



Building Value in Venezuela

PRESS RELEASE

PetroFalcon Receives Ministry Approval and Closes Lundin Transaction

February 1, 2008, Caracas, Venezuela - PetroFalcon Corporation (“PetroFalcon” or the “Corporation”) (TSX: PFC), a publicly-traded natural resource company with oil and gas operations in Venezuela, has received written approval from the Venezuelan Ministry of Energy and Petroleum for the previously announced transactions with Lundin Petroleum AB (“Lundin Petroleum”) (OMX: LUPE). The Corporation has satisfied all closing conditions and has closed the acquisition and private placement.

PetroFalcon today acquired 100% of the issued and outstanding shares of Lundin Latina de Petróleos, S.A. (“Lundin Venezuela”), which owns 5% of Baripetrol, S.A., a joint venture between Petróleos de Venezuela, S.A. (“PDVSA”), Tecpetrol and Perenco. The Corporation acquired Lundin Venezuela from Lundin Petroleum BV (“Lundin BV”), a wholly-owned subsidiary of Lundin Petroleum, in consideration for the issuance of 57,254,505 common shares of the Corporation at a price of CDN\$0.80 per share (a 33% premium to PetroFalcon’s closing price per share on July 17, 2007, the day before the transaction was announced). Lundin Venezuela has approximately US\$22,000,000 in cash.

Concurrent with the acquisition, Lundin BV subscribed for 6,665,995 units of PetroFalcon at a purchase price of CDN\$0.80 per unit, resulting in additional proceeds to the Corporation of approximately US\$5,110,000. Each unit consists of one common share and approximately 0.75 warrants, such that Lundin BV now holds an aggregate of 5,000,000 warrants. Each whole warrant expires in two years and will be exercisable for one common share of PetroFalcon upon payment of CDN\$1.20 per share.

In total, Lundin BV has acquired 63,920,500 common shares, representing 42% of the issued and outstanding common shares of PetroFalcon on an undiluted, post-closing basis, plus 5,000,000 warrants of the Corporation.

PetroFalcon has been advised that Lundin BV may from time to time increase or decrease its ownership or control over any of the Corporation’s securities through market transactions, private agreements or otherwise. For further information, or to obtain a copy of the early warning report filed in connection with the above, please contact Jeffrey Fountain at Lundin BV, telephone: +41 (22) 595-1000.

In connection with the acquisition and private placement, PetroFalcon will pay a cash finder’s fee in the amount of US\$543,600 and issue 569,284 common shares of the

Corporation to Nanes Delorme Capital Management, LLC, a boutique investment bank in New York City that is arm's length to the Corporation.

PetroFalcon is pleased to announce the appointment of two additional members to the Board of Directors of the Corporation: Ashley Heppenstall, President and CEO of Lundin Petroleum, and John Craig, a partner at Cassels Brock & Blackwell LLP, a law firm in Toronto. Mr. Craig practices securities law with a focus on equity financings and mergers and acquisitions for natural resource companies.

Ashley Heppenstall, President and CEO of Lundin Petroleum, said, "We are committed to expanding in Venezuela through PetroFalcon, and we are pleased to have the local expertise to pursue investment opportunities there."

Juan Francisco Clerico, Chairman and CEO of PetroFalcon, said, "We are excited to have Lundin Petroleum as a major shareholder of PetroFalcon. Through these transactions, we are doubling our net production, raising \$27 million in cash for further investment in Venezuela, gaining strong financial support from the Lundin Group and adding two very experienced board members. We look forward to continuing to grow the company."

About Lundin Petroleum AB

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 184 million barrels of oil equivalent (mmboe) as of January 1, 2008.

About PetroFalcon Corporation

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., a joint venture with Petróleos de Venezuela, S.A. ("PDVSA"), the Venezuelan state-owned oil and gas company. PetroFalcon recently acquired Lundin Latina de Petróleos, S.A., which owns 5% of Baripetrol, S.A., a joint venture between PDVSA, Tecpetrol and Perenco. 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 (mmboe) as of January 1, 2007.

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