

PETROBANK ANNOUNCES RECORD YEAR END RESULTS AND RESERVES

Calgary, Alberta – March 11, 2008 – Petrobank Energy and Resources Ltd. (“**Petrobank**” or the “**Company**”) (TSX/Oslo Børs: PBG) is pleased to announce record fourth quarter and year-end financial and operating results, along with increases in our year-end reserve evaluations.

(All references to \$ are Canadian dollars unless otherwise noted)

HIGHLIGHTS

In 2007 we positioned ourselves to be a key player in the Bakken formation in southeast Saskatchewan, launched a significant exploration campaign in Colombia, continued to expand our strategy to commercialize the THAI™ process and obtained additional opportunities to apply our technology. Some of the highlights of 2007 include the following:

- Average annual production increased by 94% to 10,243 barrels of oil equivalent per day (“boepd”) in 2007 from 5,269 boepd in 2006. Canadian Business Unit (“CBU”) production increased by 78% to 5,476 boepd and production from the Latin American Business Unit (“LABU”) increased by 117% to 4,767 barrels of oil per day (“bopd”) in 2007.
- Fourth quarter average daily production increased by 217% in 2007 to 17,829 boepd from 5,632 boepd in 2006. CBU production increased by 153% to 8,254 boepd and production from the LABU increased by 304% to 9,575 bopd.
- Average daily production increased to 23,677 boepd in February 2008 comprised of 14,750 boepd from the CBU and 8,927 bopd from the LABU.
- For the year ended 2007, funds flow from operations increased by 187% to \$174.9 million or \$2.10 per diluted share.
- In the fourth quarter of 2007 funds flow from operations increased by 487% to \$92.7 million. On a per diluted share basis, funds flow from operations increased by 377% to \$1.05.
- For the year ended 2007, net income increased by 252% to \$81.4 million or \$0.99 per diluted share.
- In the fourth quarter of 2007 net income increased by 1,432% to \$40.1 million. On a per diluted share basis, net income increased by 1,025% to \$0.45.
- CBU proved plus probable plus possible (“3P”) reserves increased by 270% to 47.1 million boe at December 31, 2007 with net present value, before tax, discounted at 10% of \$1.1 billion.
- CBU 3P finding and development costs of \$16.57/bbl representing a 3.6 times recycle ratio using fourth quarter 2007 CBU operating netbacks.
- Peerless Energy Inc. (“Peerless”) was acquired by Petrobank on January 28, 2008 for approximately \$337 million, including net debt assumed. Peerless 3P reserves at December 31, 2007 totalled 18.7 million boe with net present value, before tax, discounted at 10% of \$445.6 million. Financial results for Peerless will not be recognized until the first quarter of 2008.
- Heavy Oil Business Unit’s (“HOBU”) 3P reserves plus high estimate contingent recoverable bitumen resources totalled 804.8 million barrels at December 31, 2007 with net present value, before tax, discounted at 8% of \$2.2 billion.
- LABU 3P reserves increased by 53% to 51.9 million barrels at December 31, 2007 with net present value, before tax, discounted at 10% of \$1.8 billion.
- LABU 3P finding and development costs of US\$18.27/bbl representing a 3.4 times recycle ratio using fourth quarter 2007 LABU operating netbacks.

FINANCIAL & OPERATING HIGHLIGHTS

The following table provides a summary of Petrobank's financial and operating results for the three and twelve month periods ended December 31, 2007 and 2006. Consolidated financial statements with Management's Discussion and Analysis ("MD&A") are available on our website at www.petrobank.com under the "Investor Relations - Financial Reports" section.

| Financial (\$000s, except where noted) | Three months ended | | | Years ended | | |
|---|----------------------|----------|-------------|----------------------|----------|-------------|
| | December 31, 2007 | 2006 | % change | December 31, 2007 | 2006 | % change |
| Oil and natural gas revenue | 122,469 | 25,729 | 376 | 250,366 | 99,228 | 152 |
| Funds flow from operations ⁽¹⁾ | 92,733 | 15,786 | 487 | 174,864 | 60,994 | 187 |
| Per share – basic (\$) | 1.20 | 0.23 | 422 | 2.31 | 0.91 | 154 |
| Per share – diluted (\$) | 1.05 | 0.22 | 377 | 2.10 | 0.88 | 139 |
| Net income | 40,146 | 2,620 | 1,432 | 81,427 | 23,106 | 252 |
| Per share – basic (\$) | 0.52 | 0.04 | 1,200 | 1.08 | 0.35 | 209 |
| Per share – diluted (\$) | 0.45 | 0.04 | 1,025 | 0.99 | 0.33 | 200 |
| Capital expenditures | 136,528 | 71,337 | 91 | 510,264 | 229,693 | 122 |
| Acquisitions | - | - | - | 120,250 | - | - |
| Net working capital / (net debt) ⁽¹⁾⁽²⁾ | 16,068 | (40,545) | - | 16,068 | (40,545) | - |
| Common shares outstanding, end of year (000s) | | | | | | |
| Basic ⁽²⁾ | 77,271 | 72,125 | 7 | 77,271 | 72,125 | 7 |
| Diluted ⁽³⁾ | 90,038 | 76,538 | 18 | 90,038 | 76,538 | 18 |
| Operations | | | | | | |
| Canadian Business Unit ("CBU") operating netback (\$/boe except where noted) ⁽¹⁾⁽⁴⁾ | | | | | | |
| Oil and NGL revenue (\$/bbl) | 80.83 | 54.83 | 47 | 75.64 | 61.18 | 24 |
| Natural gas revenue (\$/mcf) ⁽⁵⁾ | 6.14 | 6.15 | - | 6.44 | 6.21 | 4 |
| Oil and natural gas revenue ⁽⁵⁾ | 72.52 | 43.86 | 65 | 62.81 | 44.40 | 41 |
| Royalties | 5.11 | 4.47 | 14 | 4.86 | 6.28 | (23) |
| Production expenses | 7.99 | 8.06 | (1) | 8.19 | 6.89 | 19 |
| Transportation expenses | 0.10 | 0.27 | (63) | 0.19 | 0.39 | (51) |
| Operating netback | 59.32 | 31.06 | 91 | 49.57 | 30.84 | 61 |
| Latin American Business Unit ("LABU") operating netback (\$/bbl) ⁽¹⁾ | | | | | | |
| Oil revenue | 76.53 | 57.68 | 33 | 71.74 | 61.68 | 16 |
| Royalties | 7.74 | 4.61 | 68 | 6.68 | 4.95 | 35 |
| Production expenses | 7.34 | 8.39 | (13) | 7.37 | 7.78 | (5) |
| Operating netback | 61.45 | 44.68 | 38 | 57.69 | 48.95 | 18 |
| Average daily production ⁽⁴⁾ | | | | | | |
| CBU – oil and NGL (bbls) | 6,691 | 1,265 | 429 | 3,579 | 918 | 290 |
| CBU – natural gas (mcf) | 9,379 | 11,968 | (22) | 11,379 | 12,940 | (12) |
| Total CBU conventional (boe) | 8,254 | 3,260 | 153 | 5,476 | 3,075 | 78 |
| LABU – oil (bbls) | 9,575 | 2,372 | 304 | 4,767 | 2,194 | 117 |
| Total Company conventional (boe) | 17,829 | 5,632 | 217 | 10,243 | 5,269 | 94 |
| Reserves/Resources by Business Unit | | | | | | |
| Heavy Oil (mbbls) | | | | 804,776 | 660,387 | 22 |
| Canadian (mboe) | | | | 47,073 | 12,726 | 270 |
| Peerless (mboe) ⁽⁶⁾ | | | | 18,726 | - | - |
| Latin American – Colombia (mbbls) | | | | 51,930 | 33,906 | 53 |
| Total Company (mboe) ⁽⁷⁾ | | | | 910,301 | 594,823 | 53 |

⁽¹⁾ Non-GAAP measure. See "Non-GAAP Measures" section within MD&A.

- (2) Excludes the effect of acquiring Peerless on January 28, 2008. Acquisition costs, including Peerless net debt assumed, totalled approximately \$337 million. In connection with the acquisition, 4,931,672 common shares of Petrobank were issued.
- (3) Assumes 8.8 million common shares will be issued upon conversion of the Company's convertible debentures which were issued in 2007.
- (4) Six mcf of natural gas is equivalent to one barrel of oil equivalent ("boe"). Heavy Oil Business Unit ("HOBU") bitumen volumes are excluded from average daily production as Whitesands operations are considered to be in the pre-operating stage and accordingly are capitalized.
- (5) Canadian sales prices are shown after forward gas sales contracts.
- (6) Peerless proved plus probable plus possible reserves as at December 31, 2007 are shown. Peerless was acquired by Petrobank on January 28, 2008.
- (7) Company working interest proved plus probable plus possible reserves and contingent recoverable resources (high estimate) excluding royalty interest reserves and before deduction of royalties payable. Only represents Petrobank's share (100% at December 31, 2007 and 84% at December 31, 2006) of the HOBU's reserves and resources and Petrobank's share (76.5% at December 31, 2007 and 80.73% at December 31, 2006) of the LABU's (Petrominerales Ltd.) reserves.

CORPORATE RESERVES/RESOURCES SUMMARY BY BUSINESS UNIT

Working Interest Reserves, Forecast Prices

| | CBU (mboe) | Peerless ⁽¹⁾ (mboe) | LABU (mbbls) | HOBU (mbbls) | Total Company ⁽²⁾ (mboe) |
|---|---------------|-----------------------------------|-----------------|-----------------|--|
| Developed Producing | 8,239 | 5,967 | 9,118 | - | 21,181 |
| Total Proved | 19,433 | 8,873 | 20,597 | - | 44,063 |
| Proved + Probable (2P) | 30,469 | 13,306 | 36,977 | 25,476 | 97,538 |
| Proved + Probable + Possible (3P) | 47,073 | 18,726 | 51,930 | 78,904 | 184,429 |
| High Estimate Contingent Resources | - | - | - | 725,872 | 725,872 |
| 3P + High Estimate Contingent Resources | 47,073 | 18,726 | 51,930 | 804,776 | 910,301 |

(1) Peerless reserves as at December 31, 2007 are shown. Peerless was acquired by Petrobank on January 28, 2008.

(2) Total Company includes only Petrobank's 76.5% share of the LABU's reserves at December 31, 2007.

Net Present Value, Before Tax, Forecast Prices (millions)⁽¹⁾

| | CBU (\$) | Peerless ⁽²⁾ (\$) | LABU (US\$) | HOBU (\$) | Total Company ⁽³⁾ (\$) |
|---|-------------|---------------------------------|----------------|--------------|--------------------------------------|
| Developed Producing | 317.3 | 169.4 | 447.9 | - | 825.3 |
| Total Proved | 524.0 | 252.0 | 787.4 | - | 1,371.2 |
| Proved + Probable (2P) | 779.1 | 344.6 | 1,314.9 | 26.0 | 2,143.6 |
| Proved + Probable + Possible (3P) | 1,082.0 | 445.6 | 1,819.4 | 329.0 | 3,231.9 |
| High Estimate Contingent Resources | - | - | - | 1,895.0 | 1,895.0 |
| 3P + High Estimate Contingent Resources | 1,082.0 | 445.6 | 1,819.4 | 2,224.0 | 5,126.9 |

Net Present Value, After Tax, Forecast Prices (millions)⁽¹⁾

| | CBU (\$) | Peerless ⁽²⁾ (\$) | LABU (US\$) | HOBU (\$) | Total Company ⁽³⁾ (\$) |
|---|-------------|---------------------------------|----------------|--------------|--------------------------------------|
| Developed Producing | 317.3 | 150.5 | 379.4 | - | 754.6 |
| Total Proved | 470.6 | 205.0 | 596.4 | - | 1,126.4 |
| Proved + Probable (2P) | 650.1 | 269.9 | 905.1 | 5.0 | 1,609.2 |
| Proved + Probable + Possible (3P) | 866.5 | 341.3 | 1,204.2 | 233.0 | 2,351.1 |
| High Estimate Contingent Resources | - | - | - | 1,297.0 | 1,297.0 |
| 3P + High Estimate Contingent Resources | 866.5 | 341.3 | 1,204.2 | 1,530.0 | 3,648.1 |

(1) Net present values are discounted at 10% for CBU, Peerless, and LABU and at 8% for HOBU.

(2) Peerless reserves as at December 31, 2007 are shown. Peerless was acquired by Petrobank on January 28, 2008.

(3) Total Company includes only Petrobank's 76.5% share of the LABU's reserves at December 31, 2007 converted using a US\$/ exchange rate of 0.9881.

The full reserve disclosure tables, as required under National Instrument 51-101, will be contained in Petrobank's 2007 Annual Information Form, which will be filed on SEDAR on or before March 31, 2008.

HEAVY OIL BUSINESS UNIT (HOBU)

The following tables summarize the McDaniel & Associates Consultants Ltd. ("McDaniel") Whitesands reserve reports as at December 31, 2007. Reserves and contingent resources were assigned to the Whitesands leases (62 sections) near Conklin Alberta and the report does not include any reserves or recoverable resources associated with our Glover lease (10 sections), the Sutton Creek lease (36 sections), or our 50% interest in the Dawson property (4 sections).

To-date, the McDaniel's reports are still based on SAGD technology as it is the presently recognized technology used to define in-situ oil sands reserves. This does not in any way reflect the technical merits of the THAI™ process; it is simply the only way for the Company to presently recognize a portion of our reserve and resource potential on the Whitesands leases using industry accepted norms. Once McDaniel's can independently certify reserves associated with the THAI™ process, this SAGD-based analysis will be phased out.

THAI™ has many potential benefits over SAGD including expected higher resource recovery (70%-80% versus 30%-50% for SAGD), lower production and capital costs, minimal usage of natural gas and fresh water, a partially upgraded crude oil product, reduced diluent requirements for transportation, and lower greenhouse gas emissions. The THAI™ process also has the potential to operate in lower pressure, lower quality, thinner and deeper reservoirs than current steam-based recovery processes. The continued field demonstration of THAI™ is expected to have an enormous impact of on resource recovery and estimates of reserve volumes.

Reserves and Resources ⁽¹⁾ as of December 31, 2007:

| Based on SAGD | (mdbl) |
|--|---------|
| Probable Reserves (2P) | 25,476 |
| Probable plus Possible Reserves (3P) | 78,904 |
| Low Estimate Contingent Resources ⁽²⁾⁽³⁾ | 482,108 |
| Best Estimate Contingent Resources ⁽²⁾⁽³⁾ | 635,422 |
| High Estimate Contingent Resources ⁽²⁾⁽³⁾ | 725,872 |
| 2P + Best Estimate Contingent Resources | 660,898 |
| 3P + High Estimate Contingent Resources | 804,776 |

(1) Gross reserves and/or resources include the working interest reserves/resources before deductions of royalties payable to others.

(2) Contingent resources, as evaluated by McDaniel, are those quantities of bitumen estimated to be potentially recoverable using SAGD technology from known accumulations but are classified as a resource rather than a reserve primarily due to the absence of regulatory approvals, detailed design estimates and near term development plans and are in addition to 3P reserves.

(3) A low estimate means higher certainty (P90), a best estimate (P50) means most likely and a high estimate means lower certainty (P10).

Whitesands Before Tax Net Present Value - December 31, 2007 - \$ Millions ⁽¹⁾⁽²⁾⁽³⁾

| Based on SAGD | 0% | 5% | 8% | 10% |
|---|--------|-------|-------|-------|
| <u>Net Present Value Discounted at:</u> | | | | |
| Probable Reserves (2P) | 148 | 62 | 26 | 7 |
| Probable plus Possible Reserves (3P) | 1,124 | 515 | 329 | 244 |
| Low Estimate Contingent Resources | 4,863 | 1,436 | 536 | 167 |
| Best Estimate Contingent Resources | 8,379 | 2,812 | 1,426 | 867 |
| High Estimate Contingent Resources | 11,901 | 3,687 | 1,895 | 1,210 |
| 2P + Best Estimate Contingent Resources | 8,527 | 2,874 | 1,452 | 874 |
| 3P + High Estimate Contingent Resources | 13,025 | 4,202 | 2,224 | 1,454 |

(1) Based on McDaniel forecast bitumen netback prices.

(2) Interest expenses and corporate overhead, etc. were not included.

(3) The net present values may not necessarily represent the fair market value of the reserves and/or resources.

Whitesands After Tax Net Present Value - December 31, 2007 - \$ Millions ^{(1) (2) (3)}

Based on SAGD

| <u>Net Present Value Discounted at:</u> | <u>0%</u> | <u>5%</u> | <u>8%</u> | <u>10%</u> |
|---|-----------|-----------|-----------|------------|
| Probable Reserves (2P) | 109 | 36 | 5 | (12) |
| Probable plus Possible Reserves (3P) | 840 | 375 | 233 | 167 |
| Low Estimate Contingent Resources | 3,618 | 931 | 228 | (58) |
| Best Estimate Contingent Resources | 6,246 | 1,983 | 926 | 502 |
| High Estimate Contingent Resources | 8,874 | 2,650 | 1,297 | 781 |
| 2P + Best Estimate Contingent Resources | 6,355 | 2,019 | 931 | 490 |
| 3P + High Estimate Contingent Resources | 9,714 | 3,025 | 1,530 | 948 |

⁽¹⁾ Based on McDaniel forecast bitumen netback prices.

⁽²⁾ Interest expenses and corporate overhead, etc. were not included.

⁽³⁾ The net present values may not necessarily represent the fair market value of the reserves and/or resources.

Reserves

In the fourth quarter, independent reserve evaluator McDaniel initiated an assessment of the performance of the THAI™ project to determine, based on the first year of operating data, when a NI 51-101 reserve evaluation could be developed. McDaniel concluded that additional operating data would be required to meet the regulatory requirements for the assignment of reserves and resources for THAI™. Some of the considerations for requiring additional operational data are that the Whitesands project is the first application of THAI™ in the field and there is no other analogous data for comparison or forecasting purposes, two of the three wells were brought on-stream during 2007 and are at earlier stages in their production life than the first well, and plant operations during 2007 were inconsistent due to frequent sand clean outs and facilities upgrades. In the reservoir the process is operating as anticipated with continued high temperature combustion, continued combustion zone development laterally and vertically, upgrading in-situ and oil cuts of around 50%. While gross fluid production rates per well have been variable over the year, they have proven the capacity to produce at rates up to 2,000 barrels of fluid per day, demonstrating both the lifting capacity of the wells and the process. McDaniel is continuing the THAI™ evaluation and, with more stable operations, we expect to be able to have an update by mid year. In the December 31, 2007 SAGD based evaluation, McDaniel has excluded the recoverable bitumen resource for the current Whitesands pilot project site as these barrels are being developed using THAI™.

Our winter drilling resource delineation program commenced late in the fourth quarter of 2007 and is continuing into the first quarter of 2008. A total of 20 wells are being drilled including one well into our new land at Glover, south of our Whitesands land base, acquired in the second quarter of 2007. Sixteen of these new stratigraphic wells have been incorporated into our year end reserve report prepared by McDaniel.

McDaniel has evaluated our main Whitesands land base covering 62 sections of oil sands leases and estimates up to 804.8 million barrels of recoverable bitumen using SAGD technology for the P10 case (3P plus high estimate contingent resource), a 22% increase from December 31, 2006 and a 1% increase from the March 1, 2007 report. McDaniel estimates 660.9 million barrels recoverable in the P50 case (2P plus best estimate contingent resource), a 34% increase from December 31, 2006 and a 10% increase from the March 1, 2007 report. These values exclude the recoverable resource for the Whitesands pilot area which is being produced using THAI™.

We are planning to drill a stratigraphic well on our Dawson leases (50% working interest) in the second quarter of 2008, following which we will have McDaniel complete an evaluation of the property.

Whitesands Update

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 improved our ability to manage produced sand to be able to flow the wells to their target potential. We have also added key upgrades to other facilities to enhance the produced gas H₂S removal facilities, and improve heat integration to accommodate the planned three-well expansion. The regulatory approval for the produced gas H₂S removal facilities was received in February, allowing us to start increasing air injection, which will ultimately allow full development of the combustion front and increased production rates. Because of the extreme cold weather during this time we focused on maintaining plant operations which slowed the rate of increase of air injection until recently. With the improved on-stream factors, we expect to see more stable production rates, as air injection rates are further increased.

Our three well expansion project application, adjacent to the existing Whitesands site, is now moving through the approval process and we are ready to drill these THAI™/CAPRI™ wells immediately following receipt of final regulatory approvals, which are expected in the second quarter. With prompt approval, these wells could be on-stream in the third quarter of 2008.

We also now expect to spud our next well on the current plant footprint in mid-April 2008. This well replaces the P3 well and will be the first field test of our CAPRI™ process, which integrates a catalyst along the horizontal production well, increasing the in-situ upgrading effect. This well advances the testing of our revised slotted liner designed for improved downhole sand control and will be produced through a new, simplified fluids separation design which is expected to greatly improve operational flexibility. By using the existing combustion zone, we expect to avoid the pre-ignition heating cycle and quickly commence production.

May River Project

The May River Project is our commercial expansion plan for the THAI™ technology at the Whitesands site. The central facilities for the project will be located approximately two kilometers from the current Whitesands site. The project is planned to be built in phases, beginning with initial production capacity of 10,000 to 15,000 barrels of oil per day ('bopd') of partially upgraded bitumen, ultimately building capacity to 100,000 bopd. The regulatory applications for the first phase should be filed by mid-2008. With timely receipt of regulatory approvals, construction could begin in early 2009 with project startup in late 2009.

Dawson Project

The Dawson project is a joint venture project involving our first Alberta-based third party THAI™ license. This project is located in Alberta's Peace River Arch area and is our initial THAI™ project in a conventional heavy oil reservoir, another important step in taking the technology to a global market. We are planning to implement a two-well project and with timely regulatory approval we could commence construction at Dawson later in 2008.

Sutton Creek, Saskatchewan

In 2007 we acquired a township of land (36 square miles or 23,040 acres) with oil sands potential at Sutton Creek, Saskatchewan. This new land position is located within a new and promising oil sands fairway. A 2D seismic survey is planned for the area in the first half of 2008.

Technology Development-Archon Technologies Ltd.

We have advanced several technology innovations which will be incorporated into our commercial projects, including the May River Project, to improve operational efficiency and flexibility and to reduce the environmental impact of commercial development. Our centralized operations will reduce the surface footprint and the simplified fluids separation design will provide for more flexible and robust production facilities. Enriched oxygen injection, electrical cogeneration, and solid sulfur recovery will also be incorporated into the commercial design and will have a major impact in further reducing our overall environmental footprint and greenhouse gas emissions. Enriched oxygen injection can reduce the volume of injected air and the resulting produced gases may be used to generate enough power to make the project energy self sufficient, further reducing greenhouse gas emissions. Using a new technology, we also plan to recover sulfur from the produced H₂S, eliminating most SO₂ emissions.

CANADIAN BUSINESS UNIT (CBU)

Reserves

Our CBU reserve engineers, Sproule Associates Limited (“Sproule”), have completed their evaluation of our conventional Canadian reserves and the reserves associated with the Peerless acquisition, as at December 31, 2007. All reserves are based on forecast prices and costs and are Company gross reserves and include the Peerless reserves, which were effectively acquired on January 28, 2008. Summary results of the Sproule reports are highlighted as follows:

- Total proved reserves of 28.3 million boe.
- Proved plus probable (2P) reserves of 43.8 million boe.
- Proved, probable and possible (3P) reserves of 65.8 million boe.
- NPV 10% (before taxes) of \$1,123.7 million (2P), \$1,527.6 million (3P).
- Proved plus probable reserve additions replaced 1,258% of 2007 production.

CBU and Peerless Working Interest Reserves¹ Forecast Prices²

| | Natural Gas (mmcf) | Light and Medium Oil (mmbbl) | NGL (mmbbl) | Total (mboe) |
|-----------------------------------|-----------------------|------------------------------------|----------------|-----------------|
| Developed Producing | 26,940 | 8,918 | 798 | 14,206 |
| Total Proved | 47,878 | 18,671 | 1,655 | 28,306 |
| Proved + Probable (2P) | 67,158 | 30,006 | 2,576 | 43,775 |
| Proved + Probable + Possible (3P) | 91,106 | 46,820 | 3,794 | 65,799 |

⁽¹⁾ Company working interest reserves excluding royalty income reserves and before deduction of royalties payable.

⁽²⁾ Based on the Sproule price forecast effective December 31, 2007.

Royalty income volumes are excluded from Company gross reserves noted above but are included in calculating Company net reserves and net present values. Production in 2007 included 432 boepd of royalty income production.

CBU and Peerless Net Present Value – Before Tax (\$ millions) Forecast Prices

As at December 31, 2007

| | 0% | 5% | 10% | 15% |
|-----------------------------------|---------|---------|---------|---------|
| Developed Producing | 709.7 | 571.9 | 486.7 | 428.9 |
| Total Proved | 1,238.9 | 951.8 | 776.0 | 657.9 |
| Proved + Probable (2P) | 2,084.8 | 1,455.6 | 1,123.7 | 920.0 |
| Proved + Probable + Possible (3P) | 3,561.4 | 2,121.9 | 1,527.6 | 1,204.0 |

CBU and Peerless Net Present Value – After Tax (\$ millions) Forecast Prices

As at December 31, 2007

| | 0% | 5% | 10% | 15% |
|-----------------------------------|---------|---------|---------|-------|
| Developed Producing | 681.9 | 549.6 | 467.8 | 412.2 |
| Total Proved | 1,067.9 | 825.7 | 675.6 | 573.6 |
| Proved + Probable (2P) | 1,681.9 | 1,185.8 | 920.0 | 754.6 |
| Proved + Probable + Possible (3P) | 2,755.1 | 1,666.1 | 1,207.8 | 954.4 |

Reserve Reconciliation – Forecast Prices (mboe)

| | Total Proved | Proved + Probable | Proved + Probable+ Possible |
|---|-----------------|----------------------|-----------------------------------|
| CBU reserves at December 31, 2006 | 6,675 | 9,148 | 12,726 |
| 2007 production net of royalty income | (1,841) | (1,841) | (1,841) |
| <u>Net additions</u> | <u>14,599</u> | <u>23,162</u> | <u>36,188</u> |
| CBU reserves at December 31, 2007 | 19,433 | 30,469 | 47,073 |
| <u>Peerless reserves at December 31, 2007</u> | <u>8,873</u> | <u>13,306</u> | <u>18,726</u> |
| Proforma CBU reserves at December 31, 2007 | 28,306 | 43,775 | 65,799 |
| CBU year-over-year increase in reserves ⁽¹⁾ | 191% | 233% | 270% |
| CBU production replacement ⁽¹⁾ | 793% | 1,258% | 1,966% |
| CBU finding and development costs (\$/bbl) ⁽¹⁾ | 33.65 | 24.28 | 16.57 |
| Recycle ratio based on Q4 2007 operating netback ⁽¹⁾ | 1.8 | 2.4 | 3.6 |

⁽¹⁾ Excludes Peerless reserves acquired January 28, 2008.

CBU finding and development costs include changes in future development costs and all 2007 CBU capital expenditures which included approximately \$100 million of investments for undeveloped land acquisitions and facilities costs that will support our long-term Bakken growth.

Canadian Business Unit Operational Update

Petrobank's CBU increased proved plus probable plus possible (3P) reserves year-over-year by 270% to 47.1 million boe. Proved plus probable plus possible reserve additions totaled 36.2 million boe replacing 2007 production of 5,476 boepd more than 18 times. Including the Peerless reserves acquired in January 2008 CBU proved plus probable plus possible reserves increased further to 65.8 mmboe and have a combined net present value, discounted at 10 percent, before tax of \$1.5 billion. Our independent reserve evaluator, Sproule, have included only 171 future drilling locations in these evaluations, which is less than 30% of our internally estimated inventory of over 624 net locations.

With ongoing Bakken development drilling and the acquisition of Peerless, CBU production averaged 14,750 boepd in February 2008 and is currently over 16,000 boepd including 12,000 boepd of high netback, Bakken production. Recent production over the first quarter has been hampered by the anticipated declines from high initial rate wells and the operational and production difficulties caused by extreme cold weather in southeast Saskatchewan. We currently have seven drilling rigs operating on the Bakken trend, resulting in two to 2.5 new wells per week. We currently have six wells awaiting fracture stimulation.

In February 2008, we acquired an additional 7.5 sections of Bakken acreage at the Crown land sale, further increasing our Bakken land base to 214 sections (137,000 net acres). Of this, 186 net sections remain to be developed and we estimate our drilling inventory at over 660 (624 net) locations based on 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 Bakken formation produces light oil in close proximity to Canada's main oil pipelines. Operating netbacks are high, particularly when considering the current environment of high oil prices, the attractive Saskatchewan royalty regime, and relatively low operating costs. The operating netback for our operated Bakken oil production during the fourth quarter of 2007 was \$69.71 per barrel.

Bakken oil is rich in natural gas and associated natural gas liquids, and a facility program is underway to capture this additional revenue stream. Our initial gas conservation and oil facility was completed at Innes in late 2007, and we have plans for at least an additional two satellite facilities in 2008. The first satellite facility, located north of the 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. All of these facilities are designed around a proactive approach to conserve liquids-rich natural gas associated with our high-value Bakken light oil production.

LATIN AMERICAN BUSINESS UNIT (LABU) - PETROMINERALES LTD. (TSX: PMG – OWNED 76.5%)

Petrobank is also pleased to report on our 2007 year-end third party reserve report with respect to our LABU. Total proved plus probable reserves in Colombia have increased by 53%, based on the DeGolyer and MacNaughton (“D&M”) evaluation as at December 31, 2007. All reserves stated herein are based on forecast prices and costs and are company interest reserves, and before royalties. D&M’s work incorporates an update of their comprehensive geological and petrophysical evaluation of the Corcel, Orito, Neiva and Joropo properties. The evaluation does not include any reserves associated with our remaining 13 exploration blocks.

Summary results of the D&M report are highlighted as follows:

- Total proved reserves increased by 52% to 20.6 million barrels.
- Total proved plus probable reserves increased by 51% to 37.0 million barrels.
- Total proved, probable and possible reserves increased by 53% to 51.9 million barrels.
- Total proved plus probable NPV 10% (before taxes) increased 152% to US\$1.3 billion (3P – US\$1.8 billion).
- Proved plus probable reserve additions replaced 815% of 2007 production.
- Total proved plus probable finding and development costs, including expenditures incurred on exploration blocks, and changes in future development costs were US\$21.74/bbl in 2007.

Reserves – Company Interest

| | Light and Medium Oil (mdbl) |
|---|-----------------------------|
| Developed Producing | 9,118 |
| Total Proved | 20,597 |
| Total Proved + Probable (2P) | 36,977 |
| Total Proved + Probable + Possible (3P) | 51,930 |

Reserve Reconciliation

| | Total Proved | Proved + Probable | Proved + Probable + Possible |
|--|-----------------|----------------------|------------------------------------|
| LABU reserves at December 31, 2006 | 13,563 | 24,531 | 33,906 |
| 2007 production | (1,740) | (1,740) | (1,740) |
| <u>Net additions</u> | <u>8,774</u> | <u>14,186</u> | <u>19,764</u> |
| LABU reserves at December 31, 2007 | 20,597 | 36,977 | 51,930 |
| Year over year increase in reserves | 52% | 51% | 53% |
| Production replacement | 504% | 815% | 1,136% |
| LABU finding and development costs (US\$/bbl) | 25.62 | 21.74 | 18.27 |
| Recycle ratio based on Q4 2007 operating netback | 2.4 | 2.9 | 3.4 |

Net Present Value – Before Tax (US\$ millions)

As at December 31, 2007

| | 0% | 5% | 10% | 15% |
|-----------------------------------|---------|---------|---------|---------|
| Proved Developed Producing | 558.8 | 497.3 | 447.9 | 415.5 |
| Total Proved | 1,091.7 | 918.8 | 787.4 | 698.5 |
| Proved + Probable (2P) | 1,885.1 | 1,558.7 | 1,314.9 | 1,156.4 |
| Proved + Probable + Possible (3P) | 2,636.4 | 2,168.0 | 1,819.4 | 1,598.7 |

Net Present Value – After Tax – Forecast Prices (US\$ millions)

As at December 31, 2007

| | 0% | 5% | 10% | 15% |
|-----------------------------------|---------|---------|---------|---------|
| Developed Producing | 470.0 | 420.1 | 379.4 | 352.1 |
| Total Proved | 814.1 | 690.9 | 596.4 | 531.1 |
| Proved + Probable (2P) | 1,291.8 | 1,070.8 | 905.1 | 794.3 |
| Proved + Probable + Possible (3P) | 1,745.3 | 1,435.0 | 1,204.2 | 1,053.2 |

A full operational update of our 76.5% owned LABU, Petrominerales Ltd., was published on February 28, 2008 and can be found at www.petrominerales.com.

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 CBU 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 LABU, 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 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 oil sands leases containing up to 805 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. 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 results of operations and 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.

Barrels of Oil Equivalent ("boe")

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.

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