**FORM 51-102F3**
**MATERIAL CHANGE REPORT**

**Item 1. Name and Address of Company**

Petrobank Energy and Resources Ltd. ("Petrobank" or the "Corporation")
2600, 240 – 4th Avenue S.W.
Calgary, Alberta, Canada T2P 4H4

**Item 2. Date of Material Change**

November 22, 2007.

**Item 3. News Release**

A press release reporting the material change was issued on November 22, 2007 through the services of Marketwire.

**Item 4. Summary of Material Change**

On November 22, 2007, Petrobank and Peerless Energy Inc. ("Peerless") announced that they have entered into an agreement (the "Arrangement Agreement") whereby Petrobank will acquire all of the issued and outstanding shares of Peerless pursuant to a plan of arrangement under the *Business Corporations Act* (Alberta) (the "Arrangement").

**Item 5.1. Full Description of Material Change**

Petrobank and Peerless have entered into the Arrangement Agreement pursuant to which Petrobank will acquire all of the issued and outstanding shares of Peerless by way of the Arrangement. Pursuant to the Arrangement Agreement, each Class A share of Peerless will be exchanged for $0.90 cash and 0.08 of one Petrobank common share and each Class B share of Peerless will be exchanged for $10.00 cash. The total acquisition cost is expected to be approximately $334 million, including assumption of debt and costs of the transaction. It is expected that approximately 4.0 million Petrobank common shares will be issued to effect the Arrangement.

The information circular for the Arrangement is expected to be mailed to Peerless shareholders in late December 2007 and it is anticipated that the special meeting of Peerless' shareholders will be held in January 2008. The successful completion of this transaction is subject to the requisite approval of the Peerless shareholders, along with customary regulatory, court and other approvals.

The Board of Directors of both Petrobank and Peerless unanimously approved the Arrangement. The Board of Directors of Peerless has concluded that the transaction is in the best interests of the Peerless shareholders from a financial perspective and resolved to recommend that shareholders vote their shares in favour of the Arrangement. The directors and officers of Peerless have also entered into lock-up agreements with Petrobank to vote their Peerless shares in support of the Arrangement.

The Arrangement Agreement prohibits Peerless from soliciting or initiating any discussion regarding any other business combination or sale of material assets, contains provisions for Petrobank to match competing, unsolicited proposals and, subject to certain conditions, provides for a $12.5 million termination fee payable to Petrobank.

Tristone Capital Inc. is acting as financial advisor to Peerless with respect to this transaction and has advised the Board of Directors of Peerless that they are of the opinion, as of the date hereof, that the consideration to be received by the Peerless shareholders is fair, from a financial point of view, to Peerless shareholders. Clarus Securities Inc. acted as strategic advisor to Peerless. Haywood Securities Inc. and TD Securities Inc. acted as financial advisors to Petrobank.

A copy of the Arrangement Agreement can be accessed under Petrobank's profile on SEDAR at www.sedar.com.

**Item 5. 2. Disclosure For Restructuring Transactions**

Not applicable.

**Item 6. Reliance on subsection 7.1(2) or (3) of National Instrument 51-102.**

Not applicable. This report is not being filed on a confidential basis.

**Item 7. Omitted Information**

No information has been omitted on the basis that it is confidential information.

**Item 8. Executive Officer**

For more information please contact:

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Or

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Or

Corey C. Ruttan, Vice-President Finance and Chief Financial Officer
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**Item 9. Date of Report**

November 29, 2007