



PETROMINERALES

A PETROBANK COMPANY

PRESS RELEASE

PETROMINERALES REPORTS RECORD FIRST QUARTER 2010 RESULTS WITH 75 PERCENT INCREASE IN OIL PRODUCTION

Bogotá, Colombia – May 5, 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 record first quarter results highlighted by a 75 percent increase in production to 38,199 barrels of oil per day (“bopd”), funds flow from operations of US\$140.1 million (US\$1.34 per diluted share) and net income of US\$73.4 million (US\$0.71 per diluted share). Production has continued to increase in April, averaging 49,587 bopd. We maintained our industry leading operating netbacks, at US\$51.05 per barrel, a 111% increase over 2009. Our balance sheet remains strong with a US\$44.4 million net working capital surplus and an undrawn US\$150 million bank facility at March 31, 2010. 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 months ended March 31, 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 March 31,	2010	2009	% change
Financial (US\$000s, except where noted)			
Crude oil revenue	247,846	76,352	225
Funds flow from operations ⁽¹⁾	140,086	41,846	235
Per share – basic (\$)	1.42	0.42	235
– diluted (\$)	1.34	0.42	219
Net income	73,376	7,388	893
Per share – basic (\$)	0.74	0.07	957
– diluted (\$)	0.71	0.07	914
Capital expenditures	111,792	65,371	71
Total assets	867,248	582,667	49
Net working capital surplus ⁽¹⁾	44,417	16,273	173
Common shares, end of period (000s)			
Basic	98,935	98,656	-
Diluted ⁽²⁾	108,381	108,266	-
Operations			
Operating netback (\$/bbl) ⁽³⁾			
WTI benchmark price	79.08	43.08	84
Crude oil revenue ⁽⁴⁾	64.65	33.79	91
Royalties	7.12	3.67	94
Production expenses	6.48	5.92	9
Operating netback	51.05	24.20	111
Crude oil production (bopd) ⁽⁵⁾	38,199	21,771	75

⁽¹⁾ Non-GAAP measure. See “Non-GAAP Measures” section within 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⁾ Excludes gains and losses on risk management contracts.

⁽⁴⁾ Net of transportation and other expenses.

⁽⁵⁾ Actual production sold for the three months ended March 31, 2010 was 38,462 bopd (2009 – 21,409 bopd).

HIGHLIGHTS

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

- We increased crude oil production to 38,199 bopd, a 75 percent gain over the prior year and a 56 percent gain over the fourth quarter of 2009.
- We added two more producing wells on our Candelilla discovery. The three Candelilla wells contributed 20,972 bopd to first quarter production.
- We generated solid operating netback of \$51.05 per barrel in the quarter, a 111% increase.
- We recorded funds flow from operations of \$140.1 million (\$1.34 per diluted share) and net income of \$73.4 million (\$0.71 per diluted share).
- We drilled a new oil discovery on our Casimena Block in Colombia, Yenac-1.
- We completed the acquisition of PanAndean Resources plc on April 14, 2010. PanAndean assets include four exploration blocks in Peru and one in Colombia totalling 6.8 million gross (3.9 million net) acres.

OPERATIONAL REVIEW

Guatiquia, Colombia

Following the initial Candelilla discovery well in the fourth quarter of 2009, we drilled two additional wells into the structure, Candelilla-2 and 3, which were placed on production on February 15 and March 29, 2010, respectively. Both wells confirmed the lateral extent and the productivity of the Lower Sand 3 reservoir.

Production from the Candelilla structure averaged 20,972 bopd during the quarter, and 32,198 bopd during the month of April. On April 18, 2010, we temporarily shut-in the Candelilla-1 well to reconfigure the bottom-hole perforations to maximize oil production and delay the onset of water production. On April 28, Candelilla-1 was placed back on production. Total production from the Candelilla structure is currently over 31,500 bopd at a fifteen percent watercut. Candelilla production is being handled through temporary facilities built on the block to handle up to 50,000 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 second quarter.

Corcel, Colombia

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. The Block 31 seismic satisfies our seismic work commitment on the block.

We resumed the Corcel drilling program on April 13, 2010 when we commenced drilling operations on the Corcel-C2 development well. We expect to have initial results from this well by the end of May and with success, have the well on production by mid-June. Following C2, the drilling rig will move to the northeast section of the Corcel Block to drill Amarillo-1, the first of eight exploration wells in the area.

A second rig has been contracted to begin working in Corcel, starting with the Corcel-E2 well in August.

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. Yenac-1 was cased as a potential oil well based on well logs that indicated 42 feet of potential net oil pay in the Mirador formation. During our testing program we encountered oil in three separate Mirador intervals. Two of the three intervals were placed on production at rates of over 1,900 bopd while the third interval can be produced at a future date. Since coming on production April 13 the well has produced at an average rate of 1,961 bopd.

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. Three of the five planned test intervals have been completed to date, two intervals were wet while a third interval swab tested at an average rate of 200 bopd of 30 degree API oil. We expect to have the remaining test results by mid-May.

The third well of our Central Llanos exploration program, Cerillo-1 on our Casanare Este Block, reached total measured depth of 9,580 feet on April 19, 2010 and the well was cased as a potential oil well despite inconclusive log results. We expect to have test results by the end of May.

Following Cerillo-1, we plan to move the rig to the Mapache Block, to begin our ten-well exploration drilling program with the Mapana-1 location. These ten locations are southwest and up-structure from our existing discoveries, along a seismically identified fault trend.

Neiva, Colombia

On our Neiva block, we drilled and completed six wells in the first quarter as part of our multi-year development drilling program. Neiva production averaged 2,620 bopd in the first quarter, a 133 percent increase from 2009, and has increased to average 3,156 bopd during the month of April. We plan to keep our rig actively drilling on the block through the remainder of 2010.

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

During the quarter, we drilled and completed Rio Ariari-2, a follow-up well to our heavy oil Rio Ariari discovery. Well logs indicated 40 feet of potential net oil pay in the Mirador formation. We cased the well and initiated a multi-zone testing program. Due to inconsistencies in the test data and cement integrity issues with the well bore, resulting in high watercuts, we suspended the testing program at Rio Ariari-2. We plan to bring a rig back to the block in August to drill an additional step-out location as well as a multi well program targeting new exploration prospects to follow-up on the original Rio Ariari discovery.

In Colombia, the addition of the 87,383 acre Antorcha block from PanAndean provides Petrominerales with another heavy oil exploration opportunity in an area close to infrastructure in the Middle Magdalena Basin. We expect to commence drilling the Antorcha-1 well in August.

Peru

On April 14, 2010 we completed our previously announced acquisition of PanAndean Resources plc ("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 only the Colombian and Peruvian assets of PanAndean, consisting of four exploration blocks in Peru totaling 6.8 million gross acres (3.9 net acres) and the Antorcha Block in Colombia.

Combining the PanAndean acquisition with our existing 55 percent working interest in Block 126, Petrominerales will have the exploration rights to a significant concentration of land in the highly under-explored Ucayali Basin of Peru, under compelling fiscal terms.

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 with our joint venture partner. Lease construction and infrastructure improvements are anticipated to begin on Block 126 in the third quarter of 2010. 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, together with our joint venture partner, 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 reprocess 150 kilometres of 2D seismic during the second quarter of 2010. On Block 141 in the Titicaca Basin, we plan to complete a 300 kilometre 2D seismic program in 2011. We are carried by the third party operator on the first exploration wells on blocks 114 and 131, which are expected to be drilled in late 2011.

Annual and Special Meeting

Our annual and special meeting will be held May 6, 2010, at 10:00 a.m. Bogotá time (9:00 am Calgary time) at the Hotel Radisson, Millennium Room, Calle 113 No. 7 – 65, Bogotá, Colombia. For those unable to attend in person, the meeting and a following corporate presentation will be webcast and can be accessed using the following web address:

<http://www.segmentoactivo.net/clientes/petrominerales/06052010>

Petrominerales Ltd.

Petrominerales Ltd. is a Latin America-based exploration and production company producing oil in Colombia with 15 exploration blocks covering a total of 1.9 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. 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. 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; 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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