

CALGARY, ALBERTA--(Marketwired - Aug 23, 2016) - [PetroShale Inc.](#) ("PetroShale" or the "Company") (TSX VENTURE:PSH)(OTCQX:PSHIF) is pleased to announce its financial and operating results for the second quarter ended June 30, 2016. The Company's unaudited consolidated financial statements and corresponding Management's Discussion and Analysis (MD&A) for the three and six month periods ended June 30, 2016 are available on SEDAR at www.sedar.com, on the OTCQX website at www.otcqx.com, and on PetroShale's website at www.petroshaleinc.com. Copies of the materials can also be obtained upon request without charge by contacting the Company directly. Currency figures presented herein are reflected in Canadian dollars, unless otherwise noted.

Q2 2016 HIGHLIGHTS:

We achieved the following during the three months ended June 30, 2016:

- Quarterly production of 1,700 boe/d, an increase of 20% from the previous quarter and 27% over the same quarter in 2015.
- Participated in 49 gross (0.5 net) wells, of which nine gross (0.26 net) wells were brought onto production during the quarter for total drilling and completions capital expenditures of \$1.9 million.
- Acquired additional acreage within PetroShale's operated unit in our core focus area for \$5.1 million.
- Generated 58% higher operating netbacks of \$21.11/boe (Company interest, gross of royalty; \$26.49/boe net of royalty) relative to the previous quarter, reflecting stronger WTI oil prices and a reduction in operating costs.
- Enhanced PetroShale's financial flexibility with a US\$20 million increase to our subordinated loan facility, resulting in total borrowing capacity of US\$80 million, and re-affirmed the borrowing base of the Company's existing senior loan facility at US\$22.5 million.
- Subsequent to the end of the quarter, the Company commenced drilling activities on our first operated well located within the heart of our North Dakota Bakken acreage.

RESULTS OF OIL AND GAS ACTIVITIES

	Three months ended		Six months ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Sales volumes				
Crude Oil (Bbl/d)	1,228	1,248	1,211	978
Natural gas and NGLs (Mcf/d)	2,832	551	2,098	431
Barrel of oil equivalent (Boe/d)	1,700	1,340	1,560	1,050
Operating Netbacks (\$/Boe)				
Revenue	\$ 38.58	\$ 56.39	\$ 35.10	\$ 51.97
Royalties	(7.82)	(12.51)	(7.15)	(11.57)
Operating costs	(6.68)	(7.66)	(7.86)	(7.85)
Production taxes	(2.97)	(4.14)	(2.71)	(3.88)
Operating netback	\$ 21.11	\$ 32.08	\$ 17.38	\$ 28.67
Operating netback, on a net of royalty basis	\$ 26.49	\$ 41.36	\$ 21.86	\$ 36.91
Benchmark WTI price during the period (US\$ / bbl)	\$ 45.46	\$ 57.48	\$ 39.55	\$ 53.26

MESSAGE FROM THE CEO

During the second quarter of 2016, PetroShale continued to advance operations focused in the heart of the North Dakota Bakken, primarily in our core Antelope area. In addition, the Company took steps to secure ongoing financial flexibility to help support us through a period of continued commodity price volatility.

PetroShale achieved average production of 1,700 boe/d during the period. Through the quarter, the Company had more natural gas volumes tied into processing infrastructure which resulted in increased production of natural gas and natural gas liquids and also shifted our liquids weighting to approximately 81% from 87% in the prior quarter. In addition, several new wells that were completed and brought online late in the first quarter had a positive production impact, coupled with a resumption of production from wells that had been previously shut-in for maintenance or to facilitate adjacent drilling.

We commenced drilling activities on our first operated well, in which we have a 73% working interest, situated in the prolific Antelope area. We anticipate completing the well, installing production equipment and bringing the well into production in the fourth quarter. Despite the current weak oil price environment, we expect to achieve an economic risk-adjusted rate of return with this well, which demonstrates the attractive and high-quality nature of our acreage. In addition, the Company is participating in three gross (0.7 net) wells currently being drilled by another operator, also in the heart of the Antelope area. We anticipate these wells will add to our production and PDP reserves between now and the end of the year. PetroShale continued to demonstrate our ability to acquire high quality acreage within the heart of our focus areas with the successful purchase of incremental acreage in Antelope during the quarter.

In an effort to ensure PetroShale has ongoing liquidity needed to execute our business plan, we renewed and extended our lending

facilities. With higher oil prices in the second quarter, we also took the opportunity to lock in oil price hedge contracts to provide some downside protection on a portion of our anticipated production through June of 2017, further supporting our sustainability.

PetroShale has actively taken steps to position the Company for success over the past three years, and advanced this strategy through a very challenging global commodity price environment. This continues to be possible due to our extremely high quality asset base and a clear ability to identify and close on attractive acquisition opportunities. We continue to believe that we are well situated to deliver strong returns for our shareholders across a variety of pricing environments.

We wish to take this opportunity to thank all of our employees, directors and shareholders for your continued support of PetroShale, and we look forward to updating you on our progress and results through the coming quarters.

M. Bruce Chernoff, Executive Chairman and CEO

About PetroShale

PetroShale is an oil company engaged in the acquisition, development and consolidation of interests in the North Dakota Bakken / Three Forks.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Note Regarding Forward-Looking Statements and Other Advisories

Company interest means, in relation to the Company's interest in production and reserves, the Company's working interest (operating and non-operating) before the deduction of royalties payable and including such entity's royalty interest in production and reserves. Where volumes of reserves and production have been presented, they have been presented as company working interest, gross of royalties, except where otherwise noted. All operating netbacks referenced in this press release are Company working interest, except where otherwise noted. All dollar figures included herein are presented in Canadian dollars, unless otherwise noted.

Within this press release, references are made to terms commonly used in the oil and natural gas industry. The term "operating netback", in this press release is not a recognized measure under IFRS and therefore may not be comparable to performance measures presented by others. PetroShale uses "operating netback" as a key performance indicator and it is used by the Company to evaluate the operating performance of its petroleum and natural gas assets and is determined by deducting royalties, production taxes, and operating expenses from petroleum and natural gas revenue. Management believes that in addition to net income (loss) and cash flow from (used in) operating activities, operating netback is a useful supplemental measure as it assists in the determination of the Company's operating performance, leverage and liquidity. Readers are cautioned, however, that these measures should not be construed as an alternative to net income (loss) or cash flow from (used in) operating activities determined in accordance with IFRS as an indication of our performance.

This press release contains forward-looking statements and forward-looking information (collectively "forward-looking information") within the meaning of applicable securities laws relating to aspects of management focus, objectives, strategies and business opportunities. More particularly and without limitation, this press release contains forward-looking information concerning: the sufficiency of the Company's financial flexibility and capital requirements; the Company's growth and development plans; the Company's participation in drilling opportunities and the future prospects for new wells; the timing for the completion of the Company's first operated well and the timing of production being put on stream; the rate of return of the Company's operated well; the impact of changes to commodity prices; the results of PetroShale's optimization strategies and general industry economics; and the general outlook of the Company. PetroShale provided such forward-looking statements in reliance on certain expectations and assumptions that it believes are reasonable at the time, including expectations and assumptions concerning prevailing commodity prices, exchange rates, interest rates, applicable royalty rates and tax laws; future production rates and estimates of operating costs; performance of existing and future wells; reserve and resource volumes; business prospects and opportunities; the availability and cost of financing, labor and services; the impact of increasing competition; ability to market oil and natural gas successfully; and the Company's ability to access capital.

Although the Company believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because the Company can give no assurance that they will prove to be correct. Forward-looking information addresses future events and conditions, which by their very nature involve inherent risks and uncertainties. The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, the forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits the Company will derive therefrom. Management has included the above summary of assumptions and risks related to forward-looking information provided in this press release in order to provide security holders with a more complete perspective on the Company's future operations and such information may not be appropriate for other purposes.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other factors that

could affect our operations or financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com). These forward-looking statements are made as of the date of this press release and the Company disclaims any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

Oil and Gas Advisories:

Where amounts are expressed on a barrel of oil equivalent ("Boe") basis, natural gas volumes have been converted to Boe using a ratio of 6,000 cubic feet of natural gas to one barrel of oil (6 Mcf: 1 Bbl). This Boe conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given 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 Mcf: 1 Bbl, utilizing a conversion ratio at 6 Mcf: 1 Bbl may be misleading as an indication of value. In this release, mboe refers to thousands of barrels of oil equivalent, while mbbbls refers to thousands of barrels of oil, and mmcf refers to millions of cubic feet of natural gas.

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