

Petrus Resources Announces First Quarter 2019 Financial & Operating Results

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CALGARY, May 06, 2019 - [Petrus Resources Ltd.](#) ("Petrus" or the "Company") (TSX: PRQ) is pleased to report financial and operating results for the first quarter of 2019. Petrus is focused on organic growth and infrastructure control in its core area, Ferrier, Alberta. The Company is targeting light oil and liquids rich natural gas in the Cardium formation as well as investing in infrastructure in Ferrier to control operations in order to maximize the Company's return on investment. The Company's Management's Discussion and Analysis ("MD&A") and interim consolidated financial statements dated as at and for the period ended March 31, 2019 are available on SEDAR (the System for Electronic Document Analysis and Retrieval) at www.sedar.com.

The Company's development plan is strategically balanced between increasing its Cardium light oil weighting in the Ferrier area and continuing to improve its balance sheet. Petrus drilled 3 gross (1.6 net) Cardium light oil wells, increased its light oil weighting 18% from the fourth quarter of 2018 and reduced net debt⁽¹⁾ \$2.8 million or 2% since December 31, 2018. On a per share basis, the Company's funds flow for the first quarter of 2019 was \$0.23, or \$0.92 on an annualized basis. The Company's corporate netback⁽¹⁾ for the first quarter of 2019 was \$15.11 per boe⁽³⁾; its highest since the first quarter of 2015. Petrus plans to continue a balanced, disciplined approach for the remainder of 2019.

- Light oil development - In the first quarter of 2019, Petrus continued to focus on the development of its Cardium light oil inventory in Ferrier. Petrus drilled or participated in 3 gross (1.6 net) Cardium light oil wells during the first quarter of 2019 and these wells were brought on production in late March. Consistent with the 2018 drilling program, these wells utilized a significantly increased number of fracture stimulations in their completion operations. The wells drilled in the second half of 2018 were all on production by December 31, 2018 and contributed to a 25% increase in light oil production during the first quarter of 2019 compared to the fourth quarter of 2018. Petrus' Board of Directors has approved a second quarter 2019 capital budget of \$7 to \$8 million, which is expected to include completion activities for two previously drilled, non-operated wells, in addition to the drilling and completion of 1 to 2 net new wells.
- Increased light oil weighting - The Company's March 2019 light oil weighting has increased by 45% from January 2018. First quarter average production was 8,505 boe/d in 2019 compared to 7,934 boe/d in the fourth quarter of 2018. The 7% increase in total production is attributable to the Company's development program shifting focus to oil weighted wells in light of the current commodity price environment. The Company's first quarter operating netback increased 50% from \$12.22 per boe in the fourth quarter of 2018 to \$18.31 per boe in the first quarter of 2019 as a result of higher light oil production.
- Funds flow - Petrus generated funds flow of \$11.6 million in the first quarter of 2019 which is 130% higher than the \$5.0 million generated in the fourth quarter of 2018. The significant increase is due to higher liquids production, stronger Western Canadian light oil differential pricing and decreased operating expenses. On a per share basis, funds flow for the first quarter of 2019 was \$0.23 comparable to the \$0.10 per share generated in the fourth quarter of 2018.
- Low operating costs - First quarter operating expenses on a per boe basis decreased 29% from \$5.28 per boe in the fourth quarter of 2018 to \$3.76 per boe in the first quarter of 2019. The full year operating expenses of \$4.75 per boe in 2018 marked 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.
- Debt reduction - Petrus continues to focus on improving its financial strength and during the first quarter of 2019 reduced net debt⁽¹⁾ by \$2.8 million or 2% since December 31, 2018. Since December 31, 2017, Petrus has reduced net debt⁽¹⁾ by \$11.7 million or 8%.

- 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 first quarter of 2019, the Company recognized a \$0.5 million (\$0.67 per boe) realized hedging gain. As a percentage of first quarter 2019 production, Petrus has derivative contracts in place for 46%, at an average price of \$2.00 per mcf and 47% at an average price of \$68.80 per bbl, of its natural gas and oil and natural gas liquids production, respectively, for the balance of 2019⁽²⁾.

(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	Three months ended Mar. 31, 2019	Three months ended Mar. 31, 2018	Three months ended Dec. 31, 2018	Three months ended Sept. 30,
Average Production				
Natural gas (mcf/d)	32,145	45,543	30,480	33,461
Oil (bbl/d)	1,704	1,530	1,358	1,243
NGLs (bbl/d)	1,444	1,475	1,496	1,519
Total (boe/d)	8,505	10,596	7,934	8,338
Total (boe)	765,488	953,598	730,819	767,095
Liquids sales weighting	37%	28%	36%	33%
Realized Prices				
Natural gas (\$/mcf)	2.44	2.18	1.95	1.50
Oil (\$/bbl)	55.10	73.91	52.26	77.24
NGLs (\$/bbl)	36.02	46.50	29.01	45.27
Total realized price (\$/boe)	26.36	26.50	21.91	25.79
Royalty income	0.06	0.03	0.10	0.32
Royalty expense	(3.08	) (4.90	) (3.34	) (3.12
Net oil and natural gas revenue (\$/boe)	23.34	21.63	18.67	22.99
Operating expense	(3.76	) (4.36	) (5.28	) (4.95
Transportation expense	(1.27	) (1.26	) (1.17	) (0.98
Operating netback ⁽¹⁾ (\$/boe)	18.31	16.01	12.22	17.06
Realized gain (loss) on derivatives (\$/boe)	0.67	0.31	(0.79	) (2.69
Other income	—	—	0.37	0.08
General & administrative expense	(1.15	) (1.50	) (1.46	) (1.72
Cash finance expense	(2.54	) (1.96	) (3.25	) (2.53
Decommissioning expenditures	(0.18	) (0.23	) (0.21	) (0.20
Funds flow & corporate netback ⁽¹⁾⁽²⁾ (\$/boe)	15.11	12.63	6.88	10.00

FINANCIAL (000s except \$ per share)	Three months ended Mar. 31, 2019	Three months ended Mar. 31, 2018	Three months ended Dec. 31, 2018	Three months ended Sept. 30, 2018
Oil and natural gas revenue	20,231	25,301	16,064	20,030
Net income (loss)	(12,138	) (5,684	) 21,063	(8,048
Net income (loss) per share	(0.25	) (0.11	) 0.43	(0.16
Basic				
Fully diluted	(0.25	) (0.11	) 0.43	(0.16
Funds flow	11,573	12,105	5,030	7,685

Funds flow per share	0.23	0.24	0.10	0.16
Basic				
Fully diluted	0.23	0.24	0.10	0.16
Capital expenditures	8,483	6,056	12,660	3,637
Net dispositions	—	(123	) (6	) (50
Weighted average shares outstanding				
Basic	49,483	49,492	49,492	49,492
Fully diluted	49,483	49,492	49,492	49,492
As at period end				
Common shares outstanding				
Basic	49,469	49,492	49,492	49,492
Fully diluted	49,469	49,492	49,492	49,492
Total assets	336,974	343,161	341,820	322,335
Non-current liabilities	176,093	174,634	171,646	170,908
Net debt(1)	136,382	142,238	139,214	131,603

(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

First quarter average production by area was as follows:

For the three months ended March 31, 2019	Ferrier	Foothills	Central Alberta	Total
Natural gas (mcf/d)	23,813	1,963	6,369	32,145
Oil (bbl/d)	1,127	165	412	1,704
NGLs (bbl/d)	1,260	—	184	1,444
Total (boe/d)	6,356	492	1,657	8,505
Liquids sales weighting	38	% 33	% 36	% 37 %

First quarter average production was 8,505 boe/d in 2019 compared to 10,596 boe/d in 2018. Part of the decrease in total production is attributable to the Company shifting its focus from gas wells to oil wells in light of the current commodity price environment. Furthermore, in the Foothills, the Company has approximately 800 boe/d of uneconomic dry gas production shut-in. Despite the 20% production decrease from the prior year, the Company's first quarter operating netback increased 14% from \$16.01 per boe in 2018 to \$18.31 per boe in 2019 as a result of the increase in light oil production. The Company's March 2019 light oil weighting increased by 45% from January 2018.

Petrus' Board of Directors approved a first quarter 2019 capital budget of \$8 to \$10 million, which included the repayment of \$1 to \$2 million of debt. In the first quarter of 2019, the Company invested capital of \$8.5 million and reduced net debt \$2.8 million during the quarter.

As part of the 2019 first quarter capital budget, Petrus drilled 3 gross (1.6 net) Cardium light oil wells. The wells finished drilling and offset the recently drilled 5 gross (2.9 net) wells from the fourth quarter 2018 drilling program. The 3 new first quarter 2019 wells had completion operations finished near the end of the first quarter and the wells were brought on production at the end of March.

Petrus' Board of Directors 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⁽¹⁾. The commodity price assumptions used for the second quarter 2019 capital budget were an average price of \$1.25 (CAD\$) per GJ for natural gas (AECO) and \$57.80 (US\$) per bbl for oil (WTI). Petrus' estimated second quarter average differential for Western Canadian light oil is estimated at \$7.40 (US\$) per bbl. The second quarter budget is expected to include the completion activities for two previously drilled, non-operated wells, the drilling and completion of 1 to 2 net new wells and allows for debt repayment of \$1 to

\$2 million in the quarter⁽¹⁾.

Petrus estimates the 2019 capital plan will maintain production year over year, increase its light oil and 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 weighting and funds flow⁽¹⁾.

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

ANNUAL MEETING

The Company's Annual 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). The Information Circular, Annual Information Form, 2018 Annual Report and the First Quarter 2019 Report are available on the SEDAR filing system (www.sedar.com) as well as on the Company's website (www.petrusresources.com).

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

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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 March 31, 2019 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).

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 second 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 and light oil weighting and funds flow; 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 and payout ratios; sources of and sufficient financing and the requirement therefor; the performance characteristics of the Company's crude oil, NGL and natural gas properties including estimated production and production dates; 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 the Sproule Report. 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'; future operations and such information may not be appropriate for other purposes. Petrus'; 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

<i>\$/bbl</i>	<i>dollars per barrel of oil equivalent</i>
<i>\$/boe</i>	<i>dollars per barrel of oil equivalent</i>
<i>\$/GJ</i>	<i>dollars per gigajoule</i>
<i>\$/mcf</i>	<i>dollars per thousand cubic feet</i>
<i>bbl</i>	<i>barrel</i>
<i>boe</i>	<i>barrel of oil equivalent</i>
<i>mboe</i>	<i>barrel of oil equivalent</i>
<i>mmboe</i>	<i>thousand barrel of oil equivalent</i>
<i>boe/d</i>	<i>million barrel of oil equivalent per day</i>
<i>GJ</i>	<i>gigajoule</i>
<i>GJ/d</i>	<i>gigajoules per day</i>
<i>mcf</i>	<i>thousand cubic feet</i>
<i>mcf/d</i>	<i>thousand cubic feet per day</i>
<i>mmcf/d</i>	<i>million cubic feet per day</i>
<i>NGLs</i>	<i>natural gas liquid</i>
<i>WTI</i>	<i>West Texas Intermediate</i>

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