

PETROBANK ANNOUNCES OPERATIONAL UPDATE

Calgary, Alberta – January 15, 2008 – Petrobank Energy and Resources Ltd. (“**Petrobank**” or the “**Company**”) (TSX/OSLO: PBG), is pleased to announce operational updates for the Company’s Canadian, Latin American and Heavy Oil business units.

Canadian Business Unit

2007 Activity & Production

Throughout 2007, Petrobank continued to expand our drilling and facility plans, as our inventory of development locations and production volumes grew. By December 2007, we were producing in excess of 10,200 boepd and our production has continued to rise into early 2008 with current production exceeding 11,000 boepd.

In 2007, Petrobank drilled 72 (70.5 net) operated wells and participated in a further 28 (10 net) wells in the Bakken light oil play. Of these operated wells, eight (8.0 net) wells were waiting to be fracture stimulated at the beginning of this year and that activity recommenced on January 6th. We have a further inventory of eight (1.0 net) non-operated wells also awaiting fracture stimulation. Finally, the completion of our gas plant in the Innes area during the fourth quarter allows us to begin to capture the natural gas and natural gas liquids production from the Bakken wells in the Innes and Midale areas.

2008 Activity Plan

Our 2008 plan for the Canadian Business Unit includes drilling 135 (100% working interest) Bakken locations, making Petrobank the most active player in southeast Saskatchewan’s Bakken trend. In addition to these wells, the Company expects to participate in a further 38 (17.0 net) Bakken wells with partners in 2008. As noted above, we constructed our first Bakken central processing facility at Innes in 2007, which is tied into the Enbridge oil pipeline system and the Transgas gathering system. In 2008, we plan to supplement this facility with two additional satellite locations that will allow us to continue to capture the liquids-rich natural gas associated with our high-value Bakken light oil production. The first satellite facility, located north of our current Innes facility in the Creelman area, is expected to be operational in late May. This facility is designed to remove any associated water production and then transfer all remaining oil and natural gas via pipeline to our Innes facility; which has ample capacity to manage these volumes. The second satellite facility, which is expected to be operational by late August, will be an integrated oil battery and gas plant, designed to manage new volumes being produced further to the east.

Although the Bakken formation will be the Canadian Business Unit’s primary focus in 2008, we also plan to drill at least 19 new exploration wells focused on building new core areas for light oil or natural gas. A deep exploration well in the Economy Creek area of northwest Alberta will spud within the month, and we also anticipate drilling our light oil play in the Torquay formation in southeast Saskatchewan during the first quarter. Our proposed Peerless acquisition also brings certain new exploration and development drilling opportunities. In addition, the Company has an extensive inventory of shallow gas locations that, with improvement in natural gas prices, can be quickly developed.

Peerless Acquisition

On November 22, 2007, Petrobank and Peerless Energy Inc. (“Peerless”) announced that we had entered into an arrangement agreement whereby Petrobank will acquire all of the issued and outstanding shares of Peerless. The acquisition will be accomplished through a Plan of Arrangement wherein each Class A share of Peerless will be exchanged for \$0.90 cash and 0.08 of one Petrobank common share and each Class B share of Peerless will be exchanged for \$10.00 cash.

With the Peerless acquisition, Petrobank’s current conventional Canadian production would be approximately 16,600 boepd inclusive of Peerless’ recently announced 2007 exit rate of 5,600 boepd. This acquisition contributes 18 net sections of undeveloped land and approximately 3,350 boepd from the Bakken play, which complements Petrobank’s strong Bakken position with current production of 8,800 boepd and an undeveloped land base of 170 net sections in the area. The combined Bakken production of approximately 12,150 boepd and the extensive inventory of future drilling locations will improve our ability to conserve the liquids-rich natural gas associated with the oil through efficiencies in common facilities and infrastructure. Although this transaction is still subject to final Peerless shareholder approval, expected in January 2008, we have included our development plans for the combined entity on a go-forward basis. In the event that the Peerless transaction is not completed as anticipated, we will redeploy our capital resources to further accelerate the development of Petrobank’s existing Bakken lands.

The majority of our Bakken land base is expected to yield four horizontal wells per section. Including the land base being acquired with Peerless, we will have 120,000 net acres of Bakken undeveloped land and estimate our drilling inventory at over 600 (540 net) locations. This light oil resource play is expected to be the Canadian Business Unit’s primary focus area for years to come. Our highly effective drilling and stimulation program, along with the expansion of our significant land base, has strategically positioned Petrobank to be a key long-term Bakken light oil player.

Latin American Business Unit

Petrobank’s Latin American Business Unit is operated through our 76.5 percent owned subsidiary, Petrominerales Ltd. (“Petrominerales”) (TSX: PMG).

Corcel-3

The Corcel-3 well spudded on November 21, 2007 and was drilled directionally to a total depth 13,037 feet. Logs indicate that the Mirador and Guadalupe sands that are producing in Corcel-1 and Corcel-2 are present in Corcel-3 at depths approximately 95 feet lower when compared to the Corcel-1 well. An additional 600 feet of geological section was drilled in Corcel-3 that was previously thought to be economic basement. During the drilling of the additional section we encountered sands with oil and gas shows in this lower interval before drilling was terminated and the decision to case the well was made. Due to the deviated nature of the well we were unable to drill the well to basement and were unable to obtain open hole logs over this lower interval. We plan to drill our next vertical Corcel well deeper to fully evaluate the potential of these lower intervals. Both the upper sands and the newly encountered lower intervals in this well will be evaluated with cased-hole logs and through production testing. We expect that a similar additional section of potential reservoir rock exists below both the existing Corcel-1 and 2 wells, and we are assessing our options to deepen an existing well or drill a new well to evaluate this deeper portion of the field.

After drilling Corcel-3, we plan to move the drilling rig to drill two of our other Llanos Basin exploration wells, which can only be accessed during the dry season, and we then intend to resume our Corcel drilling program, starting with the Corcel-C exploration well.

Casimena

Drilling and logging operations have been completed on our Mapuro-1 sidetrack exploration well on the Casimena Block in the Llanos Basin. Logs indicated that the sand in the Cretaceous Ubaque formation contained a non-commercial hydrocarbon accumulation and, as a result, the well was plugged and abandoned.

Exploration Drilling Program

During the 2008 dry season at least six further exploration wells are planned for the Llanos Basin. This will include two wells on the Mapache block, and one exploration well on each of the Joropo, Castor, Casanare Este and Corcel blocks.

Las Aguilas

We are continuing to test the Conga-1 well on the Las Aguilas block with fluctuating flow rates through the jet pump completion. Once stabilized production data is obtained from this test we also plan to evaluate the potential of the prospective up-hole intervals of this well. We will also be shooting a 48 square kilometre 3D seismic program over the Orito and Las Aguilas blocks during 2008 and plan to drill our next exploration well on the Las Aguilas block in the second half of 2008.

Seismic Acquisition

An additional 100 square kilometres of 3D seismic will be acquired over the Corcel block to further delineate and explore the trends on which the Corcel discovery was made. The Guatiquia Block to the south and west of Corcel will also have approximately 35 square kilometres of 3D seismic shot on it during 2008. In the Joropo area, we plan to acquire 66 square kilometres of 3D seismic over the three contiguous blocks of Joropo, Jabali and Jaguar.

Heavy Oil Blocks

We are acquiring seismic over our three heavy oil blocks, Chiguiro Oeste, Chiguiro Este and Rio Ariari. We completed the acquisition of 160 kilometres of 2D seismic over Chiguiro Oeste in December 2007 and we are now acquiring 416 kilometres of 2D seismic over Rio Ariari. In addition, on the Chiguiro Este block, we plan to shoot 62 square kilometres of 3D seismic to follow up on channel anomalies identified off reprocessed 2D seismic. We will also be acquiring 48 kilometres of reconnaissance 2D seismic over Chiguiro Este.

Production Update

Petrominerales' working interest production averaged 11,590 barrels of oil per day ("bopd") in December 2007 and is currently in excess of 9,400 bopd.

Corcel

Our Corcel pool is exhibiting typical Llanos Basin production characteristics, with increasing watercuts over time. This active water drive is responsible for high ultimate recoveries of original oil in place. The production methodology required to optimize both oil production rates and ultimate recovery is the incorporation of high volume electric submersible pumps ('ESPs') and large water handling facilities. Our Corcel 1 and 2 wells are both operating at significantly restricted rates with the combined production capacity of these two wells being in excess of 40,000 barrels of total fluid per day. Currently, total fluid production is limited to pump intake and facilities capacities. Accordingly, Petrominerales plans to perform a workover to isolate the interval responsible for the majority of the water production in the Corcel-2 well in the next two weeks. We then expect to add production from our Corcel-3 well in

February. In April, we plan to take delivery and install ESPs capable of producing 15,000 barrels of total fluid per day in each of our Corcel wells.

Our production is currently being handled through temporary production facilities. We have approval to expand these facilities to 68,000 barrels of fluid per day. This expansion is currently underway and is expected to be completed in March 2008. We plan to further increase the capacity of these facilities to 120,000 barrels of fluid per day by the end of 2008.

Approvals to commence construction of the permanent production facilities are expected by August 2008. These facilities will have a capacity of 180,000 barrels of fluid per day and are expected to be completed in the first quarter of 2009. The design is modular and is easily expandable as required.

Orito

Petrominerales has kicked-off its 2008 Orito program in the up-dip area of the field, on the strength of production results from our Orito-122 well. The first follow-up well, Orito-161, had initial production rates of 338 bopd with a 40% water cut. Now that the water cut has stabilized, we will increase the frequency of the ESP to fully optimize production rates. In our next well, Orito-121, logs indicate 32 feet of pay in the A sands alone (which are typically depleted in the down-dip sections of the Orito field), and we have started the completion of the well in these sands. The B, C and D sands in this well will then be evaluated. We are now moving the drilling rig to a further up-dip location, Orito-168. Later in the first quarter, we also plan to drill the Orito-130 well in the southwest extension area of the field, near our highly successful Orito-117 and Orito-118 wells.

Joropo

In addition to drilling our next Joropo exploration well in February of this year, Ojo de Tigre-3, we will also be performing a workover on the Ojo de Tigre-2 well to remove the gravel-pack screens from our original completion, and install an ESP in the well. We plan to conduct an extended production test on this well for the remaining duration of the dry season.

New Drilling Rigs

Petrominerales has signed long-term contracts (18-months) for two new drilling rigs. The first is a 1,000 horsepower rig that is expected to commence drilling at Orito in February 2008. The second is a 1,500 horsepower rig that is expected to commence drilling at Corcel in the second quarter of 2008.

Heavy Oil Business Unit

Whitesands

Recent operations at the Whitesands site have focused on the installation of the new sand-handling system which became operational for all three wells late in December 2007. This system has increased on-stream time and enhanced our ability to manage produced sand and ultimately flow the wells to their target capacity. In conjunction with the new sand-handling system, upgrade modifications to other plant operations were made to facilitate the addition of the planned three well expansion. Another key upgrade was further enhancement to our H₂S treating facilities, which are installed and ready to operate, however regulatory approval to operate this system has been delayed and is now not expected until early February. This delay has limited our ability to increase air injection and therefore increase production levels in the short term.

As previously discussed, our three well expansion project is also waiting on regulatory approval which is delaying the drilling of the next three THAI™/CAPRI™ wells. Because of this, we have decided to drill at least one additional well on the current plant footprint which will be our first THAI™/CAPRI™ well. As this well is located on the existing plant footprint, the regulatory process is more streamlined. This will

also enable us to advance the testing of our CAPRI™ completion design and our revised slotted liner designed for improved downhole sand control. In addition, we can start producing from this well sooner, using the existing combustion zone, which should allow us to avoid the pre-ignition-heating cycle. Advancing this well provides an opportunity for continued optimization of our project design and reduction of execution times for future projects.

In December 2007, we also completed a 4D-seismic survey over the current project site, which we believe will provide valuable information on the morphology of the combustion zone. We have also completed five additional stratigraphic evaluation wells, the results of which will be included in the updated resource evaluation being conducted by our independent reserve auditors. We plan to drill up to an additional 23 oil sands exploration wells during our 2008 drilling program.

May River

Our earlier plan at the Whitesands site was to have filed a 10,000 barrel per day project application by the end of 2007. This plan has been modified as we have enhanced our process design to allow for a larger central facility with ultimate capacity for 100,000 barrels per day, as well as other facilities improvements based on data from our current operations. This new project will be known as May River. The central facility design will lower the overall environmental footprint of the project and requires a different surface location than previously planned. We now expect to file the first phase application for the initial ten to fifteen thousand barrel per day stage of the project by mid-2008, which will include pre-development for the larger overall development. This approval will require additional environmental fieldwork to accommodate the larger initial scope of May River.

To facilitate the application process for the overall project design, we have released our public disclosure document (“PDD”) for the May River project describing our 100,000 barrel per day THAI™ development plans for the Whitesands leases. The PDD is the first step in the public consultation process and is a key aspect of the overall project approval process. The PDD will allow us to consult on our full development plan, thereby potentially shortening the overall approval process, rather than undertaking a detailed public consultation for each separate phase. The rationale for initiating this full-scale development plan with a ten to fifteen thousand barrel per day initial stage, is that while the overall project will require a comprehensive environmental impact assessment (“EIA”), the first phase will only require a localized environmental assessment that we can commence immediately. We will also initiate the full scale EIA in the first quarter of 2008.

Please refer to our website, www.petrobank.com/webdocs/whitesands/whitesands_pub_disclosure.pdf, for the complete May River project public disclosure document.

Dawson

Our regulatory application for our Dawson project is also expected to be filed by mid-2008. This project is a 50/50 joint venture with Duvernay Oil Corp. to develop the THAI™ technology in the Bluesky formation in the Peace River region. With prompt regulatory approval we expect to undertake development by the third quarter of 2008.

Petrobank Energy and Resources Ltd.

Petrobank Energy and Resources Ltd. is a Calgary-based oil and natural gas exploration and production company with operations in western Canada and Colombia. The Company operates high-impact projects through four business units. The Canadian Business Unit is developing a solid production platform from low risk gas opportunities in central Alberta and an extensive inventory of Bakken light oil locations in southeast Saskatchewan, complemented by new exploration projects and a large undeveloped land base. The Latin American Business Unit, operated by Petrobank’s 76.5% owned TSX-listed subsidiary, Petrominerales Ltd. (trading symbol: PMG), is a Latin American-based exploration and production company producing oil from three blocks in Colombia and has contracts on 13 exploration blocks covering a total of 1.5 million acres in the Llanos and Putumayo Basins. Whitesands Insitu Partnership, a

partnership between Petrobank and its wholly-owned subsidiary Whitesands Insitu Inc., owns 70,720 net acres of oil sands leases with an estimated 2.6 billion barrels of gross bitumen-in-place 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. The Archon Technologies Unit focuses on the development and acquisition of new technology and innovations that will capture the commercial benefits of the THAI™ and CAPRI™ technology (e.g., incremental surface upgrading, high-quality produced water, oxygen-enriched injection air, sulphur recovery, carbon dioxide capture and heat recovery). 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 timing of certain projects. 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, 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 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.

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