



Building Value in Venezuela

PRESS RELEASE

PetroFalcon Receives Shareholder Consents for Lundin Transaction

October 18, 2007, Caracas, Venezuela - PetroFalcon Corporation (“PetroFalcon” or the “Corporation”) (TSX: PFC), a publicly-traded natural resource company with oil and gas operations in Venezuela, has obtained the required shareholder consents for its proposed transactions with Lundin Petroleum AB (“Lundin Petroleum”) (OMX: LUPE).

The Corporation previously announced on July 18, 2007, the proposed acquisition (the “Acquisition”) of 100% of the issued and outstanding shares of Lundin Latina de Petróleos, S.A. (“Lundin Venezuela”), as well as a private placement (the “Private Placement”) with Lundin Petroleum BV (“Lundin BV”), a wholly-owned subsidiary of Lundin Petroleum. Collectively, the Acquisition and the Private Placement are referred to as the “Transactions”.

On August 22, 2007, the Corporation and Lundin BV entered into a binding share purchase agreement (the “Agreement”) to effect the Transactions. The Corporation has obtained written consents approving the Transactions from shareholders representing at least 50% plus one of the issued and outstanding common shares of PetroFalcon, as well as the conditional approval of the Toronto Stock Exchange (“TSX”). The closing of the Transactions remains contingent upon receiving the formal approvals of the relevant Venezuelan authorities.

The Corporation anticipates that the Transactions will be completed in the fourth quarter of 2007 and will issue an additional press release at closing.

Lundin Group of Companies

Lundin Petroleum is an 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 and has existing proven and probable reserves of 176 mmbob as of January 1, 2007. Lundin Petroleum has an established track record of success in the international oil and gas business and upon completion of the Transactions will hold, through Lundin BV, 40% of the shares of the Corporation on a fully diluted basis.

Lundin BV is a holding company incorporated in the Netherlands and is a direct, wholly-owned subsidiary of Lundin Petroleum. Lundin BV holds directly or indirectly all of the operating assets of Lundin Petroleum, including Lundin Venezuela.

Lundin Venezuela is a holding company incorporated in Venezuela. Lundin Venezuela owns 5% of Baripetrol, S.A. (“Baripetrol”), a joint venture between PDVSA, Tecpetrol de Venezuela, S.A. and Perenco Oil and Gas International Limited. Lundin Venezuela has no employees or contracts outside of its equity holding in Baripetrol. Baripetrol operates the Colon Block, which includes approximately 297,000 acres in western Venezuela and has current onshore production of oil and natural gas.

The Transactions

Acquisition of Lundin Venezuela

PetroFalcon will acquire 100% of the issued and outstanding shares of Lundin Venezuela from Lundin BV 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 of CDN \$0.60 on July 17, 2007, the day before the Transactions were announced).

Lundin Venezuela has approximately US \$600,000 in cash and US \$21.4 million in accounts receivable from Lundin Petroleum. The accounts receivable will be paid by Lundin Petroleum to Lundin Venezuela at closing.

Private Placement

Concurrent with the completion of the Acquisition, Lundin BV will subscribe for 6,665,995 units of the Corporation at a purchase price of CDN \$0.80 pursuant to the Private Placement for aggregate proceeds of approximately US \$5.1 million. Each unit shall consist of one common share and approximately 0.75 warrants, such that an aggregate of 5,000,000 warrants will be issued. Each whole warrant will be exercisable for one common share of the Corporation upon payment of CDN \$1.20 per share on or before 24 months from the date of grant. The proceeds of the private placement will be used by PetroFalcon to fund capital expenditure commitments and business development activities.

Finder's Fee

In connection with the Transactions, the Corporation 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.

Board Nominees

It is anticipated that the following nominees will be appointed to the Board of Directors of the Corporation upon closing of the Transactions:

C. Ashley Heppenstall, President and CEO, Lundin Petroleum

Born in England in 1962, Ashley Heppenstall is a graduate of the University of Durham where he obtained a degree in Mathematics. From 1984 until 1990, he worked with various subsidiaries of the Hong Kong and Shanghai Banking Corporation. He was involved in the financing of the oil and mining businesses particularly related to project financing techniques. From 1990 to 1993 Mr. Heppenstall was a founding director and shareholder of Sceptre Management Limited, a corporate finance boutique providing a specialist focus upon M&A and project finance for small capitalization companies. Since 1993 Mr. Heppenstall has worked with public companies controlled by the Lundin family. In 1998 he was appointed Finance Director of Lundin Oil AB, a Swedish upstream oil and gas exploration and production company with worldwide operations in the United Kingdom, Malaysia, Libya, Sudan and Papua New Guinea. Lundin Oil AB was listed on the Stockholm and NASDAQ exchanges. In 2001, Lundin Oil AB was acquired by Talisman Energy and Mr. Heppenstall was appointed President and Chief Executive Officer of Lundin Petroleum AB, which was spun off to shareholders of Lundin Oil AB.

Keith C. Hill, President and CEO, Pearl Exploration and Production Ltd.

Mr. Hill is President, CEO and Director of Pearl Exploration and Production Ltd. Previously Mr. Hill was founder, President and CEO of Valkyries Petroleum Corp., a publicly-traded oil and gas company, since August 2002. Mr. Hill previously served as General Manager of Lundin Oil AB's operations in Malaysia and Sudan. Mr. Hill has over 22 years experience in the oil industry including international new venture management and senior exploration positions at Occidental Petroleum and Shell Oil Company. His education includes a Master of Science degree in Geology and a Bachelor of Science degree in Geophysics from Michigan State University, as well as an MBA from the University of St. Thomas in Houston.

Ministry Approval

PetroFalcon is waiting for approval from the Venezuelan Ministry of Energy and Petroleum ("MEP") as required to complete the Transactions.

TSX Approval and Shareholder Consents

The TSX has conditionally approved the completion of the Transactions subject to various conditions, including the requirement to obtain the written consent of shareholders holding more than 50% of the voting securities of the Corporation other than shareholders and their associates and affiliates participating directly or indirectly in the Transactions. The Corporation has obtained the written consents of shareholders holding more than 50% of the voting securities of the Corporation excluding shareholders participating in the Transaction. The Corporation has relied upon an exemption pursuant to the policies of the TSX from the requirement to obtain shareholder approval by way of a formal meeting of shareholders.

Effect of the Transactions

In connection with the completion of the Transactions and the finder's fee, PetroFalcon will issue 64,489,784 common shares representing an immediate dilution of 74.5% of the current issued and outstanding common shares and 5,000,000 warrants of the Corporation and, on a post-closing basis, will have 151,071,120 common shares issued and outstanding and 162,017,614 shares on a fully diluted basis. Including the exercise of the 5,000,000 warrants, there will be 69,489,784 common shares issued representing an immediate dilution of 80.3%. Upon completion of the Transactions, Lundin BV will hold 63,920,500 common shares, representing approximately 42% of the issued and outstanding shares on a post-closing basis, as well as 5,000,000 warrants and will nominate two representatives to join the Board of Directors of PetroFalcon. Completion of the Transactions will materially effect control of the Corporation.

Management expects the Transactions to significantly increase oil production and the expected annual cash flow of the Corporation. Management has been advised by Lundin Venezuela that Baripetrol recently paid a US \$2 million dividend to Lundin Venezuela for the fiscal year 2006. Management expects a similar dividend from Baripetrol for 2007.

Through completion of the Transactions, the Corporation is continuing its expansion in Venezuela and gaining a strategic shareholder (and two experienced board members) committed to further expansion in the region. The additional proceeds from the Private Placement will provide the Corporation with an opportunity to accelerate growth by continuing to consolidate assets in the region.

About PetroFalcon Corporation

PetroFalcon 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 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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Except for statements of historical fact, all statements in this press release, without limitation, regarding PetroCumarebo, joint ventures, new projects, forecasted production, future plans, objectives and results constitute forward-looking information within the meaning of applicable Canadian securities legislation, which involve risks, uncertainties and assumptions, many of which are beyond our control. All such forward-looking information is based on certain assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances. Actual results, performance or achievements could differ materially from those expressed in, or implied by, such forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits will be derived there from. Except as required by law, PetroFalcon Corporation and its subsidiaries expressly disclaim any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise. The forward-looking information contained herein is expressly qualified by this cautionary statement.