



# PETROMINERALES

## PRESS RELEASE

### PETROMINERALES PROVED PLUS PROBABLE RESERVES ADDITIONS REPLACE 153% OF 2010 PRODUCTION

Calgary, Canada – February 27, 2011 – Petrominerales Ltd. (“Petrominerales” or the “Company”) is pleased to report proved plus probable reserves of over 60 million barrels of oil as at December 31, 2010 (as determined by our independent reserves evaluators DeGolyer and MacNaughton (“D&M”)), replacing 2010 production by 153%.

#### HIGHLIGHTS

- 2010 production averaged 37,027 barrels of oil per day (“bopd”), a 66 percent increase over 2009.
- Proved developed producing reserve additions replaced production by 163 percent, total proved reserve additions replaced production by 159 percent and proved plus probable reserve additions replaced 153 percent of production.
- Proved developed producing reserves increased 46 percent to 27.1 million barrels, total proved reserves increased 22 percent to 44.0 million barrels of oil and proved plus probable reserves increased by 13 percent to 60.2 million barrels of oil.
- Total proved plus probable NPV 10 (before tax) is US\$2.5 billion.
- Based on unaudited capital expenditures of US\$506.4 million, total proved and proved plus probable finding and development costs (“F&D”) are \$30.73 per barrel and \$32.60 per barrel in 2010, respectively, including changes in future development costs. These F&D costs include \$78.9 million (2009 - \$53 million) of exploration costs incurred on exploration acreage not evaluated by D&M (Heavy Oil acreage, Peru and other 3D seismic costs). Factoring out the exploration costs on property not evaluated by D&M, the 2010 F&D costs for total proved reserves would have been \$27.06 per barrel and \$28.78 per barrel for total proved plus probable reserves.

D&M completed an evaluation effective as at December 31, 2010 of the Company’s Orito and Neiva properties and portions of four of the Company’s 15 exploration blocks, Corcel, Guatiquia, Castor and Casimena. D&M’s report did not include any evaluation of the Company’s drilling prospects or remaining 1.7 million net acres of exploration land in Colombia or 5.4 million net acres in Peru. All reserves stated herein are based on forecast prices and costs and are Company interest gross reserves (before deducting royalties).

#### Company Gross Reserves Reconciliation (MBBL)

	Proved Developed Producing	Total Proved	Proved Plus Probable
December 31, 2009 Reserves	18,533	35,987	53,107
2010 Production	(13,517)	(13,517)	(13,517)
Net Additions	22,059	21,516	20,632
December 31, 2010 Reserves	27,075	43,986	60,222
Year over year increase in reserves	46%	22%	13%
Production replacement	163%	159%	153%

**Net Present Value of Future Net Revenue Before Tax (US\$ Millions)<sup>(1)</sup>**

	0%	8%	10%
Proved Developed Producing	1,471	1,248	1,204
Total Proved	2,411	1,940	1,849
Proved Plus Probable	3,344	2,650	2,517

(1) Using forecast prices and costs.

**Net Present Value of Future Net Revenue After Tax (US\$ Millions)<sup>(1)</sup>**

	0%	8%	10%
Proved Developed Producing	1,167	987	951
Total Proved	1,839	1,475	1,405
Proved Plus Probable	2,481	1,962	1,861

(1) Using forecast prices and costs.

**RESERVES INFORMATION BY AREA**

	Deep Llanos	Orito	Neiva	Central Llanos	Total
Proved Developed	17,140	2,379	5,504	2,052	27,075
Proved Undeveloped	4,476	7,052	2,926	2,457	16,911
Total Proved	21,616	9,431	8,430	4,509	43,986
Probable Undeveloped	6,845	4,570	1,536	3,285	16,236
Proved Plus Probable	28,461	14,001	9,966	7,794	60,222

The proved undeveloped reserves include the following:

- Two wells in the Deep Llanos (Candelilla-5 and Yatay-2);
- Two wells in the Central Llanos (Yenac-3 and Capybara-2);
- 26 wells at Neiva; and
- 21 wells at Orito.

The probable undeveloped reserves include the following:

- One well in the Deep Llanos (Corcel-A3 side-track);
- Three wells in the Central Llanos (Yenac-4, Yenac-5 and Yenac-6);
- 9 wells at Neiva; and
- 6 wells at Orito.

**Future Net Revenue, Undiscounted, Forecast Prices and Costs (US\$ Millions)**

	Revenue	Royalty	Operating Costs	Development Costs	Future Net Revenue Before Taxes	Income Taxes	Future Net Revenue After Taxes
Total Proved	3,649	433	446	359	2,411	572	1,839
Proved Plus Probable	5,011	629	577	461	3,344	863	2,481

The reserves and future net revenue were determined using the following price assumptions:

YEAR	WTI @CUSHING
	\$US/BBL
2011	88.00
2012	90.78
2013	93.64
2014	96.57
2015	99.58
Thereafter	+2% per year

### Finding and Development Costs<sup>(1)</sup>

Petrominerales' all-in 2010 F&D costs of \$30.73 per barrel for total proved reserves and \$32.60 per barrel for total proved plus probable reserves include \$78.9 million (2009 - \$53 million) of exploration costs incurred on exploration acreage not evaluated by D&M (Heavy Oil acreage, Peru and other 3D seismic). Factoring out the exploration costs on property not evaluated by D&M, the 2010 F&D costs for total proved reserves would have been \$27.06 per barrel and \$28.78 per barrel for total proved plus probable reserves.

	2010	2009	Three-Year Average
Capital expenditures (US\$ Millions)	506	281	1,055
Change in future costs to develop (US\$ Millions)			
Total Proved	155	70	171
Proved plus probable	167	60	78
Total costs (US\$ Millions)			
Total Proved	661	351	1,226
Proved plus probable	673	341	1,133
Net reserve additions (MBBL)			
Total Proved	21,516	18,975	49,083
Proved plus probable	20,632	24,420	48,938
<b>F&amp;D costs (US\$ per BBL)</b>			
<b>Total Proved</b>	<b>30.73</b>	<b>18.51</b>	<b>24.98</b>
<b>Proved plus probable</b>	<b>32.60</b>	<b>13.98</b>	<b>23.14</b>

(1) The aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated future development costs generally will not reflect total finding and development costs related to reserve additions for that year.

(2) The total undiscounted future development costs included in the December 31, 2010 D&M report was \$359 million (2009 - \$204 million) for total proved reserves and \$461 million (2009 - \$295 million) for proved plus probable reserves.

The disclosures required in accordance with National Instrument 51-101 of the Canadian Securities Administrators will be available in the Company's Annual Information Form to be filed on the SEDAR website at [www.sedar.com](http://www.sedar.com) in mid- March. Estimated values of future net revenue disclosed in this press release do not represent fair market values.

## **INVESTOR CONFERENCE CALL**

Management of Petrominerales will be holding a conference call for investors, financial analysts, media and any interested persons on **Thursday, March 3, 2011 9:00 a.m. (Mountain time)** (11:00 a.m. Eastern Time) to discuss our 2010 year-end financial and operating results. We expect to issue our fourth quarter and year-end financial results along with an operational update in advance of the call. The investor conference call details are as follows:

Live call dial-in numbers: 416-340-8527 / 877-240-9772

Replay dial-in numbers: 905-694-9451 / 800-408-3053

Replay pass code: 8167532

The live audio webcast link is: <http://events.digitalmedia.telus.com/petrominerales/030311/index.php>.

### **About Petrominerales**

Petrominerales is a Latin America-based exploration and production company producing oil in Colombia with 15 exploration blocks covering a total of 2.0 million acres in the Llanos and Putumayo Basins and five exploration blocks in Peru covering a total of 9.5 million gross (5.4 million net) acres in the Ucayali and Titicaca Basins.

**Forward-Looking Statements.** *Certain information provided in this press release constitutes forward-looking statements. Specifically, this press release contains forward-looking statements relating to the Company's future exploration and development activities, future transportation capacity in the Llanos basin, future production estimates, timing for bringing wells on production and the Company's reserves. The forward-looking statements are based on certain key expectations and assumptions, including expectations and assumptions concerning the availability of capital, the success of future drilling and development activities, the performance of existing wells, the performance of new wells, prevailing commodity prices and economic conditions, the availability of labour and services, the ability to transport and market our production, timing of completion of infrastructure and transportation projects, weather and access to drilling locations. 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; availability of transportation, 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.*

**FOR MORE INFORMATION PLEASE CONTACT:**

Corey C. Ruttan, President and Chief Executive Officer

Jack F. Scott, Chief Operating Officer

Kelly D. Sledz, Chief Financial Officer

John D. Wright, Chairman and Strategic Advisor

Telephone: 403.750.4400 or 011.571.629.2701



**PETROMINERALES**

Calle 116 No. 7-15, Interior 2, Torre Cusezar, Piso 6, Bogotá, Colombia

Phone: 011.57.1.629.2701 or 403.750.4400 - Fax: 011.57.1.214.2226

E-mail: [ir@petrominerales.com](mailto:ir@petrominerales.com) - Website: [www.petrominerales.com](http://www.petrominerales.com)

TSX: PMG