PETRUS ANNOUNCES ASSET DISPOSITION AND 2016 BUDGET UPDATE

July 11, 2016 TSX:PRQ

CALGARY, ALBERTA – Petrus Resources Ltd. ("**Petrus**" or the "**Company**") is pleased to announce that it has sold its oil and natural gas interests in the Peace River area of Alberta to Rising Star Resources Ltd. ("**Rising Star**"), a private company, for total consideration of $30.0 million subject to customary closing adjustments (the "**Disposition**"). The consideration is comprised of $29.0 million in cash and 1.0 million shares of Rising Star at a deemed value of $1.00 per share. The Disposition closed on July 8, 2016 and has an effective date of April 1, 2016.

ASSET DISPOSITION

In June 2016, production in the Peace River area averaged approximately 1,000 boe per day (55% oil and natural gas liquids), which comprised approximately 12% of the Company's total production. The Disposition includes facility interests and 85,530 net acres of undeveloped land. The Disposition is beneficial to the Company by reducing overall indebtedness, lowering per unit operating costs, and reducing future liabilities. Excluding Peace River from the first quarter 2016 results generates a 19% reduction in the Company's overall operating costs per boe, and a 17% improvement to the field netback. Following transfer of the assets, Petrus' liability management ratio (LMR) will improve from 2.6 to approximately 3.0.

The cash proceeds from the Disposition will initially be used to reduce the amount owing under the Company's revolving credit facility to approximately $84 million. The borrowing capacity under the facility was reduced as a result of the Disposition, from $120 million to $106 million, leaving ample liquidity for Petrus to conduct ongoing operations. Petrus will also prepay a portion of its second-lien term loan, reducing the amount outstanding to $42 million and lowering annual interest costs. Pro forma the Disposition, the Company's total net debt will be reduced to approximately $124 million, down from $226.7 million at the end of 2015.

BUDGET UPDATE

With the enhanced financial flexibility provided by the Disposition, the Petrus Board of Directors has approved a $17.5 million capital expenditure budget for the second half of 2016. Capital will be directed primarily to drilling in the Ferrier area, a Cardium resource play with a multi-year inventory of low-risk liquids rich gas opportunities. The Company has been primarily focused on Ferrier since acquiring a foothold in the area in 2014. To date, Petrus has drilled 13 gross (9.8 net) wells in Ferrier, acquired additional acreage and expanded its infrastructure, including construction of a 25 mmcf/d gas plant, providing the Company a competitive advantage through reduced operating costs and enhanced operational control over its production volumes.

In the first half of 2016, Petrus invested approximately $7.6 million of a $12 million budget in the drilling of four gross (2.7 net) wells. Three are on production, with per well choked IP30 rates of approximately 400 boe/d, and the fourth is expected to be on-stream in late July. In the second half of the year, Petrus plans to invest $13.4 million of a $17.5 million budget in the drilling of 9 gross (4.8 net) additional wells in Ferrier. Based on type curve expectations for first year production from the new wells, Petrus expects to add new production in Ferrier for approximately $10,000 per flowing boe, more than off-setting the production sold in Peace River, at approximately one-third of the Disposition sale metric of $30,000 per flowing boe. Management expects the second half budget to be funded through available cash flow. Petrus will remain flexible and opportunistic with its capital program, and will make appropriate adjustments in response to any significant changes to commodity prices. Petrus remains well hedged through the end of 2017 for our forecast volumes including the anticipated drilling.

In the second quarter of this year, Petrus entered into additional firm transportation contracts with TCPL in Ferrier reducing the Company's exposure to potential future TCPL outages and reliance on more expensive short term firm and interruptible transport. Petrus now has sufficient firm service for its anticipated sales volumes. With the new TCPL contracts in place, the letter of credit supporting the new TCPL meter station has been reduced from $2.4 million to $0.3 million, further enhancing the Company's available liquidity.

Petrus will continue to evaluate acquisition opportunities to expand its footprint in the Ferrier area. The Company has signed a definitive agreement in respect of the previously announced cashless property swap transaction whereby Petrus will dispose of non-core assets with production of approximately 250 boe per day, associated land and an interest in non-operated production facilities. In exchange, Petrus will acquire production of approximately 400 boe per day and approximately 40% working interest in eight sections of predominantly undeveloped land in Ferrier. Petrus expects to close that transaction later in August.

Kevin Adair, President and CEO commented, "Petrus has continued to reduce overall debt levels in response to lower commodity prices. Lower operating costs resulting from infrastructure investments in Ferrier together with lower capital costs per new well have resulted in very significant improvements in our Ferrier drilling economics. The 45% reduction in overall debt levels since the start of this year gives us the flexibility to now expand capital allocation to our high return organic projects. We look forward to further optimization of well costs and cycle times with planned improvements in drilling and completion techniques in the upcoming program."

MONTHLY UPDATES

Petrus intends to provide a monthly update which will include information on historical and estimated capital expenditures, sales volumes, and benchmark commodity pricing. We will target to publish the update during the second week of the month and it will be posted on our website. If you prefer to receive the update via email, please sign up for our distribution list using the link provided on our website.

ABOUT PETRUS

Petrus is a public Canadian oil and gas company focused on property exploitation and strategic acquisitions in Alberta. The Company has established a sustainable platform of low decline, low operating cost assets with a multi-year inventory of repeatable, low risk, economic drilling locations. Petrus has 45.3 million shares issued and outstanding.

For further information, please contact:

Kevin Adair, P.Eng.
President and CEO
T: (403) 930-0888
E: kadair@petrusresources.com
Website: www.petrusresources.com

Forward-Looking Statements

This press release contains forward-looking statements. More particularly, this press release contains forward-looking statements concerning the anticipated benefits of the Disposition, the use of the cash proceeds from the Disposition, Petrus' liquidity position going forward, the characteristics of certain properties, type curves, commodity transportation matters, matters pertaining to the land swap described herein, including the characteristics of the swapped assets, expected drilling locations, and matters pertaining to the second half 2016 budget, including expected operations, uses of funds, potential acquisitions and sources of funds .

The forward-looking statements contained in this document are based on certain key expectations and assumptions made by Petrus. 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, 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).*

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.

BOE

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. 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.

Initial Production Rates

Any references in this news release to initial, early and/or test or production/performance 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. Additionally, such rates may also include recovered fluids used in well completion stimulation. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Company. The initial production rate may be estimated based on other third party estimates or limited data available at this time. The initial production is generally estimated using boes. In all cases in this press release initial production or test are not necessarily indicative of long-term performance of the relevant well or fields or of ultimate recovery of hydrocarbons.