

Petrus Resources Announces Year End 2018 Financial, Operating & Reserves Results; Significant Increase in Liquids Weighting and Net Debt Reduction

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CALGARY, March 14, 2019 - [Petrus Resources Ltd.](#) ("Petrus" or the "Company") (TSX: PRQ) is pleased to report financial and operating results for the three and twelve month periods ended December 31, 2018 and to provide 2018 year end reserves information as evaluated by Sproule Associates Limited ("Sproule"). The Company's Management's Discussion and Analysis ("MD&A") and audited consolidated financial statements dated as at and for the year ended December 31, 2018 are available on SEDAR (the System for Electronic Document Analysis and Retrieval) at www.sedar.com.

In 2018, the Company's primary objectives were to improve its financial position and to increase its light oil weighting. This was done in order to increase the value of its production and funds flow per share. The Company's Ferrier Cardium asset base provides optionality between natural gas and light oil which allows the Company's development program to respond to changes in commodity pricing. The Company planned to invest \$25 to \$30 million in 2018, directed toward drilling Cardium light oil wells in Ferrier and targeted debt reduction of \$10 to \$15 million. Petrus substantially achieved these objectives in 2018: \$24.1 million was invested in 2018 to drill 10 gross (4.3 net) Cardium light oil wells in Ferrier, each with a significantly higher number of multi-stage fracs than had been used in the past. The Company's December 2018 light oil weighting increased 59% from January 2018 and the full impact of the higher liquids weighting is expected to be represented in 2019⁽²⁾. The Company ended 2018 with net debt⁽¹⁾ of \$139.2 million, which is an \$8.9 million or 6% decrease since December 31, 2017⁽¹⁾.

- **Light oil development** - In 2018 Petrus set out to prove its Cardium light oil inventory and maximize its return on investment by significantly increasing the number of fracture stimulations used in its completion operations. Petrus drilled or participated in 2 gross (0.7 net) Cardium condensate wells during the first half of 2018. Petrus strategically deferred further capital development until the second half of 2018 in order to permit debt repayment early in the year as well as to provide time to analyze well performance to evaluate the new completion techniques. The Company's 2018 operated drilling program resumed in the second half of 2018 with 5 gross (2.9 net) Cardium light oil wells drilled and fracture stimulated with an average of 76 stages per one mile lateral length. The December test production, over a 14 day period, attributed to Petrus' 2.9 net additional wells was approximately 2,000 boe/d⁽³⁾, which was comprised of 50% light oil (60% total liquids). The light oil test rates of approximately 1,000 boe/d nearly doubled Petrus' light oil production reported for the third quarter of 2018 of 1,243 boe/d. Petrus is pleased with the results of the 2018 drilling program and looks forward to continued development of its Cardium light oil in Ferrier in a consistent, disciplined manner. The Company plans to drill throughout 2019 within funds flow and repay \$1 to \$2 million of debt each quarter. Petrus' Board of Directors has approved a second quarter 2019 capital budget of \$7 to \$8 million, based on a current forecast for commodity futures pricing, anticipated service costs and current activity levels.
- **Increased liquids weighting** - Fourth quarter average production was 7,934 boe/d in 2018 compared to 10,711 boe/d in 2017. The new liquids production related to the fourth quarter 2018 wells is not reflected for a full quarter as the wells were brought on stream in December. The new production is more valuable in the current commodity environment as the light oil and total liquids weighting have increased significantly. The Company's December 2018 light oil weighting increased 59% from January 2018. Similarly, the Company's December 2018 total liquids weighting was 40% which is a 43% increase from January 2018. The Company's operating netback increased 5% from \$14.33 per boe⁽³⁾ in 2017 to \$15.08 per boe in 2018; however the full impact of the increase in liquids weighting is not reflected due to when the new wells were brought on-stream, in late December.
- **Company best F&D costs** - In 2018, the Company realized Finding and Development ("F&D") costs of \$5.15/boe and \$8.16/boe for Proved Plus Probable ("P+P") and Total Proved ("TP"), respectively. These finding costs were the best in the Company's history. In terms of deploying capital to create reserves volume and value, this was the most effective year Petrus has ever had.

- Reserve value growth - Petrus ended 2018 with \$316 million and \$507 million of Total Proved ("TP") and Proved Plus Probable ("P+P"), respectively, reserve values before-tax, discounted at 10%. The reserve values increased by 1% and 5%, respectively, from the December 31, 2017 Sproule Report. Absent of any changes to the December 31, 2017 Sproule Price forecast, the reserve values would have increased by 22% and 24%, respectively. In 2018, Petrus was also able to increase its Reserve Life Index in every reserve category.
- Best in class operating costs - Total operating expenses were 6% lower from 2017 at \$4.75 per boe in 2018 which is the lowest operating cost in the Company's history (a 57% decrease since 2012) and marks the third consecutive year of operating cost reductions. The Company continues to focus on optimizing its cost structure, particularly in the Ferrier area, through facility ownership and control.
- Funds flow - Petrus generated funds flow of \$5.0 million in the fourth quarter of 2018 which is lower than the \$13.1 million generated in the fourth quarter of 2017 primarily due to significantly lower market price of Edmonton light oil and natural gas (AECO) during the fourth quarter of 2018. Relative to global oil prices (West Texas Intermediate), Western Canadian light oil traded at historically high differentials in the fourth quarter mainly due to insufficient take away capacity. On December 2, 2018 the Alberta government announced a production curtailment mandate of 325,000 boe/d of Alberta crude oil production effective January 1, 2019. In February, the Alberta government announced plans to transport 120,000 boe/d via rail by 2020. These measures were intended to help alleviate current take away capacity constraints impacting Alberta producers and to reduce storage levels. The temporary production reduction applies to all operators in Alberta producing in excess of 10,000 barrels per day of oil production. Petrus' oil production is within the 10,000 barrels per day and therefore the Company is exempt from reducing production. As a result of these measures, the differential for Western Canadian light oil prices has tightened significantly.
- Commodity price risk mitigation - Petrus utilizes financial derivative contracts to mitigate commodity price risk and provide stability and sustainability to the Company's economic returns, funds flow and capital development plan. During the fourth quarter, the Company recognized a \$1.3 million (\$1.38 per boe) realized gain related to natural gas, offset by a \$1.9 million (\$2.61 per boe) realized loss related to light oil. As a percentage of fourth quarter 2018 production, Petrus has derivative contracts in place for 52%, at an average price of \$2.00/mcf and 53% at an average price of \$68.79/bbl, of its natural gas and oil and natural gas liquids production, respectively, for 2019.

(1) Refer to "Non-GAAP Financial Measures".

(2) Refer to "Advisories - Forward-Looking Statements".

(3) Refer to "Oil and Gas Disclosures".

SELECTED FINANCIAL INFORMATION

OPERATIONS	Twelve months ended Dec. 31, 2018	Twelve months ended Dec. 31, 2017	Three months ended Dec. 31, 2018	Three months ended Sept. 30, 2018	Three months ended Jun. 30, 2018
Average Production					
Natural gas (mcf/d)	37,101	43,747	30,480	33,461	39,126
Oil (bbl/d)	1,402	1,823	1,358	1,243	1,484
NGLs (bbl/d)	1,433	1,103	1,496	1,519	1,241
Total (boe/d)	9,019	10,217	7,934	8,338	9,246
Total (boe)	3,292,828	3,729,095	730,819	767,095	841,316
Natural gas sales weighting	69	% 71	% 64	% 67	% 71
Realized Prices					
Natural gas (\$/mcf)	1.73	2.39	1.95	1.50	1.24
Oil (\$/bbl)	69.74	59.56	52.26	77.24	75.29
NGLs (\$/bbl)	40.50	31.52	29.01	45.27	41.53
Total realized price (\$/boe)	24.40	24.26	21.91	25.79	22.92
Royalty income	0.12	0.02	0.10	0.32	0.05
Royalty expense	(3.54)	(3.56)	(3.34)	(3.12)	(2.54)
Net oil and natural gas revenue (\$/boe)	20.98	20.72	18.67	22.99	20.43
Operating expense	(4.75)	(5.08)	(5.28)	(4.95)	(4.57)

Transportation expense	(1.15)	)	(1.31)	)	(1.17)	)	(0.98)	)	(1.17)
Operating netback ⁽¹⁾ (\$/boe)	15.08		14.33		12.22		17.06		14.69
Realized gain (loss) on derivatives (\$/boe)	(0.90)	)	1.00		(0.79)	)	(2.69)	)	(0.74)
Other income	0.13		—		0.37		0.08		0.12
General & administrative expense	(1.57)	)	(0.87)	)	(1.46)	)	(1.72)	)	(1.63)
Cash finance expense	(2.51)	)	(1.88)	)	(3.25)	)	(2.53)	)	(2.49)
Decommissioning expenditures	(0.14)	)	(0.52)	)	(0.21)	)	(0.20))	—
Funds flow and corporate netback ⁽¹⁾ (\$/boe)	10.09		12.06		6.88		10.00		9.95
FINANCIAL (000s except per share)	Twelve months ended Dec. 31, 2018		Twelve months ended Dec. 31, 2017		Three months ended Dec. 31, 2018		Three months ended Sept. 30, 2018		Three months ended Jun. 30, 2018
Oil and natural gas revenue	80,716		90,569		16,064		20,030		19,321
Net income (loss)	(3,284)	)	(111,261)	)	21,063		(8,048)	)	(10,615)
Net income (loss) per share									
Basic	(0.07)	)	(2.28)	)	0.43		(0.16)	)	(0.21)
Fully diluted	(0.07)	)	(2.28)	)	0.43		(0.16)	)	(0.21)
Funds flow	33,184		45,003		5,030		7,685		8,364
Funds flow per share									
Basic	0.67		0.92		0.10		0.16		0.17
Fully diluted	0.67		0.92		0.10		0.16		0.17
Capital expenditures	24,098		72,750		12,660		3,637		1,745
Net acquisitions (dispositions)	(448)	)	4,741		(6)	)	(50)	)	(269)
Weighted average shares outstanding									
Basic	49,492		48,825		49,492		49,492		49,492
Fully diluted	49,492		48,825		49,492		49,492		49,492
As at period end									
Common shares outstanding									
Basic	49,492		49,492		49,492		49,492		49,492
Fully diluted	49,492		49,492		49,492		49,492		49,492
Total assets	341,820		353,445		341,820		322,335		330,359
Non-current liabilities	171,646		173,272		171,646		170,908		172,757
Net debt ⁽¹⁾	139,214		148,066		139,214		131,603		135,111

⁽¹⁾Refer to "Non-GAAP Financial Measures".

⁽²⁾Corporate netback is equal to funds flow which is a directly comparable GAAP measure. Petrus analyzes these measures on an absolute value and per unit basis.

OPERATIONS UPDATE

Production

Fourth quarter average production by area was as follows:

For the three months ended December 31, 2018	Ferrier	Foothills	Central	Alberta	Total
Natural gas (mcf/d)	22,254	1,998	6,228		30,480
Oil (bbl/d)	812	160	386		1,358
NGLs (bbl/d)	1,317	5	174		1,496
Total (boe/d)	5,837	499	1,598		7,934
Natural gas sales weighting	58	% 66	% 65	% 64	%

Petrus set out in 2018 to prove its Cardium light oil inventory and maximize its return on investment by significantly increasing the number of fracture stimulations used in its completion operations. Petrus drilled or

participated in 2 gross (0.7 net) Cardium condensate wells during the first half of 2018. Petrus strategically deferred further capital development until the second half of 2018 in order to permit debt repayment early in the year as well as to provide time to analyze well performance to evaluate the new completion techniques. The Company's 2018 operated drilling program resumed in the second half of 2018 with 5 gross (2.9 net) Cardium light oil wells drilled and fracture stimulated with an average of 76 stages per one mile lateral length. The December test production, over a 14 day period, attributed to Petrus' 2.9 net additional wells was approximately 2,000 boe/d, which was comprised of 50% light oil (60% total liquids). The light oil test rates of approximately 1,000 boe/d nearly doubled Petrus' light oil production reported for the third quarter of 2018 of 1,243 boe/d. Petrus is pleased with the results of the 2018 drilling program and looks forward to continue development of its Cardium light oil in Ferrier in a consistent, disciplined manner. The Company plans to drill evenly throughout 2019 within funds flow and repay \$1 to \$2 million of debt each quarter.

Fourth quarter average production was 7,934 boe/d in 2018 compared to 10,711 boe/d in 2017. Looking at the Company's recent change in total boe production rates is inaccurate as an evaluation of potential cash flow and value. In the current commodity price environment, as liquids weighting increases, cash flow and value can increase despite lower overall boe production. The new liquids production related to the fourth quarter 2018 wells is not reflected for a full quarter as the wells were brought on-stream in December. The resulting production is more valuable in the current commodity environment as the light oil and total liquids weighting has increased significantly. The Company's December 2018 light oil weighting increased 59% from January 2018. Similarly, the Company's December 2018 total liquids weighting was 40% which is a 43% increase from January 2018. The Company's operating netback increased 5% from \$14.33 per boe in 2017 to \$15.08 per boe in 2018; however the full impact of the increase in liquids weighting is not reflected due to when the new wells were brought on stream, in late December.

In 2018, the Company's drilling program proved that the Ferrier Cardium asset base provides optionality between natural gas or light oil development. This optionality permits the Company's development program to be agile and efficiently respond to changes in commodity pricing.

Petrus' Board of Directors has approved a first quarter 2019 capital budget of \$8 to \$10 million, based on a current forecast for commodity futures pricing, anticipated service costs and current activity levels. Management anticipates that the 2019 capital plan will be fully funded by funds flow, systematically scheduled evenly through the year to maintain flexibility, and permit debt reduction each quarter. In the first quarter of 2019 the Company expects to generate funds flow between \$10 and \$11 million, with the remaining \$1 to \$2 million to be directed toward debt repayment. The commodity price assumptions used for the first quarter 2019 capital budget were an average price of \$1.31 C\$/GJ for natural gas (AECO) and \$53.03 US\$/bbl for oil (WTI). Petrus' estimated first quarter average differential for Western Canadian light oil is estimated at \$7.55 US\$/bbl. The first quarter capital budget is expected to include the drilling of 5 gross (2.0 net) Cardium wells targeting the most condensate rich areas within the reservoir.

As part of the 2019 first quarter capital budget, Petrus has drilled 2 gross (1.2 net) Cardium light oil wells. The wells have finished drilling and offset the recently drilled 5 gross (2.9 net) wells from the fourth quarter 2018 drilling program. The 2 first quarter 2019 wells have 1.5 mile and 1.0 mile horizontal lateral lengths, respectively. Both wells are being fracture stimulated with 124 and 77 stages, respectively. Completion operations are currently ongoing and the wells' test volumes can flow inline as the wells were drilled from pre-existing surface locations. Both wells are expected to be on production by the end of March.

Petrus' Board of Directors has approved a second quarter 2019 capital budget of \$7 to \$8 million, based on a current forecast for commodity futures pricing, anticipated service costs and current activity levels. The second quarter budget will allow for debt repayment of \$1 to \$2 million in the quarter.

Petrus estimates the 2019 capital plan will maintain production year over year, increase its oil and total liquids weighting, and reduce debt throughout the year. Approximately 85% of the capital plan will be directed to development of Cardium light oil wells in the Ferrier area of Alberta, which we estimate will have payouts of less than one year and achieve its objective to increase its light oil production weighting and funds flow.

(1) Refer to "Advisories - Forward-Looking Statements".

RESERVES

Petrus's 2018 year end reserves were evaluated by independent reserves evaluator Sproule Associates Limited ("Sproule") in accordance with the definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook") and National instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101") as of December 31, 2018 ("2018 Sproule Report"). Additional reserve information as required under NI 51-101 will be included in our Annual Information Form for the year ended December 31, 2018, which will be filed on SEDAR.

Petrus has a reserves committee, comprised of independent board members, that reviews the qualifications and appointment of the independent reserve evaluators. The committee also reviews the procedures for providing information to the evaluators. All booked reserves are based upon annual evaluations by the independent qualified reserve evaluators conducted in accordance with the COGE Handbook and NI 51-101. The evaluations are conducted using all available geological and engineering data. The reserves committee has reviewed the reserves information and approved the 2018 Sproule Report.

The following table provides a summary of the Company's before tax reserves as evaluated by Sproule:

As at December 31, 2018	Total Company Interest ⁽¹⁾⁽³⁾						
Reserve Category	Conventional Natural Gas (mmcf)	Light and Medium Crude Oil (mbbl)	NGL (mbbl)	Total (mboe)	NPV 0% ⁽²⁾ (\$'000s)	NPV 5% ⁽²⁾ (\$'000s)	NPV 10% ⁽²⁾ (\$'000s)
Proved Producing	52,491	1,250	3,388	13,386	258,437	211,579	181,588
Proved Non-Producing	16,980	94	121	3,044	21,959	16,299	12,754
Proved Undeveloped	57,180	1,474	4,882	15,887	249,274	172,272	121,860
Total Proved	126,650	2,818	8,391	32,317	529,671	400,149	316,203
Proved + Probable Producing	67,773	1,672	4,255	17,223	348,210	264,084	216,812
Total Probable	65,072	2,519	4,320	17,684	390,858	262,581	190,929
Total Proved Plus Probable	191,723	5,337	12,710	50,001	920,528	662,730	507,132

⁽¹⁾Tables may not add due to rounding.

⁽²⁾NPV 0%, NPV 5% and NPV 10% refer to the risked net present value of the future net revenue of the Company's reserves, discounted by Nil, 5% and 10%, respectively and is presented before tax and based on Sproule's pricing assumptions.

⁽³⁾Total company interest reserve volumes are presented above and in the remainder of this annual report are presented as the Company's total working interest before the deduction of royalties (but after including any royalty interests of Petrus).

In 2018, Petrus's development program generated Proved Developed Producing ("PDP") reserve volume additions of 0.6 mmboe which were comprised of 100% liquids. The Company produced 3.3 mmboe during 2018 and ended the year with 13.4 mmboe of PDP reserve volume. Petrus's PDP liquids percentage increased from 28% in 2017 to 35% in 2018.

Petrus ended 2018 with \$194.3 million, \$316.2 million and \$507.1 million of Proved Developed ("PD"), Total Proved ("TP"), and Proved plus Probable ("P+P"), respectively, reserve value before-tax, discounted at 10%, based on the 2018 Sproule Report. In 2018, the Company realized Finding and Development ("F&D") costs ⁽³⁾ of \$11.55/boe, \$8.16/boe and \$5.15/boe for PD, TP and P+P reserves, respectively. PDP F&D costs were materially influenced by the shut in of uneconomic dry gas volumes in the Foothills; therefore, PD is a more indicative metric for developed finding costs in 2018.

Based on the 2018 Sproule Report, the Company's PDP reserve value before-tax, discounted at 10% is \$ 3.67 per share. On the same basis, the P+P reserve value is \$10.25 per share.

FUTURE DEVELOPMENT COST

Future Development Cost ("FDC") reflects Sproule's best estimate of what it will cost to bring the P+P

undeveloped reserves on production. FDC associated with Petrus' total P+P reserves at December 31, 2018, based on the 2018 Sproule Report, is \$290.9 million (undiscounted) and includes 230 gross (128.2 net) booked P+P locations.

The following table provides a summary of the Company's FDC as set forth in the 2018 Sproule Report:

Future Development Cost (\$000s)	Total Proved	Total Proved + Probable
2018	67,578	81,596
2019	79,748	147,315
2020	45,822	60,356
2021	1,609	1,609
Thereafter	—	—
Total FDC, Undiscounted	194,757	290,876
Total FDC, Discounted at 10%	172,129	255,422

PERFORMANCE RATIOS

The following table highlights annual performance ratios for the Company from 2014 to 2018:

	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
Proved Producing					
FD&A (\$/boe) ⁽¹⁾⁽²⁾	37.76	13.05	(0.43	) 23.18	3
F&D (\$/boe) ⁽¹⁾⁽²⁾	42.27	11.57	9.89	29.80	5
Reserve Life Index (yr) ⁽¹⁾	4.6	4.1	4.4	5.2	4
Reserve Replacement Ratio ⁽¹⁾	0.2	1.6	0.4	0.7	5
FD&A Recycle Ratio ⁽¹⁾	0.4	1.1	(24.8	) 0.7	0
Proved Developed					
FD&A (\$/boe) ⁽¹⁾⁽²⁾	11.34	16.74	(0.23	) 39.85	3
F&D (\$/boe) ⁽¹⁾⁽²⁾	11.55	14.62	7.69	65.74	6
Reserve Life Index (yr) ⁽¹⁾	5.6	4.5	5.3	5.8	5
Reserve Replacement Ratio ⁽¹⁾	0.6	1.2	0.7	0.4	6
FD&A Recycle Ratio ⁽¹⁾	1.4	0.9	(46.3	) 0.4	0
Total Proved					
FD&A (\$/boe) ⁽¹⁾⁽²⁾	8.73	14.33	(15.78	) 16.77	2
F&D (\$/boe) ⁽¹⁾⁽²⁾	8.16	12.03	2.46	21.02	1
Reserve Life Index (yr) ⁽¹⁾	11.1	8.0	9.8	10.9	7
Reserve Replacement Ratio ⁽¹⁾	1.3	1.1	0.5	2.9	9
FD&A Recycle Ratio ⁽¹⁾	1.8	1.0	(0.7	) 0.9	1
Future Development Cost (\$000s)	194,757	182,086	201,556	223,409	1
Total Proved + Probable					
FD&A (\$/boe) ⁽¹⁾⁽²⁾	6.49	14.87	350.09	15.40	2
F&D (\$/boe) ⁽¹⁾⁽²⁾	5.15	17.28	(8.06	) 19.01	(6
Reserve Life Index (yr) ⁽¹⁾	17.1	12.3	14.6	16.4	1
Reserve Replacement Ratio ⁽¹⁾	1.5	1.7	(0.1	) 3.7	1
FD&A Recycle Ratio ⁽¹⁾	2.4	1.0	—	1.0	1
Future Development Cost (\$000s)	290,876	283,030	269,144	325,325	1

⁽¹⁾Refer to "Oil and Gas Disclosures".

⁽²⁾ Certain changes in FD&A and F&D produce non-meaningful figures as discussed in "Oil and Gas Disclosures".

While FD&A and F&D costs, reserve life index, reserve replacement ratio and finding and development costs are commonly used in the oil and nature gas industry and have been prepared by management, these terms do not have a standardized meaning and may not be comparable to similar measures presented by other companies and, therefore, should not be used to make such comparisons.

FD&A and F&D costs take into account reserves revisions during the year on a per boe basis. The aggregate

of the exploration and development costs incurred in the financial year and changes during that year in estimated future development costs generally will not reflect total FD&A and F&D costs related to reserves additions for that year.

NET ASSET VALUE

The following table shows the Company's Net Asset Value ("NAV"), calculated using the price forecast from Sproule:

As at December 31, 2018 (\$000s except per share)	Proved Developed Producing	Total Proved	Proved + Probable
Present Value Reserves, before tax (discounted at 10%) ⁽¹⁾	181,588	316,203	507,132
Undeveloped Land Value ⁽²⁾	42,410	42,410	42,410
Net Debt ⁽³⁾	(139,214	) (139,214	) (139,214
Net Asset Value	84,784	219,399	410,328
Fully Diluted Shares Outstanding ⁽⁴⁾	49,492	49,492	49,492
Estimated Net Asset Value per Share	\$1.71	\$4.43	\$8.29

⁽¹⁾Based on the 2018 Sproule Report, using the forecast future prices and costs.

⁽²⁾Based on the exploration and evaluation assets as per the Company's December 31, 2018 audited consolidated financial statements.

⁽³⁾See "Non-GAAP Financial Measures".

⁽⁴⁾There were no "in-the-money" options or warrants based on the Company's December 31, 2018 closing share price of \$0.52, therefore the calculation uses the common shares outstanding at December 31, 2018.

ANNUAL GENERAL MEETING

The Company's Annual General Meeting will be held at the Jamieson Place Conference Centre (3rd floor) 308, 4th Ave SW Calgary, Alberta, on Tuesday May 7, 2019 at 2:00 p.m. (Calgary time).

An updated corporate presentation can be found on the Company's website at www.petrusresources.com.

For further information, please contact:

Neil Korchinski, P.Eng.

President and Chief Executive Officer

T: (403) 930-0889

E: nkorchinski@petrusresources.com

NON-GAAP FINANCIAL MEASURES

This press release makes reference to the terms "operating netback", "corporate netback", "net debt" and "net debt to funds flow." These indicators are not recognized measures under GAAP (IFRS) and do not have a standardized meaning prescribed by GAAP (IFRS). Accordingly, the Company's use of these terms may not be comparable to similarly defined measures presented by other companies. Management uses these terms for the reasons set forth below. Please see the Company's December 31, 2018 MD&A for a reconciliation of such measures to the most directly comparable GAAP (IFRS) measures.

Operating Netback

Operating netback is a common non-GAAP financial measure used in the oil and natural gas industry which is a useful supplemental measure to evaluate the specific operating performance by product at the oil and natural gas lease level. The most directly comparable GAAP measure to operating netback is funds flow. Operating netback is calculated as oil and natural gas revenue less royalties, operating and transportation expenses. It is presented on an absolute value and per unit basis.

Funds Flow and Corporate Netback

Corporate netback is a common non-GAAP financial measure used in the oil and natural gas industry which evaluates the Company's profitability at the corporate level. Corporate netback is equal to funds flow

which is a directly comparable GAAP measure. Petrus analyzes these measures on an absolute value and per unit basis. Management believes that funds flow and corporate netback provide information to assist a reader in understanding the Company's profitability relative to current commodity prices. It is calculated as the operating netback less general and administrative expense, finance expense, decommissioning expenditures, plus other income and the net realized gain (loss) on financial derivatives.

Net Debt

Net debt is a non-GAAP financial measure and is calculated as current assets (excluding unrealized financial derivative assets) less current liabilities (excluding unrealized financial derivative liabilities and deferred share unit liabilities) and long term debt. Petrus uses net debt as a key indicator of its leverage and strength of its balance sheet. There is no GAAP measure that is reasonably comparable to net debt.

Net Debt to Funds Flow

Net debt to funds flow is calculated as the period ending net debt divided by the trailing quarter funds flow (annualized).

OIL AND GAS DISCLOSURES

Our oil and gas reserves statement for the year ended December 31, 2018, which includes disclosure of our oil and natural gas reserves and other oil and natural gas information in accordance with NI 51-101, is contained in the AIF. The recovery and reserve estimates contained herein are estimates only and there is no guarantee that the estimated reserves will be recovered.

This press release contains metrics commonly used in the oil and natural gas industry, such as "finding and development costs" or "F&D", "finding, development and acquisition costs" or "FD&A", "future development cost" or "FDC", "reserve life index" and "reserve replacement ratio." These terms do not have standardized meanings or standardized methods of calculation and therefore may not be comparable to similar measures presented by other companies, and therefore should not be used to make such comparisons. Such metrics have been included herein to provide readers with additional information to evaluate the Company's performance, however such metrics should not be unduly relied upon.

F&D and FD&A Costs

FD&A cost is defined as capital costs for the time period including change in FDC divided by change in reserves including revisions and production for that same time period. F&D cost is defined as capital costs for the time period including change in FDC divided by change in reserves including revisions and production for that same time period, excluding acquisitions and dispositions. Both F&D and FD&A costs take into account reserve revisions during the year on a per boe basis. The methodology used to calculate F&D costs includes disclosure required to bring the proved undeveloped and probable reserves to production. Annually, changes in forecast FDC occur as a result of Petrus's development, acquisition and disposition activities, undeveloped reserve revision and capital cost estimates. These values reflect the independent evaluator's best estimate of the cost to bring the proved and probable undeveloped reserves to production.

Reserve Life Index

Reserve life index is defined as total reserves by category divided by the annualized fourth quarter production.

Reserve Replacement Ratio

The reserve replacement ratio is calculated by dividing the yearly change in reserves net of production by the actual annual production for the year.

Management uses oil and gas metrics for its own performance measurements and to provide shareholders with measures to compare Petrus' operations over time. Readers are cautioned that the information provided by these metrics, or that can be derived from the metrics presented in this press release, should not be relied upon for investment.

Reserve Replacement Ratio

The reserve replacement ratio is calculated by dividing the yearly change in reserves net of production by the actual annual production for the year.

ADVISORIES

Basis of Presentation

Financial data presented above has largely been derived from the Company's financial statements, prepared in accordance with GAAP which require publicly accountable enterprises to prepare their financial statements using IFRS. Accounting policies adopted by the Company are set out in the notes to the audited financial statements as at and for the twelve months ended December 31, 2018. The reporting and the measurement currency is the Canadian dollar. All financial information is expressed in Canadian dollars, unless otherwise stated.

Forward-Looking Statements

Certain information regarding Petrus set forth in this press release contains forward-looking statements within the meaning of applicable securities law, that involve substantial known and unknown risks and uncertainties. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. Such statements represent Petrus' internal projections, estimates or beliefs concerning, among other things, an outlook on the estimated amounts and timing of capital investment, anticipated future debt, production, revenues or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. These statements are only predictions and actual events or results may differ materially. Although Petrus believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievement since such expectations are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause Petrus' actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, Petrus.

In particular, forward-looking statements included in this press release include, but are not limited to, statements with respect to: Petrus' business plan and capital expenditure program for 2019, including its first quarter capital budget and the funding of the same; Petrus' drilling plan, including the same being within funds flow; expected 2019 quarterly debt repayment; Petrus' liquid weighting; the results and success of Petrus' hedging program; the growth of Petrus; expectations regarding Petrus' balance sheet; expectations regarding the adequacy of Petrus' liquidity and the funding of its financial liabilities; expected year over year production; sources of and sufficient financing and the requirement therefor; expected funds flow for the first quarter of 2019; the performance characteristics of the Company's crude oil, NGL and natural gas properties including estimated production and production dates; Petrus' adoption of IFRS 16 and the impact of the same; the development of the Company's Cardium light oil in Ferrier; future prospects; the focus of and timing of capital expenditures; access to debt and equity markets; projections of market prices and costs; the performance characteristics of the Company's crude oil, NGL and natural gas properties including estimated production; crude oil, NGL and natural gas production levels and product mix; Petrus' future operating and financial results; capital investment programs; supply and demand for crude oil, NGL and natural gas; future royalty rates; drilling, development and completion plans and the results therefrom; and treatment under governmental regulatory regimes and tax laws. In addition, statements relating to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

This press release discloses drilling locations, which are proved plus probable locations as at December 31, 2018 based on Sproule's 2018 year end reserves evaluation. The drilling locations on which the Company will actually drill wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors.

These forward-looking statements are subject to numerous risks and uncertainties, most of which are beyond the Company's control, including the impact of general economic conditions; volatility in market prices for crude oil, NGL and natural gas; industry conditions; currency fluctuation; imprecision of reserve estimates; liabilities inherent in crude oil and natural gas operations; environmental risks; incorrect assessments of the value of acquisitions and exploration and development programs; competition; the lack of availability of qualified personnel or management; changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry; hazards such as fire, explosion, blowouts, cratering, and spills, each of which could result in substantial damage to wells, production facilities, other property and the environment or in personal injury; stock market volatility; ability to access sufficient capital from internal

and external sources; completion of the financing on the timing planned and the receipt of applicable approvals; and the other risks. With respect to forward-looking statements contained in this press release, Petrus has made assumptions regarding: future commodity prices and royalty regimes; availability of skilled labour; timing and amount of capital expenditures; future exchange rates; the impact of increasing competition; conditions in general economic and financial markets; availability of drilling and related equipment and services; effects of regulation by governmental agencies; and future operating costs. Management has included the above summary of assumptions and risks related to forward-looking information provided in this press release in order to provide shareholders with a more complete perspective on Petrus's future operations and such information may not be appropriate for other purposes. Petrus's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that the Company will derive therefrom. Readers are cautioned that the foregoing lists of factors are not exhaustive.

These forward-looking statements are made as of the date of this press release and the Company disclaims any intent or obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

BOE Presentation

The oil and natural gas industry commonly expresses production volumes and reserves on a barrel of oil equivalent ("boe") basis whereby natural gas volumes are converted at the ratio of six thousand cubic feet to one barrel of oil. The intention is to sum oil and natural gas measurement units into one basis for improved measurement of results and comparisons with other industry participants. Petrus uses the 6:1 boe measure which is the approximate energy equivalence of the two commodities at the burner tip. Boe's do not represent an economic value equivalence at the wellhead and therefore may be a misleading measure if used in isolation.

Abbreviations

\$000's thousand dollars
\$/bbl dollars per barrel
\$/boe dollars per barrel of oil equivalent
\$/GJ dollars per gigajoule
\$/mcf dollars per thousand cubic feet
bbl barrel
bbl/d barrels per day
boe barrel of oil equivalent
mboe barrel of oil equivalent
mmboe thousand barrel of oil equivalent
boe/d million barrel of oil equivalent per day
GJ gigajoule
GJ/d gigajoules per day
mcf thousand cubic feet
mcf/d thousand cubic feet per day
mmcf/d million cubic feet per day
NGLs natural gas liquids
WTI West Texas Intermediate

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