



PETRUS RESOURCES ANNOUNCES SECOND QUARTER 2022 FINANCIAL & OPERATING RESULTS

CALGARY, ALBERTA, Wednesday, August 10, 2022 – Petrus Resources Ltd. ("Petrus" or the "Company") (TSX: PRQ) is pleased to report financial and operating results as at and for the three and six months ended June 30, 2022.

Q2 2022 HIGHLIGHTS:

- **Production up 15%** – Production was up 15% from 6,309 boe/d in the second quarter of 2021 to 7,280 boe/d in the second quarter of 2022 due to the new wells drilled in late 2021 and the strategic acquisition of Cardium assets located in Petrus' Ferrier area that closed in March 2022.
- **Funds flow⁽¹⁾ increased 188%** – Generated funds flow of \$23.2 million (\$0.21 per share⁽²⁾) for the second quarter of 2022, 188% higher than funds flow of \$8.1 million (\$0.16 per share) for the second quarter of 2021.
- **Operating netback⁽²⁾ up 118%** – Operating netback increased by 118% from \$20.55/boe in the second quarter of 2021 to \$44.86/boe in the second quarter of 2022.
- **Commodity price improvement** – Realized price per boe increased by 87% in the second quarter of 2022 compared to the second quarter of 2021; from \$33.87/boe to \$63.33/boe. The realized oil, natural gas and NGL prices increased by 75%, 136% and 88%, respectively.
- **Backstopped rights offering** – Petrus closed a \$20 million rights offering that was backstopped by the Company's major shareholders. The rights offering was oversubscribed by 84%.
- **Net debt⁽¹⁾ reduction** – Net debt was \$13.9 million at June 30, 2022, an 87% decrease from the second quarter of 2021 and a 78% decrease from December 31, 2021. The Company continues to manage its balance sheet with the goal of maintaining a net debt to funds flow ratio⁽²⁾ of under 1x.
- **Debt restructuring complete** – The Company entered into agreements with new lenders providing two new credit facilities ("New Facilities") totaling \$55 million; at June 30, 2022, \$18 million was drawn on the New Facilities. The refinancing completes the Company's debt restructuring, moving forward with supportive lenders that provide stability and liquidity.

2022 CAPITAL PROGRAM

The Company's 2022 capital program resumed in the second quarter with 2 (1.6 net) operated wells spud and an additional 3 (0.15 net) non-operated wells spud in late June. Given the inherent volatility of commodity prices, the Company recognizes it is prudent to remain disciplined and flexible from an operational and financial perspective. Petrus will continue to monitor the price of Canadian light oil and natural gas and will evaluate capital investments on an ongoing basis.

⁽¹⁾Non-GAAP measure. Refer to "Non-GAAP and Other Financial Measures".

⁽²⁾Non-GAAP ratio. Refer to "Non-GAAP and Other Financial Measures".

SELECTED FINANCIAL INFORMATION

OPERATIONS	Three months ended	Three months ended	Three months ended	Three months ended	Three months ended
	Jun. 30, 2022	Jun. 30, 2021	Mar. 31, 2022	Dec. 31, 2021	Sept. 30, 2021
Average Production					
Natural gas (mcf/d)	30,913	24,291	29,530	23,494	23,942
Oil (bbl/d)	1,073	1,214	1,250	1,002	937
NGLs (bbl/d)	1,055	1,046	1,207	962	1,010
Total (boe/d)	7,280	6,309	7,379	5,880	5,937
Total (boe)	662,456	574,084	664,010	540,924	546,227
Light oil weighting	15 %	19 %	17 %	20 %	21 %
Realized Prices					
Natural gas (\$/mcf)	7.74	3.28	5.20	5.45	4.04
Oil (\$/bbl)	133.36	75.99	110.12	89.71	82.56
NGLs (\$/bbl)	74.63	39.76	60.12	56.35	45.10
Total realized price (\$/boe)	63.33	33.87	49.31	46.29	37.00
Royalty income	0.25	0.19	0.29	0.06	0.18
Royalty expense	(8.64)	(4.87)	(6.89)	(6.34)	(3.94)
Net oil and natural gas revenue (\$/boe)	54.94	29.19	42.71	40.01	33.24
Operating expense	(7.92)	(6.80)	(6.76)	(5.02)	(5.57)
Transportation expense	(2.16)	(1.84)	(2.17)	(1.87)	(1.81)
Operating netback⁽¹⁾ (\$/boe)	44.86	20.55	33.78	33.12	25.86
Realized loss on financial derivatives (\$/boe)	—	(3.21)	(6.98)	(9.52)	(6.41)
Loss on risk management activities (\$/boe)	(6.76)	—	—	—	—
Other income	0.04	1.77	0.07	0.04	0.02
General & administrative expense	(1.70)	(2.41)	(0.82)	(2.24)	(1.47)
Cash finance expense	(1.46)	(2.52)	(1.04)	(1.58)	(3.30)
Decommissioning expenditures	0.06	(0.14)	(0.02)	(0.56)	(0.27)
Funds flow & corporate netback⁽¹⁾ (\$/boe)	35.04	14.04	24.99	19.26	14.43
FINANCIAL (000s except \$ per share)	Three months ended	Three months ended	Three months ended	Three months ended	Three months ended
	Jun. 30, 2022	Jun. 30, 2021	Mar. 31, 2022	Dec. 31, 2021	Sept. 30, 2021
Oil and natural gas revenue	42,119	19,553	32,940	25,070	20,306
Net income (loss)	18,046	(4,265)	10,903	114,633	7,343
Net income (loss) per share					
Basic	0.16	(0.09)	0.11	1.19	0.04
Fully diluted	0.15	(0.09)	0.11	1.11	0.03
Funds flow ⁽²⁾	23,208	8,070	16,601	10,418	7,874
Funds flow per share ⁽¹⁾					
Basic	0.21	0.16	0.17	0.11	0.15
Fully diluted	0.20	0.16	0.16	0.10	0.14
Capital expenditures	4,932	763	5,064	12,235	6,101
Acquisitions (dispositions)	364	(100)	15,200	—	—
Weighted average shares outstanding					
Basic	111,795	49,513	99,189	96,660	54,167
Fully diluted	117,203	49,513	103,250	102,868	57,638
As at period end					
Common shares outstanding					
Basic	122,017	49,559	106,907	96,708	96,603
Fully diluted	131,302	49,559	113,883	103,889	100,074
Total assets	302,472	176,629	308,744	290,492	173,101
Non-current liabilities	50,924	40,838	46,702	42,172	40,200
Net debt ⁽²⁾	13,895	110,346	50,044	61,779	60,071

⁽¹⁾ Non-GAAP ratio. Refer to "Non-GAAP and Other Financial Measures".

⁽²⁾ Non-GAAP measure. Refer to "Non-GAAP and Other Financial Measures".



OPERATIONS UPDATE

Second quarter average production by area was as follows:

For the three months ended June 30, 2022	Ferrier	North Ferrier	Foothills	Central Alberta	Kakwa	Total
Natural gas (mcf/d)	19,020	4,093	2,696	4,915	192	30,916
Oil (bbl/d)	570	145	91	248	31	1,085
NGLs (bbl/d)	778	114	6	130	16	1,044
Total (boe/d)	4,518	940	546	1,198	78	7,280

Second quarter average production was 7,280 boe/d in 2022 compared to 6,309 boe/d in 2021. The increase in production is due to the capital activity in the second half of 2021, the strategic acquisition of Cardium assets located in Petrus' Ferrier area that closed in March 2022, and certain wells in the Foothills area being brought back on-stream due to improved pricing.

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

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NON-GAAP AND OTHER FINANCIAL MEASURES

This press release makes reference to the terms "operating netback" (on an absolute and \$/boe basis), "corporate netback" (on an absolute and \$/boe basis), "funds flow" (on an absolute, per share and \$/boe basis), "net debt" and "net debt to funds flow ratio". These non-GAAP and other financial measures are not recognized measures under GAAP (IFRS) and do not have a standardized meaning prescribed by GAAP (IFRS). Accordingly, the Company's use of these terms may not be comparable to similarly defined measures presented by other companies. These non-GAAP and other financial measures should not be considered to be more meaningful than GAAP measures which are determined in accordance with IFRS as indicators of our performance. Management uses these non-GAAP and other financial measures for the reasons set forth below.

Operating Netback

Operating netback is a common non-GAAP financial measure used in the oil and natural gas industry which is a useful supplemental measure to evaluate the specific operating performance by product type at the oil and natural gas lease level. The most directly comparable GAAP measure to operating netback is oil and natural gas revenue. Operating netback is calculated as oil and natural gas revenue less royalty expenses, operating expenses and transportation expenses. See below for a reconciliation of operating netback to oil and natural gas revenue.

Operating netback (\$/boe) is a non-GAAP ratio used in the oil and natural gas industry which is a useful supplemental measure to evaluate the specific operating performance by product type at the oil and natural gas lease level. It is calculated as operating netbacks divided by weighted average daily production on a per boe basis. See below.

Corporate Netback and Funds Flow

Corporate netback or funds flow is a common non-GAAP financial measure used in the oil and natural gas industry which evaluates the Company's profitability at the corporate level. Corporate netback and funds flow are used interchangeably. Petrus analyzes these measures on an absolute value and on a per unit (boe) basis as a non-GAAP ratio. Management believes that funds flow and corporate netback provide information to assist a reader in understanding the Company's profitability relative to current commodity prices. They are calculated as the operating netback less general and administrative expense, finance expense, decommissioning expenditures, plus other income and the net realized gain (loss) on financial derivatives and risk management activities. See below for a reconciliation of funds flow and corporate netback to oil and natural gas revenue.

Corporate netback (\$/boe) or funds flow (\$/boe) is a non-GAAP ratio used in the oil and natural gas industry which evaluates the Company's profitability at the corporate level. Management believes that funds flow (\$/boe) or corporate netback (\$/boe) provide information to assist a reader in understanding the Company's profitability relative to current commodity prices. It is calculated as corporate netbacks or funds flow divided by weighted average daily production on a per boe basis. See below.

Funds flow per share (basic and fully diluted) is comprised of funds flow divided by basic or fully diluted weighted average common shares outstanding.

	Three months ended		Three months ended		Six months ended		Six months ended	
	Jun. 30, 2022		Jun. 30, 2021		June 30, 2022		June 30, 2021	
	\$000s	\$/boe	\$000s	\$/boe	\$000s	\$/boe	\$000s	\$/boe
Oil and natural gas revenue	42,119	63.58	19,553	34.06	75,059	56.58	35,892	32.44
Royalty expense	(5,721)	(8.64)	(2,794)	(4.87)	(10,297)	(7.76)	(4,783)	(4.32)
Net oil and natural gas revenue	36,398	54.94	16,759	29.19	64,762	48.82	31,109	28.12
Transportation expense	(1,434)	(2.16)	(1,057)	(1.84)	(2,874)	(2.17)	(1,920)	(1.74)
Operating expense	(5,249)	(7.92)	(3,903)	(6.80)	(9,741)	(7.34)	(7,157)	(6.47)
Operating netback	29,715	44.86	11,799	20.55	52,147	39.31	22,032	19.91
Realized loss on financial derivatives	—	—	(1,843)	(3.21)	(4,632)	(3.49)	(3,058)	(2.77)
Loss on risk management activities	(4,476)	(6.76)	—	—	(4,476)	(3.37)	—	—
Other income	28	0.04	1,018	1.77	75	0.06	1,041	0.94
General & administrative expense	(1,127)	(1.70)	(1,381)	(2.41)	(1,670)	(1.26)	(2,257)	(2.04)
Cash finance expense ⁽¹⁾	(969)	(1.46)	(1,444)	(2.52)	(1,655)	(0.34)	(2,474)	(2.24)
Decommissioning expenditures	37	0.06	(79)	(0.14)	21	0.02	(222)	(0.20)
Funds flow and corporate netback	23,208	35.04	8,070	14.04	39,810	30.93	15,062	13.60

⁽¹⁾Excludes non-cash Term Loan interest payment-in-kind

Net Debt

Net debt is a non-GAAP financial measure and is calculated as the sum of long term debt and working capital (current assets and current liabilities), excluding the current financial derivative contracts and current portion of the lease obligation. Petrus uses net debt as a key indicator of its leverage and strength of its balance sheet. Net debt is reconciled, in the table below, to long-term debt which is the most directly comparable GAAP measure.



(\$000s)	As at June 30, 2022	As at March 31, 2022	As at December 31, 2021
Long-term debt	12,000	—	—
Current assets	(18,783)	(17,356)	(15,611)
Current liabilities	18,785	67,625	80,095
Current financial derivatives	2,124	—	(2,488)
Current portion of lease obligation	(231)	(225)	(217)
Net debt	13,895	50,044	61,779

Net debt to funds flow ratio is a non-GAAP ratio used as a key indicator of our leverage and strength of our balance sheet. It is calculated as net debt divided by funds flow for the relevant period.

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 consolidated financial statements as at and for the twelve months ended December 31, 2021. 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, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. 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: that the Company will continue to manage its balance sheet with the goal of maintaining a net debt to funds flow ratio of under 1x; that the Company will remain disciplined and flexible from an operational and financial perspective; and that Petrus will continue to monitor the price of Canadian light oil and natural gas and will evaluate capital investments on an ongoing basis. 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; and the other risks and uncertainties described in the AIF. With respect to forward-looking statements contained in this press release, Petrus has made assumptions regarding: future commodity prices (including as disclosed herein) 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; the effects of inflation on our profitability; 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 investors 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.

This press release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Petrus' prospective results of operations including, without limitation, its forecast for net debt to funds flow ratio, which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth above. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on FOFI. Petrus' actual results, performance or achievement could differ materially from those expressed in, or implied by, these FOFI, or if any of them do so, what benefits Petrus will derive therefrom. Petrus has included the FOFI in order to provide readers with a more complete perspective on Petrus' future operations and such information may not be appropriate for other purposes.

These forward-looking statements and FOFI are made as of the date of this press release and the Company disclaims any intent or obligation to update any forward-looking statements and FOFI, 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 six 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 equivalence of the two commodities at the burner tip. Boe's do not represent an economic value equivalence at the wellhead and therefore may be a misleading measure if used in isolation.



Abbreviations

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

