



PETRUS RESOURCES ANNOUNCES THIRD QUARTER 2016 FINANCIAL & OPERATING RESULTS

CALGARY, ALBERTA, Tuesday, November 8, 2016 - Petrus Resources Ltd. ("Petrus" or the "Company") (TSX: PRQ) is pleased to announce financial and operating results for the three and nine month periods ended September 30, 2016. The associated Management's Discussion and Analysis ("MD&A") and quarterly financial statements as at and for the period ended September 30, 2016 are available at www.sedar.com.

HIGHLIGHTS

- During the quarter, Petrus closed the previously announced disposition of oil and natural gas interests in the Peace River area of Alberta for \$29.2 million after post closing adjustments. The disposition benefited the Company by reducing debt, operating costs and future decommissioning obligations.
- Third quarter production was 7,100 boe/d compared to 8,668 boe/d reported for the third quarter of 2015. The disposition of approximately 1,000 boe/d in the Peace River area, combined with certain dry natural gas production temporarily shut-in in the Foothills area, led to the 18% production decrease.
- The Company's current production is 8,500 boe/d; new volumes from the Company's capital development program replaced the production attributed to the divested assets. Year end production is expected to exceed 9,000 boe/d once the remaining 2016 drills are on stream.
- Operating expenses decreased 24% from \$7.87 per boe in the third quarter of 2015 to \$6.04 per boe in the third quarter of 2016. The decrease was attributable to the divestiture of the Peace River assets and investments in operated infrastructure in the Ferrier area, which enable Petrus to generate third party processing income.
- Third quarter operating expenses in the Ferrier area, on a per boe basis, have decreased approximately 50% from the third quarter of 2015 and Petrus expects a further decrease due to the expiration (October 31st) of a gas processing commitment at a third party facility, increased production volume from new drills and the entering into of a pipeline transportation agreement for Ferrier liquids volume.
- At the end of the third quarter the Company's total net debt (\$124.3 million) was 45% lower than year end 2015 (\$226.7 million). Interest cost savings attributable to the net debt reduction are in excess of 45%. Subsequent to quarter end, Petrus' lender syndicate reviewed its revolving first lien credit facility and unanimously agreed to maintain the facility at \$106 million. At September 30, 2016 the facility was 81% drawn at \$85.3 million.
- The Company recently drilled three 100% working interest wells in its Ferrier core area targeting liquids rich natural gas in the Cardium formation. Average drill and case costs were 18% lower than budget and 50% lower than comparable wells drilled in 2014 due to new techniques employed, reduced service costs and improved cycle time. Petrus plans to drill 5 wells (2.6 net) in the fourth quarter. The total second half capital budget, inclusive of facility and gathering infrastructure investments, is \$17.5 million.
- Petrus generated funds from operations in the third quarter of \$6.0 million compared to \$10.8 million in the third quarter of 2015. The 23% decrease is due to a decline in realized commodity prices and 18% lower production which is due to the Peace River asset divestiture and a portion of Foothills production which is temporarily shut-in.
- The Company's realized hedging gain in the third quarter increased the Company's corporate netback by \$4.06 per boe compared to \$4.72 per boe realized in third quarter of the prior year. In the third quarter of 2016 natural gas hedges were in place for 87% of gas production at an average natural gas floor price of \$2.64 per GJ.

SELECTED FINANCIAL INFORMATION

	Three months ended September 30, 2016	Three months ended September 30, 2015	Three months ended June 30, 2016	Three months ended March 31, 2016	Three months ended December 31, 2015
OPERATIONS (\$000s except per boe)					
Average Production					
Natural gas (mcf/d)	30,009	32,505	33,071	35,456	31,217
Oil (bbl/d)	1,419	2,616	2,200	2,218	2,380
NGLs (bbl/d)	680	634	723	694	590
Total (boe/d)	7,100	8,668	8,435	8,821	8,172
Total (boe)	653,215	797,439	767,585	802,744	751,845
Natural gas sales weighting	70%	62%	65%	67%	64%
Realized Sales Prices					
Natural gas (\$/mcf)	2.53	2.92	1.64	2.01	2.79
Oil (\$/bbl)	44.50	50.91	46.68	34.52	48.27
NGLs (\$/bbl)	15.56	16.14	8.47	18.18	30.52
Total (\$/boe)	21.06	27.48	19.32	18.18	26.90
Hedging gain (\$/boe)	4.06	4.72	6.87	7.84	6.68
Operating Netback (\$/boe)					
Effective price	25.12	32.20	26.19	26.02	33.58
Royalty income	0.07	0.10	0.12	0.13	0.32
Royalty expense	(2.99)	(2.89)	(2.26)	(3.08)	(3.74)
Operating expense ⁽¹⁾	(6.04)	(7.87)	(7.65)	(8.52)	(11.00)
Transportation expense	(1.49)	(1.43)	(1.30)	(1.62)	(1.31)
Operating netback ⁽²⁾ (\$/boe)	14.67	20.11	15.10	12.93	17.85
G & A expense ⁽³⁾	(1.69)	(2.10)	(1.86)	(2.72)	(3.08)
Net interest expense ⁽⁴⁾	(3.85)	(4.41)	(3.18)	(4.53)	(5.83)
Corporate netback ⁽²⁾ (\$/boe)	9.13	13.60	10.06	5.68	8.94
FINANCIAL (\$000s except per share)					
Oil and natural gas revenue	13,805	21,991	14,926	14,698	20,459
Funds from operations ⁽²⁾	5,966	10,838	7,725	4,558	6,717
Funds from operations per share ⁽²⁾	0.13	0.31	0.17	0.11	0.19
Net loss	(4,702)	(19,055)	(46,334)	(4,110)	(36,425)
Net loss per share	(0.10)	(0.54)	(1.02)	(0.10)	(1.04)
Capital expenditures	7,231	9,041	2,712	9,277	6,757
Net dispositions	29,718	—	—	—	—
Common shares outstanding	45,349	35,148	45,349	45,349	35,148
Weighted average shares	45,349	35,148	45,349	41,762	35,148
As at quarter end (\$000s)					
Net debt ⁽²⁾⁽⁵⁾	124,310	226,809	152,935	157,675	226,742
Bank debt outstanding	127,567	236,375	156,845	155,000	235,000
Bank debt available ⁽⁶⁾	20,433	34,600	12,555	12,300	12,600
Shareholders' equity	263,214	280,118	267,573	313,936	243,904
Total assets	448,404	595,890	493,535	544,548	555,145

⁽¹⁾ Operating expense is presented net of processing income and overhead recoveries.

⁽²⁾ Non-GAAP measures are defined in the Non-GAAP section of the September 30, 2016 MD&A.

⁽³⁾ G&A expense is presented net of capitalized general & administrative costs.

⁽⁴⁾ Interest expense is presented net of other income and non-cash deferred finance expense.

⁽⁵⁾ Net debt includes working capital (deficiency).

⁽⁶⁾ \$106 million credit facility less: \$85.3 million drawn, \$0.3 million letter of credit.

OPERATIONS UPDATE

Average third quarter production from the Company's operating areas was as follows:

For the three months ended September 30, 2016	Ferrier	Foothills	Peace River	Central Alberta	Total
Average Production					
Natural gas (mcf/d)	15,411	5,897	139	8,562	14,598
Oil (bbl/d)	356	406	52	605	1,063
NGLs (bbl/d)	413	34	6	227	267
Total (boe/d)	3,338	1,423	81	2,258	7,100
Natural gas sales weighting	77%	69%	29%	63%	70%

Average production was 7,100 boe/d (30% oil and liquids) in the third quarter of 2016 compared to 8,668 boe/d (38% oil and liquids) reported for the third quarter of 2015. The disposition of approximately 1,000 boe/d in the Peace River area, combined with certain dry gas production temporarily shut-in in the Foothills area contributed to the 18% decrease in production. The Company's production is currently 8,500 boe/d as new volumes attributed to the Company's development program have replaced the production from the divested assets. Year end production is expected to exceed 9,000 boe/d once the remaining new drills are on stream.

DEVELOPMENT ACTIVITY

During the third quarter of 2016 Petrus invested \$7.2 million of its \$17.5 million second half capital budget, which was funded by funds from operations. The Company's capital development plan is focused on the Ferrier area, where Petrus drilled 2 wells (2.0 net) during the third quarter, and plans to drill an additional 5 wells (2.6 net) during the fourth quarter. The second half capital budget includes further investments in facility and gathering infrastructure.

The first well drilled during the third quarter commenced production mid October at an average restricted rate of approximately 425 boe/d. The well was Petrus' first monobore drill with a cemented liner which was a significant departure from the previous methodology of an open hole system with intermediate casing and took 10 days from spud to rig release.

Petrus has finished drilling the next two wells of its program which were drilled from the same pad. Both wells have been frac'd and are currently on flow test. Technological advances and reduced service costs have led to a decrease of approximately 20% in Petrus' capital costs since early 2015. Petrus is focused on continuing to find efficiencies through the utilization of pad drilling, centralized frac water ponds and other efficiencies to continue to reduce capital costs.

Petrus also invested capital during the third quarter to expand its pipeline infrastructure to accommodate the drilling program and add a new main gathering line into the Ferrier gas processing facility. In addition, a new compressor has been added to the Ferrier gas plant, which is expected to improve throughput capability and operational flexibility. The current plant throughput is approximately 21 mmcf/d of a nominal 25 mmcf/d capacity. Petrus designed the plant to accommodate modular expansions and will consider an expansion in 2017 to accommodate additional growth. Petrus has drastically reduced operating costs in the Ferrier area from approximately \$7.00 per boe in 2015 to approximately \$3.50 per boe in the third quarter of 2016 and further cost reductions are anticipated. On October 31st, the Company's processing commitment agreement through Strachan will expire resulting in approximately \$170,000 per month of savings in un-utilized processing fees. Petrus also entered into an agreement to transport its Ferrier NGL volumes via pipeline in order to reduce future trucking costs.

In the nine months ended September 30, 2016, Petrus divested its assets in the Peace River area, and also closed the disposition of several other non-core, non-producing assets for total consideration of \$29.7 million after post closing adjustments. The divestitures enabled Petrus to reduce debt and also to reduce future abandonment obligations, resulting in an improved LMR over 3.3. On September 30th Petrus closed the previously announced cashless property swap transaction whereby Petrus disposed of non-core assets in its Foothills area with production of approximately 250 boe/d, associated land and a working interest in non-operated production facilities. In exchange Petrus acquired production of approximately 400 boe/d and approximately 40% working interest in eight sections of predominantly undeveloped land in its Ferrier core area.

The third quarter report for 2016 is available on the SEDAR filing system (www.sedar.com) and on the Company's website www.petrusresources.com.

ABOUT PETRUS

Petrus is a public Canadian oil and gas company focused on property exploitation, strategic acquisitions and risk-managed exploration in Alberta.

For further information, please contact:

Neil Korchinski, P.Eng.

President and Chief Executive Officer

T: 403-930-0889

E: nkorchinski@petrusresources.com

READER ADVISORIES

This press release contains forward-looking statements. More particularly, this press release contains statements concerning Petrus' commodity weighting, plans related to the Company's 2016 capital budget, including planned drilling and other operations, commodity focus, commodity pricing, drilling locations, production rates, expected source of funding of the 2016 capital budget, the belief of economic projects and drilling opportunities at current strip pricing, the expected ability of Petrus to execute on its exploration and development program and Petrus' anticipated production (both in terms of quantity and raw attributes) cash flow, operating netbacks, planned operations and the timing thereof, evaluation of completed operations, the availability of opportunities 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; and (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 and gas prices; (vi) currency exchange rates; (vii) royalty rates; (viii) operating costs; (ix) transportation costs; and (x) the availability of opportunities to deploy capital effectively. 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 can give no 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 regulatory approvals, 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). Readers are cautioned that the foregoing list is not exhaustive of all possible risks and uncertainties.

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.

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.

Please refer to the disclosure with respect to non-GAAP measures in the Company's MD&A.

"Funds from operations" should not be considered an alternative to, or more meaningful than, cash flow from operating activities as determined in accordance with International Financial Reporting Standards as an indicator of Petrus' performance. "Funds from operations" represents cash flow from operating activities prior to changes in non-cash working capital, transaction costs and decommissioning provision expenditures incurred. Petrus also presents funds from operations per share whereby per share amounts are calculated using weighted average shares outstanding consistent with the calculation of earnings per share.