



PETROMINERALES

A PETROBANK COMPANY

PRESS RELEASE

PETROMINERALES REPORTS ANOTHER RECORD QUARTER WITH 105 PERCENT INCREASE IN PRODUCTION

Bogotá, Colombia – August 4, 2010 – Petrominerales Ltd. (“Petrominerales” or the “Company”) (TSX:PMG), a 66 percent owned subsidiary of Petrobank Energy and Resources Ltd. (TSX: PBG), is pleased to announce another quarter of record results highlighted by a 105 percent increase in production to 44,203 barrels of oil per day (“bopd”), funds flow from operations of US\$176.0 million (US\$1.68 per diluted share) and net income of US\$81.2 million (US\$0.78 per diluted share) for the second quarter of 2010. We realized operating netbacks of US\$50.93 per barrel, a 38% increase over 2009. Our balance sheet remains strong with a US\$67.3 million net working capital surplus and no bank debt outstanding. This financial flexibility gives us the strength to execute our largest capital program to-date in 2010.

FINANCIAL & OPERATING RESULTS

The following table provides a summary of Petrominerales’ financial and operating results for the three and six month periods ended June 30, 2010 and 2009. Interim consolidated financial statements with Management's Discussion and Analysis (“MD&A”) are available on the Company’s website at www.petrominerales.com and will also be available on the SEDAR website at www.sedar.com.

	Three months ended June 30,			Six months ended June 30,		
	2010	2009	% change	2010	2009	% change
Financial						
(\$000s, except where noted)						
Crude oil revenue	318,776	104,823	204	566,622	181,175	213
Funds flow from operations ⁽¹⁾	175,989	64,098	175	316,075	105,944	198
Per share – basic (\$)	1.77	0.65	172	3.19	1.07	198
– diluted (\$)	1.68	0.63	167	3.02	1.05	188
Net income	81,218	15,323	430	154,594	22,711	581
Per share – basic (\$)	0.82	0.16	413	1.56	0.23	578
– diluted (\$)	0.78	0.15	420	1.50	0.23	552
Capital expenditures	112,697	79,527	42	224,489	144,898	55
Total assets	1,052,284	633,237	66	1,052,284	633,237	66
Net working capital surplus (deficit) ⁽¹⁾	67,277	(7,503)	997	67,277	(7,503)	997
Common shares, end of period (000s)						
Basic	99,363	97,930	1	99,363	97,930	1
Diluted ⁽²⁾	110,778	104,383	6	110,778	104,383	6
Operations						
Operating netback (\$/bbl) ⁽¹⁾						
WTI benchmark price	78.06	59.79	31	78.47	51.68	52
Crude oil revenue ⁽³⁾	63.53	47.96	32	64.95	40.90	59
Royalties	6.35	4.30	48	6.81	3.98	71
Production expenses	6.25	6.76	(8)	6.46	6.34	2
Operating netback	50.93	36.90	38	51.68	30.58	69
Crude oil production (bopd) ⁽⁴⁾	44,203	21,548	105	41,218	21,659	90

⁽¹⁾ Non-GAAP measure. See “Non-GAAP Measures” section within this press release.

⁽²⁾ Consists of common shares, stock options, deferred common shares, incentive shares and convertible debentures outstanding as at the period-end date.

⁽³⁾ Net of transportation and excludes revenue from purchased oil.

⁽⁴⁾ Actual production sold for the three and six months ended June 30, 2010 was 49,466 and 43,995 bopd respectively (2009 – 21,390 bopd and 21,399 bopd).

HIGHLIGHTS

(comparisons are second quarter 2010 compared to the second quarter of 2009, except where noted)

- We increased crude oil production to 44,203 bopd, a 105 percent gain over the prior year and a 16 percent gain over the first quarter of 2010.
- We generated a solid operating netback of \$50.93 per barrel in the quarter, a 38% increase.
- We recorded funds flow from operations of \$176.0 million (\$1.68 per diluted share) and net income of \$81.2 million (\$0.78 per diluted share).
- We drilled two new oil discoveries on our Central Llanos Basin acreage in Colombia, Yenac-1 and Capybara-1.
- We completed the acquisition of PanAndean Resources plc (“PanAndean”) on April 14, 2010. PanAndean assets include four exploration contracts in Peru and one in Colombia totalling 6.7 million gross (2.6 million net) acres.

OPERATIONAL REVIEW

COLOMBIA

Guatiquia

Production from the Candelilla structure averaged 27,779 bopd during the second quarter of 2010, an increase of 6,807 bopd, or 32 percent on a quarter-over-quarter basis. Production is being handled through early production facilities built on the Block, now capable of handling up to 55,000 barrels of fluid per day. Once the required regulatory approvals have been obtained, we plan to tie-in the Candelilla production to our Corcel central processing facility, which is expected to be completed by the end of the year. During the quarter, we shut-in the Candelilla-1 well for ten days in April to optimize oil production. In late July, we turned on the electric submersible pumps in the Candelilla wells to further optimize production. July monthly average production was 19,346 bopd and is currently over 21,000 bopd.

On July, 25, 2010, we began drilling operations on the Candelilla-4 exploration well, targeting previously identified pay in the Guadalupe and Mirador formations. Well results are expected by the end of August. In addition, we plan to drill an additional two exploration wells on the Guatiquia Block, Yatay-1 and Azalea-1, and to acquire 3D seismic over the entire Block.

Corcel

Corcel production during the second quarter 2010 averaged 8,220 bopd and 7,915 bopd during the month of July. Production has decreased from 2009 as no additional wells had been drilled on the block from the time the A2 sidetrack well was put on production September 28, 2009 until the C2 well came on production May 31, 2010. Second quarter Corcel production was also affected by certain wells being restricted or shut-in due to temporary limitations in our water disposal capacity in May and June. We expect to complete our installation of additional water disposal facilities in early August.

We resumed the Corcel drilling program on April 13, 2010 when we commenced drilling operations on the Corcel-C2 development well, reaching total measured depth of 13,750 feet on May 13, 2010. Well logs indicated 21 feet of potential net oil pay in the Lower Sand 1 formation and 14 feet of pay in the Guadalupe formation. On May 31, 2010, the well was placed on production at over 3,000 bopd of 21 degree API oil.

In the northeast area of Corcel, we have drilled our first exploration well, Amarillo-1. The well began drilling operations on June 10, 2010 and reached total measured depth of 13,457 feet on July 27, 2010. Well logs indicated a total of 46 feet of potential net oil pay in the Guadalupe formation. The Lower Sand 1 zone

indicated an anomalous well log response and compelling hydrocarbon indications during drilling. The well is being cased and the drilling rig will be mobilized to the Arion-1 location to spud this well by mid-August. Amarillo-1 will be tested with the completion rig, starting with the Lower Sand 1 formation. Initial test results are expected in August.

We plan to drill up to three additional exploration wells in the northeast area of Corcel by the end of 2010 and continue drilling in the area in 2011 to complete the remainder of our initial ten-well northeast exploration program. The Boa-2 development well is also expected to commence drilling in September.

On April 23, 2010, we completed the acquisition of 354 square kilometres of 3D seismic comprised of 205 square kilometres on the Corcel Block and 150 square kilometres on the adjacent Block 31. We now have 3D seismic coverage over the entire Corcel Block.

Block 31

We began the interpretation of the 150 square kilometre 3D seismic program we recently acquired on the southern portion of Block 31, contiguous with the Corcel Block. This program satisfies our seismic work commitment on the Block. An initial review of the data indicates the potential to add to our prospect inventory. Following the seismic interpretation, we plan to drill our first exploration wells on the Block in 2011.

Central Llanos (Casimena, Castor, Casanare Este, Mapache)

In January, we initiated a 13-well exploration program in the Central Llanos Basin starting with the Yenac-1 well on the Casimena Block that was placed on an extended test on April 13, 2010. The well commenced production at over 1,800 bopd at 16 degree API oil and has produced 173,000 barrels through the end of July.

The second well of our Central Llanos exploration program, Capybara-1 on our Castor Block, was cased as a potential oil well based on well logs that indicated 18 feet of potential net oil pay in two separate sands within the Carbonera C7 formation. Following testing, which indicated Capybara-1 is capable of producing 660 bopd of 29 degree API oil, the well was suspended and we are evaluating potential up-dip locations and developing a water handling strategy.

The third well of the program, Cerillo-1 on our Casanare Este Block, reached total measured depth of 9,580 feet on April 19, 2010. We swab tested five intervals in the Gacheta and Carbonera C7 formations. Four of the intervals were wet, while the fifth C7 interval tested non-commercial amounts of 31 degree API oil. The well has been suspended and we are assessing the up-dip potential of the Cerillo structure.

The fourth well of the program, Mapana-1 on our Mapache Block, reached total measured depth of 8,220 feet on May 27, 2010. We completed three of four prospective intervals in the Guadalupe, Mirador and Carbonera C7 formations which tested wet. A fourth interval in the Carbonera C7 remains to be tested, but the interval would require remedial cement work. The well was suspended and the rig moved to the Manzanillo-1 well.

Manzanillo-1, the fifth well of our program, reached total measured depth of 8,101 feet on June 24, 2010 and was cased as a potential oil well based on indications of hydrocarbons encountered during drilling operations. Initial swab test results from the first interval tested in the Guadalupe formation recovered 35 degree API light oil. We are planning to swab test a number of additional intervals in the well before placing the Guadalupe formation on long-term production test.

We plan to recommence our Central Llanos drilling program in September starting with two follow-up wells at our Yenac discovery and then we plan to continue drilling our Mapache multi-well exploration program, drilling through the rest of 2010 and into 2011.

Neiva

Neiva production averaged 3,415 bopd in the second quarter, a 45 percent increase from 2009, and has increased to average 3,924 bopd during the month of July. In 2010, we drilled and completed sixteen wells and performed eight workovers. In 2010, we started drilling wells targeting the Monserrate formation, which have demonstrated similar productive capacity as Doima-Chicoral wells. We currently have an additional 38 development locations to be drilled and we plan to keep actively drilling on the block through the remainder of 2010 and into 2011, focusing on Doima-Chicoral and Monserrate locations.

Orito and Las Aguilas

In response to declining world oil prices in 2009, we discontinued drilling at Orito and commenced a formal sale process for our Orito asset and the adjoining Las Aguilas exploration block. Following the conclusion of this process we determined not to sell the Orito asset at this time and in response to higher oil prices, we are planning a multi-well drilling program in the area that is expected to commence in December and continue into 2011. The program is expected to include two exploration wells on the Las Aguilas Block and an initial four-well development program at Orito. In addition, we plan to acquire 48 square kilometres of 3D seismic over the Orito and adjoined Las Aguilas acreage.

Heavy Oil (Rio Ariari, Chiguiro Oeste, Chiguiro Este, Antorcha)

In July, we mobilized a drilling rig onto our Llanos Basin heavy oil acreage and commenced drilling operations July 30, 2010 on the Avellana-1 exploration well on our Chiguiro Oeste Block. Results are expected by mid-September. Following Avellana-1, we plan to conduct a multi-well exploration drilling program of up to nine wells on our Rio Ariari Block to follow-up on our Rio Ariari discovery and target new exploration prospects and play-types on the Block. We expect to run this program continuously for the remainder of 2010 and into 2011.

We acquired the 87,383 acre Antorcha Block from our acquisition of PanAndean on April 14, 2010. This Block provides Petrominerales with another heavy oil exploration opportunity in an area close to infrastructure in the Middle Magdalena Basin. We commenced drilling the Antorcha-1 well on July 25, 2010 and reached total measured depth of 1,320 feet on August 2, 2010. Well logs indicated no pay, however some oil shows were seen in the core. We plan to release the rig, incorporate the well results into our geological model and plan future exploration work in 2011.

Colombia 2010 Bid Round

In June's 2010 Bid Round, we were awarded Block 59 and Block 15, both in the Llanos Basin of Colombia.

Block 59 is located just north of the Apiay and Castilla oil fields. The Block covers 131,286 acres and our first phase work commitments will include spending \$24.2 million over three years to acquire 300 square kilometres of 3D seismic and drilling four exploration wells. The Block has over 500 kilometres of existing 2D seismic from which we have already identified several leads.

Block 15 is located northeast of the Cusiana-Cupiagua oil fields. The Block covers 63,188 acres and our first phase work commitments will include spending \$10.0 million over three years to acquire 100 square kilometres of 3D seismic and drilling two exploration wells. The Block currently has over 90 kilometres of existing 2D seismic from which we have identified several fault trends. The Block is located 12 kilometres southeast of the Huron discovery on the Niscota Block.

Both of these blocks will be subject to a new Colombia National Hydrocarbon Agency ("ANH") contract (8% initial royalty) plus a further state participation of 1% of gross production, payable to the ANH. In addition, the 2010 ANH hydrocarbon contracts include a high price participation payment when the cumulative production from the block exceeds five million barrels. The Block 15 and 59 contracts are subject to the final approval of the Directive Council of the ANH and resolution of our previously announced contractual dispute with the ANH.

PERU

On April 14, 2010 we completed our previously announced acquisition of PanAndean. The acquisition was completed by way of scheme of arrangement (the "Scheme") in accordance with the United Kingdom Companies Act 2006. The Scheme resulted in Petrominerales acquiring PanAndean's Colombian and Peruvian assets, consisting of four exploration blocks in Peru totaling 6.7 million gross acres (2.6 net acres) and the Antorcha Block in Colombia.

Combining the PanAndean acquisition with our existing 55 percent working interest in Block 126, we have the exploration rights to a significant concentration of land in the highly under-explored Ucayali Basin of Peru. On Block 126, we completed a 150 square kilometre 3D seismic program earlier this year and we are in the final stages of evaluating the data and establishing drilling locations. Lease construction and infrastructure improvements are anticipated to begin on Block 126 in the third quarter of 2010 and an initial drilling program of up to three wells is expected to commence in early 2011. Additionally, we plan to reprocess approximately 1,000 kilometres of existing 2D seismic data. Pending interpretation of the reprocessed seismic data, we intend to initiate further environmental impact assessments in these new areas, with a view to expanding our drilling program on the Block.

Our recently acquired PanAndean acreage in Peru consists of two operated Blocks and two non-operated Blocks. On Block 161 in the Ucayali Basin, we plan to complete the reprocessing 150 kilometres of 2D seismic during the third quarter of 2010. On Block 141 in the Titicaca Basin, we plan to complete a 300 kilometre 2D seismic program in 2011. On Blocks 114 and 131, we are carried by the operator on current phase seismic activity, the first exploration wells, and 50% of the second exploration wells drilled on each block. On Block 131, the operator has initiated a 300 km 2D seismic program and the first well could be drilled in 2012. On Block 114, the first well is expected to be drilled in late 2011.

COLOMBIA STOCK EXCHANGE LISTING

We are in the process of preparing necessary information to list Petrominerales' shares on the Colombian stock exchange, Bolsa de Valores de Colombia ("BVC"). Subject to customary regulatory approvals, we expect to have our shares trading on the BVC by the end of 2010. We have engaged Citivalores S.A. Colombia, a Citibank company, to act as our advisors in this process.

QUARTER RESULTS CONFERENCE CALL

Management of Petrominerales will be holding a conference call for investors, financial analysts, media and any interested persons on **Thursday, August 5, 2010 at 9:00 am (Mountain time)** (11:00 a.m. Eastern Time) to discuss our second quarter financial and operating results. The investor conference call details are as follows:

Live call dial-in numbers: **416-695-6622 / 800-446-4472**

Replay dial-in numbers: **416-695-5800 / 800-408-3053**

Replay pass code: **5803441**

The live audio webcast link is: <http://events.digitalmedia.telus.com/petrominerales/080510/index.php> and is also available on our website at: <http://www.petrominerales.com/investors/>.

Petrominerales Ltd.

Petrominerales Ltd. is a Latin America-based exploration and production company producing oil in Colombia with 17 exploration blocks covering a total of 2.1 million acres in the Llanos and Putumayo Basins and five exploration blocks in Peru covering a total of 9.4 million gross (5.2 million net) acres in the Ucayali and Titicaca Basins. Petrominerales is 66 percent owned by Petrobank Energy and Resources Ltd. (TSX: PBG).

Non-GAAP Measures

This press release contains financial terms that are not considered measures under Canadian generally accepted accounting principles ("GAAP"), such as funds flow from operations, funds flow per share, net working capital surplus and operating netback. These measures are commonly utilized in the oil and gas industry and are considered informative for management and shareholders. Specifically, funds flow from operations and funds flow per share reflect cash generated from operating activities before changes in non-cash working capital. Management considers funds flow from operations and funds flow per share important as they help evaluate performance and demonstrate the Company's ability to generate sufficient cash to fund future growth opportunities and repay debt. Net working capital surplus includes current assets less accounts payable, accrued liabilities and income taxes payable, and is used to evaluate the Company's financial leverage. Operating netback is determined by dividing oil sales less royalties, transportation and other and operating expenses by sales volumes of produced oil. Management considers operating netback important as it is a measure of profitability per barrel sold and reflects the quality of production. Funds flow from operations, funds flow per share, net working capital surplus and operating netbacks may not be comparable to those reported by other companies nor should they be viewed as an alternative to cash flow from operations, net income or other measures of financial performance calculated in accordance with GAAP.

Forward-Looking Statements

Certain information provided in this press release constitutes forward-looking statements. The words "anticipate", "expect", "project", "estimate", "forecast" and similar expressions are intended to identify such forward-looking statements. Specifically, this press release contains forward-looking statements relating to the timing of capital projects, financial results and the results of operations and timing of resolving our dispute with the ANH and listing our shares on the BVC. The reader is cautioned that assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be incorrect. Actual results achieved during the forecast period will vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors. A discussion of those risks and uncertainties can be found in the Company's Canadian securities filings. Such factors include, but are not limited to: general economic, market and business conditions; fluctuations in oil prices; the results of exploration and development drilling, recompletions and related activities; timing and rig availability, outcome of exploration contract negotiations and arbitration process; fluctuation in foreign currency exchange rates; the uncertainty of reserve estimates; changes in environmental and other regulations; risks associated with oil and gas operations; and other factors, many of which are beyond the control of the Company. There is no representation by Petrominerales that actual results achieved during the forecast period will be the same in whole or in part as those forecast. Except as may be required by applicable securities laws, Petrominerales assumes no obligation to publicly update or revise any forward-looking statements made herein or otherwise, whether as a result of new information, future events or otherwise.

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