



*Building Value in Venezuela*

## PRESS RELEASE

### **PetroFalcon Announces Operations Update**

January 11, 2008, Caracas, Venezuela – PetroFalcon Corporation (“PetroFalcon”) (TSX: PFC), a publicly-traded natural resource company with oil and gas operations in Venezuela, released an operations update for its 40%-owned joint venture, PetroCumarebo, S.A. (“PetroCumarebo”).

#### ICO Pipeline

PetroCumarebo delivers natural gas into PDVSA’s Interconexión Centro Occidente (“ICO”) natural gas pipeline, which then transports the natural gas to the nearby Paraguana Refinery Complex. On December 6, 2006, PDVSA closed the ICO pipeline section leading to PetroCumarebo’s La Vela and Cumarebo fields in the East Falcon Block. In August 2007, PetroCumarebo began delivering natural gas from the La Vela Field into the ICO pipeline. Management has been advised that deliveries from the Cumarebo Field are expected to begin in the first quarter of 2008.

As a result of the ICO pipeline repairs, PetroCumarebo still has approximately 12 million cubic feet of natural gas per day (“mmcf/d”) and 150 barrels of oil per day (“bbls/d”), or 2,150 barrels of oil equivalent per day (“boe/d”), shut-in from the Cumarebo Field in the East Falcon Block (40% net to PetroFalcon being approximately 5 mmcf/d and 60 bbls/d, or 860 boe/d).

#### PetroCumarebo Operations

During the fourth quarter of 2007, PetroCumarebo continued drilling in the East Falcon Block with the Pride 421 900 HP rig. Since beginning drilling operations in the La Vela Field in late November 2006, PetroCumarebo has drilled twelve development wells, completed ten and produced six.

In November 2007, PetroCumarebo finished drilling the LV-19, LV-20 and LV-21 wells in the La Vela Field. LV-19 is now producing 3 mmcf/d. PetroCumarebo recently moved the rig to the Cumarebo Field and has just finished drilling the CU-169 well. LV-20, LV-21 and CU-169 will be tested later this month.

The current gross production of PetroCumarebo is approximately 1,000 bbls/d of oil and 10 mmcf/d of natural gas, or 2,665 boe/d, with an additional 150 bbls/d and 12 mmcf/d, or 2,150 boe/d, shut-in due to PDVSA’s ICO pipeline closure.

PetroCumarebo's board recently approved a 2008 capital expenditures budget of US\$30 million (40% net to PetroFalcon being US\$12 million). The work program will involve drilling four development wells in Cumarebo, six deeper development wells in La Vela and two exploration wells nearby Cumarebo and La Vela. The exploration wells, San Patricio and La Cruz South, will test two prospects with expected unrisks potential of 110 million barrels of oil and 100 billion cubic feet of natural gas reserves. The Pride 421 900 HP rig is on long-term contract to PetroCumarebo through 2008.

PetroFalcon's President, Bill Gumma, said, "Our new joint venture with PDVSA, PetroCumarebo, made significant progress in 2007. PetroCumarebo was the first joint venture to start drilling, and it successfully implemented advanced technologies like casing drilling for the first time in Venezuela. After coming up the learning curve last year in the La Vela shallow reservoirs, PetroCumarebo operations are running smoothly. PetroCumarebo did not drill any dry holes, and there are several new discoveries still to be put on production. The most prospective well, LV-21, has not yet been tested. In 2008, the La Vela Field will be carefully mapped and put on production, and PetroCumarebo will shoot for bigger targets with two exploration wells planned in La Cruz South and San Patricio."

#### About PetroFalcon Corporation

PetroFalcon is a natural resource company with oil and gas operations in Venezuela. Through its wholly-owned subsidiary, Vincler Oil and Gas, C.A., PetroFalcon owns 40% of PetroCumarebo, S.A., a joint venture with Petróleos de Venezuela, S.A. ("PDVSA"), the Venezuelan state-owned oil and gas company. Subject to government approval, PetroFalcon 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. Subject to government approval, PetroFalcon is also acquiring Lundin Latina de Petróleos, S.A., which owns 5% of Baripetrol, S.A., a joint venture between PDVSA, Tecpetrol and Perenco. PetroFalcon is listed on the Toronto Stock Exchange (ticker symbol "PFC") and has existing proven and probable reserves before royalties of 36 million barrels of oil equivalent (mmbobe) as of January 1, 2007.

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