



Building Value in Venezuela

PETROFALCON CONFIRMS COMMENCEMENT OF MAJOR GAS PIPELINE IN WESTERN VENEZUELA

PetroFalcon (TSX-PFC) today confirmed that on May 3, 2004, Petroleos de Venezuela, S.A., the state owned oil company of the Bolivarian Republic of Venezuela (“PDVSA”) announced that construction of the first phase of the ICO gas pipeline in Western Venezuela commenced in the state of Falcon. This 70 km, 36 inch diameter pipeline will connect the Cumarebo and La Vela fields operated by Vinccler Oil and Gas Corporation, PetroFalcon’s wholly owned subsidiary, to the Paraguana Refinery Complex. PDVSA said that construction was scheduled to be completed by 2004 year end.

Separately, PetroFalcon Corporation is pleased to announce that negotiations continue on the terms and conditions for delivery of gas into the pipeline. The parties are in substantial agreement on all principle issues but continue to evaluate options for the legal structure of the contract.

The Company has contracted for a drilling and workover rig to commence activity at the La Vela Field later this month. The first operations will be recompletions of three existing wells.

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 Corporation.

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