



Building Value in Venezuela

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PETROFALCON CORPORATION AND VINCCLER OIL AND GAS, C.A. ANNOUNCE COMMENCEMENT OF DRILLING AND SEISMIC OPERATIONS AND BOARD OF DIRECTOR APPROVAL OF INTERNATIONAL FINANCE CORPORATION FINANCING FOR VINCCLER.

January 19, 2005 – (Caracas, Venezuela) **Vinccler Oil and Gas, C.A.** (Vinccler), the wholly owned operating subsidiary of **PetroFalcon Corporation** (PetroFalcon, symbol PFC on the TSX) today announced an update on operations in the company's East Falcon Block, North-western Venezuela. Drilling has commenced on the LV-9 well in the La Vela field utilizing Pride International's 1200 horsepower rig # 528. The well is planned for a total depth of 10,941 feet and will test numerous prospective reservoirs including the recently discovered Agua Clara reservoir which was successfully re-completed in the LV-8X well by Vinccler in November 2004.

Vinccler has contracted the Pride rig for twelve months and plans to drill up to ten wells in its La Vela and Cumarebo fields and surrounding acreage. The focus of Vinccler's drilling program will be the development of the natural gas reserves at the La Vela and Cumarebo fields for delivery into PDVSA's Interconexión Centro-Occidente (ICO) pipeline.

Vinccler has also commenced a seismic survey of approximately 86 kilometres to delineate further development locations and prospects on the East Falcon Block. The seismic contractor, PGS Onshore, expects to complete seismic data acquisition in February and Vinccler will begin to evaluate the new information immediately.

The company is also pleased to announce that the Board of Directors of the World Bank Group and PetroFalcon have approved the US\$ 36 million financing by way of loan to be provided by the International Financial Corporation (IFC, the commercial arm of the World Bank). Final documentation of the loan is expected to be completed within 45 days, subject to receipt of any required regulatory approvals. Proceeds from IFC financing, along with existing cash and cash flow, will be used for Vinccler's capital expenditures including seismic, drilling and facilities construction.

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 with the symbol "PFC"

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Forward looking statements: Except for statements of historical fact, all statements in this press release, without limitation, regarding new projects, acquisitions, future plans and objectives are forward-looking statements which involve risks and uncertainties. There can be no assurance that such statements will prove to be accurate; actual results and future events could differ materially from those anticipated in such statements.