



PETRUS RESOURCES ANNOUNCES THIRD QUARTER 2022 RESULTS & PROVIDES 2023 BUDGET GUIDANCE

CALGARY, ALBERTA, Wednesday, November 9, 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 nine months ended September 30, 2022.

- **Surging capital activity** – 9 (8.4 net) wells spud with 5 (2.3 net) wells completed and on production in the Ferrier and North Ferrier areas with total capital expenditures (excluding acquisitions) of \$49.5 million during the third quarter of 2022.
- **Funds flow⁽¹⁾ remains strong** – Generated funds flow of \$13.8 million for the third quarter of 2022, 75% higher than funds flow of \$7.9 million for the third quarter of 2021. Funds flow for the first nine months of 2022 was \$53.6 million, up 134% from the comparative period in 2021.
- **Realized price increase** – Realized price per boe increased by 26% in the third quarter of 2022 compared to the third quarter of 2021; from \$37.00/boe to \$46.62/boe. The realized oil, natural gas and NGL prices increased by 34%, 24% and 38%, respectively.
- **Production up 12%** – Production was up 12% from 5,937 boe/d⁽³⁾ in the third quarter of 2021 to 6,639 boe/d in the third 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. Wells from the 2022 capital program began coming on stream September 30th.
- **Net debt⁽¹⁾ reduction** – Net debt was \$48.5 million at September 30, 2022, a 19% decrease from the third quarter of 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.

2022 CAPITAL PROGRAM

Subsequent to the third quarter (as at the date of this report) Petrus has spud 4 (3.3 net) more wells and put 7 (6.1 net) more wells on production. Cash flow related to these wells will be realized in the fourth quarter as wells are completed and brought on stream. Based on the initial results of the wells on production to date, the Company is on track to achieve the 2022 exit production guidance of 10,500 to 11,000 boe/d.

2023 BUDGET GUIDANCE

Petrus' Board of Directors has approved a capital budget for 2023 of \$130 million to \$135 million. Roughly 90% of the budget is directed towards drilling in the Ferrier and North Ferrier areas, and 10% towards land, facilities and corporate development.

The 2023 capital budget was developed using a 2023 average price forecast of US\$77/bbl WTI for oil, an AECO gas price of \$4.00/GJ and a foreign exchange rate of US\$0.73. Under these pricing assumptions, through the execution of this capital plan, Petrus is expecting to:

- Achieve an average production rate of 13,000 to 13,500 boe/d⁽³⁾ in 2023, which is a projected increase of approximately 75% over 2022.
- Generate \$140 million to \$150 million in annual funds flow⁽¹⁾ for 2023 (\$1.15 to \$1.23 per share⁽²⁾), representing an anticipated 65% improvement from 2022.
- Reduce net debt to approximately \$35 million to \$40 million, and maintaining it below 0.5x funds flow⁽²⁾.

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 Canadian light oil and natural gas prices 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".

⁽³⁾Disclosure of production on a per boe basis consists of the constituent product types and their respective quantities. Refer to "BOE Presentation" and "Production and Product Type Information" for further details.

SELECTED FINANCIAL INFORMATION

OPERATIONS	Three months ended	Three months ended	Three months ended	Three months ended	Three months ended
	Sept. 30, 2022	Sept. 30, 2021	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021
Average Production					
Natural gas (mcf/d)	28,107	23,942	30,913	29,530	23,494
Oil (bbl/d)	957	937	1,073	1,250	1,002
NGLs (bbl/d)	997	1,010	1,055	1,207	962
Total (boe/d)	6,639	5,937	7,280	7,379	5,880
Total (boe)	610,722	546,227	662,456	664,010	540,924
Light oil weighting	14 %	21 %	15 %	17 %	20 %
Realized Prices					
Natural gas (\$/mcf)	5.02	4.04	7.74	5.20	5.45
Oil (\$/bbl)	111.04	82.56	133.36	110.12	89.71
NGLs (\$/bbl)	62.25	45.10	74.63	60.12	56.35
Total realized price (\$/boe)	46.62	37.00	63.33	49.31	46.29
Royalty income	0.37	0.18	0.25	0.29	0.06
Royalty expense	(11.84)	(3.94)	(8.64)	(6.89)	(6.34)
Net oil and natural gas revenue (\$/boe)	35.15	33.24	54.94	42.71	40.01
Operating expense	(8.47)	(5.57)	(7.92)	(6.76)	(5.02)
Transportation expense	(1.89)	(1.81)	(2.16)	(2.17)	(1.87)
Operating netback⁽¹⁾ (\$/boe)	24.79	25.86	44.86	33.78	33.12
Realized gain (loss) on financial derivatives	1.00	(6.41)	—	(6.98)	(9.52)
Loss on risk management activities	(0.81)	—	(6.76)	—	—
Other income	0.05	0.02	0.04	0.07	0.04
General & administrative expense	(1.30)	(1.47)	(1.70)	(0.82)	(2.24)
Cash finance expense	(0.87)	(3.30)	(1.46)	(1.04)	(1.58)
Decommissioning expenditures	(0.29)	(0.27)	0.06	(0.02)	(0.56)
Funds flow & corporate netback⁽¹⁾ (\$/boe)	22.57	14.43	35.04	24.99	19.26
FINANCIAL (000s except \$ per share)	Three months ended	Three months ended	Three months ended	Three months ended	Three months ended
	Sept. 30, 2022	Sept. 30, 2021	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021
Oil and natural gas revenue	28,701	20,306	42,119	32,940	25,070
Net income	9,822	7,343	18,046	10,903	114,633
Net income per share					
Basic	0.08	0.14	0.16	0.11	1.19
Fully diluted	0.08	0.13	0.15	0.11	1.11
Funds flow ⁽²⁾	13,789	7,874	23,208	16,601	10,418
Funds flow per share ⁽¹⁾					
Basic	0.11	0.15	0.21	0.17	0.11
Fully diluted	0.11	0.14	0.20	0.16	0.10
Capital expenditures	49,513	6,101	4,932	5,064	12,235
Acquisitions (dispositions)	16	—	364	15,200	—
Weighted average shares outstanding					
Basic	122,058	54,167	111,795	99,189	96,660
Fully diluted	126,822	57,638	117,203	103,250	102,868
As at period end					
Common shares outstanding					
Basic	122,197	96,603	122,017	106,907	96,708
Fully diluted	131,482	100,074	131,302	113,883	103,889
Total assets	356,050	173,101	302,472	308,744	290,492
Non-current liabilities	61,778	40,200	50,924	46,702	42,172
Net debt ⁽²⁾	48,465	60,071	13,895	50,044	61,779

⁽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

Third quarter average production by area was as follows:

For the three months ended September 30, 2022	Ferrier	North Ferrier	Foothills	Central Alberta	Kakwa	Total
Natural gas (mcf/d)	15,870	4,252	2,450	5,375	160	28,107
Oil (bbl/d)	406	170	77	279	28	960
NGLs (bbl/d)	707	108	11	160	9	995
Total (boe/d)	3,758	987	496	1,334	64	6,639

Third quarter average production was 6,639 boe/d in 2022 compared to 5,937 boe/d in 2021. The increase in production is due to the new wells drilled in late 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.

The activity of Petrus' 2022 capital program is weighted heavily towards the third and fourth quarters with 9 (8.4 net) wells spud in the Ferrier and North Ferrier areas during the third quarter. Of these, 5 (2.3 net) wells were completed and on production by September 30, 2022.

2022 INCREASED BUDGET GUIDANCE

During the third quarter of 2022, Petrus announced an increase in its annual budget guidance where the Board of Directors approved a revised 2022 capital budget of \$105 million to \$115 million (up from \$50-\$55 million); \$90 to \$100 million directed toward the 2022 capital program with the balance having been directed toward a previously announced non-cash strategic acquisition that closed in March 2022. The capital program is focused substantially on achieving an exit production rate of 10,500 to 11,000 boe/d⁽¹⁾.

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⁽¹⁾Disclosure of production on a per boe basis consists of the constituent product types and their respective quantities. Refer to "BOE Presentation" and "Production and Product Type Information" for further details.

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 (basic and fully diluted) 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 and under "Summary of Quarterly Results" 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) and per share (basic and fully diluted) basis as non-GAAP ratios. 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 and under "Summary of Quarterly Results" 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		Nine months ended		Nine months ended	
	Sept. 30, 2022		Sept. 30, 2021		September 30, 2022		September 30, 2021	
	\$000s	\$/boe	\$000s	\$/boe	\$000s	\$/boe	\$000s	\$/boe
Oil and natural gas revenue	28,701	47.00	20,306	37.18	103,760	53.55	56,198	34.00
Royalty expense	(7,228)	(11.84)	(2,150)	(3.94)	(17,525)	(9.05)	(6,933)	(4.20)
Net oil and natural gas revenue	21,473	35.16	18,156	33.24	86,235	44.50	49,265	29.80
Transportation expense	(1,155)	(1.89)	(991)	(1.81)	(4,029)	(2.08)	(2,911)	(1.76)
Operating expense	(5,171)	(8.47)	(3,042)	(5.57)	(14,912)	(7.70)	(10,199)	(6.17)
Operating netback	15,147	24.80	14,123	25.86	67,294	34.72	36,155	21.87
Realized gain (loss) on financial derivatives	610	1.00	(3,504)	(6.41)	(4,022)	(2.08)	(6,564)	(3.97)
Loss on risk management activities	(497)	(0.81)	—	—	(4,973)	(2.57)	—	—
Other income	30	0.05	12	0.02	105	0.05	1,053	0.64
General & administrative expense	(793)	(1.30)	(804)	(1.47)	(2,463)	(1.27)	(3,061)	(1.85)
Cash finance expense ⁽¹⁾	(528)	(0.87)	(1,803)	(3.30)	(2,184)	(0.39)	(4,277)	(2.59)
Decommissioning expenditures	(180)	(0.29)	(150)	(0.27)	(159)	(0.08)	(372)	(0.23)
Funds flow and corporate netback	13,789	22.58	7,874	14.43	53,598	28.38	22,934	13.87

⁽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 September 30, 2022	As at June 30, 2022	As at March 31, 2022	As at December 31, 2021
Long-term debt	22,000	12,000	—	—
Current assets	(29,905)	(18,783)	(17,356)	(15,611)
Current liabilities	51,102	18,785	67,625	80,095
Current financial derivatives	5,503	2,124	—	(2,488)
Current portion of lease obligation	(235)	(231)	(225)	(217)
Net debt	48,465	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 cash flow related to wells drilled and put on production after Q3 will be realized in the fourth quarter as wells are completed and brought on stream; the Company's 2022 exit production guidance, and that the Company is on track to achieve such guidance; the Company's 2023 capital budget range, major capital spending items in the budget, and the portion of the budget that will be spent on each item; the Company's 2023 forecast for average commodity prices and foreign exchange rates; the Company's expectations for what the execution of the 2023 capital plan will achieve, including average daily production range, total funds flow range, net debt levels and net debt to funds flow ratios for 2023, 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; the Company's revised 2022 capital budget range, major capital spending items in the budget, and the portion of the budget that will be spent on each item. 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; future interest rates; 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 forecasts for: net debt to funds flow ratio; 2022 exit production range; 2022 and 2023 capital budget range and the components thereof; 2023 commodity prices and exchange rates; 2023 average production rate; and 2023 funds flow; 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.

Production and Product Type Information

The Company's forecast 2022 exit production rate and average daily 2023 production rate disclosed in this press release consist of the following product types, as defined in National Instrument 51-101 and using the conversion ratio described above, where applicable: 10,500 to 11,000 boe/d 2022 exit production rate – 29% light oil and condensate, 13% natural gas liquids and 58% conventional natural gas; and 13,000 to 13,500 boe/d 2023 production rate – 24% light oil and condensate, 15% natural gas liquids and 61% conventional natural gas.

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>

