



PETROMINERALES

PRESS RELEASE

PETROMINERALES REPORTS THIRD QUARTER RESULTS HIGHLIGHTED BY FUNDS FLOW FROM OPERATIONS OF US\$196.4 MILLION AND PISINGO-1 EXPLORATION SUCCESS

Bogotá, Colombia – November 3, 2011 - Petrominerales Ltd. (“Petrominerales” or the “Company”) (TSX: PMG, BVC: PMGC) is pleased to announce our third quarter results highlighted by funds flow from operations of US\$196.4 million or US\$1.93 per share, and an oil discovery at our Pisingo-1 location that tested over 3,300 bopd of 24 degree API oil. Production averaged 37,124 barrels of oil per day (“bopd”) in the quarter and we grew our operating netbacks to US\$61.11 per barrel, a 28 percent increase over 2010. Our balance sheet remains strong with a working capital surplus and full available capacity on our bank lines. This financial flexibility gives us the strength to continue to execute our aggressive exploration and development plans, specifically in the fourth quarter when we start drilling our high impact exploration prospects in the Llanos Basin Foothills, Peru and our first heavy oil horizontal well on our Rio Ariari Block.

FINANCIAL & OPERATING HIGHLIGHTS

The following table provides a summary of Petrominerales’ financial and operating results for the three and nine months ended September 30, 2011 and 2010. 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.

	Three months ended September 30,			Nine months ended September 30,		
	2011	2010	% change	2011	2010	% change
Financial						
(\$millions, except where noted)						
Crude oil revenue	363.0	231.5	57	1,090.7	798.1	37
Funds flow from operations ⁽¹⁾	196.4	128.5	53	572.7	444.5	29
Per share – basic (\$)	1.93	1.29	50	5.56	4.48	31
– diluted (\$)	1.66	1.17	34	4.77	4.17	12
Adjusted net income ⁽¹⁾⁽²⁾	58.8	59.1	(1)	248.4	248.2	-
Per share – basic (\$)	0.58	0.59	(2)	2.41	2.50	(4)
– diluted (\$)	0.55	0.58	(5)	2.22	2.39	(12)
Net income	133.7	27.2	392	386.2	216.3	79
Per share – basic (\$)	1.31	0.27	385	3.75	2.18	72
– diluted (\$)	0.55	0.27	104	2.22	2.12	5
Expenditures on PP&E and E&E ⁽³⁾	210.4	119.1	77	534.7	343.6	56
Total assets	2,111.9	1,640.8	28	2,111.9	1,640.8	28
Net working capital surplus ⁽¹⁾	134.0	517.5	(74)	134.0	517.5	(74)
Common shares, end of period (000s)	100,650	99,834	1	100,650	99,834	1
Fully diluted common shares (000s) ⁽⁴⁾	124,163	123,946	-	124,163	123,946	-
Operations						
Operating netback (\$/bbl) ⁽¹⁾						
Brent benchmark price	113.38	76.93	47	111.88	77.15	45
WTI benchmark price	89.54	76.15	18	95.47	77.67	23
Realized crude oil price ⁽⁵⁾	87.76	64.54	36	90.45	64.83	40
Royalties	10.73	9.08	18	11.67	7.47	56
Production expenses	15.92	7.61	109	12.15	6.79	79
Operating netback ⁽¹⁾	61.11	47.85	28	66.63	50.57	32
Crude oil production (bopd)	37,124	32,667	14	39,398	38,298	3
Crude oil sold (bopd)	39,923	32,696	22	39,606	38,121	4

Footnotes to Financial & Operating Highlights Table

- (1) Non-IFRS measure. See “Non-IFRS Measures” section within MD&A.
- (2) Net income has been adjusted for the IFRS accounting effects of changes in the non-cash derivative financial liability associated with our convertible debentures. For the three and nine months ended September 30, 2011 adjusted net income includes a \$74.9 million and \$137.7 million reduction, respectively (2010 – \$31.9 million increase for both the three and nine month period). Management considers adjusted net income a better measure of the Company’s economic performance.
- (3) PP&E consist of property, plant and equipment assets and E&E consists of exploration and evaluation assets.
- (4) Consists of the sum of common shares, stock options, deferred common shares, incentive shares and potential shares issuable on conversion of convertible debentures outstanding as at the period-end date.
- (5) Net of transportation and excludes revenue from purchased oil.

HIGHLIGHTS AND SIGNIFICANT TRANSACTIONS DURING THE THIRD QUARTER

(Comparisons are third quarter 2011 compared to the third quarter of 2010 unless otherwise noted)

- Funds flow from operations was \$196.4 million or \$1.93 per basic share, 53 and 50 percent increases, respectively over 2010.
- Net income of \$133.7 million included a \$74.9 million non-cash gain from new accounting treatment under International Financial Reporting Standards (“IFRS”) for our convertible debentures.
- Production was 37,124 bopd in the third quarter, a 14 percent increase over 2010 despite road blockades in September that caused the Corcel and Guatiquia fields to be shut-in, reducing third quarter average production by approximately 2,200 bopd.
- We drilled five exploration wells in the quarter including our Cobra-1 discovery well that came on production at rates of over 4,000 bopd in August.
- Subsequent to September 30, we completed drilling three wells: Socaco-1, Caspio-1 and Pisingo-1. Pisingo-1 tested at 3,300 bopd, and we expect to have the well on production in mid-November, while Socaco-1 and Caspio-1 have been completed as potential oil wells.
- Our operating netbacks increased to \$61.11 per barrel in the third quarter, a 28 percent increase over 2010, primarily due to higher world oil prices.
- We acquired a five percent interest in the Oleoducto Central S.A. (“Ocesa”) crude oil pipeline for US\$281 million. The Ocesa pipeline is strategic to Petrominerales because it secures pipeline capacity, is the lowest cost option to transport crude oil out of the Llanos Basin, and provides us with access to international oil markets. We began transporting our crude oil through the Ocesa pipeline as owners starting September 1, 2011, the full benefit of which will be realized in the fourth quarter.
- Our balance sheet remains strong. We ended the quarter with a working capital surplus of \$134 million.
- We continued repurchasing our common shares under a normal course issuer bid (“NCIB”) during the quarter. We are authorized to purchase up to 8.2 million shares under the NCIB. Since the NCIB started, we have repurchased 4.4 million shares, representing nearly four percent of our outstanding common shares, at an average price of Cdn.\$26.92.
- Our common shares began trading on the Colombian Stock Exchange (“BVC”) under the symbol “PMGC” on August 3, 2011. Our liquidity, or average daily number of shares traded, has increased 55 percent since this listing, and on average, 12 percent of our shares have been traded on the BVC.

OPERATIONAL REVIEW

Production averaged 37,124 bopd in the third quarter of 2011, a decrease of eight percent from the second quarter. The quarter-over-quarter production decrease is primarily due a temporary production halt of our Corcel and Guatiquia fields for seven days in September along with natural production declines. The temporary production halt was caused by public road blockades and a lack of public order in the area from

September 7th to 14th. Offsetting the production decrease was one significant discovery, Cobra-1 on our Corcel Block that was brought on production at over 4,000 bopd in August.

Production averaged 35,857 bopd in the month of October, seven percent higher than September. October production was impacted by approximately 2,300 bopd related to three wells shut-in awaiting expansion of low cost water disposal capacity and other production offline awaiting workovers. We expect to add at least two water disposal wells during the fourth quarter which will allow us to bring shut-in wells back on production by early December.

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

During the quarter we drilled two exploration wells (Cobra-1 and Babaco-1), a Candelilla-3 sidetrack well in August and a Corcel water disposal well. In October, two more wells reached their targeted drilling depth (Socaco-1 and Caspio-1).

Our Cobra-1 exploration well was drilled to a total measured depth of 12,000 feet and well logs indicate 121 feet of potential net oil pay, 51 feet in the Guadalupe formation and 70 feet in the Lower Sand 1 formation. We placed the well on production in the Lower Sand 1 formation with an electric submersible pump (“ESP”) at the beginning of August at over 4,000 bopd of 16 degree API oil at less than one percent water-cut. Currently, the well is producing at over 3,500 bopd. Based on the Cobra-1 result, we decided to drill a second well into the structure, Cobra-2, and we expect results from this well by the end of November. The Cobra-2 well is targeting by-passed pay in the Guadalupe formation encountered in the original discovery well.

On Block 31, we completed drilling our second exploration well, Socaco-1, to a total measured depth of 15,767 feet on October 5th. Based on well logs indicating 18 feet of potential net oil pay in the Lower Sand and Guadalupe formations, we cased the well as a potential oil producer. We identified three test intervals in the well however due to poor cement we are only able to test two intervals. The first interval we tested produced water, and we expect to have results on the second interval by mid-November.

As previously reported on September 22nd, we drilled and tested the Babaco-1 exploration well on Block 31. Well logs indicate 89 feet of potential net oil pay in the Lower Sand 1 formation where we tested four separate intervals. In two of the test intervals we encountered heavy, seven degree API oil that cannot be produced at commercial rates. The remaining two test intervals recovered water. We are currently evaluating the well for water disposal purposes.

Following the Babaco-1 well, we began drilling operations on the Caspio-1 exploration well on Block 31. The well was drilled to a total measured depth of 15,100 feet. Based on well logs indicating 15 feet of potential net oil pay in the Lower Sand 1 formation, we cased the well as a potential oil producer and expect to have test results near the end of November.

We currently have three drilling rigs operating in the area. On Block 31, Jamuco-1 began drilling operations on October 16th and our second rig is currently mobilizing to the Iboga-1 location. Once Cobra-2 is drilled, we plan to mobilize our third rig to the Guatiquia Block at our Yatay discovery to drill a well targeting by-passed pay in the Guadalupe formation.

Foothills Blocks (Block 25, 31, 59 and 15), Deep Llanos Basin, Colombia

On October 24th we recommenced drilling our Bromelia prospect, our first Block 25 foothills location. We expect to have drilling results from this well near the end of the year. The second exploration prospect on Block 25, Canatua-1, is expected to commence drilling in the first quarter of 2012.

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

On our Mapache Block, the Disa-1 well (drilled in the first quarter) was brought on production July 9th.

On our Casimena Block, we began drilling the Zacay-1 prospect on August 26th and reached total measured depth of 7,934 feet on September 8th. The well was cased for testing based on potential net pay on logs. We did not recover oil from any of the zones tested and we are evaluating the well for water disposal purposes. Following Zacay-1, we began drilling the Pisingo-1 exploration prospect on September 21st and reached total measured depth on October 6th. Well logs indicate 13 feet of potential net pay in the Mirador formation and we cased the well as a potential oil producer. We tested the well at 3,300 bopd of 24 degree API oil. While testing the well, we encountered increasing water cut and sand production. We have shut-in the well to install a gravel pack and expect the well to be on production next week. Following Pisingo-1, we began drilling operations on Gaita-1, a well designed to test a potential southern extension of our Yenac discovery.

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

We have two drilling rigs, a conventional drilling rig and a stratigraphic drilling rig operating on our heavy oil acreage where we have been executing a multi-well exploration drilling program primarily focused on our Rio Ariari Block. During the quarter we drilled two exploration wells, Calandria-1 and one stratigraphic well, ES-17.

As previously announced, the Calandria-1 well was drilled to a total measured depth of 6,602 feet in July. Well logs indicate 40 feet of net oil pay in the Mirador formation. We tested three intervals in the well and did not produce commercial amounts of hydrocarbons. Based on our analysis of the test results, we believe that during the well test we preferentially produced water due to the relative mobility of water compared the viscosity of the seven degree API oil we observed that had coated the tools used in the wellbore.

Following Calandria-1, we drilled Borugo-T1, a vertical well that twinned our previously drilled Borugo-1 well. The purpose of Borugo-T1 was to open-hole test the upper five feet of the reservoir in order to minimize potential water influx. When we tested the well, we recovered trace amounts of oil, however the down-hole tools were covered in heavy oil after reverse circulating out of the well bore.

On September 3rd, we began a multi-well stratigraphic drilling program on our Rio Ariari Block that initially consists of 34 targets, 22 exploration targets and 12 step-out locations to existing discoveries. The step-out locations will help delineate some of our existing discoveries while providing stratigraphic control for our first two horizontal wells.

On October 20th, we began drilling Cadillo-1A, a well vertical well designed to set the control point for the toe of our first horizontal well, Tatama-1. The horizontal well will be drilled near our Mochelo discovery and will provide important production data to assist in planning a commercial heavy oil development.

In August, we completed the acquisition of 369 square kilometres of 3D seismic data on the western half of our Rio Ariari Block that covers the area of our recent drilling activity. The acquired seismic data is currently being interpreted. This seismic data, along with the stratigraphic drilling program, will delineate the arial extent of our existing exploration successes and help define our next phase of exploration drilling on the Rio Ariari Block.

Antorcha, Middle Magdalena Basin, Colombia

As part of our stratigraphic drilling program, we plan to drill two wells on this Block in the first quarter of 2012 to test two separate exploration concepts.

Orito, Putumayo Basin Colombia

On May 1, 2011, we mobilized a drilling rig to our Orito Block and commenced a seven well drilling program. To date, we have drilled three wells, Orito-194, Orito-195, and Orito-136, while a fourth well, Orito-193, is currently drilling.

We have completed the acquisition of 50 square kilometres of 3D seismic over the south part of the Orito field and have initiated a 80 square kilometre 3D seismic program on our adjoining Las Aguilas Block.

Neiva, Upper Magdalena Basin, Colombia

On our Neiva Block we drilled three wells in the quarter. Since September 21, the rig has been on standby as we await regulatory approvals to continue our development drilling program.

Block 126, Peru

In Peru, the construction of our main logistics bases at Nueva Italia and Sheshea continue, and they are now operational to support our current mobilization operations. Our first well site, La Colpa 2X is over 80 percent complete and the site is ready to start receiving the drilling rig. The mobilization of the heli-transportable drilling rig continues from Nueva Italia and Sheshea, and we expect to begin drilling operations on our first location, La Colpa 2X, later in November. Our start date for drilling has been delayed due to low river levels and weather.

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. The next exploration phase requirement is to drill one exploration well on the Block by September 2013. To date, we have identified two drillable prospects on Block 131. On Block 114, the next exploration phase includes the acquisition of 260 kilometres of 2D seismic by May 2013. To date four drillable prospects and six leads have been identified on this Block. The operator is responsible for our share of the costs under the current seismic exploration phase, as well as 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 80 percent owned 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 80 percent owned by Petrominerales. In September, the Block went into a force majeure status due to new government regulations requiring additional community consultations. As a result, our current commitment to complete a 300 kilometre 2D seismic program by July 2012, has been suspended pending further clarification from the Peruvian government.

OUTLOOK

The last quarter of our 2011 capital program will include drilling two large prospects in the Llanos Basin Foothills and the Ucayali Basin in Peru, along with our first heavy oil horizontal well on our Rio Ariari Block. These prospects have the potential to significantly increase the Company's reserves and are in addition to our existing, 2011 exploration program of up to 33 exploration wells, up to an additional seven stratigraphic wells on our heavy oil acreage and a further 12 development wells on our Orito and Neiva Blocks. We continue to invest in high quality 3D seismic to grow our multi-year prospect inventory, which currently sits at over 100 drilling locations.

THIRD QUARTER RESULTS CONFERENCE CALL

Management of Petrominerales will be holding a conference call for investors, financial analysts, media and any interested persons on Thursday, November 3, 2011 at 8:00 a.m. (Mountain Time) (10:00 a.m. Eastern Time) to discuss Petrominerales' third quarter financial and operating results.

The investor conference call details are as follows:

Live call dial-in number(s): 416-695-6617 / 800-952-4972

Live audio webcast link: <http://events.digitalmedia.telus.com/petrominerales/110311/index.php>

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

Replay Pass code: 5666437

Petrominerales Ltd. is an international oil and gas company operating in South America since 2002. Today, Petrominerales is the most active exploration company and the fourth largest oil producer in Colombia. Our high quality land base and multi-year inventory of exploration opportunities provides long-term growth potential for years to come.

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-IFRS Measures. *This press release contains financial terms that are not considered measures under International Financial Reporting Standards (“IFRS”), such as funds flow from operations, adjusted net income, 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. We evaluate our performance and that of our business segments based on cash flow from operations and adjusted net income. Funds flow from operations is a non-IFRS term that represents cash generated from operating activities before changes in non-cash working capital and the derivative liability loss. Adjusted net income is determined by adding back any losses or deducting any gains on the derivative liabilities. Management considers funds flow from operations, funds flow per share, adjusted net income and adjusted net income 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, income taxes payable and the principal 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 quality of production. Funds flow from operations, funds flow per share, net income adjusted for derivative effects, 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 IFRS.*

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
Telephone: 403.920.0124 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 - Website: www.petrominerales.com

TSX: PMG