



PETRUS RESOURCES ANNOUNCES FIRST QUARTER 2017 FINANCIAL AND OPERATING RESULTS

CALGARY, ALBERTA, Friday, May 12th, 2017 – Petrus Resources Ltd. ("Petrus" or the "Company") (TSX: PRQ) is pleased to report financial and operating results for the first quarter of 2017. Petrus is focused on organic growth and infrastructure control in its core area, Ferrier, Alberta. The Company is targeting liquids rich natural gas in the Cardium formation as well as investing in infrastructure in Ferrier to control operations and maximize the Company's return on investment. The Company's Management's Discussion and Analysis ("MD&A") and interim consolidated financial statements dated as at and for the period ended March 31, 2017 are available on SEDAR (the System for Electronic Document Analysis and Retrieval) at www.sedar.com.

HIGHLIGHTS

- Petrus generated funds flow of \$11.7 million in the first quarter of 2017, a 166% increase relative to \$4.4 million generated in the first quarter of 2016. The increase is due to 6% higher production, 47% lower operating expenses, and improved commodity prices (60% increase in AECO and 57% increase in WTI from the first quarter of 2016). This production growth and lower cost structure is the result of the Company's strategic shift to divest non-core assets in order to increase the focus on organic development, including facility ownership and control in the Ferrier area.
- Petrus' first quarter funds flow of \$11.7 million is 20% higher than the \$9.8 million generated in the fourth quarter of 2016. The increase is due to 9% higher production and significantly lower interest and G&A costs. Petrus' interest expense has decreased due to a 61% reduction of the Company's second lien term loan, from \$90 million at March 31, 2016 to \$35 million at March 31, 2017.
- Petrus reduced its net debt 17% from the first quarter of 2016 to the first quarter of 2017. Net debt to funds flow⁽²⁾ was 2.8 times for the first quarter of 2017 and has decreased 69% since the first quarter of 2016. The Company continues to focus on decreasing its leverage, and is targeting debt to funds flow⁽²⁾ of less than 2.3 times by the end of 2017.
- First quarter production was 9,331 boe/d in 2017 compared to 8,821 boe/d in the first quarter of 2016. The 6% increase is attributable to the organic drilling program at Ferrier which was funded by funds flow. The Company has generated average quarterly production growth of 31% since the divestiture of its Peace River area assets on July 8, 2016. The proceeds of the Peace River asset disposition were used to reduce debt.
- In the first quarter of 2017, 8 gross (6.0 net) wells were drilled in the Ferrier area. Of those wells, 1 gross (0.4 net) well came on production during the first quarter. The remaining drilled but uncompleted "DUC" wells were scheduled to be fracture stimulated and completed subsequent to the end of the first quarter. The DUC wells are expected to be brought on production in the second quarter, after which time the Company's productive capability is estimated to be greater than 11,000 boe/d.⁽¹⁾
- In 2016, Petrus transformed its operating cost structure through the divestiture of higher cost assets and the construction of a natural gas processing plant in Ferrier. As a result, total operating expenses have decreased 47% from \$8.52 per boe in the first quarter of 2016 to \$4.50 per boe in the first quarter of 2017. During the first quarter of 2017 Petrus incurred \$0.79 per boe of non-routine workover expenses in its Foothills operating area.
- In Ferrier, operating expenses per boe decreased approximately 77% in the first quarter of 2017 compared to the same period in the prior year. The decrease is a result of the impact of the low cost structure of the Petrus owned and operated Ferrier gas plant, expiration of a third party processing commitment and higher production volume from developmental drilling.
- Petrus' Board of Directors approved a \$50 to \$60 million capital budget for 2017 (excluding acquisitions and dispositions) which provides for the drilling of 16 gross (11.7 net) Cardium wells in the Ferrier area. The Company's 2017 capital program also provides for investment in facilities. Petrus expects the processing and compression capability of the Ferrier gas plant to double, reaching a capacity of approximately 60 mmcf/d by the fourth quarter of 2017.⁽¹⁾
- During the first quarter of 2017, Petrus closed an acquisition of oil and natural gas interests in the Ferrier area for total consideration of \$8.8 million after post-closing adjustments. Petrus acquired approximately 40 boe/d of production as well as a 100% working interest in a drilled and completed Cardium horizontal well which is expected to be tied in later in 2017. In addition, Petrus acquired a 100% working interest in approximately 3,360 net acres (5.25 net sections) of undeveloped Cardium land in its Ferrier core area.
- Petrus utilizes financial derivative contracts to mitigate commodity price risk. The Company's realized gain on financial derivatives in the first quarter of 2017 increased the Company's corporate netback⁽²⁾ by \$0.57 per boe compared to \$7.84 per boe realized in the first quarter of 2016.
- On May 9, 2017 Petrus was successfully listed on the OTCQX under the symbol "PTRUF." The listing is expected to assist with trading of Petrus' shares by foreign investors.

⁽¹⁾ Refer to "Advisories - Forward Looking Statements" in the Management's Discussion & Analysis.

⁽²⁾ Refer to "Non-GAAP Financial Measures" in the Management's Discussion & Analysis.

SELECTED FINANCIAL INFORMATION

OPERATIONS	Three months ended Mar. 31, 2017	Three months ended Mar. 31, 2016	Three months ended Dec. 31, 2016	Three months ended Sept. 30, 2016	Three months ended Jun. 30, 2016
Average Production					
Natural gas (mcf/d)	40,332	35,456	37,327	30,009	33,071
Oil (bbl/d)	1,542	2,218	1,452	1,419	2,200
NGLs (bbl/d)	1,067	694	922	680	723
Total (boe/d)	9,331	8,821	8,595	7,100	8,435
Total (boe)	839,746	802,744	790,806	653,215	767,585
Natural gas sales weighting	72%	67%	72%	70%	65%
Realized Prices					
Natural gas (\$/mcf)	2.85	2.01	3.29	2.53	1.64
Oil (\$/bbl)	62.62	34.52	59.42	44.50	46.68
NGLs (\$/bbl)	33.18	18.18	24.56	15.56	8.47
Total realized price (\$/boe)	26.48	18.18	26.97	21.06	19.32
Royalty income	0.05	0.13	0.10	0.07	0.12
Royalty expense	(3.94)	(3.08)	(3.52)	(2.99)	(2.26)
Net oil and natural gas revenue (\$/boe)	22.59	15.23	23.55	18.14	17.18
Operating expense	(4.50)	(8.52)	(3.63)	(6.04)	(7.65)
Transportation expense	(1.38)	(1.62)	(1.50)	(1.49)	(1.30)
Operating netback⁽¹⁾⁽²⁾ (\$/boe)	16.71	5.09	18.42	10.61	8.23
Realized gain on derivatives (\$/boe)	0.57	7.84	0.99	4.06	6.87
General & administrative expense	(1.05)	(2.72)	(3.78)	(1.69)	(1.86)
Cash finance expense	(2.07)	(4.53)	(2.58)	(3.85)	(3.18)
Decommissioning expenditures ⁽³⁾	(0.19)	(0.18)	(0.64)	(0.04)	(0.10)
Corporate netback⁽¹⁾ (\$/boe)	13.97	5.50	12.41	9.09	9.96
FINANCIAL (000s except per share)					
	Three months ended Mar. 31, 2017	Three months ended Mar. 31, 2016	Three months ended Dec. 31, 2016	Three months ended Sept. 30, 2016	Three months ended Jun. 30, 2016
Oil and natural gas revenue	22,274	14,698	21,409	13,805	14,926
Net income (loss)	7,311	(4,110)	(11,842)	(4,702)	(46,334)
Net income (loss) per share					
Basic	0.16	(0.10)	(0.26)	(0.10)	(1.02)
Fully diluted	0.16	(0.10)	(0.26)	(0.10)	(1.02)
Funds flow ⁽³⁾	11,732	4,412	9,809	5,938	7,652
Funds flow per share ⁽³⁾					
Basic	0.25	0.11	0.22	0.13	0.17
Fully diluted	0.25	0.11	0.22	0.13	0.17
Capital expenditures	18,907	9,277	10,026	7,231	2,712
Net acquisitions (dispositions)	8,818	—	—	(29,718)	—
Weighted average shares outstanding					
Basic	46,754	41,762	45,349	45,349	45,349
Fully diluted	46,989	41,762	45,349	45,349	45,349
As at period end					
Common shares outstanding					
Basic	49,428	45,349	45,349	45,349,192	45,349,192
Fully diluted	52,664	45,349	45,349	45,349,192	45,349,192
Total assets	460,095	544,548	439,967	448,404	493,535
Non-current liabilities	165,104	214,776	118,934	169,714	174,790
Net debt ⁽¹⁾	130,624	157,675	124,915	124,310	152,935

⁽¹⁾ Refer to "Non-GAAP Financial Measures" in the Management's Discussion & Analysis.

⁽²⁾ In prior periods Petrus included realized gain on derivatives (hedging gain (loss)) in the calculation of operating netback. The amount is included in the calculation of corporate netback. The comparative information has been re-classified to conform to current presentation.

⁽³⁾ In prior periods Petrus excluded decommissioning expenditures from the calculation of funds flow. The comparative information has been re-classified to conform to current presentation.



OPERATIONS UPDATE

Production

Average first quarter production on an area level was as follows:

Average production for the three months ended March 31, 2017	Ferrier	Foothills	Central Alberta	Total
Natural gas (mcf/d)	23,652	8,857	7,823	40,332
Oil (bbl/d)	732	295	515	1,542
NGLs (bbl/d)	848	36	183	1,067
Total (boe/d)	5,522	1,807	2,002	9,331
Natural gas sales weighting	71%	82%	65%	72%

Average production was 9,331 boe/d (72% natural gas) in the first quarter of 2017 compared to 8,821 boe/d (67% natural gas) in the first quarter of 2016. The 6% production increase is attributable to the organic drilling program at Ferrier. Sales volume exceeded expected field estimates in December and the first quarter, therefore the impact of the higher production was recognized during the first quarter.

The Company's natural gas sales weighting was higher in the first quarter of 2017 relative to the first quarter of 2016 due to the divestiture of the Peace River assets in 2016, in addition to the timing of the Ferrier development. Liquids rich natural gas production attributed to the wells drilled in the first quarter is expected to increase the Company's liquids weighting in the second quarter. The Company has generated average quarterly production growth of 31% since the divestiture of its Peace River area assets. The proceeds of the Peace River asset disposition were used to reduce debt and the capital investments in the Ferrier area were funded by funds flow.

In the first quarter of 2017, 8 gross (6.0 net) wells were drilled in the Ferrier area. Of those wells, one gross (0.4 net) well came on production during the first quarter. The remaining drilled but uncompleted "DUC" wells were scheduled to be fracture stimulated and completed subsequent to the end of the first quarter. The DUC wells are expected to be brought on production in the second quarter, after which time the Company's productive capability is estimated to be greater than 11,000 boe/d.⁽¹⁾

Capital Development

Petrus' Board of Directors approved a \$50 to \$60 million capital budget for 2017 (excluding acquisitions and dispositions) which provides for the drilling of 16 gross (11.7 net) Cardium wells in the Ferrier area. The Company's 2017 capital program also provides for investment in facilities. The processing and compression capability of the Ferrier gas plant is expected to be doubled to reach a capacity of approximately 60 mmcf/d by the fourth quarter of 2017.⁽¹⁾

Term Loan Extension

On January 24, 2017, Petrus entered into an agreement with Macquarie Bank Limited to extend the Company's \$42 million second lien term loan by two years; now due October 2019. Concurrent with the extension, the Company reduced the amount outstanding by \$7 million through working capital and available credit facilities. The interest rate on the remaining \$35 million balance remains unchanged at a per annum rate of the (three-month) Canadian Dealer offered Rate (CDOR) plus 700 basis points.

Acquisition and Private Placement

On February 28, 2017, the Company closed an acquisition of certain oil and natural gas interests in the Ferrier area (the "Acquisition") for total consideration of \$8.8 million after post-closing adjustments. Petrus acquired a minor amount of production as well as a 100% working interest in a drilled and completed Cardium horizontal well which is expected to be tied in later in 2017. In addition, Petrus acquired a 100% working interest in approximately 3,360 net acres (5.25 net sections) of undeveloped Cardium land in its Ferrier core area.

On February 28, 2017, the Company also closed a non-brokered private placement of 4,078,708 common shares of the Company ("Common Shares") at a purchase price of \$2.53 per Common Share, for aggregate gross proceeds of \$10.3 million (the "Private Placement"). A portion of the net proceeds of the Private Placement were used to fund the Acquisition and Petrus expects the remainder will be used to fund the Company's 2017 capital program.

ANNUAL MEETING

The Company's Annual Meeting will be held at the Jamieson Place Conference Centre (3rd floor) 308, 4th Ave SW Calgary, Alberta, on Thursday May 18, 2017 at 9:00 a.m. (Calgary time). The Information Circular, Annual Information Form, 2016 Annual Report and the First Quarter 2017 Report are available on the SEDAR filing system (www.sedar.com) as well as on the Company's website (www.petrusresources.com).

An updated corporate presentation can be found on the Company's website at www.petrusresources.com.

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ADVISORIES

Basis of Presentation

Financial data presented above has largely been derived from the Company's financial statements, prepared in accordance with GAAP which require publicly accountable enterprises to prepare their financial statements using IFRS. Accounting policies adopted by the Company are set out in the notes to the audited financial statements as at and for the twelve months ended December 31, 2016. The reporting and the measurement currency is the Canadian dollar. All financial information is expressed in Canadian dollars, unless otherwise stated.

Forward Looking Statements

Certain information regarding Petrus set forth in this press release contains forward-looking statements within the meaning of applicable securities law, that involve substantial known and unknown risks and uncertainties. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. Such statements represent Petrus' internal projections, estimates or beliefs concerning, among other things, an outlook on the estimated amounts and timing of capital investment, anticipated future debt, production, revenues or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance, including targets for debt to funds flow. These statements are only predictions and actual events or results may differ materially. Although Petrus believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievement since such expectations are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause Petrus' actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, Petrus.

In particular, forward-looking statements included in this press release include, but are not limited to, statements with respect to: the availability of cash flows from operating activities; expected processing and compression capacity at the Ferrier gas plant; sources of financing and the requirement therefor; the growth of Petrus; the treatment of the revolving facility following the end of the revolving period; Petrus' ability to fund its financial liabilities; the size of, and future net revenues from, crude oil, NGL (natural gas liquids) and natural gas reserves; future prospects; the focus of and timing of capital expenditures; expectations regarding the timing for bringing new wells on production; expectations regarding the ability to raise capital and to continually add to reserves through acquisitions and development; access to debt and equity markets; projections of market prices and costs; the performance characteristics of the Company's crude oil, NGL and natural gas properties including estimated production; crude oil, NGL and natural gas production levels and product mix; Petrus' future operating and financial results; capital investment programs; supply and demand for crude oil, NGL and natural gas; future royalty rates; drilling, development and completion plans and the results therefrom; and treatment under governmental regulatory regimes and tax laws. In addition, statements relating to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

These forward-looking statements are subject to numerous risks and uncertainties, most of which are beyond the Company's control, including the impact of general economic conditions; volatility in market prices for crude oil, NGL and natural gas; industry conditions; currency fluctuation; imprecision of reserve estimates; liabilities inherent in crude oil and natural gas operations; environmental risks; incorrect assessments of the value of acquisitions and exploration and development programs; competition; the lack of availability of qualified personnel or management; changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry; hazards such as fire, explosion, blowouts, cratering, and spills, each of which could result in substantial damage to wells, production facilities, other property and the environment or in personal injury; stock market volatility; ability to access sufficient capital from internal and external sources; completion of the financing on the timing planned and the receipt of applicable approvals; and the other risks. With respect to forward-looking statements contained in this press release, Petrus has made assumptions regarding: future commodity prices and royalty regimes; availability of skilled labour; timing and amount of capital expenditures; future exchange rates; the impact of increasing competition; conditions in general economic and financial markets; availability of drilling and related equipment and services; effects of regulation by governmental agencies; and future operating costs. Management has included the above summary of assumptions and risks related to forward-looking information provided in this press release in order to provide shareholders with a more complete perspective on Petrus' future operations and such information may not be appropriate for other purposes. Petrus' actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that the Company will derive therefrom. Readers are cautioned that the foregoing lists of factors are not exhaustive. These forward-looking statements are made as of the date of this press release and the Company disclaims any intent or obligation to update 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.

BOE Presentation

The oil and natural gas industry commonly expresses production volumes and reserves on a barrel of oil equivalent ("boe") basis whereby natural gas volumes are converted at the ratio of nine thousand cubic feet to one barrel of oil. The intention is to sum oil and natural gas measurement units into one basis for improved measurement of results and comparisons with other industry participants. Petrus uses the 6:1 boe measure which is the approximate energy equivalency of the two commodities at the burner tip. Boe's do not represent an economic value equivalency at the wellhead and therefore may be a misleading measure if used in isolation.

Abbreviations

000's	thousand dollars
\$/bbl	dollars per barrel
\$/boe	dollars per barrel of oil equivalent
\$/GJ	dollars per gigajoule
\$/mcf	dollars per thousand cubic feet
bbl	barrel
bbl/d	barrels per day
boe	barrel of oil equivalent
boe/d	barrel of oil equivalent per day
GJ	gigajoule
GJ/d	gigajoules per day
mcf	thousand cubic feet
mcf/d	thousand cubic feet per day
mmcf/d	million cubic feet per day
NGLs	natural gas liquids
WTI	West Texas Intermediate

