



*Building Value in Venezuela*

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**INTERNATIONAL FINANCE CORPORATION TO INVEST US\$ 36 MILLION IN VINCCLER OIL AND GAS, C.A.**

July 5, 2005 – PetroFalcon Corporation’s wholly owned subsidiary Vinccler Oil and Gas, C.A. (“Vinccler” or the “Corporation”) announces the July 1, 2005 signing in Washington, D.C. of a long term senior loan agreement with the International Finance Corporation (“IFC”), the private sector development arm of the World Bank Group. The agreement provides for a US\$24 million reserved based long-term borrowing facility. The credit facility is subject to Vinccler reaching certain production levels and other project technical tests. The signing at IFC’s Washington, D.C. headquarters completes the previously announced US\$36 million financing package of which US\$12 million has already been disbursed.

“This transaction reaffirms IFC’s commitment to support the growth of Venezuelan companies operating in the country’s oil and gas sector. Vinccler’s strong commitment to sustainable development in Falcon State and the environmental benefits of the project were important factors in approving the loan” said Mr. Rashad Kaldany, IFC Director for Oil, Gas, Mining and Chemicals noted.

Juan Francisco Clerico, Chairman and CEO of Vinccler, stated, “The signing of this long term borrowing facility represents another important step for Vinccler in the development of the oil and gas reserves on the East Falcon Block. We consider IFC’s participation a strong endorsement of the technical and financial merits of our project. Vinccler is committed to delivering natural gas into PDVSA’s ICO pipeline and increasing its oil production in western Venezuela. It is anticipated that the natural gas produced by Vinccler will displace liquid fuels currently being burned at the Paraguaná Refining Complex.”

Mr. Atul Mehta, IFC Director for Latin America, noted, “IFC is proud have initiated a financing relationship and will work hard to be Vinccler’s partner of choice and to support the longer term growth of the company.”

The mission of IFC ([www.ifc.org](http://www.ifc.org)) is to promote sustainable private sector investment in developing and transition economies, helping to reduce poverty and improve people’s

lives. IFC finances private sector investments in emerging markets, mobilizes capital in the international financial markets, helps clients improve social and environmental sustainability, and provides technical assistance and advice to governments and businesses. From its founding in 1956 through FY04, IFC has committed more than US\$44 billion of its own funds and arranged US\$23 billion in syndications for 3,143 companies in 140 developing countries. IFC's worldwide committed portfolio as of FY04 was US\$ 17.9 billion for its own account and US\$5.5 billion held for participants in loan syndications.

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.*