



PETROBANK PROVIDES 2012 STRATEGY AND CAPITAL PLAN

Calgary, Alberta – December 13, 2011 – Petrobank Energy and Resources Ltd. (TSX: PBG) is pleased to announce our 2012 strategic objectives and capital plan. In 2012, Petrobank will focus on our Kerrobert project to increase production and bring the project to commerciality. Petrobank's 2012 capital expenditures are expected to be approximately \$34 million, with approximately half the capital plan considered to be discretionary.

Kerrobert

At Kerrobert, our focus will be to increase production and bring the project to commerciality. Capital expenditures in 2012 at Kerrobert are expected to be approximately \$10 million.

The Kerrobert project is an attractive investment with break-even cash flow estimated to occur at less than 1,000 barrels of oil production per day at current commodity prices. We plan to provide an operational update for our Kerrobert project in the first quarter of 2012.

Dawson

Our two demonstration well-pairs have now been drilled, with both production wells and one injector well completed. The Kerrobert demonstration project's facilities have been moved to the Dawson site. We have elected to defer further work on the project until the second quarter of 2012 when the permanent grid power will be tied into the site, avoiding the costs of temporary power generation and winter start-up expenses.

The regulatory application for our commercial project at Dawson is expected to be submitted by mid-2012. Recent project planning has shown that a full field development may be optimal for the Dawson field, versus our original plan to implement a multi-stage development. This change in scope requires additional environmental reviews and project planning before the regulatory applications can be submitted.

Capital expenditures in 2012 at Dawson are expected to be approximately \$10-\$12 million, including the completion of the demonstration project and on-going capital once operational. The timing of these capital expenditures is discretionary.

Conklin and May River

At Conklin, operations have now been fully suspended.

At May River, activity will focus on our regulatory hearing on March 6, 2012. All other development activity, including completion of engineering, has been deferred until regulatory approval has been received. We plan to make final progress payments on long-lead time equipment in 2012 of approximately \$5 million.

Other Opportunities

Petrobank continues to invest in other development areas. We plan to drill several stratigraphic wells at Plover and Luseland, near the Kerrobert project, and acquire seismic to further delineate these assets for future development. We will also continue with research and development activities at Archon to improve and protect our intellectual property.

Financial Liquidity and Capital Resources

Petrobank's 59% owned subsidiary, PetroBakken Energy Ltd., intends to institute a dividend re-investment plan ("DRIP") in early 2012. Petrobank has elected to participate in the DRIP at a 50% level, which, based on current dividend levels, is expected to result in the receipt of over \$52.5 million of cash and \$52.5 million of PetroBakken common shares per year, paid monthly.

Petrobank manages our capital structure independently of PetroBakken. We expect to fund our 2012 capital expenditure program with dividends received, available credit and cash from operations. Our current capital resources are expected to be more than adequate for our planned expenditures.

In Memoriam

We are sad to announce that one of the founders and directors of Petrobank, Louis L. Frank, passed away December 8, after a long and storied life, which he lived "his way". Lou has been a Director of Petrobank since September 1993. Lou was a key player in the formation and strategic growth of the entire Petrobank group of companies, and we will miss his guidance, wisdom, humour and friendship.

Forward-Looking Statements: *Certain information provided in this press release constitutes forward-looking statements. Specifically, this press release contains forward-looking statements relating to future capital expenditures, timing for development of our various projects and availability of capital. Forward-looking statements are necessarily based upon assumptions and judgments with respect to the future including, but not limited to, the outlook for commodity markets and capital markets, success of future evaluation and development activities, the successful application of technology, prevailing commodity prices, the performance of producing wells and reservoirs, well development and operating performance, general economic and business conditions, weather, and the regulatory and legal environment. 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, risks associated with the development and application of early stage technology, recompletions and related activities; timing and rig availability; fluctuation in foreign currency exchange rates; the uncertainty of reserve and resource 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 Petrobank 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, Petrobank 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.*

Petrobank Energy and Resources Ltd. *is a Calgary-based oil and natural gas exploration and production company with operations in western Canada. The Company operates high-impact projects through two business units and a technology subsidiary. Petrobank's 59% owned TSX-listed subsidiary, PetroBakken Energy Ltd. (TSX:PBN), is an oil and gas exploration and production company combining light oil Bakken and Cardium resource plays with 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. 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 15 sections of petroleum and natural gas rights along the Kerrobert channel trend near Kerrobert, Saskatchewan, and operates the Kerrobert and Conklin projects which are 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 Energy and Resources Ltd., for specialized methods for recovery of oil from subterranean formations through in-situ combustion techniques and methodologies with or without upgrading catalysts. Used under license by Petrobank Energy and Resources Ltd.

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