



Building Value in Venezuela

PRESS RELEASE

PetroFalcon Corporation Announces 2006 Annual Financial Statements and Operations Update

Caracas, March 30, 2007 - PetroFalcon Corporation (“PetroFalcon” or the “Corporation”), which has oil and gas operations in Venezuela through its wholly-owned subsidiary, Vinccler Oil and Gas, C.A. (“Vinccler Venezuela”), today released its annual consolidated financial statements and related Management Discussion and Analysis (“MD&A”) for the year ended December 31, 2006.

For the year ended December 31, 2006, the Corporation reported a net loss of US\$6.7 million (a loss per share of US\$0.08) compared to net income of US\$1.0 million (earnings per share of US\$0.01) for the year ended December 31, 2005. The loss for the year ended December 31, 2006, is due to lower production on a net basis and higher operating expenses caused by the transition to the new joint venture structure, as well as higher stock-based compensation and interest expense.

Juan Francisco Clerico, the Corporation’s Chairman and CEO, said, “Despite our financial results, we made significant operational progress in 2006 by finalizing the transition from the former operating service agreements to PetroCumarebo, our new joint venture with PDVSA. PetroCumarebo mobilized a rig in December 2006 and began drilling its inventory of development prospects in the East and West Falcon blocks. We are committed to Venezuela and look forward to increasing production of oil and natural gas.”

As at December 31, 2006, the Corporation had working capital of US\$4.3 million, compared to working capital of US\$6.5 million on September 30, 2006. Production before royalties for the year ended December 31, 2006, was 323,316 barrels of oil equivalent (“boe”) net to PetroFalcon, compared to 328,367 boe for the same period in 2005. The average price received for the year ended December 31, 2006, was US\$59.34 per barrel (“bbl”) of oil and US\$1.48 per thousand cubic feet (“mcf”) of natural gas, for a combined average price received of US\$35.72 per boe. This compares to US\$35.46 per bbl of oil and US\$1.33 per mcf of natural gas for a combined average of US\$34.49 per boe for the same period in 2005.

Current Status of PetroCumarebo

PetroFalcon, through Vinccler Venezuela, owns 40% of PetroCumarebo, a joint venture with Petróleos de Venezuela, S.A. (“PDVSA”), the Venezuelan state-owned oil and gas company. As previously announced, PetroCumarebo, S.A. was legally incorporated on

October 24, 2006. On November 24, 2006, PetroCumarebo received the presidential transfer decree to operate the East Falcon Block and West Falcon Block, the ceremonial last step in the conversion from the previous East and West Falcon operating service agreements to PetroCumarebo. On December 28, 2006, Vinccler Venezuela contributed its 40% share of PetroCumarebo's first month of working capital, a total of approximately US\$2.1 million. As a result of the conversion to PetroCumarebo, Management has included Vinccler Venezuela's proportional share of PetroCumarebo's revenues and earnings in PetroFalcon's consolidated financial statements as of December 31, 2006.

As of March 30, 2007, Vinccler Venezuela has been reimbursed by PDVSA for the operating and capital expenditures advanced by Vinccler Venezuela on behalf of PetroCumarebo during the transition period in the second, third and fourth quarters of 2006. However, due to the delay in the transition to the new joint venture, PetroCumarebo was not able to officially invoice PDVSA for oil production delivered in the second, third and fourth quarters of 2006 until March 29, 2007. PetroCumarebo has now invoiced PDVSA for oil production (net of royalties), and PDVSA has officially received the invoice, totaling approximately US\$12.3 million. PetroCumarebo expects payment from PDVSA within 45 days. PetroCumarebo has not yet officially invoiced PDVSA for natural gas production delivered in the second, third and fourth quarters of 2006 (approximately US\$1.7 million net of royalties), because it has not yet received confirmation from the Venezuelan Ministry of Energy and Petroleum for the natural gas volumes delivered during this period. However, PetroCumarebo expects to finalize the natural gas invoice in the second quarter of 2007.

Given the sequence of events and the recent submission of the initial invoice to PDVSA, PetroCumarebo does not have a history of payment from PDVSA. Until the parties have established a pattern of invoicing and receiving payment, it is possible that amounts invoiced may not be paid by PDVSA in a timely manner in accordance with the contractual terms.

Operations Update

PetroCumarebo delivers natural gas into PDVSA's Interconnection Centro Occidente ("ICO") natural gas pipeline, which then transports the natural gas to the nearby Paraguana Refinery Complex. As previously announced, the ICO pipeline section leading to PetroCumarebo's production in the Cumarebo Field was closed on December 6, 2006. As a result, most of PetroCumarebo's natural gas production is temporarily shut-in, but its wells and facilities are unaffected. As of March 30, 2007, Management has not received official notice regarding the timeframe for resuming natural gas deliveries into ICO. Currently, PetroCumarebo has approximately 8 mmcf/d of natural gas and 150 bbls/d of oil shut-in at the Cumarebo Field in the East Falcon Block, which is almost 65% of PetroCumarebo's total oil and natural gas production.

The current gross production of PetroCumarebo is approximately 875 bbls/d of oil. Depending on available financing and the results of PetroCumarebo's drilling and

workover program, PetroCumarebo's 2007 budget of US\$27.6 million is estimated to significantly increase production for the East Falcon Block and the West Falcon Block to approximately 2,500 bbls/d of oil and 20 mmcf/d of gas (40% net to Vinccler Venezuela being 1,000 bbls/d of oil and 8 mmcf/d of natural gas).

PetroFalcon has filed its annual consolidated financial statements and related Management Discussion and Analysis for the year ended December 31, 2006, with Canadian securities regulatory authorities on the System for Electronic Document Analysis and Retrieval ("SEDAR"). Copies of these documents may be accessed electronically on SEDAR at www.sedar.com or at www.petrofalcon.com.

PetroFalcon Corporation is a natural resource company currently engaged in 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 Petr leos de Venezuela, S.A. ("PDVSA"), the Venezuelan state-owned oil and gas company. Subject to government approval, an assignment agreement and a joint operating agreement, PetroFalcon, through Vinccler Oil and Gas, 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. The common shares of PetroFalcon trade on the Toronto Stock Exchange under the symbol "PFC".

For further information please contact:

Garrett Soden – Chief Financial Officer
Telephone: +(58) (212) 263-9164
Facsimile: +(58) (212) 266-8830

Cautionary Statement regarding Forward-Looking Information

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.