

# LUNDIN PETROLEUM – PRESS RELEASE

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## LUNDIN PETROLEUM ANNOUNCES INTENTION TO DISTRIBUTE ITS SHARES IN ETRION CORPORATION TO ITS SHAREHOLDERS

Lundin Petroleum AB (publ) (Lundin Petroleum) is pleased to announce its intention to distribute its shares in Etrion Corporation (Etrion) to Lundin Petroleum shareholders.

Etrion builds, owns and operates solar power plants in Italy. Etrion currently owns 40 megawatts (MW) of operational, ground-based solar photovoltaic (PV) power plants, has 8 MW of solar parks under construction and has more than 200 MW of solar development pipeline in Italy. Etrion is listed on the Toronto Stock Exchange (ticker symbol "ETX") and is currently in the process of obtaining a dual listing of its common shares on NASDAQ OMX Stockholm. The dual listing process will be coordinated with the distribution to Lundin Petroleum shareholders and is expected to be completed in November 2010.

The distribution is subject to the approval of Lundin Petroleum shareholders at an extraordinary general meeting (EGM), which is expected to be held on or around 4 November 2010.

Ashley Heppenstall, President and CEO of Lundin Petroleum, comments: *"Lundin Petroleum has facilitated the emergence of Etrion as a solar renewable power generation company. Over the past few months, the Etrion management has grown the company into one of the largest solar power producers in Italy through a proactive acquisition and development strategy. Going forward, I believe this growth will continue from the exciting development pipeline that Etrion owns. It is a natural step in conjunction with Etrion's forthcoming listing on NASDAQ OMX Stockholm to distribute our shares in Etrion directly to our shareholders. I am confident that Etrion will generate further increases in value to its wider shareholder base as the company further grows its asset base."*

Ian Lundin, Chairman of Lundin Petroleum and of Etrion, comments: *"Lundin Petroleum's support has been critical to Etrion's impressive growth. The Lundin family trusts currently own approximately 12 percent of Etrion's shares and will increase their direct ownership in Etrion to approximately 25 percent as a result of the distribution. The Lundin family views Etrion as a long-term investment, and we expect the Etrion management team to create significant value for shareholders."*

Marco Northland, CEO of Etrion, comments, *"In a short period of time, Etrion has become one of the largest solar power producers in Italy. The dual-listing in Stockholm will allow us to access European investors interested in the downstream renewable energy sector. We are pleased that the Lundin family is increasing its direct ownership in Etrion through the Lundin Petroleum distribution. The sun is a clean, renewable source of energy that is becoming an increasingly valuable and necessary part of the world's energy mix. We look forward to continuing to execute on our strategy; building out our large development pipeline in Italy as we assess new markets for future growth."*

## **Background on Etrion Corporation**

Etrion builds, owns and operates solar power plants in Italy.

Following the acquisition of a start-up solar energy business in 2009, Etrion has delivered extraordinary growth through a combination of its own solar development pipeline and through acquisitions of operating solar power plants. Etrion today is one of the only publicly-traded, pure-play solar independent power producers (IPPs), with 40 MW of operational, ground-based solar PV power plants, 8 MW of solar parks under construction and more than 200 MW of solar development pipeline in Italy. Etrion is listed on the Toronto Stock Exchange (ticker symbol "ETX") and is applying for a dual listing on the NASDAQ OMX Stockholm exchange.

In September 2009, Etrion, which was then an oil and gas company known as PetroFalcon Corporation (PetroFalcon), acquired Solar Resources Holding Sarl, a private renewable energy company, and subsequently shifted its focus to building, owning and operating solar power plants in Italy. The company changed its name from PetroFalcon to Etrion and appointed new management and directors. Etrion continues to own oil and gas assets acquired by the predecessor company, PetroFalcon, and plans to divest these assets in due course.

Etrion's near-term focus is on countries with government incentives for solar power production. Specifically, Etrion invests in feed-in-tariff (FiT) environments, like Italy, which create long-term, low-risk revenue streams that facilitate high-leverage financing (80/20 debt-to-equity) with non-recourse project loans. Future growth is expected to be driven by the development and/or acquisition of additional solar power facilities under long-term contract in markets with high retail electricity prices and strong solar irradiation, with the ultimate goal of producing low-cost, clean electricity at attractive returns.

Etrion is led by an experienced management team with a strong track record in the renewable energy sector. Marco Northland, CEO and director, has extensive experience leading growth companies and, prior to co-founding Etrion in 2008, was responsible for establishing and overseeing European operations for SunPower, a leading U.S. solar energy company. Garrett Soden is CFO and has valuable experience with the Lundin Group across the energy sector, including serving previously as PetroFalcon's CFO. Michael Sommer is Vice President Business Development and has more than a decade of experience in the renewable energy field with a focus on wind and solar projects in Germany and Southern Europe. Fernando Alvarez-Bolado is Vice President of Engineering and Construction and has more than 10 years of experience in the construction and engineering of wind and solar power projects. Giovanni Diana is Etrion's General Manager for Italy and has more than 20 years of experience leading industrial projects in Italy. Ian Lundin, Chairman of Lundin Petroleum, is the Chairman of Etrion, and Ashley Heppenstall, Lundin Petroleum's President and CEO, is a director of Etrion.

Lundin Petroleum, through a subsidiary company, currently owns approximately 71 million shares of Etrion, representing approximately 40 percent of the share capital and effectively has voting control over approximately 53 percent of Etrion. Lundin Petroleum also has an outstanding bridge loan to Etrion, currently drawn to approximately EUR 49 million, that matures in October 2011.

Additional information about Etrion is available on Etrion's website: [www.etrion.com](http://www.etrion.com)

## **Voting Agreement**

Lundin Petroleum has entered into a voting agreement with certain other shareholders of Etrion: Zebra Holding and Investments Sarl, Lorito Holdings Sarl and Landor Participations Inc., being investment companies related to the Lundin family trusts, and Ashley Heppenstall, President and CEO of Lundin Petroleum and a director of Etrion (the Etrion Shareholders). Under this

voting agreement, the Etrion Shareholders have agreed to vote as directed by Lundin Petroleum with respect to matters proposed at general meetings of Etrion. In accordance with this agreement, Lundin Petroleum effectively has voting control over approximately 95 million shares of Etrion, representing approximately 53 percent of the issued and outstanding shares of Etrion.

### **The Distribution**

The distribution of Lundin Petroleum's approximately 71 million Etrion shares remains subject to certain conditions, including approval of the shareholders of Lundin Petroleum at an EGM, which is expected to be held on or around 4 November 2010. Further information regarding the distribution is expected to be available on Lundin Petroleum's website on or around 20 October 2010.

It is expected that each share in Lundin Petroleum will entitle the holder to approximately 0.228 shares in Etrion. In the event that a shareholder will receive parts of a share in Etrion, such parts of shares in Etrion will be consolidated into whole shares that will be sold and the corresponding cash paid to the shareholder.

The distribution of shares in Etrion is expected to be made in accordance with the "Lex-ASEA rules", with the result that no immediate taxation will arise to shareholders in Sweden. Instead, the tax basis of the Lundin Petroleum shares that confer entitlement to participate in the distribution will be allocated between these shares and the Etrion shares received.

Etrion is currently in the process of obtaining a dual listing of its common shares on NASDAQ OMX Stockholm. The dual listing process will be coordinated with the distribution and is expected to be completed in November 2010. A prospectus containing further details about Etrion is expected to be accessible via Lundin Petroleum's website (subject to applicable securities laws) before the listing.

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*Lundin Petroleum is a Swedish independent oil and gas exploration and production company with a well balanced portfolio of world-class assets in Europe, Russia, South East Asia and Africa. The Company is listed on NASDAQ OMX Stockholm AB (ticker "LUPE"). Lundin Petroleum has proven and probable reserves of 177 million barrels of oil equivalent (MMboe).*

### **Important Notices**

*The securities to which this announcement relates have not been and are not required to be registered under the US Securities Act. These securities have not been approved or disapproved*

*by the US Securities and Exchange Commission, any state securities commission in the United States or any US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of these securities or the accuracy or adequacy of this announcement. Any representation to the contrary is a criminal offence in the United States.*

*All investment is subject to risk. The value of the Etrion shares may go down as well as up. Past performance is no guarantee of future returns. Potential investors are advised to seek expert financial advice before making any investment decision.*

*This announcement contains forward-looking statements, including statements about Etrion's and Lundin Petroleum's beliefs and expectations. These statements are based on Lundin Petroleum's current plans, estimates and projections, as well as their expectations of external conditions and events. Forward-looking statements involve inherent risks and uncertainties and speak only as of the date they are made. Lundin Petroleum undertakes no duty to and will not necessarily update any of them in light of new information or future events, except to the extent required by applicable law. A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements. These factors include, but are not limited to those discussed under "Risk Factors" in the prospectus expected to be made generally available in connection with the listing of the Etrion shares.*