



NEWS RELEASE

PETROBANK CLOSES PEERLESS ACQUISITION

Calgary, Alberta – January 28, 2008 – Petrobank Energy and Resources Ltd. (“**Petrobank**” or the “**Company**”) (TSX/OSLO: PBG) and Peerless Energy Inc. (“**Peerless**”) (TSX: PRY.A, PRY.B), are pleased to announce that effective today the previously announced plan of arrangement, pursuant to which Petrobank acquired (the “**Acquisition**”) Peerless Energy Inc. (“**Peerless**”), has been completed.

Petrobank acquired all of the issued and outstanding shares of Peerless. Holders of Peerless Class A shares received \$1.00 cash and 0.095 common shares of Petrobank for each Class A share of Peerless held and holders of Peerless Class B shares received \$10.00 cash for each Class B share held. Acquisition costs, including Peerless net debt assumed, totaled approximately \$337 million, based on Petrobank’s five-day weighted average common share trading price ending January 25, 2008. In connection with the Acquisition, 4,931,672 common shares of Petrobank were issued.

Highlights:

- The Acquisition is accretive for Petrobank on a production, cash flow and reserves basis, adding current production of approximately 5,600 boepd (73% light oil and 27% natural gas) at a cost of approximately \$60,000 per flowing barrel.
- Approximately 3,400 bopd of the acquired production is Bakken light oil, strategically located within Petrobank’s core properties in southeast Saskatchewan. High commodity prices for light oil, the Saskatchewan royalty regime, and relatively low operating costs all contribute to very high netbacks for Bakken light oil.
- Petrobank is well positioned to aggressively expand in the Bakken play as we have acquired complementary assets and will continue to capitalize on Petrobank’s industry-leading expertise in applying new drilling, fracture stimulation and completion technologies focused on increasing production rates and enhancing recoveries of original oil in place from the Bakken formation.

Petrobank’s Canadian Business Unit production now exceeds 17,000 boepd including more than 12,200 boepd of high netback, Bakken production. Petrobank now has an inventory of 540 net Bakken locations based on a drilling density of only four wells per section, and we plan to drill 154 of these locations in 2008, which we expect will make Petrobank the most active operator in the play.

The Acquisition also allows Petrobank to accelerate facilities infrastructure plans to ensure natural gas and natural gas liquids are captured, further improving the compelling economics of the Bakken light oil resource play.

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% 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 containing up to 799 million barrels of proved, probable, possible and contingent recoverable resources, based on conventional (SAGD) technology, 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.

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. 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. 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.

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.

FOR FURTHER INFORMATION PLEASE CONTACT:

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