



*Building Value in Venezuela*

## PRESS RELEASE

### **PetroFalcon Releases 2007 Annual Disclosure Documents and Operational Update**

April 1, 2008, Caracas, Venezuela – PetroFalcon Corporation (“PetroFalcon” or the “Company”) (TSX: PFC) today released its annual information form (“AIF”), annual consolidated financial statements and related management discussion and analysis (“MD&A”) for the year ended December 31, 2007. The AIF contains disclosure and reports relating to the Company’s oil and natural gas reserves data.

For the year ended December 31, 2007, the Company reported a net loss of US\$3.6 million (a loss per share of US\$0.04) compared to a net loss of US\$6.7 million (loss per share of US\$0.08) for the year ended December 31, 2006. The loss in 2007 was primarily due to the Company’s adoption of the cost method of accounting. Under the cost method, PetroFalcon does not recognize income from its investment in PetroCumarebo, S.A. (“PetroCumarebo”), until such time as dividends are declared by PetroCumarebo. The earnings for the year ended December 31, 2007, are not comparable to 2006, which was reported under proportional consolidation. The Company’s MD&A contains a detailed analysis of the periods discussed.

Juan Francisco Clerico, PetroFalcon’s Chairman and CEO, said, “We made significant progress in 2007. We expanded our business and strengthened our balance sheet with the Lundin transaction. In addition, we recently received a dividend from Baripetrol for the first nine months of 2007. In 2008, we will continue the PetroCumarebo drilling campaign in the East Falcon Block, and we will begin a new drilling program with Baripetrol in the Colon Block. This year, we also plan to finalize our offshore exploration partnerships with Chevron in Cardon III and with Repsol/Eni in Cardon IV, and we will continue to look for new acquisitions in Venezuela.”

### **PetroCumarebo Accounting**

Historically, PetroFalcon accounted for its investment in PetroCumarebo using proportional consolidation. In effect, PetroFalcon recognized 40 percent of PetroCumarebo’s revenues, expenses, assets and liabilities in PetroFalcon’s financial statements.

In 2007, PetroFalcon re-evaluated its relationship with PetroCumarebo and concluded that, for accounting purposes, PetroFalcon’s investment in PetroCumarebo did not meet the criteria for proportional consolidation or equity method accounting. Accordingly, PetroFalcon has accounted for PetroCumarebo using the cost method of accounting for the year ended December 31, 2007. Under the cost method, PetroFalcon does not

recognize its 40-percent share of revenues, expenses, assets or liabilities from its investment in PetroCumarebo and instead only recognizes income to the extent that dividends are declared by PetroCumarebo. As a result, PetroFalcon has no revenues for the year ended December 31, 2007, and has restated the first three quarters of 2007. For the year ended December 31, 2008, the Company intends to provide restated comparable quarters for the previous periods. Please refer to the Company's MD&A for additional detail.

PetroFalcon's recent acquisition of a 5 percent working interest in the Baripetrol mixed company has been treated as a subsequent event and therefore is not included in PetroFalcon's 2007 year-end financial statements or reserves disclosures.

### **PetroCumarebo Reserves**

PetroFalcon engaged Huddleston & Company, Inc. ("Huddleston"), an independent engineering firm in Houston, TX, to prepare an estimate of proved and probable reserves associated with PetroFalcon's 40 percent working interest in PetroCumarebo as of December 31, 2007. Huddleston used oil prices of 85 to 100 percent of the December 31, 2007, West Texas Intermediate ("WTI") price, in accordance with contractual terms, in order to estimate the value of PetroFalcon's 40 percent working interest in PetroCumarebo. Natural gas prices were US\$1.56 per mcf as fixed in the hydrocarbon sales contract.

Based on the Huddleston report, PetroFalcon's 40-percent share of PetroCumarebo's proved and probable reserves was 30.6 million barrels of oil equivalent ("mmboe") before royalties, or 20.5 mmboe net of royalties. Cumulative pre-tax and after-tax cash flows net of royalties, with constant pricing discounted at 10 percent, were \$366 million and \$178 million, respectively.

### **PetroFalcon Operations**

PetroFalcon's 2008 capital expenditures budget for its working interests in PetroCumarebo, Baripetrol, Cardon III and Cardon IV is \$17.9 million. The capital expenditure programs for PetroCumarebo and Baripetrol are expected to be self-funded, leaving PetroFalcon with an expected net 2008 capital expenditures commitment of \$2.9 million for its offshore exploration projects, Cardon III and Cardon IV. Cardon III is subject to government approval. Cardon IV is subject to government approval and a definitive sale and purchase agreement.

PetroFalcon's total working interest production before royalties, including both PetroCumarebo and Baripetrol, is now approximately 1,000 bbls/d of oil and 6 mmcf/d of natural gas, or 2,000 boe/d. Depending on the results of the mixed company drilling programs, PetroFalcon's total working interest production before royalties is estimated to significantly increase by the end of 2008 to approximately 1,550 bbls/d of oil and 10 mmcf/d of natural gas, or 3,233 boe/d. Please refer to the Company's MD&A for a detailed operational update.

## **SEDAR**

PetroFalcon has filed its annual information form, annual consolidated financial statements and related MD&A for the year ended December 31, 2007, 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](http://www.sedar.com).

## **About PetroFalcon**

PetroFalcon Corporation is an independent oil and gas company with exploration and production assets in Venezuela. PetroFalcon is headquartered in Caracas and is listed on the Toronto Stock Exchange (ticker symbol “PFC”). For additional information, please visit the Company’s website at [www.petrofalcon.com](http://www.petrofalcon.com) or contact:

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### *Cautionary Statement Regarding Forward-Looking Information*

*Except for statements of historical fact, all statements in this press release, without limitation, regarding PetroCumarebo, Baripetrol, Cardon III, Cardon IV, mixed companies, 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.*