



29 May 2006

LUNDIN PETROLEUM TO ACQUIRE VALKYRIES PETROLEUM

Lundin Petroleum AB (Lundin Petroleum) and Valkyries Petroleum Corp. (Valkyries) (TSXV:VPC) today announced that Lundin Petroleum has agreed to acquire all of the outstanding shares of Valkyries in exchange for Lundin Petroleum shares in an all share transaction. Valkyries shareholders will receive one Lundin Petroleum share for each Valkyries common share held.

The transaction values Valkyries at approximately USD 700 million (SEK 5.1 billion or CAD 780 million).The closing price of Lundin Petroleum shares on 26 May 2006 was SEK 89.50 (approximately USD 12.24 or CAD 13.54) and the 30-day weighted average closing price of Lundin Petroleum was SEK 97.61 (approximately USD 13.40 or CAD 14.80).The closing price of Valkyries on 26 May 2006 was CAD 12.51 (approximately SEK 82.68 or USD 11.31).

Valkyries' main assets include a growth oriented production, development and exploration portfolio of oil and gas projects in Russia.Key projects comprise a 50% interest in the producing Sotchemyu-Talyu Field in the Komi Republic; a 51% interest in the producing Caspian Field in the Kalmykia Republic; a 50% interest in the Ashirovskoye producing field in Orenburg; as well as a 70% interest in the highly prospective Lagansky exploration block offshore in the Caspian Sea.Valkyries has recently entered into a binding agreement to purchase a 50% interest in the producing North Israel Field, located in the Komi Republic.

The Lundin Petroleum strategy and major rationale for the deal is to create a new core area in Russia for the company. Lundin Petroleum intends to build upon the existing asset base of Valkyries and grow the Russian business through a proactive acquisition strategy.

The transaction provides the following anticipated benefits to Lundin Petroleum and Valkyries shareholders:

- A liquid consideration for Valkyries shareholders that fairly values the asset base, including a significant value for exploration potential.
- The opportunity through the combined Lundin Petroleum to grow the Russian business with a wider access to technical expertise.
- The combined entity will have access to a greater level of financial capital which will provide a greater range of deal opportunities.

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."*

Valkyries President and CEO Keith Hill commented, *"Valkyries' mandate has been to aggressively pursue reserves, production and cash flow growth through strategic investment in production, development and exploration assets with a primary focus on opportunities in Russia.We have successfully built a platform for growth with our Russian assets and now want to enable our shareholders to capitalize on a whole new phase of rapid growth that a company like Lundin Petroleum can provide.Lundin Petroleum is a multi-billion dollar market cap company with current production in excess of 33,000 boepd and growing.Its financial and technical strength will ensure that stakeholders will garner the most value possible from the Russian assets and benefit from exposure to a world class portfolio of global production and exploration assets."*

Summary of the Transaction

The acquisition of Valkyries will be completed by way of a Plan of Arrangement in accordance with Canadian law, meaning that a subsidiary of Lundin Petroleum will acquire the shares of Valkyries following approval by Valkyries' shareholders and court approval.Each Valkyries common share will be exchanged for one Lundin Petroleum share.All Valkyries options will also be converted into options to acquire shares of Lundin Petroleum based on the same exchange ratio.

Following the proposed transaction, Lundin Petroleum will issue 57.4 million new shares on a fully-diluted basis.The shares of Lundin Petroleum will be held approximately 82% by existing Lundin Petroleum shareholders and 18% by current Valkyries shareholders.The total number of Lundin Petroleum shares outstanding will be approximately 313 million on a non-diluted basis.This transaction value represents an 8.2% premium to Valkyries' shareholders based on the respective closing prices as of 26 May 2006 (Lundin Petroleum SEK 89.50/ Valkyries CAD 12.51).

The transaction is a business combination that is subject to the requirements of Ontario Securities Commission Rule 61-501 ("Rule 61-501").Accordingly, an independent committee of the directors of Valkyries was established to consider the proposed transaction and RBC Dominion Securities Inc. ("RBC"), a member company of RBC Capital Markets, was retained to prepare a formal valuation of the common shares of Valkyries in accordance with Rule 61-501 and to provide its opinion as to the fairness of the consideration under the proposed transaction.Subject to the qualifications and limitations set forth in its valuation and fairness opinion, RBC is of the opinion that, as at 26 May 2006, the fair market value of the Valkyries common shares is in the range of CAD 13.50 to CAD 20.00 per common share and the consideration to be received by the holders of Valkyries common shares, other than affiliates of Lundin Petroleum, in connection with the proposed transaction is fair from a financial point of view.

The acquisition has the unanimous approval of the boards of directors of Lundin Petroleum and Valkyries.The board of directors of Valkyries, having received the recommendation of an independent committee of directors, is recommending that holders of Valkyries common shares vote in favour of the transaction.

Lundin Petroleum will retain the management and employees of Valkyries who will continue to work in growing the Russian business of Lundin Petroleum.

The transaction is subject to all requisite regulatory and court approvals and other conditions customary in transactions of this nature.In accordance with applicable Canadian corporate laws and Rule 61-501, the proposed transaction must also be approved by at least two-thirds of the votes cast by the shareholders of Valkyries, as well as by a simple majority of disinterested Valkyries shareholders.In addition, the issuance of the Lundin Petroleum shares to the Valkyries shareholders will require approval at a shareholders' meeting of Lundin Petroleum by a simple majority.These Valkyries and Lundin Petroleum shareholder meetings are both expected to be held before the end of July 2006, with the transaction anticipated to close shortly thereafter. Valkyries will mail to its shareholders in June 2006 an information circular providing details of the proposed transaction.

About Lundin Petroleum

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"). Lundin Petroleum has existing proven and probable reserves of 146.1 million barrels of oil equivalent as at 1 January 2006 and a forecast net production for 2006 of 36,000 barrels of oil equivalent per day.During 2005, Lundin Petroleum generated a net profit after taxes of USD 133.3 million (SEK 994 million) and an operating cash flow of USD 352.4 million (SEK 2.6 billion).

About Valkyries

Valkyries is an upstream oil and gas company with exploration and producing interests in Russia.The company trades on the TSX Venture Exchange under the symbol "VPC".Year end proven and probable reserves (December 31, 2005) plus third party estimated reserves for recent new acquisitions are approximately 29.45 million barrels of oil and current net production is approximately 4,500 barrels of oil per day.

Conference Call

A conference call is scheduled for Monday, 29 May 2006 at 4:30 p.m. CET / 10:30 a.m. EST / 7:30 a.m. PST.

Call-in numbers: North American: +1 718 354 1226
International: +44 207 154 2638

Replay

A replay of the conference call will be available approximately one hour after the call until 12:00 midnight CET 5 June 2006.

Replay number: North American: +1 630 652 3111 - Passcode 676115#
International: +44 207 769 6425 - Passcode 676115#

A presentation providing further information on the transaction will also be available on Lundin Petroleum's and Valkyries' websites at www.lundin-petroleum.com and www.valpete.com, respectively.

Forward-looking statements:This press release contains statements about expected or anticipated future events and financial results that are forward-looking in nature and, as a result, are subject to certain risks and uncertainties, such as general economic, market and business conditions, the regulatory process and actions, technical issues, new legislation, competitive and general economic factors and conditions, the uncertainties resulting from potential delays or changes in plans, the occurrence of unexpected events, and management's capability to execute and implement its future plans. Actual results may differ materially from those projected by management.

For further information, please contact:

Lundin Petroleum AB

C. Ashley Heppenstall ,
President and CEO
Tel: +41 22 595 10 00
or
Maria Hamilton
Head of Corporate Communications
Tel: +46 8 440 54 50

Valkyries Petroleum Corp.

Keith C. Hill
President and CEO
or
Sophia Shane
Corporate Development
Tel: +1 604 689 7842

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