

JOINT PRESS RELEASE

**PETROBANK AND PETROMINERALES ANNOUNCE
SPINOUT OF PETROMINERALES HOLDINGS BY PETROBANK**

Calgary, Alberta – November 2, 2010 – Petrobank Energy and Resources Ltd. (“**Petrobank**”) (TSX: PBG) and Petrominerales Ltd. (“**Petrominerales**”) (TSX: PMG), a 66% owned subsidiary of Petrobank, are pleased to announce a corporate reorganization that will see Petrobank shareholders receive Petrobank’s proportionate interest in Petrominerales (the “**Reorganization**”). Petrobank and Petrominerales have signed an arrangement agreement detailing the terms and conditions of the Reorganization. The Board of Directors of each company, after having received a recommendation from an independent committee of its directors, have unanimously approved the Reorganization.

Pursuant to the Reorganization, a new Alberta corporation will be formed (“**New Petrominerales**”) which will, through a series of transactions under the Reorganization, directly or indirectly acquire all of the outstanding shares of Petrominerales. Existing Petrominerales shareholders will receive one share of New Petrominerales for every share of Petrominerales they hold. Petrobank shareholders will receive approximately 0.62 shares of New Petrominerales and one replacement common share of Petrobank for each Petrobank common share held. There will be no change in the total number of shares outstanding for either Petrobank or Petrominerales.

This transaction is designed to enhance long-term value for Petrobank and Petrominerales shareholders. The Reorganization is consistent with our long-held corporate goal of enhancing shareholder value by creating strong, independent companies. Benefits of the Reorganization include:

- Petrobank shareholders will receive direct ownership in the shares of New Petrominerales;
- All new and existing Petrominerales shareholders will directly receive future dividends from New Petrominerales;
- Canadian individual shareholders of New Petrominerales will receive dividends eligible for the Canadian dividend tax credit;
- New Petrominerales’ public float will increase, providing additional liquidity to shareholders;
- New Petrominerales is expected to qualify for inclusion in the S&P/TSX Composite Index following the Reorganization;
- Increased valuation for Petrobank and New Petrominerales may result from the reduction or elimination of any holding company and parent company share price trading discounts; and
- The expected date of the Reorganization of December 31, 2010 may allow U.S. Petrobank shareholders to benefit from a lower tax rate on the transaction as the receipt of the New Petrominerales shares are expected to be treated as “qualified dividends”, eligible for lower tax rates in 2010 compared to the ordinary income tax rates that are expected in 2011.

The Reorganization will not result in any changes to the existing Board and senior management of Petrominerales. Petrominerales will continue to pursue a repeatable, high impact exploration strategy, focused in Colombia and Peru. The Reorganization will not affect the Petrominerales dividend policy and shareholders are expected to continue to receive CDN\$0.125 per share paid on a quarterly basis. The first dividend payable on New Petrominerales common shares is expected in mid-April for shareholders of record on March 31, 2011.

Following the Reorganization, Petrobank will continue to own all existing assets, other than Petrominerales, including the heavy oil and bitumen assets, Archon Technologies Ltd. including the THAI™ and other related technologies, and ownership of 109.8 million shares of PetroBakken Energy Ltd. (“**PetroBakken**”) (TSX: PBN). Petrobank is well positioned to finance our heavy oil and oil sands projects and monetize our THAI™ and other related technologies. We expect to continue to receive approximately \$105 million of dividends annually from PetroBakken. In addition, we are in discussions with our lead bank to increase our credit facility and extend it to a three year term. With the ongoing Kerrobert expansion, and progress on regulatory approvals at our Dawson and May River developments, Petrobank’s heavy oil business unit expects to become fully commercial in the near future.

Petrobank will apply to have the new Petrobank common shares trade on the Toronto Stock Exchange under the existing PBG symbol. New Petrominerales will apply to have the New Petrominerales common shares trade on the Toronto Stock Exchange under the existing PMG symbol. Petrominerales is updating the listing documentation to apply to list New Petrominerales common shares for trading on the Bolsa de Valores de Colombia (Colombian Stock Exchange).

The Reorganization is subject to the approval of the shareholders of each of Petrobank and Petrominerales. It is anticipated that a joint-management information circular containing additional information with respect to the Reorganization will be mailed to each Petrobank and Petrominerales shareholder in mid-November and meetings of the shareholders of each of Petrobank and Petrominerales will be held in mid-December, 2010. The Directors of each company, upon considering the recommendations of their respective independent committee, have unanimously recommended that their shareholders approve the Reorganization. Pending approvals from the shareholders of each company, approval of applicable courts, receipt of appropriate regulatory approvals and satisfaction of other customary closing conditions, including the receipt of relevant tax rulings, the transaction is scheduled to become effective on December 31, 2010.

TD Securities Inc. acted as sole financial advisor to the independent committee of Petrobank.

The Reorganization is expected to be non-taxable to Petrobank and Petrominerales as well as Canadian resident shareholders of both companies. Canadian resident shareholders of Petrominerales will be required to file a joint tax election with New Petrominerales to achieve a tax-deferred exchange of their Petrominerales shares for New Petrominerales shares. For U.S. shareholders of Petrobank, this transaction will be treated as a taxable dividend according to U.S. tax laws. It is expected that the dividend will be considered a “qualified dividend” for U.S. tax purposes, subject to the reduced tax rates applicable to long-term capital gains for individuals, provided shareholders meet the holding-period requirements. For U.S. shareholders of Petrominerales, this transaction is expected to be non-taxable. Tax information will be published on the websites of both Petrobank and Petrominerales in the near future; however shareholders are encouraged to seek the advice of their own tax professionals.

Petrobank Energy and Resources Ltd. is a Calgary-based oil and natural gas exploration and production company with operations in western Canada and Latin America. The Company operates high-impact projects through three business units and a technology subsidiary. The Canadian Business Unit, operated by Petrobank’s 59% owned TSX-listed subsidiary, PetroBakken Energy Ltd. (TSX:PBN), is a premier light oil production company combining, high growth, long-life Bakken reserves and production with legacy conventional light oil assets, delivering industry leading operating netbacks, strong cash flows and production growth. PetroBakken is applying leading edge technology to a multi-year inventory of Bakken and Cardium light oil development locations, along with a significant inventory of opportunities in the Horn River and Montney gas resource plays in northeast BC. PetroBakken’s strategy is to deliver accretive production and reserves growth, along with an attractive dividend yield. The Latin American Business Unit, operated by Petrominerales Ltd. (TSX:PMG), 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 (5.4 million net acres in the Ucayali and Titicaca Basins). Whitesands Insitu Partnership, a partnership between Petrobank and its wholly-owned subsidiary Whitesands Insitu Inc., owns 104 net sections of oil sands leases in Alberta, 36 sections of oil sands licenses in Saskatchewan and 4 net sections of petroleum and natural gas rights in Kerrobert, Saskatchewan, and operates the Whitesands project which is field-demonstrating Petrobank's patented THAI™ heavy oil recovery process. THAI™ is an evolutionary in-situ combustion technology for the recovery of bitumen and heavy oil that integrates existing proven technologies and provides the opportunity to create a step change in the development of heavy oil resources globally. THAI™ and CAPRI™ are registered trademarks of Archon Technologies Ltd., a wholly-owned subsidiary of Petrobank.

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 terms of and timing for completion of the Reorganization, timing of mailing of shareholder materials and holding of shareholder meetings, listings on the Toronto Stock Exchange and Bolsa de Valores de Colombia, payment of future dividends, expected tax treatment of the Reorganization and the future business of Petrobank and Petrominerales. Forward-looking statements are necessarily based upon assumptions and judgements with respect to the future including, but not limited to, the receipt of required shareholder and regulatory approvals and satisfaction of other conditions to the Reorganization, the outlook for commodity markets and capital markets, the performance of producing wells and reservoirs, well development and operating performance, general economic and business conditions, weather, the regulatory and legal environment and other risks associated with oil and gas 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 certain 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; risks associated with the approval of the Reorganization by our shareholders, the receipt of regulatory approvals, the satisfaction of other conditions to the Reorganization, and other factors, many of which are beyond the control of Petrobank and Petrominerales. There is no representation by Petrobank or 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, neither Petrobank nor Petrominerales assumes any 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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