



NEWS RELEASE

PETROBANK AND PEERLESS AMEND TERMS OF PROPOSED ARRANGEMENT

Calgary, Alberta – January 22, 2008 – Petrobank Energy and Resources Ltd. (“**Petrobank**”) (TSX/OSLO: PBG) and Peerless Energy Inc. (“**Peerless**”) (TSX: PRY.A, PRY.B) announce that we have entered into an amending agreement to increase the consideration payable under the terms of the previously announced proposed plan of arrangement (“**Arrangement**”) pursuant to which Petrobank will acquire all of the issued and outstanding shares of Peerless. Under the terms of the amended Arrangement, holders of Class A Shares of Peerless will now receive \$1.00 in cash and 0.095 of a Petrobank common share for each Class A Share held. Holders of Class B Shares of Peerless will continue to receive \$10.00 in cash for each Class B Share held.

On November 22, 2007, Peerless and Petrobank announced that they had agreed to complete the Arrangement pursuant to which Petrobank would acquire (i) all of the outstanding Class A shares of Peerless for \$0.90 in cash and 0.08 of a common share of Petrobank per Class A share, and (ii) all of the outstanding Class B shares of Peerless for \$10.00 in cash per Class B share.

Peerless shareholders, holding approximately 44% of the Peerless Class A shares, including all of the directors and officers of Peerless, have entered into hard lock-up agreements with Petrobank to vote their Peerless shares in support of the Arrangement.

The Arrangement is subject to the approval of at least two-thirds of the holders of Class A Shares and Class B Shares of Peerless, each voting as a separate class, at the special meeting of shareholders of Peerless scheduled to occur in the Angus Northcote Room at the Bow Valley Conference Center, Suite 300, 205 - 5th Avenue S.W., Calgary, Alberta, on Friday, January 25, 2008 at 10:00 a.m. (Calgary time). Peerless has mailed a management information circular and proxy statement respecting the meeting to Peerless shareholders. The information circular and proxy statement are available for viewing electronically under Peerless’ profile on SEDAR at www.sedar.com.

In addition to Peerless shareholder approval, the completion of the Arrangement is also subject to the final approval of the Court of Queen’s Bench of Alberta and all applicable regulatory authorities. If all necessary approvals are obtained, Petrobank and Peerless anticipate that the Arrangement will become effective on or about January 28, 2008.

Petrobank and Peerless have both achieved significant light oil production growth over the last year from the Bakken play in southeast Saskatchewan. The Peerless assets will complement Petrobank’s ongoing Bakken development activities including facility and infrastructure plans, allowing us to recover natural gas and liquids production while minimizing operating costs. High commodity prices for light oil, the Saskatchewan royalty regime, and relatively low operating costs all contribute to the very attractive, high netbacks for Bakken light oil. Petrobank’s Bakken light oil operating netback during the third quarter of 2007 was \$66.75 per barrel.

Upon completion of the Arrangement, Petrobank will have a Bakken drilling inventory of 600 (565 net) well locations, based on a future well density of only four wells per prospective section. Petrobank plans on pursuing this drilling inventory by operating seven rigs within the Bakken play, allowing more than 135 (100% working interest) horizontal wells to be drilled during 2008. The Bakken light oil resource play is expected to be Petrobank's primary conventional Canadian focus area in 2008 and for years to come. This Arrangement, combined with recent land purchases, and Petrobank's highly effective drilling and stimulation program, further solidifies Petrobank as a key, long-term Bakken player.

The Board of Directors of both Petrobank and Peerless have unanimously approved the Arrangement. The Board of Directors of Peerless has concluded that the Arrangement is in the best interests of the Peerless shareholders from a financial perspective and recommends that shareholders vote their shares in favour of the Arrangement. The Arrangement prohibits Peerless from soliciting or initiating any discussion regarding any other business combination or sale of material assets, contains provisions for Petrobank to match competing, unsolicited proposals and, subject to certain conditions, provides for a \$12.5 million termination fee payable to Petrobank.

Tristone Capital Inc. acted as financial advisor to Peerless. Clarus Securities Inc. is also acting as financial advisor to Peerless and has advised on the amended terms of the Arrangement. Haywood Securities Inc. and TD Securities Inc. acted as financial advisors to Petrobank.

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.

Peerless Energy Inc.

Peerless Energy Inc. is a junior oil and gas company engaged in the exploration for, and development and production of, natural gas and light oil reserves primarily in the provinces of Alberta, Saskatchewan, and British Columbia.

Barrels of Oil Equivalent

Disclosure provided herein in respect of boe units may be misleading, particularly if used in isolation. A boe conversion relationship of 6 mcf to 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the well head.

Non-GAAP Measures

This release contains financial terms that are not considered measures under Canadian Generally Accepted Accounting Principles (“GAAP”), such as net debt, and operating netback. These measures are commonly utilized in the oil and gas industry and are considered informative for management and shareholders. Specifically, net debt is used to evaluate the Company’s financial leverage and includes bank debt plus accounts payable and accrued liabilities less current assets. Operating netback is a measure of profitability per unit of production calculated based on revenue less royalties, production and transportation expenses per unit produced.

Forward-Looking Statements

Certain information provided in this release constitutes forward-looking statements. The words “anticipate”, “expect”, “project”, “estimate”, “believe”, “forecast” and similar expressions are intended to identify such forward-looking statements. Specifically, this press release contains forward-looking statements relating to a proposed plan of arrangement. 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, including assumptions as to the timing of receipt of the necessary shareholder, regulatory and court approvals and the time necessary to satisfy the conditions to the completion of the proposed plan of arrangement. Although Petrobank and Peerless believe that these statements are based on information and assumptions which are current, reasonable and complete, these statements are necessarily subject to a variety of risks and uncertainties. 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 Petrobank’s and Peerless’ Canadian securities filings. While Petrobank and Peerless make these forward-looking statements in good faith, should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary significantly from those expected. There is no representation by Petrobank or Peerless that actual results achieved during the forecast period will be the same in whole or in part as those forecasts. Except as may be required by applicable securities laws, neither Petrobank nor Peerless assume any 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 FURTHER INFORMATION PLEASE CONTACT:

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