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PETRUS RESOURCES ANNOUNCES ARRANGEMENT AGREEMENT AND CONCURRENT FINANCING

November 30, 2015

CALGARY, ALBERTA – Petrus Resources Ltd. ("**Petrus**" or the "**Company**") is pleased to announce that it has entered into an arrangement agreement (the "**Arrangement Agreement**") with PhosCan Chemical Corp. (TSX: FOS) ("**PhosCan**"), Petrus Acquisition Corp. ("**New Petrus**") and a wholly-owned subsidiary of PhosCan ("**SpinCo**") whereby New Petrus will acquire all of the outstanding shares of each of Petrus and PhosCan by way of a plan of arrangement (the "**Arrangement**") under the *Business Corporations Act* (Alberta) (the "**ABCA**"). Petrus is also pleased to announce a concurrent \$30 million bought deal financing.

The Arrangement

Pursuant to the Arrangement, PhosCan will spin-off all of its assets, including its mineral leases, other than approximately \$51 million of cash and cash equivalents, and all of its liabilities to SpinCo. All of the common shares of PhosCan ("**PhosCan Shares**") will be exchanged for common shares of SpinCo ("**SpinCo Shares**") and common shares of New Petrus ("**New Petrus Shares**"), on the basis of 0.25 SpinCo Shares and 0.0452672 New Petrus Shares for each PhosCan Share. All of the common shares of Petrus ("**Petrus Shares**") will also be exchanged for New Petrus Shares on the basis of 0.25 New Petrus Shares for each Petrus Share, reflecting a notional 4 to 1 consolidation of the Petrus Shares (the "**Consolidation**").

The Arrangement is expected to close in late-January, subject to the successful completion of the Private Placement (as defined below) and the receipt of customary shareholder, stock exchange, regulatory and court approvals, the absence of any material adverse change in Petrus and PhosCan, and a number of other conditions customary in transactions of this nature. A non-completion fee in the amount of \$1.8 million is payable by Petrus or PhosCan to the other, as the case may be, in certain circumstances.

Bought Deal Financing

In conjunction with the Arrangement, Petrus and New Petrus have entered into a bought deal letter agreement with a syndicate of underwriters led by FirstEnergy Capital Corp. and GMP Securities L.P. (the "**Co-lead Underwriters**") for a bought deal private placement of 16,217,000 subscription receipts of New Petrus ("**Subscription Receipts**") at an issue price of \$1.85 per Subscription Receipt (the "**Private Placement**"), which implies a \$7.40 share price for the New Petrus Shares after taking the Consolidation into account, for aggregate gross proceeds of approximately \$30 million. Wingren B.V. ("**NGP**"), a subsidiary of Natural Gas Partners and the largest shareholder of Petrus, together with management and the directors of Petrus have committed subject to certain conditions, to subscribe for approximately 8.7 million Subscription Receipts under the Private Placement for aggregate gross proceeds of approximately \$16.1 million. Closing of the Private Placement is expected to occur on or about December 22, 2015 and is subject to customary conditions and regulatory approvals.

The gross proceeds from the Private Placement will be held in escrow pending the receipt by the escrow agent of a notice from Petrus and New Petrus, acknowledged by the Co-lead Underwriters, that all conditions precedent to the completion of the Arrangement have been satisfied or waived. If such notice is received on or before 5:00 p.m. (Calgary time) on February 16, 2016 (the "**Transaction Deadline**"), the proceeds from the Private Placement and any interest thereon will be released to New Petrus and each Subscription Receipt will be exchanged for 0.25 New Petrus Shares (reflecting the Consolidation) without further payment or action on the part of the holder. If such notice is not received



on or before the Transaction Deadline, the Arrangement Agreement is terminated at any earlier time or Petrus advises the Co-lead Underwriters or announces to the public that it does not intend to proceed with the Arrangement, holders of Subscription Receipts will receive a cash payment equal to the offering price of the Subscription Receipts and any interest that was earned thereon during the time of escrow.

Pro Forma New Petrus

Assuming the issuance of 16,217,000 Subscription Receipts pursuant to the Private Placement, after taking into account the Consolidation and assuming that all outstanding Petrus Shares and PhosCan Shares are exchanged for New Petrus Shares pursuant to the Arrangement, upon completion of the Arrangement New Petrus will have an additional \$81 million in financing (\$51 million of cash and cash equivalents in PhosCan and \$30 million in gross proceeds from the Private Placement) and there will be approximately 46,094,276 New Petrus Shares outstanding, which would be held as follows:

<u>Group</u>	<u># of New Petrus Shares</u>	<u>% of New Petrus Shares</u>
Existing Petrus Shareholders	35,148,150	76.25%
Existing PhosCan Shareholders	6,891,876	14.95%
Private Placement Subscribers	<u>4,054,250</u>	<u>8.80%</u>
Total	46,094,276	100%

Some of the key attributes of New Petrus pro forma the transaction are as follows:

- The net proceeds from the Arrangement and the Private Placement will be used to pay down corporate debt, fund the ongoing exploration and development program and for general corporate purposes;
- A basic market capitalization of approximately \$341 million plus approximately \$140 million of net debt at closing, for a total enterprise value of approximately \$481 million (based on the Private Placement price);
- Petrus has an amended syndicated reserve based credit facility of \$160 million as of the date hereof;
- Management of Petrus will continue in their same positions as officers of New Petrus. The board of directors of New Petrus will include the current directors of Petrus, a nominee of PhosCan and an additional nominee of Wingren BV, a subsidiary of Natural Gas Partners;
- Production in the third quarter of 2015 averaged 8,668 boe per day (38% oil and liquids). Since mid-January, a portion of the Company's sales volume (affecting three of the four operating areas) has been restricted due to transportation curtailments on TransCanada Pipelines Limited ("TCPL") infrastructure. During the third quarter, approximately 1,300 boe per day was curtailed by these third party transportation restrictions;
- Petrus has financial commodity derivative contracts in place for 57% and 26% of its forecast total production volume for 2016 and 2017, respectively, the details of which are set out in Petrus' Q3 financial statements, which are available on Petrus' website at: www.petrusresources.com;



- In 2016, development capital will be focused on the Ferrier area, where Petrus has identified 165 gross (104 net) drilling locations which are economic at current strip pricing; and
- Petrus completed construction of an operated gas processing facility in the Ferrier area of Alberta in November 2015. The facility is capable of processing 25 mmcf per day and is directly connected to a TCPL sales pipeline. The facility is capable of NGL refrigeration and liquids recovery in order to reduce reliance on third parties for processing and is expected to significantly reduce operating costs and improve operational control.

Shareholder Approvals

It is expected that separate meetings of the Petrus Shareholders and the PhosCan Shareholders, respectively, will occur in late-January 2016 to vote on, among other things, the Arrangement, with closing of the Arrangement to occur shortly thereafter. Information circulars are expected to be mailed to the Petrus Shareholders and the PhosCan Shareholders, respectively, in December 2015. To be implemented, the Arrangement must be approved by not less than two-thirds of the votes cast by: (a) Petrus Shareholders, present in person or by proxy, at the Petrus Shareholders' meeting held to approve the Arrangement; and (b) PhosCan Shareholders, present in person or by proxy, at the PhosCan Shareholders' meeting held to approve the Arrangement.

Certain PhosCan Shareholders, including all officers and directors, who collectively beneficially own or exercise control and direction over approximately 40.2% of the issued and outstanding PhosCan Shares, have agreed to vote in favour of the Arrangement.

Certain Petrus Shareholders, including all officers and directors, who collectively beneficially own or exercise control and direction over approximately 38.2% of the issued and outstanding Petrus Shares, have agreed to vote in favour of the Arrangement.

Fairness Opinions and Board Determinations

GMP Securities L.P. has provided the Petrus Board of Directors with its verbal opinion that, as of the date of the Arrangement Agreement and subject to assumptions, limitations and qualifications contained in the opinion and review of final documentation, the consideration to be received by Petrus Shareholders pursuant to the Arrangement is fair, from a financial point of view, to Petrus Shareholders (the "**Petrus Fairness Opinion**").

The Petrus Board of Directors has unanimously determined that the Arrangement is in the best interests of Petrus and the Petrus Shareholders, has unanimously approved the Arrangement and the entering into of the Arrangement Agreement and unanimously recommends that Petrus Shareholders vote in favour of the Arrangement.

Cormark Securities Inc. has provided the PhosCan Board of Directors with its verbal opinion that, as of the date of the Arrangement Agreement and subject to assumptions, limitations and qualifications contained in the opinion and review of final documentation, the consideration to be received by PhosCan shareholders pursuant to the proposed Arrangement is fair, from a financial point of view, to PhosCan Shareholders (the "**PhosCan Fairness Opinion**").

Each of the PhosCan Board of Directors and the PhosCan Special Committee has unanimously determined that the Arrangement is in the best interests of PhosCan and the PhosCan Shareholders. Each of the PhosCan Board of Directors and the PhosCan Special Committee has unanimously approved the Arrangement and the entering into of the Arrangement Agreement and unanimously recommends that PhosCan Shareholders vote in favour of the Arrangement.



ABOUT PETRUS

Petrus is a Canadian oil and gas company focused on property exploitation and strategic acquisitions in Alberta. Petrus has established a sustainable platform of low decline, low operating cost assets with a multi-year inventory of repeatable, low risk, economic drilling locations.

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READER ADVISORIES

Forward-Looking Statements

This press release contains forward-looking statements. More particularly, this press release contains forward-looking statements concerning the timing and completion of the Arrangement and the Private Placement and the use of proceeds therefrom, the management and board of directors of New Petrus, the characteristics of certain of Petrus' assets, hedging activities, capital expenditure programs, drilling plans and locations, expected market capitalization and net debt amounts, credit capacity, operational efficiencies and other similar matters.

The forward-looking statements contained in this document are based on certain key expectations and assumptions made by Petrus, including: (i) with respect to capital expenditures, generally, and at particular locations, the availability of adequate and secure sources of funding for Petrus' proposed capital expenditure program and the availability of appropriate opportunities to deploy capital; (ii) with respect to drilling plans, the availability of drilling rigs, expectations and assumptions concerning the success of future drilling and development activities and prevailing commodity prices; (iii) with respect to Petrus' ability to execute on its exploration and development program, the performance of Petrus' personnel, the availability of capital and prevailing commodity prices; (iv) with respect to anticipated production, the ability to drill and operate wells on an economic basis, the performance of new and existing wells and accounting risks typically associated with oil and gas exploration and production; (v) oil prices; (vi) currency exchange rates; (vii) royalty rates; (viii) operating costs; and (ix) transportation costs.

Although Petrus believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Petrus cannot give any assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the failure to obtain necessary proceeds from the Private Placement, the failure to obtain necessary regulatory, shareholder and court approvals for the Arrangement and risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses; health, safety and environmental risks; commodity price and exchange rate fluctuations; and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures).



Any references in this news release to initial production (IP) rates are useful in confirming the presence of hydrocarbons, however, such rates are not determinative of the rates at which such wells will continue production and decline thereafter are not necessarily indicative of long term performance or ultimately recovery. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for Petrus.

Any references in this news release to undiscounted or discounted net present values of future net revenue do not represent the fair market value of the reserves.

The forward-looking statements contained in this document are made as of the date hereof and Petrus undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Conversion

The term barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet of natural gas to one boe (6 mcf/bbl.) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. All boe conversions in this report are derived from converting gas to oil in the ratio of six thousand cubic feet of gas to one barrel of oil. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

Drilling Locations

*This press release discloses drilling locations in three categories: (i) proved locations; (ii) probable locations; and (iii) unbooked locations. Proved locations and probable locations are derived from an independent reserve report prepared by Sproule Associates Limited evaluating the crude oil, natural gas liquids and natural gas and future net production revenues attributable to the properties of Petrus in the Ferrier area (the "**Sproule Report**") and account for drilling locations that have associated proved and/or probable reserves, as applicable. Unbooked locations are internal estimates based on Petrus' prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves. Of the 165 gross (103.6 net) drilling locations identified herein 100 gross (54.4 net) are proved locations, 18 gross (6.9 net) are probable locations and 47 gross (42.3 net) are unbooked locations. Unbooked locations have been identified by management as an estimation of our multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that Petrus will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves or production. The drilling locations on which we 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. While certain of the unbooked drilling locations have been derisked by drilling existing wells in relative close proximity to such unbooked drilling locations, some of other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves or production.*

THIS NEWS RELEASE SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES NOR SHALL THERE BE ANY SALE OF SECURITIES IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL. THE SECURITIES ISSUED PURSUANT TO THE PLAN OF ARRANGEMENT AND FINANCING DESCRIBED HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES EXCEPT IN TRANSACTIONS EXEMPT FROM SUCH REGISTRATION.

