



10 June 2005

LUNDIN PETROLEUM COMPLETES SALE OF SEVEN HEADS GAS AND CERTAIN OTHER IRISH ASSETS

Lundin Petroleum AB ("Lundin Petroleum") is pleased to announce that it has completed the sale of its 12.5% participating interest in the Seven Heads Gas project and certain other offshore Irish oil and gas assets to Island Oil & Gas plc ("Island Oil & Gas"). As consideration for the sale of its interest in the Seven Heads Petroleum Lease, Lundin Petroleum received 4 million shares of Island Oil & Gas. The current market value of Island Oil & Gas shares values the transaction at approximately £2.2 million.

In addition to its interest in Seven Heads Gas, Lundin Petroleum also transferred to Island Oil & Gas one-half of its 25% interest in the Licensing Option covering Seven Heads oil and its entire 22% interest in the Licensing Option covering the Roscarberry area, North Celtic Sea basin. Lundin Petroleum also granted Island Oil & Gas an option to acquire a 5% ground-floor interest in Frontier Exploration Licence 1/05 covering the Donegal Basin Block 13/7 and part-Blocks 13/11 and 13/12. Following exercise of that option, Lundin Petroleum will hold a 30% interest in Frontier Exploration Licence 1/05 and will retain operatorship. Lundin Petroleum and Island Oil & Gas also entered into an Area of Mutual Interest Agreement covering offshore Ireland.

Ashley Heppenstall President & CEO of Lundin Petroleum comments: "We are pleased to announce the completion of this deal. We have disposed of our direct interest in Seven Heads Gas but have retained upside potential in the Irish assets through our equity investment in Island Oil & Gas where we are now an 8.45% shareholder. Through our direct interest in Frontier Exploration Licence 1/05, we also plan to drill an exploration well in 2006 in the Donegal Basin, targeting the Triassic Sherwood sandstone reservoir in the Inishbeg prospect."

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

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