



*Building Value in Venezuela*

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**VINCCLER OIL AND GAS, C.A. SIGNS TRANSITORY AGREEMENT WITH PDVSA PETROLEO S.A.**

CARACAS, VENEZUELA, August 4, 2005 – PetroFalcon Corporation’s wholly-owned subsidiary Vinccler Oil and Gas, C.A. (“Vinccler”) announced today the signature of the Convenio Transitorio (“Transitory Agreement”) with PDVSA Petroleo, S.A. (“PPSA”). The signing of the Transitory Agreement is the first step in the migration of Vinccler’s Operating Services Agreement for East Falcon (“OSA”) to a new Empresa Mixta (“Mixed Company”) between Vinccler and PPSA. The general terms of the Transitory Agreement call for Vinccler to migrate its existing OSA to de new Mixed Company which will be more than 50% owned by PPSA and Vinccler will negotiate in good faith the specific terms and conditions of the migration and formation of the new Mixed Company. It is anticipated that each party will continue oil and gas reserves having a value proportionate with each party’s respective ownership of the Mixed Company and the said migration will be negotiated in the next six months. In addition to the Transitory Agreement, Vinccler and PPSA also entered in a confidentiality agreement to facilitate the exchange of data during the negotiations.

Juan Francisco Clerico, Chairman and CEO of Vinccler, stated, “The signing of this Transitory Agreement is an important step in the growth of Vinccler towards it goal of being an important partner with PPSA in developing oil and gas reserves in western Venezuela. Vinccler is committed to delivering natural gas into PPSA’s ICO pipeline and increasing its oil production in western Venezuela

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”.

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

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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.*