



Building Value in Venezuela

FOR IMMEDIATE RELEASE

PetroFalcon Corporation Announces First Quarter 2007 Interim Financial Statements and Operations Update

CARACAS, May 14, 2007 - PetroFalcon Corporation (“PetroFalcon” or the “Corporation”), a publicly traded natural resource company (TSX: PFC) with oil and gas operations in Venezuela, released its interim consolidated financial statements and related Management Discussion and Analysis (“MD&A”) for the three months ended March 31, 2007.

For the three months ended March 31, 2007, the Corporation reported a net loss of US\$2.4 million (loss per share of US\$0.03) compared to a net loss of US\$1.2 million (loss per share of US\$0.02) for the three months ended March 31, 2006. The loss for the three months ended March 31, 2007, was due to lower production on a net basis and higher operating expenses caused by the transition to the new joint venture structure, as well as higher general and administrative expenses due to an accounts receivable provision.

Juan Francisco Clerico, the Corporation’s Chairman and CEO, said, “Most of PetroFalcon’s natural gas production from PetroCumarebo was shut-in during the first quarter, but current oil production is increasing thanks to our workover campaign in West Falcon. In addition, our drilling campaign continues. We look forward to testing four wells recently completed at the La Vela Field, which could add additional production of oil and natural gas. Also, we recently completed new 3-D seismic data acquisition with Chevron on our offshore Cardon III Block in the Gulf of Venezuela. A decision on drilling is expected later this year.”

As at March 31, 2007, the Corporation had a working capital deficit of US\$867,300 compared to working capital of US\$4.3 million on December 31, 2006. Net production before royalties for the three months ended March 31, 2007, was 23,922 barrels of oil equivalent (“boe”) as compared to 106,394 boe for the same period in 2006. The average price realized for the three months ended March 31, 2007, was US\$57.06 per barrel (“bbl”) of oil and US\$1.56 per thousand cubic feet (“mcf”) of natural gas, for a combined average price of US\$54.05 per boe. This compares to US\$39.08 per bbl of oil and US\$1.33 per mcf of natural gas, or a combined average of US\$29.41 per boe for the same period in 2006.

Current Status of PetroCumarebo

PetroFalcon, through its wholly-owned subsidiary, Vinccler Oil and Gas, C.A. (“Vinccler Venezuela”), owns 40% of PetroCumarebo, a joint venture (“Empresa Mixta”) with Petróleos de Venezuela, S.A. (“PDVSA”), the Venezuelan state-owned oil and gas company.

As of March 31, 2007, Vinccler Venezuela has been reimbursed by PDVSA for the operating and capital expenditures advanced by Vinccler Venezuela on behalf of PetroCumarebo during the transition to the Empresa Mixta in the second, third and fourth quarters of 2006 (“the Transition Period”). Effective January 1, 2007, PetroCumarebo is operating as an independent entity with its own working capital, and funds are no longer advanced by Vinccler Venezuela for subsequent reimbursement by PDVSA. PetroCumarebo expects to finance its future operations through cash flow from operations, cash calls to shareholders and/or through debt using its own balance sheet.

As previously announced, PetroCumarebo was not able to invoice PDVSA for oil production delivered during the Transition Period until March 29, 2007 (an amount totaling approximately \$12.3 million net of royalties). Under the contractual terms, PetroCumarebo is entitled to payment from PDVSA within 45 days of submitting an invoice. However, as of May 11, 2007, PetroCumarebo has not yet been paid by PDVSA for the first oil production invoice. In addition, PetroCumarebo has still not yet invoiced PDVSA for natural gas production delivered during the Transition Period (an amount expected to be approximately \$1.7 million net of royalties), because it has not received confirmation from the Venezuelan Ministry of Energy and Petroleum (“MEP”) for the natural gas volumes delivered during this period. Management does not have any information as to the expected timing of these payments, but PetroCumarebo does expect to be paid by PDVSA for all oil and natural gas delivered since April 1, 2006. Once the initial invoicing process for the Transition Period is complete, PetroCumarebo will process its backlog of invoices for the first quarter of 2007 (expected to equal approximately \$2.3 million for oil and \$26,000 for natural gas net of royalties) and proceed to invoice PDVSA for oil and natural gas deliveries on a monthly basis going forward.

Operations Update

PetroCumarebo delivers natural gas into PDVSA’s Interconnection Centro Occidente (“ICO”) natural gas pipeline, which then transports the natural gas to the nearby Paraguana Refinery Complex. As previously announced, the ICO pipeline section leading to PetroCumarebo’s production in the Cumarebo Field was closed on December 6, 2006. As a result, most of PetroCumarebo’s natural gas production is temporarily shut-in, but its wells and facilities are unaffected. Management has been advised that the ICO pipeline repair should be completed by the third quarter of 2007. Currently, PetroCumarebo has approximately 8 mmcf/d of natural gas and 150 bbls/d of oil shut-in

at the Cumarebo Field in the East Falcon Block, which is almost 60% of PetroCumarebo's current total oil and natural gas production.

As previously announced, PetroCumarebo commenced drilling operations on November 30, 2006, at the La Vela Field in the East Falcon Block. Since then, PetroCumarebo has drilled seven wells (LV-11 through LV-17), completed four, tested one and will complete another shortly. Four wells will be tested shortly.

The current gross production of PetroCumarebo is approximately 900 bbls/d of oil. Depending on available financing and the results of PetroCumarebo's drilling and workover program, PetroCumarebo's 2007 budget of US\$27.6 million is estimated to significantly increase production for the East Falcon Block and the West Falcon Block to approximately 2,500 bbls/d of oil and 20 mmcf/d of gas (40% net to Vinccler Venezuela being 1,000 bbls/d of oil and 8 mmcf/d of natural gas).

PetroFalcon has filed its interim consolidated financial statements and related Management Discussion and Analysis for the three months ended March 31, 2007, with Canadian securities regulatory authorities on the System for Electronic Document Analysis and Retrieval ("SEDAR"). Copies of the financial statements and related Management Discussion and Analysis of PetroFalcon for the three months ended March 31, 2007, may be accessed electronically on SEDAR at www.sedar.com or at www.petrofalcon.com.

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, 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, an assignment agreement and a joint operating agreement, PetroFalcon, through Vinccler Oil and Gas, 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. The common shares of PetroFalcon trade on the Toronto Stock Exchange under the symbol "PFC".

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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, joint ventures, 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.