

PetroShale Provides Corporate Update and Information on Annual Shareholder Meeting

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CALGARY, May 4, 2020 - [PetroShale Inc.](#) ("PetroShale" or the "Company") (TSXV: PSH, OTCQX: PSHIF) today provides a corporate update including information on initiatives designed to reduce cash costs. These proactive measures are in reaction to the current uncertain and volatile commodity price environment.

The Company also provides information regarding its upcoming 2020 annual general meeting of shareholders (the "Meeting"), in response to public health and safety advisories regarding COVID-19.

Operational Update, Spending Reduction Initiatives and Guidance Suspension

PetroShale participated in 21 gross (2.9 net) new wells that started flowing back in the first quarter of 2020, which contributed to corporate production averaging approximately 14,000 barrels of oil equivalent per day ("boepd") during the period, comprised of approximately 71% crude oil, 15% natural gas liquids and 14% natural gas.

The Company continues to prioritize cost saving initiatives and efficiencies across the organization, including targeting annual operating cost reductions of approximately US\$1.8 million (C\$ 2.4 million). The Company has also taken steps to reduce general and administrative costs by approximately \$700,000 annually, including placing a freeze on senior management salaries and reducing the salary of the Interim CEO by 20%. Through the remainder of 2020, the Company's anticipated capital expenditures include limited participation in non-operated wells, as well as some workovers and artificial lift installations, which are expected to total approximately \$6.0 million. Operated well workovers will be assessed at the time, depending on payback timing.

PetroShale has no take-or-pay obligations and no 2020 scheduled debt maturities. Although the Company's well netbacks benefit from low operating costs, management is evaluating shutting-in operated production as appropriate to preserve value for shareholders. Amid the uncertain and rapidly changing impacts on the global economy from the COVID-19 pandemic, PetroShale is unable to forecast with certainty the potential impact on its 2020 financial and operational results, which could be material. As a result, the Company's previously communicated full year 2020 guidance as outlined within its March 26, 2020 press release and year end 2019 MD&A has been suspended.

Preferred Dividend Settlement

PetroShale has elected to exercise its right to settle in kind the payment of the quarterly dividend due in May on its outstanding US\$75 million Series A preferred shares (the "Preferred Shares"). The Preferred Shares are held by First Reserve (the "Investor"). By electing to pay the first quarter dividend in kind, the ordinary cash dividend of approximately US\$1.7 million (approximately CAD\$2.4 million) will be settled by way of increasing the current US\$75 million liquidation preference of the Preferred Shares, at a rate of 12% per annum, or US\$2.25 million (approximately CAD\$3.2 million). The liquidation preference represents the dollar amount of the Preferred Shares that will be settled or repaid in accordance with the terms of the Preferred Shares. The payment-in-kind will enable PetroShale to preserve liquidity through this period of market volatility and severe commodity price weakness. In accordance with the terms of the Preferred Shares, the increase to the liquidation preference increases the amount of voting and exchange rights which accrue to the holder of the Preferred Shares. As a result, PetroShale will issue an additional 1,179,246 special voting shares to the Investor, and a further 1,179,246 common shares may be issuable on exchange of the Preferred Shares (in which case the issued special voting shares will be cancelled). Following this issuance, the Investor will own 2,702,702 common shares and 40,487,422 special voting shares, representing approximately 18.9% of the outstanding voting shares of the Company. PetroShale originally negotiated this feature of the Preferred Shares with the Investor to facilitate cash flow management in a period of low

commodity prices. PetroShale has the ability to exercise this right two times in any 12-month period and six times in aggregate over the term of the Preferred Shares. PetroShale has settled each of its prior quarterly dividend payments on the Preferred Shares in cash.

Shareholder Meeting Information

PetroShale intends to hold its Meeting on June 25th, 2020 at 10:00 a.m. (Calgary time). In light of the impacts associated with the COVID-19 pandemic and subject to restrictions related to group gatherings at the time of the Meeting, the Company plans to conduct its Meeting both in-person and through remote communication using a live webcast audio feed. As such, shareholders will have the option to vote in person at the Meeting or by proxy in advance of the Meeting. In considering whether to attend the Meeting in person, shareholders are encouraged to follow the instructions of the Public Health Agency of Canada (PHAC) (<https://www.canada.ca/en/public-health/services/diseases/2019-novel-coronavirus-infection.html>). Further information about the Meeting, including its location, options and instructions for voting, and details on accessing the webcast, will be outlined within the management information circular and proxy materials, which the Company intends to mail to shareholders and file on SEDAR no later than June 3rd, 2020.

As the situation regarding COVID-19 is rapidly evolving, PetroShale reserves the right to implement additional precautionary measures related to the Meeting if deemed appropriate. Shareholders are encouraged to visit the Company's website one week prior to the Meeting for the most current information.

About PetroShale

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

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Note Regarding Forward-Looking Statements and Other Advisories

This document contains forward-looking information. This information relates to future events and the Company's future performance. All information and statements contained herein that are not clearly historical in nature constitute forward-looking information, and the words "may", "will", "should", "could", "expect", "plan", "intend", "anticipate", "believe", "estimate", "propose", "predict", "potential", "continue", "aim", or the negative of these terms or other comparable terminology are generally intended to identify forward-looking information. Such information represents the Company's internal projections, estimates, expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. This information involves known or unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. PetroShale believes that the expectations reflected in this forward-looking information are reasonable; however, undue reliance should not be placed on this forward-looking information, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. This press release contains forward-looking information concerning, among other things, PetroShale's intention with respect to paying its quarterly dividend in kind, the effects of such in kind payment, the anticipated benefits and effects of the Company by electing to pay the dividend in kind, the Company's liquidity requirements and anticipated capital expenditures; anticipated reductions to operating costs and general and administrative expenses; the COVID-19 pandemic and the Company's response thereto; and matters with respect to holding the Meeting. The reader is cautioned that such information, although considered reasonable by the Company, may prove to be incorrect. A number of risks and other factors could cause actual results to differ materially from those expressed in the forward-looking information contained in this document including, but not limited to, the risk that the Company may not realize the benefits or effects contemplated herein as a result of the in kind dividend payment or its efforts to reduce operating costs and general and administrative expenses, and the Company may not be able to successfully execute its business strategy. Readers are cautioned that the foregoing list of factors is not exhaustive. Although the forward-looking statements contained in this document are based upon assumptions which management of PetroShale believes to be reasonable, PetroShale cannot assure investors that actual results will be consistent with these forward-looking statements. With respect to forward-looking statements contained in this document, PetroShale has made assumptions regarding, among other things, the effects of the payment of the in kind dividend, the current

business environment facing the Company, including commodity prices and related matters and its business strategy. These forward-looking statements are made as of the date of this document and PetroShale disclaims any intent or obligation to update publicly 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.

SOURCE [PetroShale Inc.](#)

Contact

[PetroShale Inc.](#), David Rain, Interim CEO, Caleb Morgret, CFO, Phone: 303.297.1407, Email:

Info@PetroShaleInc.com, www.petroshaleinc.com or Cindy Gray, 5 Quarters Investor Relations, Inc.,
403.231.4372 or info@5qir.com

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