

**PRESS RELEASE****PetroFalcon Releases 2008 Annual Disclosure Documents and Operational Update**

March 27, 2009, 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, 2008. The AIF contains disclosure and reports relating to the oil and gas reserves data for PetroCumarebo and Baripetrol, the mixed companies in which the Company holds a 40 percent and 5 percent interest, respectively.

For the year ended December 31, 2008, the Company reported a net loss of US\$23.2 million (loss per share of US\$0.15) compared to a net loss of US\$3.6 million (loss per share of US\$0.04) for the year ended December 31, 2007. The Company’s MD&A contains a detailed analysis of the periods discussed.

The net results for the year ended December 31, 2008, were adversely affected by the following non-cash items that had no impact on cash flow: (a) the Company’s adoption of the cost method of accounting whereby PetroFalcon does not recognize income from its oil and gas investments until such time as dividends are received; (b) the recognition of a US\$7.9 million stock-based financing fee for the corporate guarantee provided by Lundin Petroleum AB to Anadarko Petroleum Corporation for the proposed acquisition of Anadarko Venezuela Company; and (c) the recognition of a US\$6.8 million impairment loss in the carrying value of the investment in Baripetrol due to lower oil prices.

Before the extraordinary stock-based financing fee for the Anadarko guarantee and the impairment loss from the Baripetrol investment, the Company’s loss for the year ended December 31, 2008, would have been US\$8.5 million (loss per share of US\$0.05).

Bill Gumma, PetroFalcon’s President and CEO, said, “PetroFalcon enters 2009 in an enviable position despite the market turmoil. We have no debt, no expected cash calls from our current investments in Venezuela for 2009 capital expenditures, and we have over US\$30 million in cash. We expect to see an increasing number of attractive acquisition opportunities given the current difficulty many oil and gas juniors are experiencing in funding their capital commitments. We plan to proceed cautiously, cut expenses, conserve cash and use our strong financial position to grow PetroFalcon.”

**Oil and Gas 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 the PetroCumarebo and Baripetrol mixed companies as of December 31, 2008.

Huddleston used oil prices of 84 to 103 percent of the December 31, 2008, West Texas Intermediate (“WTI”) price of US\$44.60 per barrel for the constant pricing case, in accordance with contractual terms, in order to estimate the value of PetroCumarebo and Baripetrol, respectively. Huddleston used natural gas prices of US\$3.12 and US\$4.46 per thousand cubic feet (“mcf”) for the constant pricing case, as received by PetroCumarebo and Baripetrol, respectively.

Based on the Huddleston report, the PetroCumarebo mixed company will generate gross cumulative pre-tax and after-tax cash flows, net of royalties, based on constant product prices and discounted at 10 percent, of US\$408.5 million and US\$195.8 million for proved plus probable reserves, respectively. As of December 31, 2008, PetroCumarebo’s estimated future proved plus probable reserves net of royalties are projected to be 48.1 million barrels of oil equivalent (“boe”). PetroFalcon owns 40 percent of PetroCumarebo.

Based on the Huddleston report, the Baripetrol mixed company will generate gross cumulative pre-tax and after-tax cash flows, net of royalties, based on constant product prices and discounted at 10 percent, of US\$313.2 million and US\$186.1 million for proved plus probable reserves, respectively. As of December 31, 2008, Baripetrol’s estimated future proved plus probable reserves net of royalties are projected to be 24.7 million boe. PetroFalcon owns 5 percent of Baripetrol.

### **Operational Update**

Please refer to the Company’s MD&A for a detailed operational update.

### **PetroCumarebo**

PetroCumarebo’s average gross production from both the East and West Falcon blocks for the three months ended December 31, 2008, was 3,139 boe/d. For the comparable period ended December 31, 2007, PetroCumarebo’s average gross production was 2,516 boe/d.

PetroCumarebo’s 2009 gross capital budget is US\$29.1 million, which includes drilling three development wells in La Vela, the San Patricio exploration well and performing one work-over in the Cumarebo Field. PetroCumarebo also plans to construct La Vela and Cumarebo central process de-bottlenecking facilities. Based on current oil prices and prior experience, PetroFalcon does not expect cash calls from PetroCumarebo to fund these capital expenditures.

PetroCumarebo is currently drilling the LV-24 well in the La Vela Field.

## **Baripetrol**

Baripetrol's average gross production from the Colon Block for the three months ended December 31, 2008, was 10,001 boe/d. For the comparable period ended December 31, 2007, Baripetrol's average gross production was 9,987 boe/d. Production has been maintained at consistent levels recently due to work-over jobs and pump changes, with two work-over rigs and one pulling unit under long-term contract.

Baripetrol's 2009 gross capital budget is US\$34.4 million, which includes drilling four development wells in La Palma, the construction of a natural gas dehydration plant for the Socuavo Field's gas production and the upgrading of facilities in the La Colina flow station. At current oil prices, Baripetrol is expected to fund these capital expenditures from operating cash flow without cash calls to PetroFalcon.

Baripetrol is currently drilling the LPT-16 well in the La Palma Field.

## **SEDAR**

PetroFalcon has filed its annual information form, annual consolidated financial statements and related MD&A for the year ended December 31, 2008, 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 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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*Readers are cautioned that a barrel of oil equivalent (boe) is derived by converting natural gas to oil in the ratio of six thousand cubic feet of gas to one barrel of oil and that this may be misleading, particularly if used in isolation. A boe conversion is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.*

*The mixed companies, PetroCumarebo and Baripetrol, operate as independent entities with seconded technical staff from shareholders, including PetroFalcon. The mixed companies fund their capital expenditures through their own cash flow, to the extent available, or through cash calls to shareholders, including PetroFalcon, if no other sources of financing are available. The mixed company shareholders intend that PetroCumarebo and Baripetrol be self-funding and rely*

*on internally-generated cash flow to fund operations. To date, the mixed companies have not made a cash call to PetroFalcon for capital expenditures. This could change if oil and gas price realizations decrease and will be further addressed in future filings if necessary.*

*This news release contains forward-looking information, including estimates, projections, interpretations, prognoses and other information that may relate to current, past or future production, development(s), testing, well test results, project start-ups and future capital spending. Current, past and/or future actual results and/or reported results, estimates, projections, interpretations, prognoses, well results, test results, reserves, production, resource and/or resource potential, development(s), project start-ups, and capital spending, plans and/or estimated results could differ materially due to delays in receipt of required permits and regulatory approvals, changes in project schedules, operating performance, demand for oil and gas, commercial negotiations or other technical and economic factors or revisions. The reserves and future net revenue in this press release represent estimates only. The reserves and future net revenue of PetroCumarebo and Baripetrol have been independently evaluated by Huddleston with an effective date of December 31, 2008. This evaluation includes a number of assumptions relating to factors such as initial production rates, production decline rates, ultimate recovery of reserves, timing and amount of capital expenditures, marketability of production, operating costs, well abandonment and salvage values, royalties and other government levies that may be imposed during the producing life of the reserves. These assumptions were based on price forecasts prepared by Huddleston as at the date of the report and many of these assumptions are subject to change and are beyond the control of the Company. Actual production, sales and cash flows derived therefrom will vary from the evaluations and such variations could be material. The forward-looking information contained herein involve known and unknown risks, uncertainties, scheduling, re-scheduling and other factors which may cause the actual results, performance, estimates, projections, interpretations, prognoses, schedules or achievements of PetroFalcon or industry results to be materially different from any future results, performance or achievements expressed or implied by such information.*