



PETRUS RESOURCES ANNOUNCES 2024 BUDGET GUIDANCE

CALGARY, ALBERTA, FEBRUARY 21, 2024 – Petrus Resources Ltd. ("Petrus" or the "Company") (TSX: PRQ) is pleased to announce its 2024 capital guidance.

2024 BUDGET GUIDANCE

Petrus' 2024 budget prioritizes our commitment to generating sustainable shareholder returns and maintaining a healthy balance sheet. Given the current commodity price environment, and consistent with the Company's strategy of discipline and flexibility, the 2024 capital budget is designed to sustain production, maintain debt at less than 1.0X funds flow and generate free funds flow that will be used to continue distributing dividends to shareholders.

The 2024 capital budget will see capital spending of \$40 million to \$50 million, of which approximately 90% will be allocated toward drilling new wells in our Ferrier and North Ferrier areas. The budget was established using an average price forecast of US\$75/bbl WTI for oil, an AECO gas price of CAD\$2.50/GJ and a foreign exchange rate of US\$0.74. Under these pricing and exchange rate assumptions, through the successful execution of the capital plan, Petrus expects to:

- Achieve 2024 annual average daily production of 9,000 to 10,000 boe¹ per day
- Generate \$55 million to \$65 million in annual funds flow² for 2024
- Create free funds flow² of \$15 million to \$20 million for 2024
- Pay a monthly dividend of \$0.01/share - annually this represents approximately 10% of the current share price
- Maintain net debt² in the range of \$55 million to \$60 million in 2024

The Company remains optimistic on the long-term outlook for commodity prices and is strategically positioned to take full advantage of the next constructive pricing cycle. As always, Petrus will closely monitor changing market conditions and is ready to adjust its capital program accordingly with a commitment to delivering sustainable returns to shareholders remaining the foundation of the Company's long-term strategy.

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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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.

² Non-GAAP financial measure. During the year ended December 31, 2022, funds flow was \$87.7 million and free funds flow was (\$ 9.0) million. As at September 30, 2023, net debt was \$42.6 million. Refer to "Non-GAAP and Other Financial Measures".

READER ADVISORIES

Non-GAAP and Other Financial Measures

This press release refers to the term "funds flow", "free funds flow" and "net debt". 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.

Funds Flow

Funds flow is a common non-GAAP financial measure used in the oil and natural gas industry that evaluates the Company's profitability at the corporate level. Management believes that funds flow provides information to assist a reader in understanding the Company's profitability relative to current commodity prices. The most directly comparable financial measure that is disclosed in the Company's primary financial statements is oil and natural gas revenue, which was \$152.4 million for the year ended December 31, 2022. For additional information regarding funds flow (including a reconciliation of funds flow to oil and natural gas revenue), see the disclosure under "Non-GAAP and Other Financial Measures – Corporate Netback and Funds Flow" in the Company's Management's Discussion & Analysis for the year ended December 31, 2022 which is available on SEDAR+ at www.sedarplus.ca, which disclosure is incorporated by reference herein.

Free Funds Flow

Free funds flow is a common non-GAAP financial measure used in the oil and natural gas industry that evaluates the Company's efficiency and liquidity. Free funds flow represents the funds after capital expenditures available to manage debt levels and pay dividends. Petrus calculates free funds flow as funds flow generated during the period less capital expenditures. The most directly comparable financial measure that is disclosed in the Company's primary financial statements is oil and natural gas revenue, which was \$152.4 million for the year ended December 31, 2022. Following is a reconciliation of free funds flow to oil and natural gas revenue for the year ended December 31, 2022:

	Twelve months ended December 31, 2022
<hr/> <i>\$000s</i> <hr/>	
Oil and natural gas revenue	152,350
Royalty expense	(24,161)
Loss on risk management activities	(6,029)
Net oil and natural gas revenue	122,160
Transportation expense	(5,772)
Operating expense	(20,665)
Operating netback	95,723
Realized loss on financial derivatives	(1,601)
Other income	291
General & administrative expense	(3,389)
Cash finance expense	(3,171)
Decommissioning expenditures	(137)
Funds flow and corporate netback	87,716
Capital expenditures	(96,744)
Free funds flow	(9,028)

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. As at September 30, 2023, long-term debt was \$25 million. For

additional information regarding net debt (including a reconciliation of net debt to long-term debt), see the disclosure under "Non-GAAP and Other Financial Measures – Net Debt" in the Company's Management's Discussion & Analysis for the three- and nine-month periods ended September 30, 2023 which is available on SEDAR+ at www.sedarplus.ca, which disclosure is incorporated by reference herein.

Forward-Looking Statements and FOFI

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. 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: our commitment to generating sustainable shareholder returns and maintaining a healthy balance sheet; our strategy of discipline and flexibility; that the 2024 capital budget is designed to sustain production, maintain debt at less than 1.0X cash flow and generate free cash flow that will be used to continue distributing dividends to shareholders; the range of our 2024 capital budget; how the 2024 capital budget will be allocated, and the intention to focus our capital spending and operational efforts on further development of our Ferrier and North Ferrier areas; our forecasts for commodity prices and US/CAD exchange rate for 2024; our forecast ranges of annual average daily production, funds flow, free cash flow and net debt for 2024; our forecast monthly and annualized dividend level for 2024; that we are strategically positioned to take full advantage of the next constructive pricing cycle; that we will closely monitor changing market conditions and will be ready to adjust our capital program accordingly; and that our commitment to delivering sustainable returns to shareholders is the foundation of the Company's long-term strategy. These forward-looking statements are subject to numerous risks and uncertainties, most of which are beyond the Company's control, including: the risk that we do not generate sufficient funds flow and free funds flow to maintain our dividend at current levels and/or to reduce debt; the impact of general economic conditions; volatility in market prices for crude oil, NGL and natural gas; industry conditions; currency fluctuation; changes in interest rates and inflation rates; 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 our Annual Information Form. 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 (including as disclosed herein); 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, our forecasts for our 2024 debt to cash flow ratio, 2024 capital spending program, 2024 annual average daily production rate, 2024 annual funds flow, 2024 annual free cash flow, 2024 monthly dividend, and 2024 net debt, 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 simplified 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 2024 annual average daily production rate disclosed in this press release (9,000 to 10,000 boe per day) consists of the following product types, as defined in National Instrument 51-101 and using the conversion ratio described above, where applicable: 18% light oil and condensate, 16% natural gas liquids and 66% conventional natural gas.