



# PETROMINERALES

A PETROBANK COMPANY

## PRESS RELEASE

### PETROMINERALES RECORDS NET INCOME OF US\$26.2 MILLION IN THE THIRD QUARTER

Bogotá, Colombia – November 4, 2009 – Petrominerales Ltd. (“**Petrominerales**” or the “**Company**”) (TSX:PMG), a 67% owned subsidiary of Petrobank Energy and Resources Ltd. (TSX: PBG), is pleased to announce third quarter financial and operating results highlighted by a 73% increase in production to 21,546 barrels of oil per day (“bopd”), funds flow from operations of US\$71.7 million (US\$0.71 per diluted share) and net income of US\$26.2 million (US\$0.26 per diluted share). Production has continued to increase in October, averaging 27,047 bopd. We have also recently announced exploration successes with our first wells on our Guatiquia and Rio Ariari Blocks.

### FINANCIAL & OPERATING RESULTS

The following table provides a summary of Petrominerales’ financial and operating results for the three and nine months ended September 30, 2009 and 2008. Interim consolidated financial statements with Management's Discussion and Analysis (“MD&A”) are available on the Company’s website at [www.petrominerales.com](http://www.petrominerales.com) and will also be available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

(All references to \$ are United States dollars unless otherwise noted)

	Three months ended			Nine months ended		
	September 30,		%	September 30,		%
	2009	2008	Change	2009	2008	Change
<b>Financial</b>						
(US\$000s, except where noted)						
Crude oil revenue	<b>119,485</b>	125,065	(4)	<b>300,660</b>	272,572	10
Funds flow from operations <sup>(1)</sup>	<b>71,709</b>	78,343	(8)	<b>177,653</b>	176,721	1
Per share – basic (\$)	<b>0.73</b>	0.78	(6)	<b>1.81</b>	1.76	3
– diluted (\$)	<b>0.71</b>	0.75	(5)	<b>1.75</b>	1.68	4
Net income	<b>26,224</b>	57,951	(55)	<b>48,935</b>	110,866	(56)
Per share – basic (\$)	<b>0.27</b>	0.58	(53)	<b>0.50</b>	1.10	(55)
– diluted (\$)	<b>0.26</b>	0.57	(54)	<b>0.49</b>	1.08	(55)
Capital expenditures	<b>53,998</b>	73,080	(26)	<b>198,896</b>	221,292	(10)
Total assets	<b>659,876</b>	571,796	15	<b>659,876</b>	571,796	15
Net debt <sup>(1)</sup>	<b>87,889</b>	47,168	86	<b>87,889</b>	47,168	86
Common shares outstanding, end of period (000s)						
Basic	<b>98,150</b>	99,982	(2)	<b>98,150</b>	99,982	(2)
Diluted <sup>(2)</sup>	<b>104,461</b>	106,384	(2)	<b>104,461</b>	106,384	(2)
<b>Operations</b>						
Operating netback (\$/bbl) <sup>(3)</sup>						
Crude oil revenue <sup>(4)</sup>	56.29	105.90	(47)	46.07	102.18	(55)
Royalties	5.52	11.22	(51)	4.50	10.26	(56)
Production expenses	8.02	8.02	-	6.91	9.57	(28)
Operating netback	42.75	86.66	(51)	34.66	82.35	(58)
Average daily crude oil production (bbls) <sup>(5)</sup>	<b>21,546</b>	12,485	73	<b>21,621</b>	9,497	128

<sup>(1)</sup> Non-GAAP measure. See “Non-GAAP Measures” below. The Company defines net debt as bank debt plus principal amount of convertible debentures and accounts payable less current assets.

<sup>(2)</sup> Consists of common shares, stock options and deferred common shares outstanding as at the period end date.

<sup>(3)</sup> Excludes hedging activities.

<sup>(4)</sup> Net of transportation expenses.

<sup>(5)</sup> Actual production sold for the three and nine months ended September 30, 2009 was 21,239 bopd and 21,345 bopd, respectively (2008 – 12,485 bopd and 9,497 bopd).

## Highlights

(comparisons are third quarter 2009 compared to the third quarter of 2008)

- Crude oil production increased 73% to 21,546 bopd due mainly to drilling successes at Corcel, Neiva and Mapache.
- October average production increased further to 27,047 bopd, driven by incremental production from the A2 side-track; our highest rate oil well in Colombia to-date.
- Operating netbacks averaged \$42.75 per barrel while WTI averaged \$68.24 per barrel.
- Recorded funds flow from operations of \$71.7 million (\$0.71 per diluted share).
- Recorded net income of \$26.2 million (\$0.26 per diluted share).
- Monterrey crude oil offloading facility was commissioned and deliveries commenced in the quarter.
- We cased our first exploration well on the Guatiquia Block, Percheron-1, as a potential oil well.
- We tested 16 degree API oil at Rio Ariari-1, our third exploration well on our 818,650 acre land position in the Llanos Basin heavy oil belt.

## OPERATIONAL REVIEW

Petrominerales' reported funds flow from operations of \$71.7 million (\$0.71 per diluted share) and net income of \$26.2 million (\$0.26 per diluted share) in the third quarter of 2009 on the strength of the Company's high operating netbacks, strong production growth and efficient cost structure.

### Corcel

During the third quarter, our exploration program continued on the block with the evaluation of the F1 well and drilling and completion of the Boa-1 and A2 side-track wells. Corcel production in the third quarter averaged 13,541 bopd, consistent with the second quarter of 13,801 bopd. An increasing proportion of our Corcel production consists of a solid base of lower decline production. Please refer to our most recent corporate presentation on our website at [www.petrominerales.com](http://www.petrominerales.com) for this illustration.

Production additions in the quarter came from the Boa-1 and A2 side-track wells. Boa-1 commenced production on September 5<sup>th</sup> at over 6,000 bopd, however after repairing mechanical problems in the well, production is now restricted to less than 3,000 bopd. On September 28<sup>th</sup>, the A2 side-track well came on production at rates over 10,000 bopd. This has allowed us to increase total Company average production in October to 27,047 bopd.

On July 9, 2009, we commenced oil deliveries to the Monterrey offloading facility. Our initial delivery capacity is 11,000 bopd. Final delivery capacity of 20,000 bopd is expected to be available in the fourth quarter of this year. The facility is the closest offloading station to Corcel, 77 kilometers away, and has now reduced our trucking costs for volumes delivered to Monterrey to under \$3.00 per barrel.

### Neiva

On our Neiva block, we have drilled 31 wells in 2009, 17 in the Doima Chicoral and 14 in the Honda formation as part of our multi-year development drilling program. Neiva production averaged 3,214 bopd in the third quarter, a 616% increase from 2008. These increases reflect the effectiveness of our innovative multi-stage fracture stimulation technique, now being used to complete these wells. We have expanded our inventory of drilling locations and plan to keep our rig actively drilling on the block through the remainder of 2009 and 2010. In addition, we have performed nine recompletions using our multi-stage fracture stimulation technique and are planning an additional three recompletions for the remainder of 2009.

## **Orito**

Orito production averaged 3,770 bopd in the third quarter, consistent with second quarter 2009 levels, with no new wells drilled during the quarter. We have temporarily suspended our development drilling program as part of our strategy to refocus capital deployment to the highest value-add areas of our portfolio. We have received expressions of interest for our Orito property and we are considering a sale of this non-core asset.

## **Mapache**

Mapache production averaged 1,021 bopd during the third quarter. In April, we completed the acquisition of 91 square kilometres of 3D seismic to the south and on-trend with our initial discoveries. This program has confirmed an extensive fault trend extending along the length of the block. We plan to drill at least two wells on the block in 2010.

## **Exploration**

The Percheron-1 well, our first exploration well on the Guatiquia Block, commenced drilling on September 30<sup>th</sup> and reached a total depth of 12,198 feet on October 27<sup>th</sup>. Well logs indicate 51 feet of potential net oil pay in the Lower Sand 1 zone and 25 feet of potential net pay in the Lower Sand 3. The well has now been cased as a potential oil well and we plan to conduct a multi-zone testing program using our work-over rig, with test results expected by the end of November. The Guatiquia Block, covering 26,349 acres, is on trend and contiguous with the southwest portion of the Corcel Block.

The drilling rig is now moving to the Candelilla-1 location, our second exploration well to be drilled on the Guatiquia Block. After drilling Candelilla-1, we plan to move the rig back to Corcel to continue our multi-year drilling program, starting with Corcel-C2.

Our three-well heavy oil exploration drilling program on our 818,650 acre land position in the southern Llanos basin continued in the third quarter with the second and third wells of the program, Chiguiro Oeste-1 and Rio Ariari-1.

Chiguiro Oeste-1 commenced drilling operations on July 12, 2009 and reached a total depth of 4,984 feet on July 19, 2009. Electric logs indicated 56 feet of high quality net pay in the Mirador formation. The well was cased; however the testing program was suspended due to uncertainty regarding the integrity of primary cement following significant losses into a lower thief zone during the cementing operation. As a result, a side-track well was completed in September. We cored the entire Mirador zone in the side-track and observed moveable oil in several sections of the core and the well was cased as a potential oil producer.

We temporarily suspended testing operations at Chiguiro Oeste-1 to begin drilling operations at Rio Ariari-1 within our contractual timeframe. At Rio Ariari-1, we initially cut two of five planned cores in the well. Based upon the presence of oil shows in the core and the mud system, the decision was made to stop drilling and perform an open hole test in the Upper Mirador sand. We began an open hole swab test over the zone on November 1, 2009 and we experienced 16.2 degree API oil to surface. We have resumed the coring and drilling operation of the Cretaceous section and we expect to complete drilling and testing operations by the end of November.

To date in 2009, we have acquired 423 square kilometres (km<sup>2</sup>) of 3D seismic. These seismic programs satisfied our current phase commitments on the Castor, Casanare Este and Casimena blocks. This enhanced 3D seismic database has further defined previously identified leads and structures.

On our Blocks 25 and 31, two contiguous blocks north of Corcel and on trend with the “super giant” Cusiana-Cupiagua fields, we are currently reprocessing the existing 2D seismic grid, from which several preliminary leads have been identified, and we are planning a 3D seismic program for 2010. The first phase of these contracts has a term of 36 months, and our work commitments include acquiring 3D seismic and drilling exploration wells on both properties. In 2009, we will conduct environmental studies with plans to commence our exploration program in early 2010.

We have now identified over 70 prospects and leads with over 50 additional contingent locations on our 1.8 million acres of exploration land in Colombia. Our prospects are diversified across 15 exploration blocks and multiple play-types.

Petrominerales acquired a 55 percent interest in the 2.6 million acre Block 126 in the Ucayali Basin of Peru last November. In May, we received approval on the Environmental Impact Assessment from the Peruvian government relating to Block 126 in the Ucayali Basin of Peru. In conjunction with our joint venture partners, we have commenced the acquisition of 150 km<sup>2</sup> of 3D seismic and 50 kilometres of 2D seismic, which is likely to be completed in late 2009, early 2010. Initial activities on the block included the reinterpretation of 1,200 kilometres of 2D seismic, which has been completed and confirmed a large anomaly, the La Colpa structure, which was encountered by a well drilled on the block 20 years ago. Initially, two other structural leads have also been identified from the existing reprocessed 2D seismic. The first exploration well on the block could be drilled in late 2010.

#### **Petrominerales Ltd.**

Petrominerales Ltd. is a Latin America-based exploration and production company producing oil in Colombia with 14 exploration blocks covering a total of 1.8 million acres in the Llanos and Putumayo Basins and 2.6 million acres in the Ucayali Basin of Peru. Petrominerales is currently 67% 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 debt 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 debt is used to evaluate financial leverage and includes bank debt plus the principal amount of convertible debentures and accounts payable and accrued liabilities, less current assets. Management considers operating netback important as it is a measure of profitability per barrel of production. Funds flow from operations, funds flow per share, net debt 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. 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. You can find a discussion of those risks and uncertainties in our 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; 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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