

**PETROBANK ANNOUNCES FIRST THAI™/CAPRI™ PRODUCTION**

Calgary, Alberta –September 22, 2008 – **Petrobank Energy and Resources Ltd.** (“Petrobank” or the “Company”) (TSX: **PBG**) is pleased to announce results from the world’s first CAPRI™ in-situ catalytic production well (P-3B) at our Whitesands project near Conklin, Alberta.

*Whitesands P-3B Update*

Petrobank drilled P-3B late in the second quarter of 2008 and completion operations commenced on the well in late July. This well has been designed to demonstrate the additional upgrading potential of our patented CAPRI™ process which places an active catalyst bed between two concentric slotted liners. In laboratory tests, CAPRI™ has achieved an upgrading effect of seven degrees API in addition to the upgrading effect resulting from the THAI™ process. The P-3B well also incorporates our narrower slot design, intended to significantly reduce sand production from the McMurray sandstone reservoir typically encountered at Whitesands.

Since air injection and oil production commenced in August from P-3B, the well has been on continuous production, with no appreciable produced sand. Initial produced fluids consisted of oil and water emulsions from the steam preheat as well as residual drilling mud, which diminished as the well cleaned up. Recently we have achieved oil production volumes of up to 300 barrels per day on low air injection rates, with oil cuts of 40 to 50%. While it is still too early to determine the effectiveness of the catalyst, the produced oil has been upgraded to 11.5 degrees API due to the thermal cracking effects of the THAI™ process. Currently P-3B is operating at a well bore temperature below the optimum range for the catalyst to be effective. We are presently increasing well bore temperatures up to 300 degrees Celsius for optimum catalyst efficiency and we will continue to analyze produced oil quality to assess the catalyst effectiveness. Produced gas analysis from P-3B is consistent with the P-1 and P-2 wells and indicates high temperature combustion with free hydrogen.

During the early startup phase of the P-3B well we have continued to operate the P-1 and P-2 wells at lower air injection rates. These wells have recently achieved high on-stream factors with oil production rates of up to 400 barrels per day for each well at a quality of approximately 12 degrees API, compared to the native 8 degree API bitumen in-situ. Now that P-3B production is stabilizing, we are gradually increasing air injection on all three wells, which is expected to result in further increases in fluid and oil production.

During August we also installed facilities to recover lighter oil that is currently being carried by the overhead gas stream as a vapor which is then condensing in the secondary separators. This lighter oil is over 30 degrees API and is not included in the production rates noted above. This lighter oil component further demonstrates significant in-situ thermal cracking and the potential for co-production of other high-value by-products.

Our revised facilities design utilizing primary gas separation followed by tank separation of oil, water and sand (rather than using a single pressure vessel) is being installed on P-3B and, when combined with the narrower liner slot size, is expected to eliminate most operational challenges caused by sand production in this well and future wells.

## ***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 three business units and a technology subsidiary. 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 76.2% 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 15 exploration blocks covering a total of 1.6 million acres in the Llanos and Putumayo Basins. Whitesands Insitu Partnership, a partnership between Petrobank and its wholly-owned subsidiary Whitesands Insitu Inc., owns 75 net sections of oil sands leases in Alberta, 36 sections of oil sands licenses in Saskatchewan 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. 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 a normal course issuer bid. 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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