



PETROMINERALES

A PETROBANK COMPANY

PRESS RELEASE

PETROMINERALES PROVIDES CLARITY ON RECENT DISCLOSURES BY THE ANH RELATING TO THE OPEN ROUND COLOMBIA 2010

Bogotá, Colombia – July 7, 2010 – Petrominerales Ltd. (“Petrominerales” or the “Company”) (TSX:PMG), a 66% owned subsidiary of Petrobank Energy and Resources Ltd. (TSX:PBG), would like to provide clarity regarding the asterisks noted next to Petrominerales’ name in recent disclosure of the Agencia Nacional de Hidrocarburos (National Hydrocarbon Agency) (“ANH”), an agency of the Colombian government, relating to the Open Round Colombia 2010 (“2010 Bid Round”). The asterisks indicate that Block 15 and 59 awarded to Petrominerales in the 2010 Bid Round are subject to the resolution of a contractor non-compliance procedure. The non-compliance procedure relates to an interpretation difference with respect to the Corcel Block exploration contract (“Corcel Contract”) entered into between Petrominerales and the ANH on June 2, 2005.

The Corcel Contract requires a high price participation payment (“Additional Contribution”) to be paid by Petrominerales to the ANH once an exploitation area has cumulatively produced more than five million barrels of oil, determined before the deduction of royalties. The Additional Contribution is paid at 30 percent of the price received above certain threshold prices, based on the oil quality produced, as follows:

<u>Quality</u>	<u>2010 Threshold Prices</u>
Less than 10° API	Nil
10° to 15° API	\$49.43/bbl
15° to 22° API	\$34.61/bbl
22° to 29° API	\$33.37/bbl
Greater than 29° API	\$32.13/bbl

Crude oil production with a quality between 22 and 29 degrees API with a realized oil price of US\$60 per barrel would result in an incremental royalty of 13.3 percent of gross production, bringing the total Colombian government take to 21.3 percent for an exploitation area with production up to 5,000 barrels of oil per day. Threshold prices are adjusted annually for inflation.

The ANH has indicated to us their view that exploitation areas under the Corcel Contract should be combined for the purposes of determining when the Additional Contribution is payable. As combined production from our Corcel-A, Corcel-C and Corcel-D exploitation areas has exceeded five million barrels of oil, the ANH asserts that Petrominerales is required to pay an Additional Contribution with respect to production from Corcel-A, Corcel-C and Corcel-D from January 2010 onwards and on a go-forward basis for all of Petrominerales’ exploitation areas combined in the Corcel Block. Based on their view, the ANH has issued invoices to Petrominerales aggregating \$19 million to March 31, 2010. As at June 30, 2010, the Corcel-A, Corcel-C and Corcel-D exploitation areas have individually produced 4.5, 3.2 and 2.2 million barrels, respectively. Individually, none of Petrominerales’ exploitation areas on the Corcel Block have cumulatively produced more than five million barrels of oil.

Petrominerales disagrees with the ANH interpretation as we clearly view the Corcel Contract as providing that payment of the Additional Contribution is required once each exploitation area has cumulatively produced more than five million barrels of oil. We promptly responded to the ANH



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Calle 116 No. 7-15, Interior 2, Torre Cusezar, Piso 6, Bogotá, Colombia
Phone: 011.57.1.629.2701 or 403.750.4400 - Fax: 011.57.1.629.4723
E-mail: ir@petrominerales.com - Website: www.petrominerales.com

indicating our disagreement and setting forth this position. In order to participate in the 2010 Bid Round, in which we were ultimately awarded Block 59 and Block 15, Petrominerales requested this disagreement be resolved using the conflict resolution process provided for in the Corcel Contract. The ANH agreed to this request.

Petrominerales will actively seek resolution to this matter using the conflict resolution process, including arbitration if required, and we are of the view that the Corcel Contract will ultimately be interpreted in our favour. Of particular note is the revised wording for the new ANH contracts to be executed pursuant to the 2010 Bid Round, which would expressly provide the ANH with the right to collect the Additional Contribution when total Block production exceeds 5 million barrels of oil. This new wording is materially different than the wording in prior ANH contracts, including the Corcel Contract, and would appear to address the issue we are currently disputing. Of further note is the fact that, to-date, Petrominerales has been the most successful operator under the new ANH regime, and therefore we regularly reach certain milestones in the ANH contracts that have not yet faced commercial scrutiny. We are certain that this dispute will be resolved in the best interests of both Colombia and international investors and we will pursue all available legal rights to defend the best interests of our shareholders.

***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% owned by Petrobank Energy and Resources Ltd. (TSX:PBG).*

***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 a disagreement regarding the interpretation of a contract between Petrominerales and the ANH and the anticipated timing and result of the resolution of such disagreement. 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: discussions and negotiations with the ANH, the result of any conflict resolution proceedings, general economic, market and business conditions; fluctuations in oil prices; 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.*

FOR MORE INFORMATION PLEASE CONTACT:

John D. Wright, Strategic Adviser and Chairman of the Board
Corey C. Ruttan, President and Chief Executive Officer
Jack F. Scott, Chief Operating Officer
Kelly D. Sledz, Chief Financial Officer

Telephone: 403.750.4400 or 011.571.629.2701

Email: ir@petrominerales.com

Website: www.petrominerales.com

TSX: PMG



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Calle 113 No. 7-45, Torre B Oficina 1506, Bogotá, Colombia - Phone: 011 571 629 2701 or 403.750.4400 - Fax: 011.571.629.4723

E-mail: ir@petrominerales.com - Website: www.petrominerales.com

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