



*Building Value in Venezuela*

## PRESS RELEASE

### **PetroFalcon Releases Second Quarter 2008 Interim Financial Statements and Operations Update**

August 12, 2008, Caracas, Venezuela – PetroFalcon Corporation (“PetroFalcon” or the “Company”) (TSX: PFC) today released its interim consolidated financial statements and related management discussion and analysis (“MD&A”) for the three and six months ended June 30, 2008, and 2007.

For the three months ended June 30, 2008, the Company reported a net loss of US\$4.4 million (loss per share of US\$0.03) compared to a net loss of US\$1.1 million (loss per share of US\$0.01) for the three months ended June 30, 2007. For the six months ended June 30, 2008, the Company reported a net loss of US\$6.1 million (loss per share of US\$0.04) compared to a net loss of US\$1.9 million (loss per share of US\$0.02) for the six months ended June 30, 2007.

The reported loss is primarily due to the Company’s adoption of the cost method of accounting and the recognition of stock-based financing fees for the corporate guarantee provided by Lundin Petroleum AB to Anadarko Petroleum Corporation for the pending acquisition of Anadarko Venezuela Company. Under the cost method of accounting, PetroFalcon does not recognize income from its oil and gas investments until such time as dividends are received. The Company’s MD&A contains a detailed analysis of the periods discussed.

Bill Gumma, PetroFalcon’s President and CEO, said, “In the second quarter, we received almost US\$5 million in payments from PetroCumarebo, and we made progress in our PetroCumarebo drilling campaign. PetroCumarebo is planning two onshore exploration wells this year, targeting almost 60 million barrels of oil and 80 billion cubic feet of natural gas. Beyond PetroCumarebo, we continue to focus on expanding our activity in Venezuela. We look forward to working with Chevron and Repsol/Eni following Ministry approval on the Cardon III and Cardon IV blocks, where we will be drilling two offshore exploration wells in early 2009. We believe the offshore Cardon blocks could contain multiple trillion cubic feet of natural gas.”

PetroFalcon currently has 158,501,120 common shares issued and outstanding and 172,634,780 shares on a fully diluted basis.

## **Operations Update -- PetroCumarebo**

During the second quarter of 2008, PetroCumarebo finished drilling one development well in the northern part of the Cumarebo Field with the San Antonio International (formerly Pride) 421 900 HP rig. PetroCumarebo also started drilling an appraisal well in the central part of the same field. These two new wells were recently perforated and are under evaluation.

PetroCumarebo is currently re-evaluating six wells (LV-12, LV-20, LV-21, CU-170, CU-171 and CU-173) drilled in the Cumarebo and La Vela fields in areas of known hydrocarbon accumulations. The wells will be re-perforated using high penetration gun technology.

The re-evaluation of the first well, CU-170, resulted in an increase in production of 4.6 million cubic feet per day (“mmcf/d”) of natural gas and 190 barrels per day (“bbls/d”) of condensate, or approximately 955 barrels of oil equivalent per day (“boe/d”). The current gross production of PetroCumarebo is approximately 1,100 bbls/d of oil and 18.5 mmcf/d of natural gas, or approximately 4,180 boe/d.

PetroCumarebo plans to drill the San Patricio exploration well later this year in a prospective area east of the Cumarebo Field. This prospect is estimated to contain unrisks reserves of 1.3 million barrels of oil (“mmbo”) and 53 billion cubic feet of natural gas (“bcf”). PetroCumarebo also plans to drill the La Cruz South prospect, which has estimated unrisks reserves of 57 mmbo and 30 bcf. The La Cruz South prospect is part of a larger structure estimated to contain unrisks reserves of 110 mmbo and 317 bcf.

## **Operations Update -- Baripetrol**

Baripetrol plans to start drilling in September 2008 with a Petrex 2,000 HP rig on long-term contract through 2011. The current gross production of Baripetrol is approximately 8,800 bbls/d of oil and 6 mmcf/d of natural gas, or 9,800 boe/d. The recent decrease in production is due to the temporary closure of wells during workover activity and pump changes in the La Palma Field.

The 2008 capital expenditures for both the PetroCumarebo and Baripetrol mixed companies are expected to be self-funded.

Please refer to the Company’s MD&A for a detailed operational update.

## **SEDAR**

PetroFalcon has filed its interim consolidated financial statements and related MD&A for the three and six months ended June 30, 2008, with Canadian securities regulatory authorities on the System for Electronic Document Analysis and Retrieval (“SEDAR”). Copies of the financial statements and related MD&A of PetroFalcon for the three and six months ended June 30, 2008, and 2007, may be accessed electronically at [www.sedar.com](http://www.sedar.com).

## **About PetroFalcon**

PetroFalcon Corporation is an independent oil and gas company with exploration and production assets in Venezuela. PetroFalcon is headquartered in Caracas and listed on the Toronto Stock Exchange (ticker symbol “PFC”).

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*Readers are cautioned that a barrel of oil equivalent (boe) is derived by converting natural gas to oil in the ratio of six thousand cubic feet of gas to one barrel of oil and that this may be misleading, particularly if used in isolation. A boe conversion is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.*

*This news release contains forward-looking information, including estimates, projections, interpretations, prognoses and other information that may relate to current, past or future production, development(s), testing, well test results, project start-ups and future capital spending. Current, past and/or future actual results and/or reported results, estimates, projections, interpretations, prognoses, well results, test results, reserves, production, resource and/or resource potential, development(s), project start-ups, and capital spending, plans and/or estimated results could differ materially due to delays in receipt of required permits and regulatory approvals, changes in project schedules, operating performance, demand for oil and gas, commercial negotiations or other technical and economic factors or revisions. This news release may contain the reference to the terms discovery, reserves and/or resources or resource potential which are those quantities estimated to be contained in accumulations. There is no certainty that any portion of these accumulations or estimated accumulations in this news release may not change materially; and that, if discovered, in any discovery, the accumulations or estimated accumulations may not be economically viable or technically feasible to produce. The forward-looking information contained herein involve known and unknown risks, uncertainties, scheduling, re-scheduling and other factors which may cause the actual results, performance, estimates, projections, interpretations, prognoses, schedules or achievements of PetroFalcon or industry results to be materially different from any future results, performance or achievements expressed or implied by such information.*