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LUNDIN PETROLEUM ANNOUNCES INTENTION TO LAUNCH INITIAL PUBLIC OFFERING OF ITS NORWEGIAN AND UNITED KINGDOM BUSINESS ON THE OSLO STOCK EXCHANGE

Lundin Petroleum AB (Lundin Petroleum) is pleased to announce its intention to spin-off its Norwegian and UK businesses into a newly formed Norwegian company called Viking Oil and Gas ASA (Viking).

Transaction Proposed Structure

Lundin Petroleum intends to launch an initial public offering (IPO) of the Viking shares and to seek a listing of the Viking shares on the Oslo Stock Exchange (OSE). Viking is currently a wholly-owned subsidiary of Lundin Petroleum. Through the IPO Lundin Petroleum proposes to offer 50.01 percent of the Viking shares to the public at a price to be determined and retain a substantial shareholding, 49.99 percent, in Viking. The IPO is expected to be completed before the end of the second quarter of 2007.

It is the intention of Lundin Petroleum to distribute the majority of the proceeds of the sale of its shareholding in Viking to shareholders. The timing and the form of this distribution will depend on the size and timing of the IPO. Viking will not receive any proceeds from the IPO.

Objectives

As previously announced to shareholders, Lundin Petroleum has been reviewing strategic options in relation to its Norwegian and UK assets with the objective of finding ways to potentially unlock Lundin Petroleum shareholder value. Lundin Petroleum believes that this proposed spin-off and IPO transaction, if completed, will crystallise the value of the Norwegian and UK business with its substantial reserves and resources base, high impact exploration portfolio and strong management teams.

Viking would become a new Norwegian independent oil and gas exploration and production company, well-positioned to take advantage of growth opportunities on the Norwegian and UK continental shelves (NCS and UKCS). Viking would offer investors a new vehicle with a balanced portfolio of producing, development and exploration assets in the North Sea as well as exploration assets in the Barents Sea. The assets to be held by Viking have strong operating cash flow to enable Viking to use its internally generated funds to finance its own growth via asset developments and exploration. Viking has an extensive inventory of potential developments, discoveries and prospects. We believe that the new company will be amongst the largest Norwegian independent oil and gas companies after Statoil/Norsk Hydro in terms of production and North Sea reserves.

Lundin Petroleum would continue to own and operate its remaining portfolio of international oil and gas assets with production in Tunisia, Russia, Indonesia, France and the Netherlands as well as a diverse portfolio of exploration assets. This spin-off and IPO transaction would downsize Lundin Petroleum with even stronger leverage to success in relation to its high potential exploration drilling programme and new deal opportunities.

Viking

Viking will have its head office in Oslo, Norway, with an office in Aberdeen, UK. The CEO of Viking will be Torstein Sanness, the current Managing Director of Lundin Petroleum's NCS operations, and the COO of Viking will be Alan Curran, the current Managing Director of Lundin Petroleum's UKCS operations. Ashley Heppenstall, President and Chief Executive Officer of Lundin Petroleum, will be a non-executive director of Viking. As at 1 January 2007, a total of 96.6 million barrels of oil equivalent (mmbœ) of net proved and probable reserves were attributed to the NCS and UKCS assets to be held by Viking as well as 99.4 mmbœ of net contingent resources and 974 mmbœ of net unrisks prospective resources. Forecast production from Viking assets in 2007 is greater than 20,000 boepd.

Ashley Heppenstall, President and CEO of Lundin Petroleum, comments:

"The spin-off of our Norwegian and UK assets into Viking will crystallise the underlying value of this business with its substantial resource base and organic growth potential. Lundin Petroleum will seek to continue to create value to shareholders through its proven strategy of exploration and deal making."

Torstein Sanness, President and CEO of Viking Oil and Gas, comments:

"We are very excited about the prospects for Viking. We start from a very strong production and resource base as well as a technical team with a proven track record of creating value. We have an exciting growth story – and we expect production to grow from existing projects to approximately 30,000 boepd as a result of the Alvheim development. Furthermore we have discoveries with the potential to further increase this to over 60,000 boepd. In addition our high impact exploration portfolio with secured rig capacity can have a significant impact on our reserve base."

The IPO and listing of the Viking shares on the OSE remains subject to a number of conditions, including government approval in Norway and the UK, approval of the shareholders of Lundin Petroleum at an extraordinary general meeting and approval of the OSE.

ABG Sundal Collier and Deutsche Bank have been appointed as Joint Bookrunners and Joint Global Co-ordinators, and DnB NOR, SEB Enskilda and Öhman as Co-Lead Managers in connection with the IPO.

Media and Analyst Presentation

A media and analyst presentation will be held on **Thursday 22 March 2007 at 10.00 CET /09.00 GMT**.

Ashley Heppenstall, President and CEO of Lundin Petroleum, Geoff Turbott, Vice President Finance and CFO of Lundin Petroleum, and Torstein Sanness, President and CEO of Viking Oil and Gas, will comment on the proposed spin-off and IPO transaction.

The presentation will be held at **Grand Hotel in Stockholm**. The presentation can be followed live from **Hotel Continental in Oslo**, from where it will be possible to pose questions.

The presentation can also be viewed live on www.lundin-petroleum.com.

To listen to the presentation and participate in the questions and answer session, please dial:

From Sweden; +46 (0) 850 520 270

From UK; +44 (0) 208 817 9301

Lundin Petroleum is a Swedish independent oil and gas exploration and production company with a well balanced portfolio of world-class assets in Europe, Africa, Russia and the Far East. The Company is listed at the Nordic Exchange, Sweden (ticker "LUPE"). Lundin Petroleum has existing proven and probable reserves of 176.4 million barrels of oil equivalent (mmbœ) as at 1 January 2007.

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The distribution of this announcement and other information in connection with the IPO may be restricted by law in certain jurisdictions. Persons into whose possession this announcement or such other information should come are required to inform themselves about and to observe any such restrictions. This announcement may not be used for, or in connection with, and does not constitute, any offer to sell, or an invitation to purchase, any securities.

Any offer to acquire Viking shares pursuant to the proposed IPO will be made, and any investor should make an investment, solely on the basis of information that will be contained in the prospectus that is expected to be made generally available in Norway and Sweden in connection with the IPO. When made generally available, copies of the prospectus and the pricing statement may be obtained at no cost from Lundin Petroleum, ABG Sundal Collier, Deutsche Bank and the other underwriters, or through the website of the OSE (Norwegian and Swedish residents only).

This announcement is not an offer to sell or the solicitation of any offer to buy any Viking shares or other securities of Viking and Lundin Petroleum (the "Securities") in the United States or in any other jurisdiction. The Securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States unless registered under the Securities Act or an exemption from such registration is available.

The Viking shares have not been and will not be registered under the applicable securities laws of Australia, Canada or Japan and may not be offered or sold within Australia, Canada or Japan.

In the United Kingdom, this announcement is directed only at persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated. This document is directed only at such persons and must not be acted on or relied on by persons in the United Kingdom who are not such persons. Any investment or investment activity to which this announcement relates is available in the United Kingdom only to such persons and will be engaged in only with such persons and no other persons in the United Kingdom should rely or act upon this announcement.

All investment is subject to risk. The value of the Viking shares may go down as well as up. Past performance is no guarantee of future returns. Potential investors are advised to seek expert financial advice before making any investment decision.

This announcement contains forward-looking statements, including statements about Viking's and Lundin Petroleum's beliefs and expectations. These statements are based on Lundin Petroleum's current plans, estimates and projections, as well as their expectations of external conditions and events. Forward-looking statements involve inherent risks and uncertainties and speak only as of the date they are made. Lundin Petroleum undertake no duty to and will not necessarily update any of them in light of new information or future events, except to the extent required by applicable law. A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements. These factors include, but are not limited to those discussed under "Risk Factors" in the prospectus expected to be made generally available in Norway and Sweden in connection with the IPO.