Monthly Update from the Petrus Team July 14, 2016

Petrus has initiated a monthly newsletter to provide shareholders and other interested parties with up to date information regarding the company.

The following tables provide selected historical results as well as estimated monthly results based upon field data:

Capital Investment* ($K CAD)	Q2 '15	Q3 '15	Q4 '15	2015	Q1 '16	Apr '16	May '16
Acq/Disp	(125)	-	-	938	-	-	-
Drill & Complete	5,407	4,045	2,117	30,313	6,423	-	844
Equip & Facility	7,360	4,127	4,262	21,853	2,423	291	163
Geological	267	1	-	302	-	-	-
Land & Lease	50	56	-	106	30	-	-
Other	204	812	378	1,895	401	68	496
Total	**13,163**	**9,041**	**6,757**	**55,407**	**9,277**	**359**	**1,503**

Daily Sales *	Q2 '15	Q3 '15	Q4 '15	2015	Q1 '16	Apr '16	May '16
Gas (mcf/d)	31,103	32,505	31,217	32,088	35,456	34,501	33,755
Oil (bbl/d)	2,811	2,616	2,380	2,838	2,218	2,306	2,100
NGLs (bbl/d)	560	634	590	576	694	786	772
Total (BOE_6/d)	**8,890**	**8,668**	**8,172**	**8,762**	**8,821**	**8,842**	**8,498**

Benchmark Prices *	Q2 '15	Q3 '15	Q4 '15	2015	Q1 '16	Apr '16	May '16
AECO (C$/mcf)	2.64	2.91	2.47	2.69	1.84	1.14	1.29
Edm Light (C$/Bbl)	69.66	54.95	52.52	57.48	41.22	47.65	57.46

* Tables above include estimates based upon field data. Actual financial results may vary from these estimates and such variances may be material. Tables may not add due to rounding.

Sales in May were negatively impacted by turnaround activity at three non-operated gas processing facilities. All three facilities are now back online and sales volumes are returning to normal. Capital spending in Q2 has been relatively minor as the first half budget was invested prior to spring breakup. Petrus drilled 2 gross / 1.96 net wells in the first half of 2016 and participated in 2 gross / 0.75 net non-operated drills. All drills were horizontal wells in the Ferrier Cardium and three of the four wells are now onstream, with the final non-operated well expected to commence production shortly.

AECO gas prices were extremely low in April and May with wide Nymex differentials partially driven by the drop in intra-Alberta demand due to the wild fires in Fort McMurray. AECO recovered somewhat in June as Nymex has rallied and oilsands related demand has recovered.

Oil prices have rebounded from the extreme lows of Q1 with Edmonton prices in May nearly 40% higher than the Q1 average price. Although oil prices this year have yet to achieve the Q2 highs of 2015, many commentators believe that worldwide supply/demand fundamentals are trending toward a balance over the next year. A tighter market should help to sustain improving prices.

Petrus has been severely impacted by the two year slump in energy prices and we've been working steadily to right-size our balance sheet while also laying the ground work to enter the price recovery with a sizeable, premium, organic growth project. The equity infusion in the first quarter of 2016 together with the recent sale of our Peace River property has enabled us to reduce corporate debt levels this year by approximately 45%. The debt reductions result in significant interest cost savings – approximately $6.3MM/year – the equivalent of drilling nearly three Ferrier wells.

We have continued to prepare our Ferrier property to be the organic growth engine of the Company as prices recover. Strategic infrastructure investments made during 2015 are now paying off. Petrus' new 2-25 gas plant is operating well. The combined effects of significantly lower operating costs, reduction of third party processing fees, and new sources of processing income are dramatically improving operating netbacks and new well economics in the Ferrier area. The Board has recently approved an expanded drilling budget for the second half of this year recognizing the robust economics of these wells at current commodity prices.

The sale of Peace River has improved the Company's financial flexibility and will allow us to focus on the higher return projects in Petrus' portfolio. Peace River was the Company's highest operating cost area. The sale of this area results in improved corporate netbacks and improves Petrus' LMR – a ratio brought directly into the forefront during the sale process.

The AER announced Bulletin 2016-16 on June 20th. Under the new rules, the Peace River sale would have been blocked as the LMR of the new company would have been approximately 1.5 vs the required 2.0. Petrus reviewed the assets' technical data and identified incorrect and redundant information. Once corrected, the changes improved the LMR to approximately 1.8. After consultation with the AER, Petrus received approval to proceed with the disposition. Petrus' proforma LMR is expected to improve from 2.6 to approximately 3.0 and we continue to work through our remaining assets to ensure that the AER records accurately reflect the status of Petrus LMR entities.

In the second half of the year, Petrus intends to drill 9 gross, 4.8 net wells in Ferrier and has established a $17.5MM second half budget bringing the full year budget to just under $30MM. Through first half drilling activities, Petrus realized reduced costs relative to the 2015 drilling program. With further improvements in well design and completion techniques, Petrus anticipates additional cost reductions in the upcoming drilling program.

Petrus intends to announce its Q2 results in mid-August. With oil price improvements through the quarter and the AECO gas price rally late in the quarter, operating margins are improving. Reduced interest expense and lower G&A with the elimination of one-time transaction costs incurred in Q1 will be items to watch for.

Monthly update reports are expected to be published on a monthly basis and will be posted on our corporate website. If you prefer to receive them via email, please sign up for email updates through our website.