



PETROBANK REPORTS Q1 2013 FINANCIAL RESULTS, OPERATIONAL UPDATE AND NOTICE OF ANNUAL MEETING WEBCAST

Calgary, Alberta – May 7, 2013 – Petrobank Energy and Resources Ltd. (TSX: PBG) announces our 2013 first quarter financial and operating results.

The consolidated financial statements as at and for the three months ended March 31, 2013 and 2012 represent the operations of the assets and liabilities transferred to Petrobank pursuant to the corporate reorganization with PetroBakken Energy Ltd. completed December 31, 2012. These assets and liabilities previously comprised the 'Petrobank Standalone' operating segment in our 2012 financial disclosure.

This news release includes forward-looking statements and information within the meaning of applicable securities laws. Readers are advised to review "Forward-Looking Statements" at the conclusion of this news release. A full copy of our 2013 First Quarter Financial Statements and MD&A have been filed on our website at www.petrobank.com and under our profile on SEDAR at www.sedar.com.

In this report, quarterly comparisons are first quarter 2013 compared to first quarter 2012 unless otherwise noted. All financial figures are unaudited and in Canadian dollars (\$) unless otherwise noted.

OVERVIEW

Q1 2013 Financial and Operating Highlights

- Average production at our Kerrobert THAI® project was 205 barrels of oil per day ("bopd") in Q1 2013, a decrease from 307 bopd in Q4 2012 and a small increase over 193 bopd in Q1 2012. Kerrobert THAI® production averaged 200 bopd in April 2013 based on field estimates.
- Petrobank reported expenditures on exploration and evaluation assets of \$8.4 million in Q1 2013 compared to \$17.5 million in Q1 2012. This decrease is due to the elimination of expenditures related to our Conklin and May River properties which were sold on February 28, 2012, and a reduction in capitalized costs related to our Kerrobert project.
- We purchased over 30,000 acres of land prospective for heavy oil resources in two Saskatchewan Crown land sales for approximately \$2 million, adding to our suite of prospects.
- We invested approximately \$40 million of cash to purchase debt and equity securities of PetroBakken, each earning in excess of an 8% cash-on-cash yield. We now hold approximately 3.2 million PetroBakken shares, including shares received through reinvestment of dividends.

OPERATIONAL UPDATE

Kerrobert THAI® Project and Kerrobert Conventional Cold Production Initiative

First quarter 2013 production averaged 205 bopd, a decrease from Q4 2012 production of 307 bopd and a small increase over 193 bopd in the first quarter of 2012. April 2013 production was 200 bopd based on field estimates. The decrease in production from Q4 2012 was due to several of our better producing wells being temporarily off line and longer than expected workovers due to extremely cold winter conditions.

At our Kerrobert THAI® project, our operating focus is to continue to significantly increase air injection and optimize operations for higher production at lower per-barrel costs. Since beginning to increase air injection in the fourth quarter of 2012, we have increased the field air injection rate to up to 25% of design capacity. Although Q1 production at our Kerrobert THAI® project has not changed much year-over-year, we are still encouraged by the THAI® process. The fact remains: in all our THAI® projects, air injection into the reservoir results in production of hot, upgraded oil, which proves that the process is working. We have not observed any irregularities in the quality of our oil or our produced gas or experienced any surface facility issues that would suggest to us that we cannot achieve commercial levels of production. As with most extraction processes, there is a period of optimization whereby operational issues must be resolved in order to increase production and lower costs. We are in this period of optimization and have not experienced any operational issues that cannot be resolved with tested oil production techniques. Since the beginning of the year, we have converted two wells from pumps to gas lift which reduces workover costs, allows for more gas production and results in less downtime. We are assessing other wells for conversion to gas lift as conditions dictate. We are also conducting a wet combustion test in our East injection pad through the co-injection of water into several injection wells. The purpose of the water injection is to help redirect the air in the reservoir to optimize the combustion zone. Petrobank continues to evaluate the implementation of several other strategies designed to increase production.

Petrobank currently has two conventional cold production wells operating on our Kerrobert Trend Lands. These wells are currently producing an aggregate of approximately 50 bopd. Our conventional cold production initiative was undertaken through low cost re-activations and conversions of existing wells on Petrobank lands. Each well is assessed individually and will continue to operate only if we believe that it will produce economic amounts of oil.

Dawson Demonstration Project

At Dawson, we commenced cold production operations from both horizontal THAI® production wells in late 2012 and the wells produced at a combined rate of approximately 20 bopd in the first quarter of 2013. These wells will continue to produce conventional heavy oil, and assist in pre-conditioning the reservoir until such time as we commence the start-up of the approved THAI® demonstration project.

Land Acquisition

In early 2013, we purchased over 30,000 acres of land in two Saskatchewan Crown land sales for approximately \$2 million. At year-end 2012, our lands contained over 500 million barrels of Exploitable Oil and Bitumen Initially in Place (see definition below) and the addition of these new lands will further enhance our inventory of opportunities for new THAI® and conventional heavy oil projects. We now own approximately 85 sections of land in Saskatchewan and 31 sections of land at Dawson, Alberta.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2013, Petrobank had cash and cash equivalents of \$38.5 million, investments in marketable securities of \$47.7 million and a net working capital surplus (including cash and marketable securities) of \$79.2 million. Our focus in 2013 is to steward our capital to maintain financial flexibility to pursue future THAI® projects and acquisition opportunities while positioning the company to benefit from our strong capital base. We expect to fund our 2013 expenditures with cash on hand and sales revenue from production.

SUMMARY OF FINANCIAL RESULTS

The following table provides a summary of Petrobank's financial results for the three months ending March 31, 2013 and 2012. Unaudited consolidated financial statements with MD&A will be available on the Company's website at www.petrobank.com and on the SEDAR website at www.sedar.com.

Three months ended March 31,	2013	2012	% Change
Financial (\$000s except where noted)			
Net (loss) income	(3,008)	46,291	-
Per share – basic and diluted (\$)	(0.03)	0.47	-
Expenditures on exploration assets	8,422	17,506	(52)
Total assets	155,183	346,194	(55)
Common shares outstanding, end of period (000s)			
Basic and diluted ⁽¹⁾	97,597	97,597	-

⁽¹⁾ Since Petrobank shares were issued pursuant to a Plan of Arrangement, the 2012 per share amounts are based on the number of shares outstanding on December 31, 2012.

ANNUAL MEETING OF SHAREHOLDERS AND INVESTOR UPDATE

Petrobank's annual meeting of shareholders is scheduled for Wednesday, May 22, 2013 at 2:00 p.m. Mountain Time (4:00 p.m. Eastern Time) at the TELUS Convention Centre, Macleod Hall D, 120 - 9th Avenue S.E., Calgary, Alberta, T2G 0P3.

Management of Petrobank plans to provide an investor update immediately following the formal shareholders' meeting. The full meeting and investor update is available via webcast at the following link: <http://events.digitalmedia.telus.com/petrobank/052213/index.php> and is also available on our website at: <http://www.petrobank.com/investors/presentations-webcasts>. We will welcome questions from shareholders in attendance at the meeting and through the webcast immediately following the presentation.

Petrobank Energy and Resources Ltd. is a Calgary-based oil and natural gas exploration and production company with operations in western Canada. Petrobank is applying its patented THAI® heavy oil recovery process in the field. THAI® is an evolutionary in-situ combustion technology for the recovery of bitumen and heavy oil. THAI® and CAPRI® are registered trademarks of Archon Technologies Ltd., a wholly-owned subsidiary of Petrobank Energy and Resources Ltd., for specialized methods for recovery of oil from subterranean formations through in-situ combustion techniques and methodologies with or without upgrading catalysts. Used under license by Petrobank Energy and Resources Ltd.

Exploitable Oil/Bitumen Initially In Place: Exploitable Oil/Bitumen Initially in Place is the estimated discovered volume of oil or bitumen, as applicable, from known accumulations, before any production has been removed, which is contained in a subsurface stratigraphic interval that meets or exceeds certain reservoir characteristics considered necessary for the application of known recovery technologies. Examples of such reservoir characteristics include continuous net pay, porosity, and mass bitumen content. Exploitable Oil/Bitumen Initially in Place are resources that do not constitute, and should not be confused with, reserves. There is no certainty that it will be commercially viable to produce any portion of the resource.

Forward-Looking Statements: *Certain information provided in this press release constitutes forward-looking statements. Specifically, this press release contains forward-looking statements relating to financial results, results from operations, the timing of certain projects, and anticipated sources of available financing. Forward-looking statements are necessarily based on a number of assumptions and judgments, including but not limited to, assumptions relating to the outlook for commodity and capital markets, the success of future resource evaluation and development activities, the successful application of our technology, the performance of producing wells and reservoirs, well development and operating performance, general economic conditions, weather and the regulatory and legal environment. 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; weather conditions and access to our properties; 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; uncertainties associated with the regulatory review and approval process in respect to our projects; risks associated with the application of early stage technology; 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 forecasted. 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.*

FOR FURTHER INFORMATION PLEASE CONTACT:

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