



PETROMINERALES

PRESS RELEASE

PETROMINERALES REPORTS 2010 FUNDS FLOW FROM OPERATIONS OF US\$6.00 PER SHARE AND NET INCOME OF \$2.41 PER SHARE

Calgary, Canada – March 2, 2011 - Petrominerales Ltd. (“Petrominerales” or the “Company”) (TSX: PMG) is pleased to announce 2010 annual and fourth quarter financial and operating results highlighted by 2010 funds flow from operations of US\$6.00 per share and net income of \$2.41 per share, 108 and 136 percent increases over 2009.

Highlights and Significant Transactions during the Year

(All dollar amounts are denominated in United States dollars unless otherwise noted, annual comparisons are 2010 compared to 2009)

- We increased average crude oil production to 37,027 barrels of oil per day (“bopd”), a 66 percent gain over 2009.
- We generated a strong operating netback of \$50.17 per barrel in 2010, a 31 percent increase over 2009.
- We generated record funds flow from operations of \$597.8 million (\$6.00 per basic share) and net income of \$239.7 million (\$2.41 per basic share), 111 and 139 percent increases over 2009 respectively.
- We had numerous exploration successes in 2010 with significant discoveries at Candelilla, Yatay, Caruto and Yenac.
- We initiated a ten-well exploration program on our heavy oil acreage targeting a number of separate structures and play types highlighted by a 600 bopd production test from our Mochelo-1 well.
- We were the most active exploration company in Colombia in 2010, drilling 16 exploration wells representing 15 percent of all exploration wells drilled in Colombia in 2010.
- We grew our reserves base, increasing proved developed producing reserves by 46 percent to 27.1 million barrels of oil, total proved reserves by 22 percent to 44.0 million barrels of oil, and proved plus probable reserves by 13 percent to 60.2 million barrels of oil.
- Total proved plus probable NPV 10 (before tax) increased 21 percent to US\$2.5 billion.
- We significantly increased our exploration acreage in Peru to 5.4 million net acres.
- We raised \$550 million through a convertible bond issuance in August. The bonds are convertible into common shares of Petrominerales at a conversion price of \$34.746, subject to adjustments for dividends paid, and have an annual interest rate of 2.625 percent.
- The liquidity of our shares has significantly increased following the completion of our re-organization on December 31, 2010, pursuant to which Petrobank distributed its 65 percent ownership of Petrominerales to Petrobank shareholders.
- Starting in the second quarter of 2010, we initiated a quarterly dividend of Cdn.\$0.125 per share (Cdn\$0.50 per share annualized).

Highlights and Significant Transactions during the Fourth Quarter

(Quarterly comparisons are fourth quarter 2010 compared to the fourth quarter of 2009 unless otherwise noted)

- We had three significant exploration successes in the quarter, Caruto on the Corcel Block, Mochelo on the Rio Ariari Block and Yatay on the Candelilla Block.
- Production was 33,142 bopd in the fourth quarter of 2010, a 35 percent increase. Production has further increased in 2011 to average 37,582 bopd in January and 42,501 bopd in February, mainly due to production additions from our Yatay and Mantis discoveries.
- We recorded funds flow from operations of \$153.3 million (\$1.52 per basic share) and net income of \$49.7 million (\$0.49 per basic share).
- To support our Llanos Basin growth objectives, we have committed to a 9.65 percent interest in of the Oleoducto Bicentenario de Colombia (“OBC”) pipeline project.

FINANCIAL & OPERATING HIGHLIGHTS

The following table provides a summary of Petrominerales' financial and operating results for the three and twelve month periods ended December 31, 2010 and 2009. Consolidated financial statements with Management's Discussion and Analysis ("MD&A") are now available on the Company's website at www.petrominerales.com and will also be available on the SEDAR website at www.sedar.com in early March.

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

	Three months ended December 31,			Year ended December 31,		
	2010	2009	% change	2010	2009	% change
Financial						
(US\$000s, except where noted)						
Crude oil revenue	250,171	160,646	56	1,048,699	463,655	126
Funds flow from operations ⁽¹⁾	153,312	106,171	44	597,817	283,824	111
Per share – basic (\$)	1.52	1.08	41	6.00	2.89	108
– diluted (\$)	1.29	1.03	25	5.44	2.78	96
Net income	49,665	51,211	(3)	239,695	100,146	139
Per share – basic (\$)	0.49	0.52	(6)	2.41	1.02	136
– diluted (\$)	0.46	0.51	(10)	2.29	1.00	129
Dividends declared	13,095	-	-	37,303	-	-
Per share	0.13	-	-	0.38	-	-
Capital expenditures	162,810	81,983	99	506,433	280,879	80
Total assets	1,764,882	720,116	145	1,764,882	720,116	145
Total long-term financial liabilities	558,563	41,472	1,247	558,563	41,472	1,247
Net working capital surplus ⁽¹⁾	580,213	13,509	4,195	580,213	13,509	4,195
Common shares, end of period (000s)						
Basic	103,392	98,611	5	103,392	98,611	5
Diluted ⁽²⁾	126,970	104,789	21	126,970	104,789	21
Operations						
Operating netback (US\$/bbl) ⁽¹⁾						
WTI benchmark price	85.34	76.19	12	79.63	61.80	29
Crude oil sales price ⁽³⁾	73.89	61.75	20	66.84	50.43	33
Royalties	12.06	6.76	78	8.49	5.14	65
Production expenses	13.06	7.62	71	8.18	7.09	15
Operating netback	48.77	47.37	3	50.17	38.20	31
Crude oil production (bopd) ⁽⁴⁾⁽⁵⁾	33,142	24,555	35	37,027	22,360	66
Total proved reserves						
Reserves (Mbbbls) ⁽⁵⁾⁽⁶⁾				43,986	35,987	22
NPV 10% before tax (US\$ millions) ⁽⁶⁾				1,849	1,458	27
Production replacement (%)				159	232	(31)
Finding & development costs (US\$/bbl) ⁽¹⁾⁽⁷⁾				27.06	18.51	46
Recycle ratio ⁽¹⁾⁽⁸⁾				1.9	2.1	(10)
Proved plus probable reserves						
Reserves (Mbbbls) ⁽⁵⁾⁽⁶⁾				60,222	53,107	13
NPV 10% before tax (US\$ millions) ⁽⁶⁾				2,517	2,082	21
Production replacement (%)				153	299	(49)
Finding & development costs (US\$/bbl) ⁽¹⁾⁽⁷⁾				28.78	13.98	106
Recycle ratio ⁽¹⁾⁽⁸⁾				1.7	2.7	(37)

Footnotes to Financial & Operating Highlights Table

- (1) Non-GAAP measure. See "Non-GAAP Measures" section within this press release.
- (2) Consists of common shares, stock options, deferred common shares, incentive shares outstanding and potential shares issuable from the conversion of convertible debentures in-the-money as at the year-end date.
- (3) Net of transportation and excludes revenue from purchased oil.
- (4) Actual production sold for the fourth quarter of 2010 was 32,138 bopd (2009 – 25,607 bopd) and for the year ended December 31, 2010 was 36,612 (2009 – 22,490 bopd).
- (5) Company working interest before deduction of royalties.
- (6) As determined by the Company's independent reserves evaluators. Estimated values of future net revenue disclosed in this press release do not represent fair market values.
- (7) The aggregate of the exploration and development costs incurred in the most recent financial year and the change during the year in estimated future development costs generally will not reflect total finding and developments costs ("F&D") related to reserve additions for that year. The 2010 calculation in the highlights table excludes \$78.9 million of exploration costs incurred on exploration acreage not evaluated by reserve evaluators. Including these exploration costs into the F&D calculations, total proved F&D was \$30.73 per barrel and proved plus probable F&D was \$32.60 per barrel. The three-year average F&D costs for total proved reserves was \$24.98 per barrel and for proved plus probable reserves was \$23.14 per barrel. See our press release dated February 27, 2011 for more details.
- (8) Recycle ratio is calculated by dividing operating netback by finding and development costs. The three-year average recycle ratio for total proved reserves and proved plus probable reserves was 2.1 times.

OPERATIONAL UPDATE

Production averaged 33,142 bopd in the fourth quarter of 2010, a 35 percent increase from the fourth quarter of 2009. The increase is due to on-going successes on our Guatiquia, Casimena and Neiva acreage. With our Yatay and Mantis discoveries at year-end, production has increased further in 2011 with average production of 37,582 bopd in January and 42,501 bopd in February.

Production in January and February was affected by transportation limitations and operational work performed on certain wells. As disclosed in our press release on January 4, 2010, we had approximately 5,000 bopd of shut-in production at the end of December due to transportation and oil offloading limitations. During January and February, production levels continued to be affected by transportation restrictions. In addition, we are currently performing workovers on our Candelilla-2 and Candelilla-3 wells and we expect to bring these wells back on production in March.

We expect that we may continue to experience periodic transportation capacity restrictions of crude oil in the Llanos Basin in the short-term while ongoing projects to increase capacity, including expanding the fleet of oil trucks, pipeline expansions and new oil offloading stations, are completed. A 100,000 bopd expansion of the OCENSA pipeline system was originally scheduled to be on stream by the end of 2010. This expansion is now expected to be brought on-line through the month of March and is expected to alleviate current transportation restrictions and improve the overall efficiency of the transportation system.

Petrominerales has been actively participating in infrastructure solutions to address the Llanos Basin's growing production. In addition to building the Monterrey oil offloading station in 2009, we have committed to participate for 9.65 percent in the first phase of the OBC pipeline project. This project is ultimately expected to add at least 450,000 bopd of new pipeline capacity to the Llanos Basin over three years. The first phase is scheduled to be available at the start of 2012 and is expected to add at least an initial 120,000 bopd (11,580 bopd net) of pipeline capacity. We also have an opportunity to participate in the second and third phases.

Deep Llanos Basin (Corcel, Guatiquia and South Block 31), Colombia

As previously disclosed, we drilled the Cardenal-1 exploration well on our Corcel Block. Well logs indicated 28 feet of potential net oil pay, 15 feet in the Guadalupe and 13 feet in the Lower Sand 1 formations. We cased the well as a potential oil producer and have initially performed two tests in the Lower Sand 2 formation. The first test indicated the presence of a tight sand with very little recovery of formation fluids. Although no net petrophysical pay was calculated for this zone, it was tested due to interesting shows encountered during drilling. The second interval in the Lower Sand 1 formation swab tested 32 degree API oil at low reservoir drawdown rates of 240 bopd at 30 percent watercut. We are currently installing an electric submersible pump to re-test the Lower Sand formation.

We completed drilling our Candelilla-5 well on February 8, 2011, to a total measured depth of 12,170 feet. Candelilla-5 is targeting the Guadalupe formation that is currently producing in Candelilla-4. Well logs indicate 35 feet of potential net oil pay in the Guadalupe. We have cased the well and expect it to be on production in March.

Currently we are drilling the Guatin-1 exploration well on our Corcel Block and following completion operations on Candelilla-5, we plan to drill Azalea-1, the next exploration well on our Guatiquia Block.

Central Llanos Blocks (Casimena, Castor, Casanare Este, Mapache), Colombia

On our Casimena Block, we completed testing the sixth and final interval in our previously announced Mantis-1 discovery well. The last interval, in the Mirador formation, tested at a stabilized flow rate of 600 bopd with a four percent water-cut. Subsequently, the upper two Mirador zones were placed on production at a combined production rate of 2,800 bopd of 18 degree API oil.

Also on our Casimena Block, we recently reached our targeted drilling depth on Yenac-3. Well logs indicate 28 feet of potential net hydrocarbon pay in the Mirador formation and we are casing the well as a potential oil producer. We expect to have test results from this well in March following a remedial cement operation. The objective of the well is to verify the extension of the oil pool and produce the well once we obtain an exploitation permit for the Yenac discovery, expected in the third quarter of 2011. Yenac-3 was the third well drilled on our Yenac discovery and we expect to be able to drill up to five additional follow up development locations.

On our Mapache Block, we expect to begin drilling operations on the Disa-1 exploration location during the first week of March.

Llanos Basin Heavy Oil Blocks (Rio Ariari, Chiguiro Oeste, Chiguiro Este), Colombia

We have one drilling rig operating on our heavy oil acreage that recently completed drilling and casing the Anturio-1 exploration well on our Rio Ariari Block. Well logs indicate 60 feet of potential net hydrocarbon pay in the Mirador Formation. We are planning a multi-zone testing program and expect to have results in late March. Anturio-1 is testing a different geological concept from previous discoveries on the block and represents another early positive result in our ongoing heavy oil exploration program.

We began drilling operations on the next exploration well in the program, Heliconia-1, on February 11, 2011. Heliconia is testing multiple exploration concepts separate from previous discoveries on our heavy oil acreage.

Block 126, Peru

On October 13, 2010, Petrominerales agreed to acquire an additional 25 percent interest in Block 126 in east central Peru for \$6.75 million. Additionally, a bonus of up to \$8.0 million is payable based on reaching certain aggregate production levels from Block 126. After this transaction, Petrominerales holds an 80 percent working interest in Block 126.

We have now contracted a drilling rig for our up to three well exploration program which is expected to commence during the third quarter of 2011. We are currently finalizing the engineering and planning for the logistics bases and well sites. We expect civil construction on the block to begin in the second quarter.

Blocks 114 and 131, Peru

Petrominerales holds a 30 percent working interest in blocks 114 and 131. On Block 131, the operator has initiated a 300 kilometre 2D seismic program and the first well could be drilled in 2012. On Block 114, the next exploration phase anticipates one exploration well being drilled by the end of 2012. The operator is responsible for our share of the costs under the current seismic exploration phase, as well our share of costs for the first exploration well on each block.

Block 161 and 141, Peru

Block 161, situated in east central Peru, is 1.2 million acres in size and is owned 80 percent by Petrominerales. Current commitments, to be completed by June 2012, include the acquisition of 350 kilometres of new 2D seismic data and an updated geological and geophysical report incorporating existing geological data and reprocessed seismic.

Block 141, situated in southern Peru, is 1.3 million acres in size and is owned 80 percent by Petrominerales. Current commitments, to be completed by July 2012, include the acquisition, processing and interpretation of 300 kilometres of 2D seismic.

COLOMBIA STOCK EXCHANGE LISTING

We are moving forward in our process to list Petrominerales shares on the Bolsa de Valores de Colombia ("BVC"). The process has taken longer than expected mainly due to complexities associated with our re-organization on December 31, 2010 and now with the time needed to update our listing documentation for our recent financial results.

OUTLOOK

Our 2011 capital program will position us to be one of the most active explorers in Colombia, drilling between 38 and 42 exploration wells focusing on higher impact exploration opportunities. We will also continue to invest in our land base with plans to acquire over 1,600 kilometres of high quality 3D seismic to provide us the opportunity to grow our multi-year prospect inventory, which currently sits at over 100 drilling locations.

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 at 9:00 a.m. (Mountain time)** (11:00 a.m. Eastern Time) to discuss our 2010 year-end financial and operating results. 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, 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 and offloading capacity, 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.*

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, operating netback, finding and development costs and recycle ratio. 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 dividends. Net working capital surplus includes current assets less current liabilities and the current amount of convertible debentures (when they are out of the money and not repayable in shares at maturity) and is used to evaluate the Company’s financial leverage. Operating netback is determined by dividing oil sales less royalties, transportation and operating expenses by sales volume of produced oil. Management considers operating netback important as it is a measure of profitability per barrel sold and reflects the economic quality of production. Funds flow from operations, funds flow per share, net working capital surplus, operating netbacks, finding and development costs and recycle ratio 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.*

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