CALGARY, ALBERTA--(Marketwired - Aug 11, 2016) - Petrus Resources Ltd. ("Petrus" or the "Company") (TSX:PRQ) is pleased to announce financial and operating results for the three and six month periods ended June 30, 2016. The associated Management's Discussion and Analysis ("MD&A") and quarterly financial statements as at and for the period ended June 30, 2016 are accessible at www.sedar.com.

HIGHLIGHTS

- The Company generated funds from operations in the second quarter of $7.7 million compared to $4.6 million in the first quarter of 2016, an increase of 67%. The corporate netback for the second quarter was $10.06 per boe compared to $5.68 per boe in the previous quarter. The increased profitability from the first quarter is attributed to a 34% increase in the Company's light oil price, lower transportation costs, lower interest costs and the elimination of one time transaction costs which were incurred in the first quarter.

- Average production was 8,435 boe per day (35% oil and liquids) in the second quarter of 2016 compared to 8,890 boe per day (38% oil and liquids) reported for the second quarter of 2015. Seasonal turnaround activity at non-operated facilities reduced the second quarter production by approximately 500 boe per day.

- Operating expenses (net of processing income recoveries) totaled $7.65 per boe in the second quarter, compared to $9.14 per boe in the second quarter of the prior year which represents a 16% reduction. Petrus has invested in operated processing facilities and pipelines in the Ferrier area in order to reduce operating costs as well as reliance on third parties. Petrus is on track to realize continued cost reductions.

- The Company's realized hedging gain in the second quarter increased the Company's corporate netback by $6.87 per boe which is 92% higher than the $3.58 per boe hedging gain realized in second quarter of the prior year. In the second quarter of 2016 natural gas hedges were in place for 78% of gas production at an average natural gas floor price of $2.64 per GJ.

- In the first half of 2016 Petrus invested $12.0 million and drilled 2.7 net wells in the Ferrier area. The Company estimates that total capital costs for the operated drilling projects were 16% lower than the previous year and cycle time improved significantly. Petrus also invested in tie-in, facility and well equipment costs in order to optimize the Company's new gas plant in the Ferrier area to reduce future third-party processing fees. In the second quarter operating costs in the Ferrier area decreased 10% from the previous quarter.

- Subsequent to the end of the second quarter, Petrus sold its oil and natural gas interests in the Peace River area of Alberta (the "Disposition") for total consideration of $30.0 million subject to customary closing adjustments. In June 2016, production in the Peace River area averaged approximately 1,000 boe per day (54% oil and natural gas liquids), which comprised approximately 12% of the Company's total production. The Disposition is beneficial to the Company by reducing overall indebtedness, lowering per unit operating costs, and reducing future liabilities. Excluding Peace River from the second quarter 2016 results would have generated a 18% reduction in the Company's overall operating costs per boe. Following transfer of the assets, Petrus' liability management ratio (LMR) will improve from 2.6 to approximately 3.0.

- $8 million of the cash proceeds from the Disposition were used to repay a portion of the Company's Term Loan, reducing the amount outstanding to $42 million. The remaining cash was used to reduce the amount owing under the Company's revolving credit facilities. The borrowing capacity under the revolving credit facility was reduced as a result of the Disposition, from $120 million to $106 million. As a result of the first quarter financing activities as well as the Disposition, the Company's total net debt is expected to be reduced to approximately $124.0 million, down from $226.7 million at the end of 2015. Annual interest cost savings attributed to the debt reductions are estimated to be over $6.5 million.

- Petrus entered a definitive agreement for the previously announced cashless property swap transaction whereby Petrus will dispose of non-core assets with production of approximately 250 boe per day, associated land and a working interest in non-operated production facilities. In exchange Petrus expects to acquire production of approximately 400 boe per day and approximately 40% working interest in eight sections of predominantly undeveloped land in its Ferrier core area. Petrus expects to close the transaction in the third quarter.

- With the enhanced financial flexibility provided by the Disposition, the Petrus Board of Directors has approved a $17.5 million capital expenditure budget for the second half of 2016. Capital will be directed primarily to drilling in the Ferrier area, a Cardium resource play with a multi-year inventory of low-risk liquids rich gas and oil opportunities.

SELECTED FINANCIAL INFORMATION

(000s) except per boe amounts	Three months ended June 30, 2016	Three months ended June 30, 2015	Three months ended March 31, 2016	Three months ended December 31, 2015	Three ended Septe 2015
OPERATIONS					
Average Production					
Natural gas (mcf/d)	33,071	33,103	35,456	31,217	32,50
Oil (bbl/d)	2,200	2,811	2,218	2,380	2,616
NGLs (bbl/d)	723	560	694	590	634
Total (boe/d)	8,435	8,890	8,821	8,172	8,668

Total (boe)	767,585		808,947		802,744		751,845		797,4
Natural gas sales weighting	65	%	62	%	67	%	64	%	62
Realized Sales Prices									
Natural gas ($/mcf)	1.64		2.90		2.01		2.79		2.92
Oil ($/bbl)	46.68		64.76		34.52		48.27		50.91
NGLs ($/bbl)	8.47		24.99		18.18		30.52		16.14
Total ($/boe)	19.32		32.85		18.18		26.90		27.48
Hedging gain ($/boe)	6.87		3.58		7.84		6.68		4.72
Operating Netback ($/boe)									
Effective price	26.19		36.43		26.02		33.58		32.20
Royalty income	0.12		0.08		0.13		0.32		0.10
Royalty expense	(2.26	)	(3.73	)	(3.08	)	(3.74	)	(2.89
Operating expense	(7.65	)	(9.14	)	(8.52	)	(11.00	)	(7.87
Transportation expense	(1.30	)	(1.93	)	(1.62	)	(1.31	)	(1.43
Operating netback (1) ($/boe)	15.10		21.71		12.93		17.85		20.11
G & A expense (2)	(1.86	)	(2.28	)	(2.72	)	(3.08	)	(2.10
Net interest expense (3)	(3.18	)	(3.91	)	(4.53	)	(5.83	)	(4.41
Corporate netback (1) ($/boe)	10.06		15.52		5.68		8.94		13.60
FINANCIAL ($000s except per share)									
Oil and natural gas revenue	14,926		26,641		14,698		20,459		21,99
Funds from operations (1)	7,725		12,549		4,558		6,717		10,83
Funds from operations per share (1)	0.17		0.36		0.11		0.19		0.31
Net loss	(46,334	)	(7,239	)	(4,110	)	(36,425	)	(19,05
Net loss per share	(1.02	)	(0.21	)	(0.10	)	(1.04	)	(0.54
Capital expenditures	2,712		13,288		9,277		6,757		9,041
Net acquisitions (dispositions)	-		(125	)	-		-		-
Common shares outstanding	45,349		35,148		45,349		35,148		35,14
Weighted average shares	45,349		35,148		41,762		35,148		35,14
As at quarter end ($000s)									
Net debt (1)(4)	152,935		228,562		157,675		226,742		226,8
Bank debt outstanding	156,845		232,000		155,000		235,000		236,3
Bank debt available (5)	12,555		35,600		12,300		12,600		34,60
Shareholders' equity	267,573		299,061		313,936		243,904		280,1
Total assets	493,535		627,808		544,548		555,145		595,8

1. *Non-GAAP measures are defined in the Non-GAAP section of the June 30, 2016 MD&A.*
2. *G&A expense is presented net of capitalized general & administrative costs.*
3. *Interest expense is presented net of other income and non-cash deferred finance expense.*
4. *Net debt includes working capital (deficiency).*
5. *$120 million credit facility less: $105 million drawn, $0.6 million letter of credit and $1.8 million bank overdraft.*

OPERATIONS UPDATE

The Petrus Board of Directors has approved a capital budget of $17.5 million for the second half of 2016. The capital budget includes the drilling of 9 gross (4.8 net) wells and other investments in infrastructure and maintenance capital. The capital budget will be primarily funded through cash flow.

Average second quarter production from the Company's four operating areas was as follows:

Average production for the quarter ended June 30, 2016	Foothills	Peace River	Ferrier	Central Alberta	Total
Average Production					
Natural gas (mcf/d)	7,672	2,990	12,426	9,983	33,071
Oil (bbl/d)	433	596	568	600	2,200
NGLs (bbl/d)	51	14	442	218	723
Total (boe/d)	1,763	1,109	3,081	2,482	8,435
Natural gas sales weighting	*73*	*%* *45*	*%* *67*	*%* *67*	*%* *65*	*%*

DEVELOPMENT ACTIVITY

During the first half of 2016 Petrus invested $12.0 million of its $12.2 million first half budget, which was funded by funds from operations and working capital. The Company's capital development plan for the first half of 2016 was focused on the Ferrier area, where Petrus drilled 4 wells (2.7 net). Capital costs were significantly lower than the prior year due to improved efficiencies achieved as well as cost reductions due to lower demand for services. Total capital costs for the two operated Ferrier drilling projects were approximately 16% lower than comparable projects completed in 2015.

BUDGET UPDATE

With the enhanced financial flexibility provided by the Disposition, the Petrus Board of Directors has approved a $17.5 million capital expenditure budget for the second half of 2016. Capital will be directed primarily to drilling in the Ferrier area, a Cardium resource play with a multi-year inventory of low-risk liquids rich gas and oil opportunities. The Company has been primarily focused on Ferrier since acquiring assets in the area in 2014. To date, Petrus has drilled 13 gross (9.8 net) wells in Ferrier, acquired additional acreage and expanded its infrastructure, including construction of a 25 mmcf/d gas plant, providing the Company a competitive advantage through reduced operating costs and enhanced operational control over its production volumes.

The second quarter report for 2016 is available on the SEDAR filing system (www.sedar.com) as well as on the Company's website www.petrusresources.com.

ABOUT PETRUS

Petrus is a public Canadian oil and gas company focused on property exploitation, strategic acquisitions and risk-managed exploration in Alberta.

READER ADVISORIES

This press release contains forward-looking statements. More particularly, this press release contains statements concerning Petrus' commodity weighting, plans related to the Company's 2016 capital budget, including planned drilling and other operations, commodity focus, commodity pricing, drilling locations, production rates, expected source of funding of the 2016 capital budget, the belief of economic projects and drilling opportunities at current strip pricing, the expected ability of Petrus to execute on its exploration and development program and Petrus' anticipated production (both in terms of quantity and raw attributes) cash flow, operating netbacks, planned operations and the timing thereof, evaluation of completed operations, the availability of opportunities and other similar matters.
The forward-looking statements contained in this document are based on certain key expectations and assumptions made by Petrus, including: (i) with respect to capital expenditures, generally, and at particular locations, the availability of adequate and secure sources of funding for Petrus' proposed capital expenditure program and the availability of appropriate opportunities to deploy capital; (ii) with respect to drilling plans, the availability of drilling rigs, expectations and assumptions concerning the success of future drilling and development activities and prevailing commodity prices; (iii) with respect to Petrus' ability to execute on its exploration and development program, the performance of Petrus' personnel, the availability of capital and prevailing commodity prices; and (iv) with respect to anticipated production, the ability to drill and operate wells on an economic basis, the performance of new and existing wells and accounting risks typically associated with oil and gas exploration and production; (v) oil and gas prices; (vi) currency exchange rates; (vii) royalty rates; (viii) operating costs; (ix) transportation costs; and (x) the availability of opportunities to deploy capital effectively. Although Petrus believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Petrus can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the failure to obtain necessary regulatory approvals, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses; health, safety and environmental risks; commodity price and exchange rate fluctuations; and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures). Readers are cautioned that the foregoing list is not exhaustive of all possible risks and uncertainties.

The forward-looking statements contained in this document are made as of the date hereof and Petrus undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise.

The term barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet of natural gas to one boe (6 mcf/bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. All boe conversions in this report are derived from converting gas to oil in the ratio of six thousand cubic feet of gas to one barrel of oil. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value. The forward-looking statements contained in

this document are made as of the date hereof and Petrus undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Please refer to the disclosure with respect to non-GAAP measures in the Company's MD&A.

"Funds from operations" should not be considered an alternative to, or more meaningful than, cash flow from operating activities as determined in accordance with International Financial Reporting Standards as an indicator of Petrus' performance. "Funds from operations" represents cash flow from operating activities prior to changes in non-cash working capital, transaction costs and decommissioning provision expenditures incurred. Petrus also presents funds from operations per share whereby per share amounts are calculated using weighted average shares outstanding consistent with the calculation of earnings per share.

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