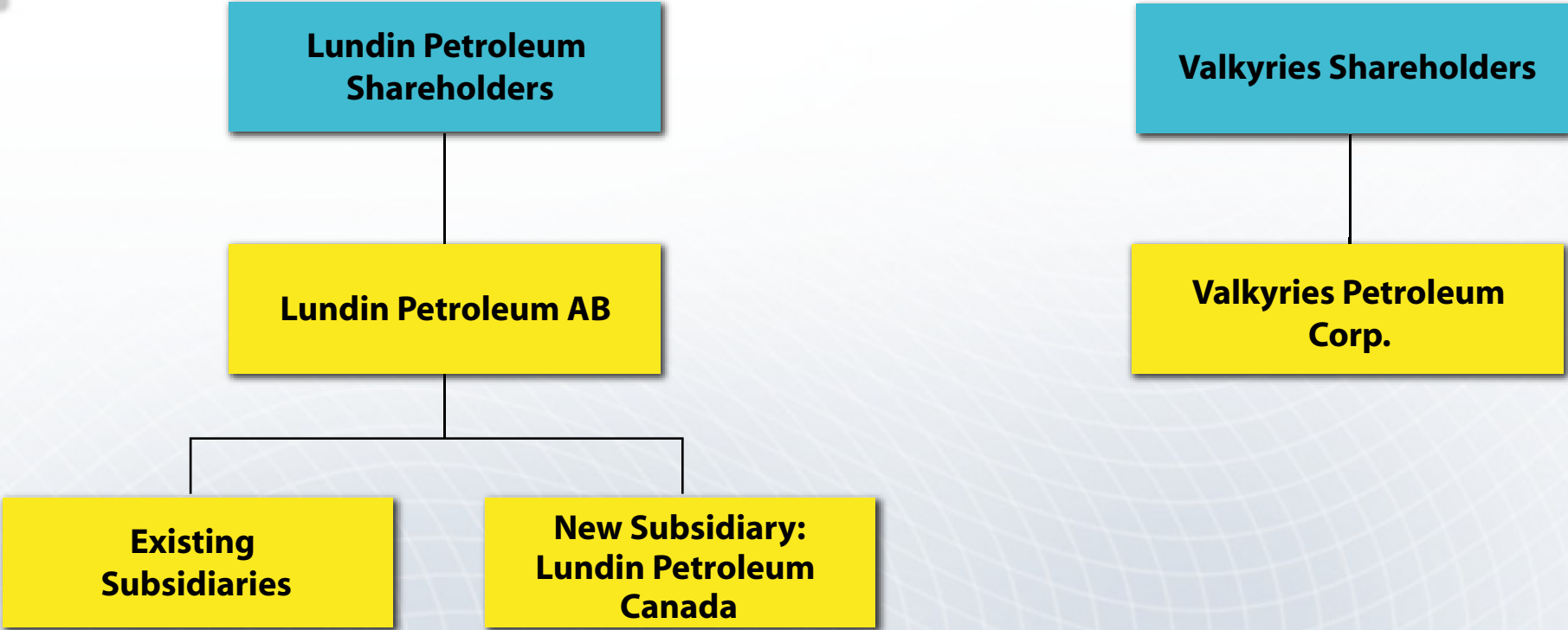


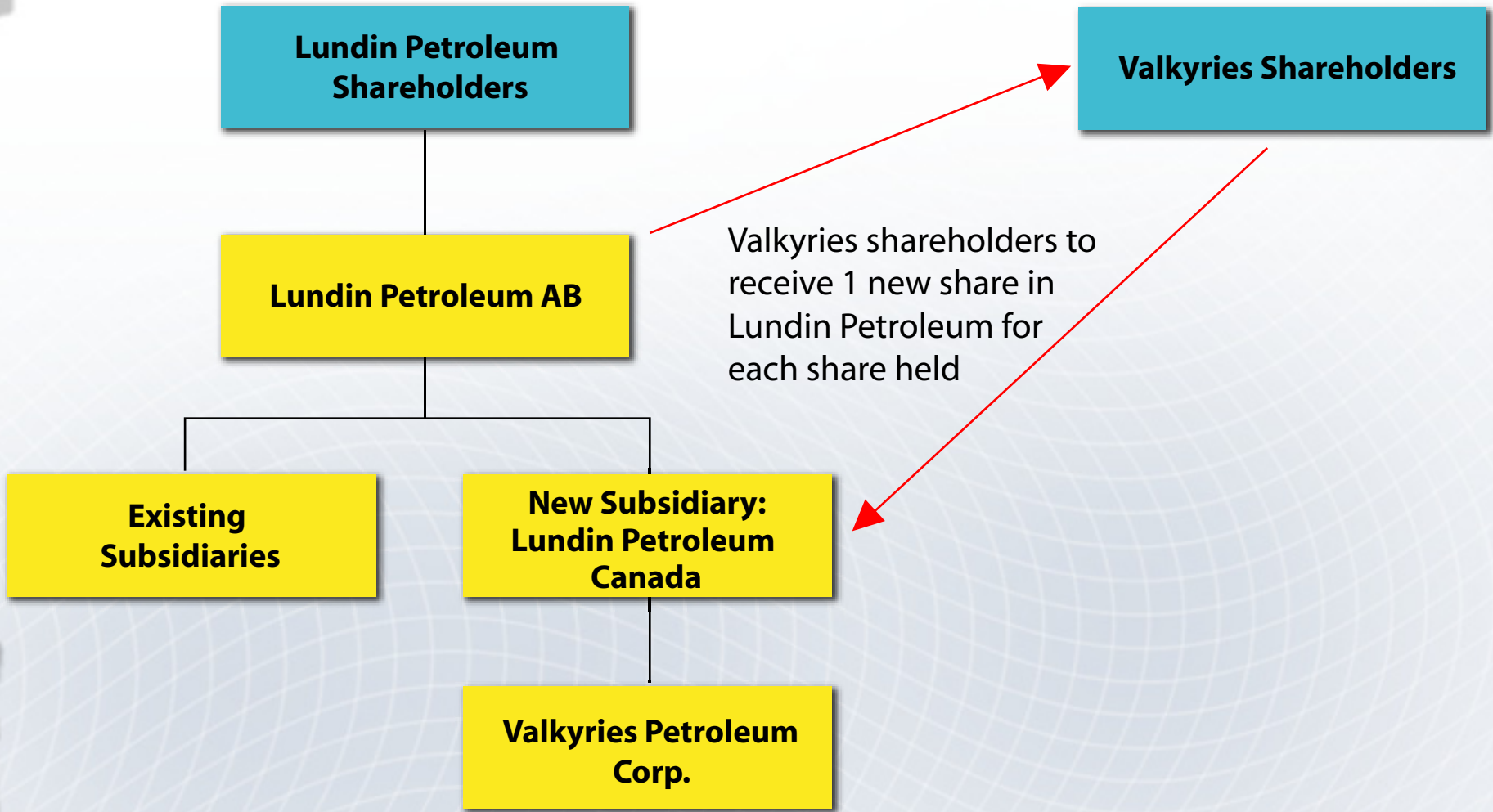
Lundin Petroleum to Acquire Valkyries Petroleum



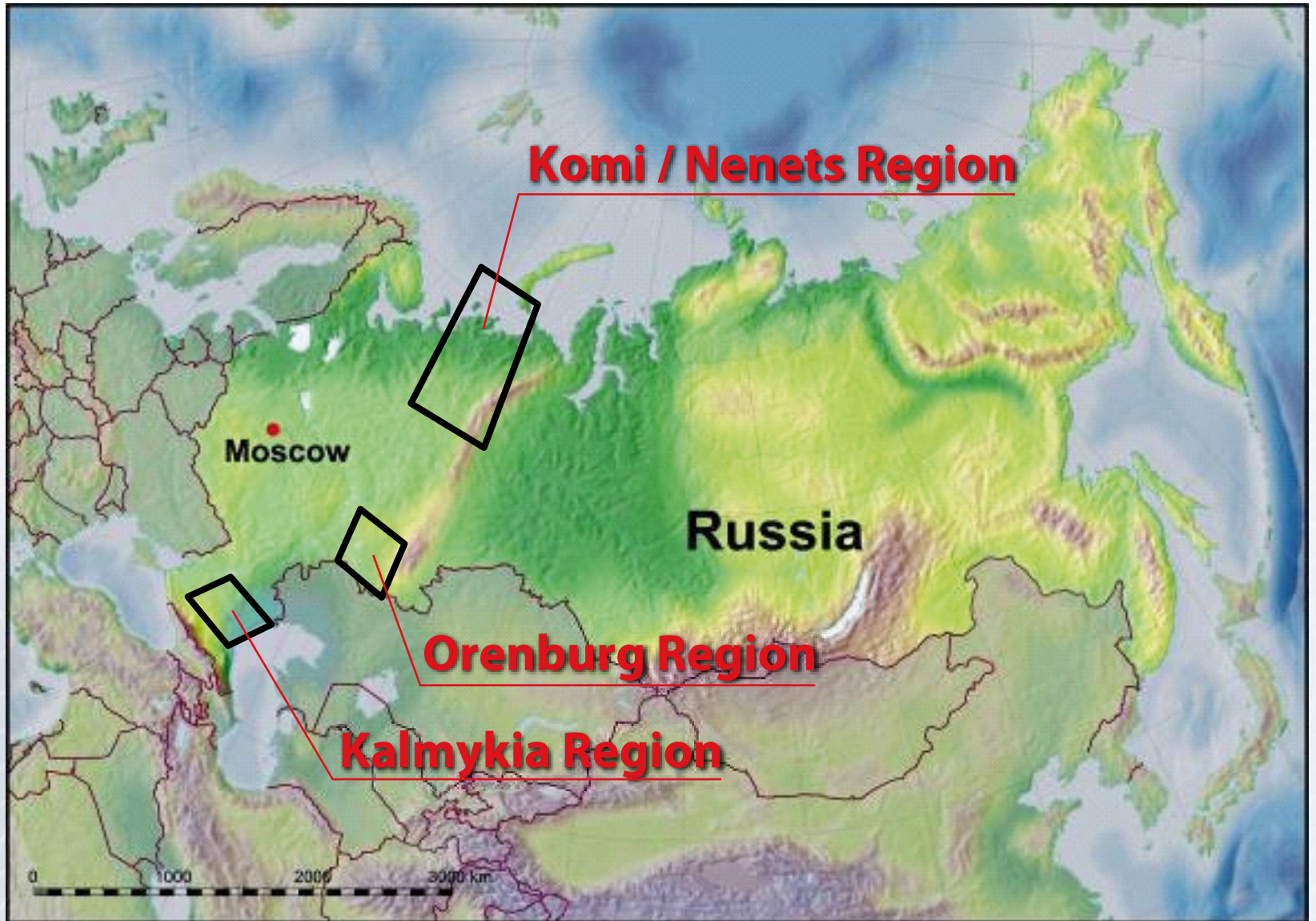
Acquisition - Current Structure



Acquisition - Transaction Structure



- Values Valkyries at USD 700 million / SEK 5.1 billion / CAD 780 million
- 26 May 2006 closing prices Lundin Petroleum SEK 89.50 / CAD 13.54
Valkyries Petroleum CAD 12.51 / SEK 82.68
- 8.2% premium to current Valkyries price
- 18% premium to current Valkyries price using Lundin 30 day weighted average
- Lundin Petroleum to issue 57.4 million new shares on a fully diluted basis
- 18% dilution post-transaction to Lundin Petroleum shareholders



- **Proven and probable reserves: 29.5 million barrels**

- **Production: 4,500 boepd**
 - Sotchemyu-Talyu Fields / North Israel Field (KOMI REPUBLIC)
 - Caspian Field (KALMYKIA)
 - Ashirovskoye Field (ORENBURG)

- **Exploration**
 - Lagansky Block, offshore Caspian Sea

- **Russia based operational and new ventures team**

- **Russia becomes a new core area for Lundin Petroleum**
- **To grow the existing asset base of Valkyries through an aggressive acquisition and development strategy**
- **Access to the wider technical expertise of Lundin Petroleum**
- **Greater financial capacity of Lundin Petroleum gives access to large size deal opportunities**
- **Material upside potential from Caspian exploration block**
- **Mitigation of concentrated exploration and political risk for Valkyries**

Why Russia?

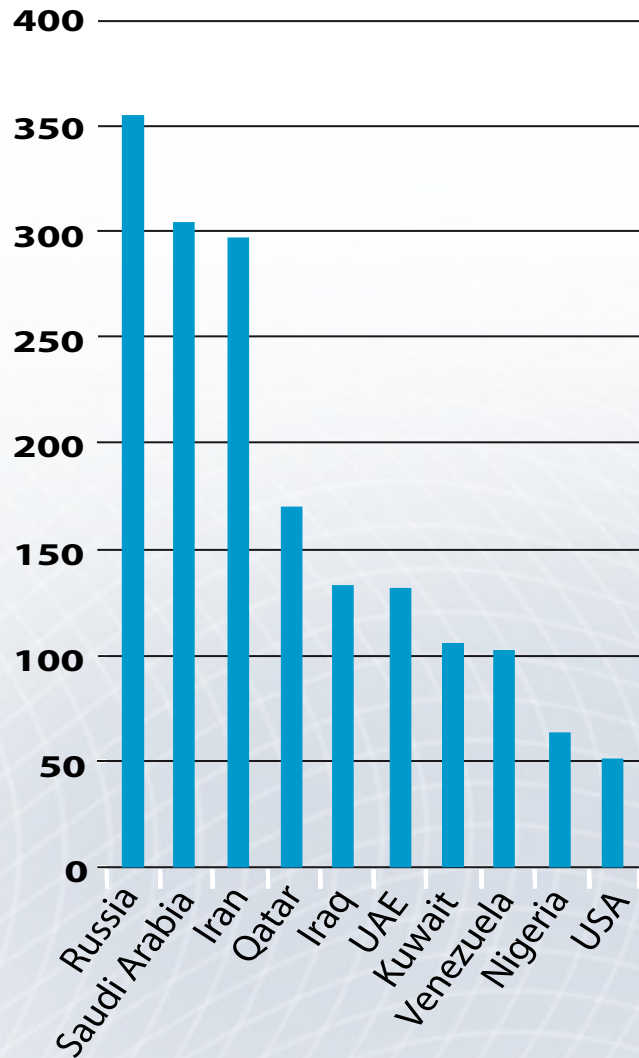


- **Largest non OPEC producer with significant access to reserves and production**
- **World class exploration potential in offshore and remote basins**
- **Developed network will ensure access to material new venture opportunities**
- **Improving political and legal framework allows foreign companies to operate and grow (BP / ConocoPhillips)**

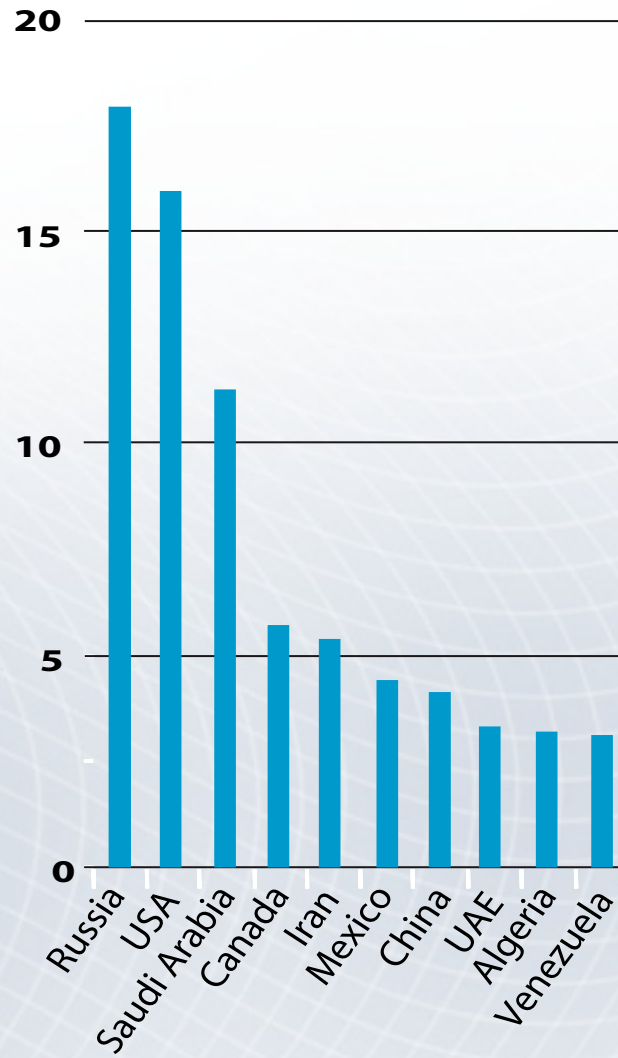
Oil Equivalent - World Statistics



RESERVES (BBOE)



PRODUCTION (MMBOEPD)



Europe Imports



Valkyries
PETROLEUM CORP.



**Dependence on Russia
expected to increase in
future years**

**30 - 40% OIL
50% GAS**

- The transaction is structured as a Plan of Arrangement under Canadian law
- Subject to:
 - two thirds votes cast by Valkyries shareholders
 - simple majority of non-interested Valkyries shareholders
 - regulatory and court approvals
 - issuance of Lundin Petroleum shares requires simple majority approval of Lundin Petroleum shareholders

- **Unanimous approval of Lundin Petroleum and Valkyries Boards of Directors**
- **RBC Dominion Securities Inc. has provided a fairness opinion to the independent directors of Valkyries that the consideration is fair, from a financial point of view, to the shareholders of Valkyries**

- **May 29** **Deal announcement**
- **Mid June** **Information circular to Valkyries shareholders**
- **Mid-late July** **Shareholder meetings of Valkyries and Lundin Petroleum**
- **Late July** **Completion**