



Building Value in Venezuela

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PETROFALCON CORPORATION ANNOUNCES
SIGNING INTERM AGREEMENT ON THE CASTILLETES BLOCK NEIL, AND
REIMBURSEMENT OF THE PAID BID BOND

February 1, 2006, Caracas, Venezuela, Vinccler Oil and Gas, C.A. (“Vinccler” or the “Company”), the wholly-owned subsidiary of PetroFalcon Corporation, (TSX symbol – PFC) announces that it has signed an agreement with the Ministry of Energy and Petroleum (“MEP”) of the Bolivarian Republic of Venezuela defining Vinccler’s future rights and obligations regarding Castilletes Noreste II Block in the Rafael Urdaneta Phase B offshore lease sale in the Gulf of Venezuela (the “Block”).

On November 15, 2005, Vinccler was declared the winning bidder for the Block, but due to circumstances beyond the control of the Company, Vinccler has been prevented from commencing exploration and exploitation activities at this time.

The agreement between Vinccler and MEP states that as consideration for Vinccler’s waiving all claims for damages that could flow from the postponement of the start of exploration and exploitation activities in the Block, the MEP agrees to initiate all procedures with the National Treasury to return to Vinccler the \$7,388,000 USD bid bond paid for the Block and to grant Vinccler the exclusive right to exercise the option of commencing exploration and exploitation activities on the Block when circumstances permit by re-posting the bid bond.

Juan Francisco Clérico, President of Vinccler and CEO of PetroFalcon, stated: “We are very pleased with the agreement and strongly committed to working with the Venezuelan government on exploring and exploiting natural gas in the Gulf of Venezuela. With this agreement, Vinccler retains the option to participate in the Block and future exploration and exploitation of the Robalo structure. This 60,000 acre prospect, which lies in the eastern portion of the Block, also extends into the Cardon IV block, won by the consortium Repsol/ENI, and the Urumaco I block, won by RAO Gazprom.”

For further information please contact:

Juan Francisco Clérico

Chief Executive Officer

María Alejandra Sosa

Corporate Development

011 (58) (212) 263-9164 (phone)

011 (58) (212) 266-8830 (fax)