



## **PETRUS RESOURCES ANNOUNCES TERM LOAN REFINANCING, PRODUCTION AND OPERATIONS UPDATE AND 2017 OUTLOOK**

**CALGARY, ALBERTA, Tuesday, January 24, 2017** – Petrus Resources Ltd. ("Petrus" or the "Company") (TSX: PRQ) is pleased to announce a term loan refinancing and provide a corporate update including a 2017 outlook.

### **SECOND LIEN TERM LOAN**

Petrus has 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 \$35 million balance will remain unchanged at the Canadian Dealer Offered Rate (CDOR) plus 700 basis points (which is currently a total interest rate of 7.9%).

### **PRODUCTION AND OPERATIONS UPDATE**

Petrus' 2016 drilling program was concentrated in the Ferrier area targeting Cardium liquids rich natural gas. Three gross (1.2 net) of the final four gross (1.6 net) wells in the program are now on production. With the addition of these new wells, Petrus' January monthly production is expected to be approximately 9,000 boe/d. The final well in the program is currently being completed and is expected to be on production by early February. Based on the Company's year-end production and estimated 2016 capital expenditures (excluding acquisitions and divestitures) Petrus added production at a cost of approximately \$14,000 per flowing boe/d. Using historic data and estimated field production, the Company estimates its corporate base decline production rate to be approximately 28%. Since the acquisition of Arriva Energy Inc. on September 9 2014, Petrus has drilled 15 wells in the Ferrier area and participated as a working interest partner in 5 additional wells. In that same period, the Company has increased net production in the Ferrier area from approximately 1,000 boe/d to over 5,000 boe/d.

### **2017 OUTLOOK**

Petrus' Board of Directors has approved a \$50 to \$60 million capital budget for 2017. Based on the economics and repeatable results characteristic of the Ferrier Cardium play, 2017 capital is expected to be directed primarily to the development of the Company's Ferrier assets. The program is expected to include drilling 16 gross (11.7 net) Cardium wells at Ferrier. Utilization of pad drilling from locations in close proximity to existing Petrus infrastructure is expected to further improve capital efficiencies. The 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. Capital will also be allocated to expansion of the Ferrier gathering system to tie in additional volume to Petrus' Ferrier gas plant for processing.

The 2017 capital budget is expected to add net production at a cost of approximately \$15,000 per flowing boe/d. Petrus expects the 2017 capital program will increase December 2016 field estimated production of 8,572 boe/d by approximately 12 to 18% by year-end 2017 to 9,600 to 10,200 boe/d, based on anticipated service costs, activity levels, an estimated 28% base decline rate and current capital structure. The 2017 capital program is expected to be funded through cash flow and working capital.

### **EXECUTIVE APPOINTMENTS**

Petrus is also pleased to announce three executive appointments. Mr. Brett Booth has been appointed Vice President Land, Mr. Marcus Schlegel has been appointed Vice President Engineering and Mr. Ross Keilly has been appointed Vice President Exploration. The three executives previously held senior positions with Petrus and have demonstrated significant leadership and commitment to the organization. Their contributions to the Company's strategy, culture and growth have been and will continue to be integral to the Company's success.

### **MONTHLY ACTIVITY UPDATE**

Petrus provides an activity update on a monthly basis which includes an estimate of production and capital investment. It is available on our website where there is also a registration link for email distribution.

The company plans to release its annual financial results on March 9, 2017.

### **ABOUT PETRUS**

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

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#### **READER ADVISORIES**

*This press release contains forward-looking statements. More particularly, this press release contains statements concerning plans related to the Company's 2017 capital budget, including planned drilling and other operations, expected increase in production, expected source of funding of the 2017 capital budget, expected timing of wells coming on production and estimated corporate base decline rate. 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.*