



PETROBANK ANNOUNCES Q1 2014 FINANCIAL AND OPERATING RESULTS

Calgary, Alberta – May 8, 2014 – Petrobank Energy and Resources Ltd. (TSX: PBG) announces our 2014 first quarter financial and operating results.

This news release includes forward-looking statements and information within the meaning of applicable securities laws. Readers are advised to review "Forward-Looking Information and Statements" at the conclusion of this news release. A full copy of our 2014 First Quarter Financial Statements and Management's Discussion and Analysis ("MD&A") have been filed on our website at www.petrobank.com and under our profile on SEDAR at www.sedar.com.

All financial figures are unaudited and in Canadian dollars (\$) unless otherwise noted. Comparisons presented in this press release are the first quarter of 2014 compared to the first quarter of 2013, unless otherwise noted.

OVERVIEW

Q1 Financial and Operating Highlights

- Average production at our Kerrobert THAI® project was 335 barrels of oil per day ("**bopd**") in Q1 2014 compared to 222 bopd in Q4 2013 and 202 bopd in Q1 2013. Kerrobert THAI® production averaged 345 bopd in April, 2014.
- We operate two cold conventional heavy oil wells which produced approximately 50 bopd combined in Q1 2014. These cold wells currently produce approximately 75 bopd.
- At Dawson, we initiated steam injection in one of the two horizontal THAI® wells in late December 2013 and in the second well in mid-February 2014. Initial production is expected in Q2 2014 with each well expected to produce for approximately nine months before starting a second steam and production cycle.
- We recognized a non-cash accounting impairment related to our Kerrobert THAI® project of \$0.9 million, reflecting assessed fair value less costs of disposal at March 31, 2014.
- Petrobank reported expenditures on exploration assets of \$5.8 million in Q1 2014 compared to \$8.4 million in Q1 2013. The decrease was primarily related to a decrease in capitalized pre-commercial operating costs at our Kerrobert project and reduction in expenditures on land, seismic and exploration, partially offset by an increase in expenditures at our Dawson project for cyclic steam stimulation ("**CSS**") operations.
- At March 31, 2014, we had \$42.0 million of positive working capital and no debt, including 3.5 million Lightstream Resources Ltd. ("**Lightstream**") shares which earn a \$0.04 per share monthly cash dividend based on Lightstream's current dividend policy. At March 31, 2014, the Lightstream shares were valued at \$5.62 per share compared to \$7.23 per share on May 8, 2014.

PLAN OF ARRANGEMENT WITH TOUCHSTONE EXPLORATION INC.

On April 30, 2014, Petrobank and Touchstone Exploration Inc. ("**Touchstone**") received approval from the Court of Queen's Bench of Alberta for the combination of Petrobank and Touchstone, to be effected by way of a plan of arrangement (the "**Arrangement**") under the Business Corporations Act (Alberta). Shareholder approval for the Arrangement was received on April 28, 2014.

Under the terms of the Arrangement Agreement dated March 6, 2014 between Petrobank and Touchstone, the Arrangement will become effective after all of the conditions to closing are satisfied or waived. Touchstone and Petrobank are currently working to bring about the satisfaction of all remaining closing conditions. Full details regarding the terms of the Arrangement are set out in the Joint Management

Information Circular and Proxy Statement dated March 28, 2014 which is available on SEDAR at www.sedar.com.

OPERATIONAL UPDATE

Kerrobert THAI® Project and Saskatchewan Conventional Cold Production

First quarter 2014 Kerrobert THAI® production averaged 335 bopd, an increase from 222 bopd in Q4 2013 and 202 bopd in the Q1 2013. April 2014 production was 345 bopd based on field estimates.

As announced in late 2013, Petrobank is committed to eliminating the negative field operating netbacks at our Kerrobert THAI® project by mid-2014. This may include investing small amounts of capital to test new processes to increase production and reducing costs by shutting-in low-volume wells that require workovers. We are planning to test steam injection in the near future at one of our air injection wells. It is our intention to suspend THAI® operations in the event the negative netback cannot be eliminated by the end of the first half of 2014. We have also filed a regulatory approval application to test steam assisted gravity drainage (“SAGD”) operations at one of our THAI® wells. We will continue to evaluate the economics, opportunities and challenges with SAGD as we await regulatory approval.

Petrobank currently has two conventional cold production wells operating. These wells averaged approximately 50 bopd combined in Q1 2014 and are currently producing approximately 75 bopd combined.

Dawson Project

At Dawson, we commenced CSS operations at one of the two horizontal THAI® production wells in late-December 2013 and initiated steaming operations at the second well in mid-February 2014. First production is expected in Q2 2014. We are planning a nine-month production cycle followed by a second steam and production cycle. If these two CSS wells are successful, Petrobank intends to prepare and submit an application for full field CSS development at Dawson.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2014, we had positive working capital of \$42.0 million, including \$45.9 million of cash and marketable securities, and no third party debt. We own 3.5 million Lightstream shares and are receiving monthly cash dividends of \$0.04 per share based on Lightstream’s current dividend rate. At March 31, 2014, the Lightstream shares were valued at \$5.62 per share compared to \$7.23 per share on May 8, 2014.

Our current capital resources are expected to be adequate for our planned 2014 expenditures. Petrobank will announce revised 2014 capital and operating plans once the Arrangement is completed.

SUMMARY OF FINANCIAL RESULTS

The following table provides a summary of Petrobank’s financial results for the three months ending March 31, 2014 and 2013. 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,	2014	2013	% Change
Financial (\$000s except where noted)			
Net loss	(3,967)	(3,008)	32
Per share – basic and diluted (\$)	(0.04)	(0.03)	33
Expenditures on exploration assets	5,811	8,422	(31)
Total assets	92,952	155,183	(40)
Common shares outstanding, end of period (000s)			
Basic and diluted	97,575	97,597	-

Petrobank Energy and Resources Ltd. is a Calgary-based oil and natural gas exploration and production company with operations in western Canada. Petrobank's common shares are traded on the TSX under the symbol "PBG".

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, plans related to and the timing of certain projects, anticipated sources of available financing and the anticipated timing for the closing of the Arrangement. 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, the regulatory and legal environment, the ability of Petrobank and Touchstone to receive, in a timely manner, the necessary regulatory, stock exchange and other third party approvals related to the Arrangement and the ability of Petrobank and Touchstone to satisfy, in a timely manner, the other conditions to the closing of the 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. 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; the failure of Petrobank or Touchstone to obtain necessary regulatory, stock exchange and other third party approvals, or to otherwise satisfy the conditions to the Arrangement, in a timely manner, or at all, and other factors, many of which are beyond the control of Petrobank. 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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STRENGTH IN OUR RESOURCES

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