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PETROFALCON AND VINCCLER OIL AND GAS ANNOUNCE MANDATE LETTER WITH THE INTERNATIONAL FINANCE CORPORATION FOR VENEZUELA DEVELOPMENT

May 25, 2004: **PetroFalcon Corporation and Vinccler Oil and Gas, CA**, the company's wholly owned subsidiary (collectively, the "Company") announced today that they have signed a mandate letter for the financing of their development activities in the state of Falcon, Venezuela. Specifically, the letter calls for the International Finance Corporation, the commercial banking arm of the World Bank (the "IFC"), to provide up to US \$40 million for the development of the proven and probable gas reserves of the Cumarebo and La Vela fields in the Company's 400,000 acre East Falcon block. Gas from these fields will be delivered into the ICO gas pipeline currently under construction by Petroleos de Venezuela, S.A., the state owned oil company, which will transport the gas to the Paraguana Refining Complex and other industrial customers in western Venezuela.

The closing is subject to normal due diligence, regulatory approvals and the approval of each party's board of directors.

Juan Francisco Clerico, Chairman and CEO of the Company , said, "The IFC's involvement in our project allows the Company to accelerate development at the East Falcon block and gives us additional financing flexibility to grow our core business in Venezuela."

In addition, the Company announced that it has mobilized a workover rig and commenced activity at the La Vela Field as part of its initial gas development program at the East Falcon block.

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 CA. The common shares of the Company trade on the Toronto Stock Exchange with the symbol "PFC".

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