin

Result and Cashflow

Income statement

Service income received for the financial period amounted to TSEK 89. This amount represents payments by the Sudan Block 5A joint venture partners to Lundin Petroleum as the operator of Block 5A in Sudan.

Other income of TSEK 1,707 is primarily the amount charged to third parties for work carried out by Lundin employees. The amount charged includes TSEK 763 relating to work carried out under a transition agreement with Lundin Oil AB relating to the reorganisation of the Lundin Group following the Talisman acquisition.

General and administrative expenses amounting to TSEK 8,250 are mainly attributable to salaries, office leases and corporate costs. Included within general and administration expenses is an amount of TSEK 3,045 being non-recurring expenditure relating to the Company's initial share registration on the New Market at Stockholm'sbörsen. Financial net income of TSEK 277 arises from TSEK 381 in interest income received on the USD 1.3 million promissory note issued by Khanty Mansyisk Oil Corporation (KMOC) and TSEK 62 in currency exchange movements offset by TSEK 166 in finance expenses.

Fixed assets

Tangible fixed assets

As at 30 September 2001, tangible fixed assets amounted to TSEK 304,313 of which TSEK 297,065 are attributable to oil and gas properties in Sudan.

Financial fixed assets

Lundin Petroleum holds 37,692 shares representing approximately 10 percent of the undiluted shares in the United States Delaware company KMOC. Lundin Petroleum also holds a MUSD 1.3 promissory note issued by KMOC which carries interest at a rate of 10 percent per annum. A total of 2,886 warrants are attached to the promissory note, entitling Lundin Petroleum to subscribe for 2,886 new shares in KMOC at a subscription price of USD 450 per share. The warrants may be exercised for subscription during the period 19 October 2000 – 14 October 2002.

Restricted cash

As at 30 September 2001, restricted cash of TSEK 31,231 reflects an amount placed as collateral for a bank guarantee to the Minister of Energy and Mining, representing the Republic of the Sudan, in relation to the first commitment period in Block 5B in Sudan. The total exploration expenditure commitment amounts to MUSD 33, of which 33.3 percent is guaranteed by the Sudan Block 5B partners. The restricted cash reflects Lundin Petroleum's Block 5B paying interest of 27.2 percent. The amount of the bank guarantee and the corresponding cash collateral will be reduced as the work commitments are performed.

Current receivables

As at 30 September 2001, current receivables amounted to TSEK 10,091. This amount consists of prepaid expenses and other receivables attributable to joint venture partners in respect of operated ventures.

Cash and bank

As at 30 September 2001, Lundin Petroleum's cash position amounts to TSEK 55,266.

Current liabilities

As at 30 September 2001, current liabilities amounted to TSEK 14,576.

Financial position

In order to provide adequate liquidity until the settlement of the ongoing rights issue, Adolf H. Lundin has agreed to provide liquid funds up to a maximum of MUSD 10 through a loan agreement. Any funds advanced by Adolf H Lundin under this loan facility will be repaid from the rights issue proceeds. Funds provided carry an annual interest rate of 7 percent. Undrawn amounts will incur a commitment fee of 1.5 percent per annum.

As at 30 September 2001, Lundin Petroleum has no interest-bearing liabilities.

On 1 October 2001 the Board of Directors resolved the terms and conditions of the new share issue with preferential rights being offered to existing shareholders of Lundin Petroleum.

One outstanding share entitles the holder to subscribe for one new share in Lundin Petroleum at a subscription price of SEK 3.00. The record date for participation in the new share issue was 25 October 2001. In addition, the subscribers will receive – at no cost – one warrant for every two new shares subscribed for. Each warrant will entitle 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.

Following full subscription, the proceeds from the new share issue is expected to amount to approximately MSEK 319 (before issue related costs). Through the exercise of all allotted warrants, an additional amount of approximately MSEK 239 (before issue related costs) will also be raised bringing the total funding to approximately MSEK 558.

Share data

Under the Group incentive program for employees 2,500,000 incentive warrants with a strike price of SEK 4.30 expiring on 1 May 2004 have been issued subsequent to period end.

Cash flow

The change in cash and bank is attributable to the raising of equity in Lundin Petroleum and the investment in oil and gas operations in Sudan.

Financial Information

The Company will publish the following interim reports:

- Year end report (May – December 2001) will be published on 15 February 2002.
- Three months report (January – March 2002) will be published on 9 May 2002.
- Six months report (January – June 2002) will be published on 8 August 2002.
- Nine months report (January – September 2002) will be published on 7 November 2002.

Stockholm 7 November 2001

Ian H. Lundin
President

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

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Lundin Petroleum is a Swedish independent oil and gas exploration company with a strategic focus on areas of the world where there are proven petroleum systems, large reserves potential and lack of recent exploration activity. The Company's shares are traded on the New Market at Stockholm'sbörsen (ticker "LUPE"). The subscription rights are traded under the ticker LUPETR.

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