# PETRUS ANNOUNCES 2011 FINANCIAL RESULTS AND PROVIDES ACTIVITY UPDATE

**CALGARY, ALBERTA, Tuesday, May 8, 2012** – Petrus Resources Ltd. ("Petrus" or the "Company") announces its financial results as at and for the period ended December 31, 2011.

The information contained herein is qualified in its entirety by the full text of the audited annual financial statements of Petrus as at and for the period ended December 31, 2011 and the related management's discussion and analysis, all of which is available on Petrus' website at www.petrusresources.com. All dollar figures are in Canadian dollars unless otherwise noted.

**HIGHLIGHTS**

- In April 2011, Petrus held the first close of an initial non-brokered financing. The total seed capital raised in the initial financing was $11.1 million.
- On October 31, 2011, Petrus closed the acquisition of oil and natural gas assets in the central Alberta foothills area (the "Acquisition"). The Acquisition was made jointly with Manitok Energy Inc. ("Manitok"). Each company participated with an equal 50% interest in the Acquisition. Petrus' net share of the cost was $42.5 million before closing adjustments and related costs. The Acquisition provided Petrus with immediate cash flow from approximately 1,300 barrels of oil equivalent per day ("Boe/d") of low-decline gas production, ownership interests in significant gathering, compression, and processing facilities, access to an extensive seismic database and an initial drilling inventory of Cardium oil and gas locations.
- In conjunction with the Acquisition, Petrus and Manitok established an area of mutual interest and entered into a joint venture agreement on a portion of Manitok's pre-existing lands in the Stolberg/Cordel and Fallen Timber areas. The farm-in area includes about 8,320 net acres in Stolberg and about 14,080 net acres in Fallen Timber. Petrus participated in the drilling of the first earning well in the Manitok farm-in during the fourth quarter of 2011.
- In November 2011, Petrus closed a private placement offering of 17.8 million common shares of the Company at an issue price of $2.00 per common share and 3.0 million common shares issued on a "flow-through" basis pursuant to the provisions of the Income Tax Act (Canada) at an issue price of $2.40 per flow-through share, for aggregate gross proceeds of $42.7 million. A portion of the proceeds was used to repay all outstanding indebtedness incurred in connection with the Acquisition.
- Effective December 31, 2011, Petrus has 6.7 MMboe of company working interest proved plus probable reserves, based on an evaluation prepared by GLJ Petroleum Consultants. Company working interest proved reserves totaled 4.9 MMboe, of which 59% are categorized as proved producing.
- Petrus exited the year with production of approximately 1,282 Boe/d, positive working capital of $6.5 million and an undrawn credit facility of $22 million. The Company has 32 million shares outstanding, of which 30% is owned by management and directors (39% fully diluted).

**ACTIVITY UPDATE**

- To date in 2012, Petrus has participated in the completion of three successful Cardium oil wells in the Stolberg/Cordel area. Petrus also participated in the drilling of one exploratory well in the Hamburg area. The primary target was not productive; however, Petrus intends to evaluate a secondary zone of interest later this year.
- Petrus has analyzed seismic data received through the Acquisition, and purchased additional 3D seismic data over a portion of the acquired lands. New Cardium oil drilling opportunities have been identified and will be pursued as part of the planned $18 million 2012 capital program. The Company has also acquired a 50% working interest in 384 gross hectares of undeveloped land in the heart of the Cardium oil fairway at Stolberg.
- Petrus is working with Manitok to redeploy/optimize some compression assets, with the goal of reducing maintenance capital and operating costs, as well as recouping stranded capital.
- During the first quarter of 2012, Petrus hedged approximately 67% of estimated 2012 production at various prices to reduce the impact of current low gas prices. The contract floor prices average $2.46/GJ.
- Petrus is evaluating asset acquisition and new joint venture opportunities on an ongoing basis. Petrus' capital will focus primarily on its oil opportunities in 2012 and capital spending of approximately $18 million will be funded by cash flow and available debt financing. Petrus has a high-quality, low-risk asset base and numerous oil opportunities to provide sustained growth. To date in 2012, Petrus has incurred sufficient capital expenditures to satisfy its $5.9 million flow through commitment related to the flow through share issuance completed on November 14, 2011.

**ANNUAL GENERAL MEETING**

Petrus intends to hold an annual general meeting of shareholders in Calgary, Alberta during the second half of 2012. The time and place of the meeting will announced at a later date.

**RESULTS OF OPERATIONS**

**Capital Expenditures (000s)**

| | Q4 2011 | Q3 2011 | 2011 |
|---|---|---|---|
| Drilling and completions | 1,228 | — | 1,228 |
| Geological and geophysical | 571 | — | 571 |
| Land and lease retention | — | 203 | 203 |
| Office | 155 | 60 | 215 |
| Capitalized G&A, net | 32 | 85 | 117 |
| Total before acquisitions | 1,986 | 348 | 2,334 |
| Acquisitions | 41,979 | — | 41,979 |
| Total capital expenditures | 43,965 | 348 | 44,313 |

Petrus' total capital budget for 2011 was $45 million. At December 31, 2011, $44.3 million was spent, which includes the acquisition ($42 million), drilling and completions ($1.2 million), land and G&G costs ($774 thousand) and office and capitalized G&A ($332 thousand). Drilling costs of $1.2 million incurred to December 31, 2011 relate to the preliminary costs incurred on 3 gross (0.85 net) wells drilled; two (0.40 net) in the Southern Alberta Foothills and one (0.45 net) in Northwestern Alberta. The projects were all underway at year end. Petrus incurred $571 thousand on geological and geophysical costs during the fourth quarter of 2011. These costs were incurred on seismic and seismic reprocessing projects in order to further evaluate and develop the Acquisition land base for exploration opportunities. In addition to the capitalized G&A costs of $117 thousand recorded for the period ended December 31, 2011, Petrus capitalized $10 thousand of non-cash share based compensation for 2011. Petrus has approximately 20 thousand net acres of undeveloped land at December 31, 2011.

**RESERVES**

The following table provides a summary of the Company's reserves, which were evaluated by GLJ Petroleum Consultants with an effective date of December 31, 2011.

| | Dec. 31, 2011 | FD&A* ($/boe) | RLI* (yrs) |
|---|---|---|---|
| **Reserves (MBoe)** | | | |
| Proved Producing | 2,887 | 14.94 | 6.1 |
| Total Proved | 4,912 | 10.51 | 10.4 |
| Total Proved +Probable | 6,703 | 8.19 | 14.2 |
| | | | |
| **Net Present Value ($000s) Discounted at 10%** | | | |
| Proved Producing | $38,665 | — | — |
| Total Proved | $51,968 | — | — |
| Total Proved +Probable | $67,542 | — | — |

*FD&A (finding, development and acquisition) cost is defined as capital costs for the time period including change in future development capital divided by change in reserves including revisions and production for that same time period. RLI (reserve life index) is defined as total reserves by category divided by the annualized November and December production.

**CASH FLOW**

Funds from operations is commonly used in the oil and gas industry to analyze operating performance. Funds from operations, as presented does not have any standardized meaning prescribed by IFRS and therefore it may not be comparable with the calculations of similar measures for other companies. Funds from operations as presented is not intended to represent cash flow from operating activities, net loss or other measures of financial performance calculated in accordance with IFRS. All references to funds from operations throughout this report are based on cash flow from operating activities as per the Statement of Cash Flows before changes in noncash working capital and decommissioning obligations.

The Company commenced operations in 2011 and production of the Acquisition assets commenced in November 2011. Funds used in operations were $41 thousand for the fourth quarter of 2011 and $204 thousand for the period of inception to December 31, 2011. Petrus generated production revenue during the last two months of 2011 which generated $2 million of oil and gas revenue however the weak commodity price environment resulted in a lower than anticipated operating netback. To mitigate the risk of further commodity price decreases, Petrus entered into financial hedging contracts in 2012 for future periods. Petrus had a net loss of $871 thousand ($0.08 per share) for the period of inception to December 31, 2011 with Petrus commencing operations in 2011 and incurring G&A related expenses as it advanced toward becoming an operational oil and gas company.

**FINANCIAL AND OPERATIONAL RESULTS OF OIL AND NATURAL GAS ACTIVITIES**

| | Two months ended December 31, 2011* |
|---|---|
| **Production*** | |
| Natural gas (mcf/d) | 6,988 |
| NGLs (boe/d) | 35 |
| Oil (boe/d) | 88 |
| Total (boe/d) | 1,288 |
| Total (boe) | 78,574 |
| **Revenue (000s)*** | |
| Natural Gas | 1,283 |
| NGLs | 151 |
| Oil | 458 |
| Commodity revenue | 1,892 |
| Gross overriding royalty revenue | 85 |
| Oil and natural gas revenue | 1,977 |
| **Average realized prices** | |
| Natural gas (per mcf) | $3.01 |
| NGLs (per bbl) | $59.29 |
| Oil (per bbl) | $89.57 |
| Combined average (per boe) | $24.08 |

*The Company's production commenced on November 1, 2011.

| **Average benchmark prices** | **Two months ended December 31, 2011*** |
|---|---|
| Natural gas | |
| AECO (Cdn $ per mcf) | $3.04 |
| Crude Oil | |
| Edmonton Light (Cdn$ per bbl) | $97.59 |
| Foreign Exchange | |
| Cdn $/US$ | 1.02 |
| US$/Cdn$ | 0.98 |

*The Company's production commenced on November 1, 2011.

2011 production from the Southern Alberta Foothills assets averaged 1,288 boe per day and was generated during the last two months of 2011 as the assets were acquired October 31, 2011. As the Company continues to focus on its oil opportunities it anticipates a reduction in natural gas production in 2012 through natural decline and the addition of new oil production. Petrus' production weighting in 2011 was approximately 90% natural gas, with the remainder comprised of oil and natural gas liquids.

Canadian natural gas prices have seen downward pressure over the past two years and ended 2011 at the lowest point in the past 24 months. During the two months ended December 31, 2011, the benchmark natural gas price in Canada (set at the AECO hub) fell by 12 percent from the same period in 2010. AECO prices averaged $3.04 per mcf throughout the last two months of 2011 compared to Petrus' average realized price during the same period of $3.01 per mcf. Petrus generated production revenue for the last two months of 2011 from the Acquisition assets. Petrus uses a single marketer to manage its natural gas portfolio and sells its natural gas on a daily index. Natural gas revenue for 2011 was $1.3 million and production of 426,268 mcf accounted for 90% of Petrus' production volume in 2011.

Oil prices continued to recover in the last two months of 2011 with the West Texas Intermediate (WTI) averaging $97.59 per bbl. The benchmark for crude oil prices in North America, and also widely referenced globally, is WTI. As with natural gas, there can still be net price differentials due to differences in regional demand and transportation constraints which affect the actual prices received for the commodities. Petrus includes pentanes and condensates in the oil revenue stream for reporting purposes. The average realized price of Petrus' crude oil and condensate was $89.57 per bbl for the last two months of 2011 when Petrus commenced production of the Acquisition assets. The oil and condensate revenue for 2011 was $458 thousand and production of 5,368 boe accounted for approximately seven percent of Petrus' production volume in 2011.

In 2011, Petrus' NGL production mix consisted of ethane, butane, propane and sulphur. The pricing received for Petrus' NGL production is based on the specific product being produced and can therefore vary from period to period depending on the production mix. In the last two months of 2011, Petrus' overall realized NGL price averaged $59.29/bbl. The NGL revenue for 2011 was $151 thousand and production of 2,135 boe accounted for approximately three percent of Petrus' 2011 production volume.

| **Funds from Operations, Cash Flow from Operating Activities and Net Loss December 31, 2011** | **Three months ended** | **Twelve months ended** |
|---|---|---|
| Funds (used in) operations ($) | (40,718) | (203,826) |
| Funds (used in) operations ($ per share) | | |
| Basic | (0.002) | (0.02) |
| Diluted | (0.002) | (0.02) |
| Cash flow (used in) operations | (705,769) | (839,248) |
| Net loss ($) | (707,726) | (871,193) |
| Net loss ($ per share) | | |
| Basic | (0.03) | (0.08) |
| Diluted | (0.03) | (0.08) |
| Shares outstanding | | |
| Basic | 32,033,016 | 32,033,016 |
| Diluted | 32,033,016 | 32,033,016 |
| Weighted average shares outstanding | | |
| Basic | 21,619,878 | 10,615,543 |
| Diluted | 21,619,878 | 10,615,543 |

**SUBSEQUENT EVENTS**

**Financial derivative contracts**

Subsequent to December 31, 2011, the Company entered into the following commodity financial derivative contracts:

| **Natural Gas Period Hedged** | **Type** | **Daily Volume** | **Price (CAD)** |
|---|---|---|---|
| February 1, 2012 to March 31, 2012 | Fixed price | 1,500 GJ | $2.71/GJ |
| February 1, 2012 to December 31, 2012 | Costless collar | 1,500 GJ | $2.70 - $2.95/GJ |
| April 1, 2012 to October 31, 2012 | Fixed price | 1,500 GJ | $2.77/GJ |
| May 1, 2012 October 31, 2012 | Fixed price | 2,000 GJ | $2.25/GJ |
| November 1, 2012 March 31, 2013 | Fixed price | 4,000 GJ | $2.25/GJ |
| April 1, 2013 to October 31, 2013 | Costless collar | 1,500 GJ | $2.50 - $3.02/GJ |

| **Crude Oil Period Hedged** | **Type** | **Daily Volume** | **Price (USD)** |
|---|---|---|---|
| May 1, 2012 to December 31, 2012 | Costless collar | 75 Bbl | WTI $95.00 -$106.55/Bbl |

**Common share issuance**

On April 11, 2012 the Company issued 80,000 common shares at a price of $2.00 per share for gross proceeds of $160,000. The issuance was a subsequent additional closing related to the November 2011 private equity placement.

**ABOUT PETRUS**

Petrus is a private Canadian energy company focused on property exploitation, strategic acquisitions and risk-managed exploration in Alberta. Petrus is a return-driven company that is focused on delivering per share growth. The Petrus team pursues assets that are geographically focused, have predictable low-risk production and are statistically economic and repeatable.

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**SPECIAL NOTES**

*CONVERSION: 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 barrel of oil equivalent (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. 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. 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.*

*NON-GAAP MEASURES: This press release contains the term "funds flow from operations" which should not be considered an alternative to, or more meaningful than "cash flow from operating activities" as determined in accordance with generally accepted accounting principles ("GAAP") as an indicator of the Company's performance. Therefore reference to funds flow from operations or funds flow from operations per share may not be comparable with the calculation of similar measures for other entities. Management uses funds flow from operations to analyze operating performance and leverage and considers funds flow from operations to be a key measure as it demonstrates the Company's ability to generate the cash necessary to fund future capital investments and to repay debt.*

*FORWARD LOOKING STATEMENTS: Certain information contained herein may contain forward looking statements including management's assessment of future plans, operational plans and the timing thereof, commodity price risk management strategies, 2012 capital expenditures budget and the nature of capital expenditures and the timing and method of financing thereof, possible acquisitions, method of funding operational commitments and the implications herein with respect to commodity prices and expected volatility thereof, may constitute forward-looking statements under applicable securities laws and necessarily involve risks including, without limitation, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, inability to retain drilling rigs and other services, incorrect assessment of the value of acquisitions, failure to realize the anticipated benefits of acquisitions, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources. The recovery and reserve estimates of Petrus' reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Events or circumstances may cause actual results to differ materially from those predicted, as a result of the risk factors set out and other known and unknown risks, uncertainties, and other factors, many of which are beyond the control of Petrus. In addition, forward-looking statements or information are based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect and which have been used to develop such statements and information in order to provide shareholders with a more complete perspective on Petrus' future operations. Such information may prove to be incorrect and readers are cautioned that the information may not be appropriate for other purposes. Although the Company believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because the Company can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified herein, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environment in which the Company operates; the timely receipt of any required regulatory approvals; the ability of the Company to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects which the Company has an interest in to operate the field in a safe, efficient and effective manner; the ability of the Company to obtain financing on acceptable terms; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development of exploration; the timing and costs of pipeline, storage and facility construction and expansion and the ability of the Company to secure adequate product transportation; future commodity gas prices; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which the Company operates; and the ability of the Company to successfully market its oil and natural gas products. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which have been used. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements. Furthermore, the forward-looking statements contained herein are made as at the date hereof and Petrus does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.*

*The reader is further cautioned that the preparation of financial statements in accordance with GAAP requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. Estimating reserves is also critical to several accounting estimates and requires judgments and decisions based upon available geological, geophysical, engineering and economic data. These estimates may change, having either a negative or positive effect on net earnings as further information becomes available, and as the economic environment changes.*