



Building Value in Venezuela

PRESS RELEASE

PetroFalcon Signs Definitive Agreement for Lundin Transaction

August 24, 2007, Caracas, Venezuela – PetroFalcon Corporation (“PetroFalcon” or the “Corporation”) (TSX: PFC) and Lundin Petroleum BV (“Lundin BV”), a wholly-owned subsidiary of Lundin Petroleum AB (“Lundin Petroleum”) (OMX: LUPE), have executed the definitive share purchase agreement for the acquisition of 100% of the issued and outstanding shares of Lundin Latina de Petróleos, S.A. (“Lundin Venezuela”) and a private placement of PetroFalcon units (collectively, the “Transaction”).

As previously announced on July 18, 2007, PetroFalcon will issue to Lundin BV pursuant to the Transaction approximately 64 million shares at CDN\$0.80 per share and 5 million warrants with an exercise price of CDN\$1.20 per share expiring 2 years after issue. As a result, PetroFalcon will acquire all of Lundin Venezuela’s interest in the Baripetrol joint venture and receive approximately \$27 million in cash. After completing the Transaction, Lundin Petroleum will indirectly own approximately 40% of the Corporation and will nominate two representatives to join the Board of Directors of PetroFalcon.

PetroFalcon and Lundin Petroleum have notified the Venezuelan Ministry of Energy and Petroleum (“MEP”) of the pending acquisition and private placement and are waiting for formal approval to close the Transaction. The Transaction is subject to all required regulatory approvals, including without limitation, the approval of the Toronto Stock Exchange and a majority of PetroFalcon shareholders.

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. Lundin Petroleum is listed on the Nordic Exchange in Sweden (ticker symbol “LUPE”) and has existing proven and probable reserves of 176 million barrels of oil equivalent (mmbœ) as of January 1, 2007.

PetroFalcon Corporation is a natural resource company with oil and gas operations in Venezuela. Through its wholly-owned subsidiary, Vinccler Oil and Gas, C.A., PetroFalcon owns 40% of PetroCumarebo, S.A. (“PetroCumarebo”), a joint venture with Petróleos de Venezuela, S.A. (“PDVSA”), the Venezuelan state-owned oil and gas company. Subject to government approval, PetroFalcon is acquiring 30% of the offshore natural gas license for the Cardon III Block in the Gulf of Venezuela where Chevron Corporation is operator and majority partner. PetroFalcon is listed on the Toronto Stock Exchange (ticker symbol “PFC”) and has existing proven and probable reserves before royalties of 36 million barrels of oil equivalent (mmbœ) as of January 1, 2007.

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Forward-looking statements: Except for statements of historical fact, all statements in this press release, without limitation, regarding new projects, acquisitions, future plans and objectives are forward-looking statements that involve risks and uncertainties. There can be no assurance that such statements will prove to be accurate; actual results and future events could differ materially from those anticipated in such statements.