

01 August 2006

## **LUNDIN PETROLEUM COMPLETES ACQUISITION OF VALKYRIES PETROLEUM**

**Lundin Petroleum AB ("Lundin Petroleum") and Valkyries Petroleum Corp. ("Valkyries") are pleased to announce the completion of the acquisition of Valkyries by Lundin Petroleum previously announced on 29 May 2006. The former shareholders of Valkyries will receive one Lundin Petroleum share for each Valkyries common share held, in this all share transaction, upon submission of their Valkyries common shares together with the required letter of transmittal.**

Lundin Petroleum will issue approximately 55.8 million new shares to the former shareholders of Valkyries. In addition, a further approximately 1.8 million Lundin Petroleum shares have been reserved for issuance as follows:

- 1 million Lundin Petroleum shares to be issued to the previous holder of Valkyries' interest in the Caspian Field, upon the Caspian Field producing 2,500 barrels of oil per day (bopd) for a continuous period of thirty days; and
- approximately 800,000 Lundin Petroleum shares to be issued upon exercise of incentive stock options previously granted by Valkyries

The closing price of Lundin Petroleum on 31 July 2006 was SEK 88.50 (approximately CAD 13.85).

Registered shareholders of Valkyries are encouraged to complete the letter of transmittal as soon as possible and to deliver the letter in accordance with the instructions provided. Registered shareholders can obtain further information concerning the completion and delivery of the letter of transmittal from Computershare Investor Services Inc. at 1-800-564-6253 (toll-free) or 1-514-982-7555. Non-registered shareholders of Valkyries who hold their shares in Valkyries through a broker or through another intermediary, should contact their broker or intermediary. Further information or assistance may also be obtained from the Valkyries' Investor Relations Office at 1-604-689-7842.

The acquired assets include a growth oriented production, development and exploration portfolio of oil and gas projects in Russia. Key projects include a 50% interest in the producing Sotchemyu-Talyu and North Israel Fields in the Komi Republic; a 51% interest in the producing Caspian Field in the Kalmykia Republic; a 50% interest in the producing Ashirovskoye field in Orenburg; and a 70% interest in the highly prospective Lagansky exploration block offshore in the Caspian Sea. Preparations are underway for the drilling of the Morskoye #1 exploration well in the Lagansky Block and drilling operations are expected to commence in the third quarter.

Ashley Heppenstall, President and CEO of Lundin Petroleum commented: "This transaction creates a new core area for Lundin Petroleum in Russia. Valkyries has developed a management team which has built a good portfolio of producing, development and exploration assets as well as a number of new business opportunities through its local network. We intend to complement the existing Valkyries team with Lundin Petroleum's technical and financial capacity to grow the Russian business. Russia is one of the few remaining countries in the world with the access to significant reserves and production which we believe is key in continuing to grow our business in future years."

*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, Ireland, Netherlands, Nigeria, Norway, Sudan, Tunisia, United Kingdom and Venezuela. The Company is listed on the O-list, Attract 40 at Stockholm Stock Exchange, Sweden (ticker "LUPE").*

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