



*Building Value in Venezuela*

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**PETROFALCON CORPORATION ANNOUNCES ITS SECOND QUARTER 2005 INTERIM FINANCIAL STATEMENTS.**

CARACAS, August 12, 2005 - PetroFalcon Corporation (the "Corporation" or the "Company") released its interim unaudited consolidated financial statements and related Management's Discussion and Analysis for the three and six months ended June 30, 2005 and 2004. For the three months ended June 30, 2005, the Corporation reported net income of US\$428,305 (earnings per share of US\$0.01) compared to a loss of US\$454,922 (loss per share of US\$0.01) during the three months ended June 30, 2004. For the six months ended June 30, 2005, the Corporation reported net income of US\$1,050,132 (earnings per share of US\$0.01) compared to net income of US\$955,655 (earnings per share of US\$0.02) during the six months ended June 30, 2004. As at June 30, 2005, the Corporation had working capital of US\$14,774,998 compared to working capital of US\$25,407,232 on June 30, 2004.

Production for the three months ended June 30, 2005 was 73,521 bbls of oil as compared to 69,725 bbls of oil during the same period in 2004. The average price received was US\$33.59 per bbl of oil during the three months ended June 30, 2005 as compared to US\$24.06 during the same period in 2004. For the six months ended June 30, 2005, production was 156,083 bbls of oil as compared to 132,982 bbls of oil during the same period in 2004. For the six months ended June 30, 2005, the average price received was US\$ 32.13 per bbl of oil as compared to US\$22.94 during the same period in 2004.

Cash flows from operating activities before changes in operating assets and liabilities was US\$1,266,002 for the three months ended June 30, 2005 as compared to US\$19,155 for the same period in 2004. For the six months ended June 30, 2005, cash flows from operating activities before changes in operating assets and liabilities was US\$2,741,389 as compared to US\$1,819,599 for the same period in 2004.

The Corporation has filed its interim unaudited consolidated financial statements and related Management's Discussion and Analysis for the three and six months ended June

30, 2005, with Canadian securities regulatory authorities on the System for Electronic Document Analysis and Retrieval (“SEDAR”).

Copies of the financial statements and related Management’s Discussion and Analysis for the three and six months ended June 30, 2005, may be accessed electronically on SEDAR at [www.sedar.com](http://www.sedar.com) or at [www.petrofalcon.com](http://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. The common shares of the Corporation trade on the Toronto Stock Exchange under the symbol “PFC”.

*The Toronto Stock Exchange does not accept responsibility for the adequacy or accuracy of this release.*

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