



PETRUS RESOURCES ANNOUNCES YEAR END 2023 FINANCIAL, OPERATING & RESERVES RESULTS

CALGARY, ALBERTA, Tuesday, March 26, 2024 – Petrus Resources Ltd. ("Petrus" or the "Company") (TSX: PRQ) is pleased to report financial and operating results as at and for the three and twelve months ended December 31, 2023 and to provide 2023 year end reserves information as evaluated by Insite Petroleum Consultants Ltd. ("Insite"). The Company's Management's Discussion and Analysis ("MD&A") and audited consolidated financial statements are available on SEDAR+ (the System for Electronic Document Analysis and Retrieval) at www.sedarplus.ca.

An updated corporate presentation as well as the monthly activity update can be found on the Company's website at www.petrusresources.com.

Q4 2023 HIGHLIGHTS

- **Dividends** – The Company declared a regular monthly dividend of \$0.01 per share, starting January 2024, following its inaugural special dividend of \$0.03 per share which was paid on November 9, 2023. These dividends serve as a tangible reward allowing Petrus' shareholders to realize the value created by the Company's continued success.
- **Increased production** – Total production increased by 4% to 9,474 boe/d⁽¹⁾ in the fourth quarter of 2023, compared to 9,113 boe/d in the fourth quarter of 2022.
- **Lower operating expense** – Operating expense in the fourth quarter of 2023 was \$5.07/boe, a 26% decrease from \$6.86/boe in the fourth quarter of 2022. The decrease is primarily due to the realization of the cost recovery on Petrus' North Ferrier gas plant interest.
- **Infrastructure investment** – Construction of the North Ferrier pipeline was completed in the fourth quarter of 2023 and production started flowing to our Ferrier gas plant near the end of the quarter. This strategic infrastructure allows Petrus to expedite the development of its North Ferrier assets while providing the same low cost structure as its core Ferrier area.
- **Commodity price decline** – Total realized price of \$30.60/boe decreased by 47% in the fourth quarter of 2023 compared to the fourth quarter of 2022 (\$57.81/boe) as a result of lower commodity prices across all products.
- **Funds flow⁽²⁾** – The Company generated funds flow⁽²⁾ of \$16.5 million in the fourth quarter of 2023, a 52% decline from the fourth quarter of 2022 due to lower commodity prices.

2023 ANNUAL HIGHLIGHTS

- **Increased production** – Total average annual production increased by 35% to 10,301 boe/d in 2023, compared to 7,604 boe/d in 2022, in line with Petrus' 2023 production guidance.
- **Commodity price decline** – Total realized price of \$33.31/boe decreased by 39% in 2023 compared to 2022 (\$54.63/boe) as a result of lower commodity prices across all products.
- **Funds flow⁽²⁾** – Petrus generated funds flow of \$78.0 million, only 11% lower than the prior year despite a 39% lower total realized price per boe in 2023 and also within Petrus' 2023 guidance. The decrease in 2023 funds flow was due to lower commodity prices, which was partially offset by higher production volumes and the realized gain on financial derivatives.
- **Net debt⁽²⁾** – Net debt was \$62.6 million at December 31, 2023 or 0.8x funds flow for 2023. The Company targets a net debt to funds flow ratio of less than 1.0x.

2024 OUTLOOK⁽³⁾

Petrus' 2024 budget was announced in February and prioritizes its commitment to generating sustainable returns and maintaining a healthy balance sheet. To date, Petrus has successfully completed its planned first quarter 2024 drilling program, and the wells are scheduled to be completed and put on production over the next few months.

The 2024 capital budget targets⁽⁴⁾:

- Capital spending of \$40 million to \$50 million - 90% allocated toward drilling new wells in Ferrier and North Ferrier areas
- Annual average production of 9,000 to 10,000 boe per day⁽¹⁾
- Annual funds flow⁽²⁾ of \$55 million to \$65 million
- Free funds flow⁽²⁾ of \$15 million to \$20 million
- Monthly dividend of \$0.01/share - annually this represents approximately 9% of the current share price
- Net debt⁽¹⁾ in the range of \$55 million to \$60 million

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, guided by its commitment to delivering sustainable returns to shareholders, which remains the foundation of the Company's long-term strategy.

⁽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 measure or non-GAAP ratio. Refer to "Non-GAAP and Other Financial Measures".

⁽³⁾Refer to "Advisories - Forward-Looking Statements".

⁽⁴⁾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.

SELECTED FINANCIAL INFORMATION

OPERATIONS	Twelve months ended	Twelve months ended	Three months ended	Three months ended	Three months ended	Three months ended
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Sept. 30, 2023	Jun. 30, 2023	Mar. 31, 2023
Average production						
Natural gas (mcf/d)	42,779	30,441	39,891	42,045	44,010	45,237
Oil (bbl/d)	1,595	1,436	1,218	1,316	1,670	2,192
NGLs (bbl/d)	1,575	1,094	1,607	1,556	1,486	1,654
Total (boe/d)	10,301	7,604	9,474	9,880	10,492	11,385
Total (boe)	3,760,004	2,775,561	871,567	908,985	954,738	1,024,645
Total liquids weighting	31 %	33 %	30 %	29 %	30 %	34 %
Realized Prices						
Natural gas (\$/mcf)	3.01	6.03	2.76	2.81	2.64	3.78
Oil (\$/bbl)	95.61	113.19	98.63	99.33	91.69	94.63
NGLs (\$/bbl)	39.31	63.26	37.26	37.09	34.82	47.55
Total realized price (\$/boe)	33.31	54.63	30.60	31.05	30.59	40.16
Royalty income	0.09	0.26	0.09	0.06	0.06	0.16
Royalty expense	(4.59)	(8.70)	(4.78)	(3.37)	(3.66)	(6.38)
Gain (loss) on risk management activities	0.40	(2.17)	—	—	0.03	1.45
Net oil and natural gas sales (\$/boe)	29.21	44.02	25.91	27.74	27.02	35.39
Operating expense	(6.25)	(7.45)	(5.07)	(6.70)	(5.83)	(7.26)
Transportation expense	(1.63)	(2.08)	(1.46)	(1.54)	(1.40)	(2.05)
Operating netback⁽¹⁾ (\$/boe)	21.33	34.49	19.38	19.50	19.79	26.08
Realized gain (loss) on financial derivatives (\$/boe)	2.14	(0.58)	1.99	1.21	3.56	1.77
Cash other income	0.02	0.10	(0.18)	0.04	0.04	0.16
General & administrative expense	(1.11)	(1.22)	(0.37)	(1.27)	(1.55)	(1.20)
Cash finance expense	(1.28)	(1.14)	(1.43)	(1.26)	(1.33)	(1.11)
Decommissioning expenditures	(0.37)	(0.05)	(0.43)	(0.34)	(0.58)	(0.13)
Funds flow & corporate netback⁽¹⁾ (\$/boe)	20.73	31.60	18.96	17.88	19.93	25.57
FINANCIAL (000s except \$ per share)						
	Twelve months ended	Twelve months ended	Three months ended	Three months ended	Three months ended	Three months ended
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Sept. 30, 2023	Jun. 30, 2023	Mar. 31, 2023
Oil and natural gas revenue	125,605	152,350	26,747	28,273	29,266	41,319
Net income	50,731	60,868	39,708	(11,293)	5,043	17,273
Net income per share						
Basic	0.41	0.53	0.32	(0.09)	0.04	0.14
Fully diluted	0.40	0.51	0.32	(0.09)	0.04	0.14
Funds flow ⁽¹⁾	78,024	87,716	16,525	16,243	19,040	26,216
Funds flow per share ⁽¹⁾						
Basic	0.63	0.76	0.13	0.13	0.15	0.21
Fully diluted	0.62	0.73	0.13	0.13	0.15	0.21
Capital expenditures	86,843	96,744	32,029	21,617	3,380	29,820
Weighted average shares outstanding						
Basic	123,469	115,189	123,812	123,743	123,752	123,416
Fully diluted	126,436	119,525	124,840	123,743	127,040	127,358
As at period end						
Common shares outstanding						
Basic	124,266	123,239	124,266	123,867	123,849	123,239
Fully diluted	134,542	133,377	134,542	134,436	134,423	133,377
Total assets	437,842	381,057	437,842	380,100	383,231	403,276
Non-current liabilities	60,926	63,021	60,926	59,687	62,630	68,056
Net debt ⁽¹⁾	62,596	50,808	62,596	42,610	36,857	53,111

⁽¹⁾ Non-GAAP financial measure or non-GAAP ratio. Refer to "Non-GAAP and Other Financial Measures".



OPERATIONS UPDATE

Fourth quarter average production by area was as follows:

For the three months ended December 31, 2023	Ferrier	North Ferrier	Foothills	Central Alberta	Kakwa	Total
Natural gas (mcf/d)	30,836	2,558	1,735	4,634	129	39,892
Oil (bbl/d)	808	85	83	233	10	1,219
NGLs (bbl/d)	1,393	61	6	138	9	1,607
Total (boe/d)	7,340	572	378	1,144	40	9,474

Fourth quarter 2023 production averaged 9,474 boe/d compared to 9,113 boe/d in the fourth quarter of 2022. Production has increased as a result of the Company's capital program that was executed in 2023. Two gross (2.0 net) wells were drilled during the fourth quarter of 2023. Completion activities of these wells is set to commence in late spring of 2024.

RESERVES

Petrus' 2023 year end reserves were evaluated by the independent reserves evaluator InSite Petroleum Consultants Ltd. ("Insite") in accordance with the definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook") and National instrument 51-101 - Standards of Disclosure for Oil and Gas Activities ("NI 51-101") as of December 31, 2023 ("2023 Insite Report"). Additional reserve information as required under NI 51-101 will be included in our Annual Information Form for the year ended December 31, 2023, which will be available under the Company's profile on SEDAR+ (the System for Electronic Document Analysis and Retrieval) at www.sedarplus.ca.

Petrus has a reserves committee, comprised of a majority of independent board members, that reviews the qualifications and appointment of the independent reserves evaluator. The committee also reviews the procedures for providing information to the evaluators. All booked reserves are based upon annual evaluations by the independent qualified reserve evaluator conducted in accordance with the COGE Handbook and NI 51-101. The evaluations are conducted using all available geological and engineering data. The reserves committee has reviewed the reserves information and approved the 2023 Insite Report.

The following table provides a summary of the Company's before tax reserves as evaluated by Insite:

As at December 31, 2023	Total Company Interest ⁽¹⁾⁽³⁾							
	Conventional Natural Gas (mmcf)	Light and Medium Crude Oil (mmbbl)	Condensate NGL (mmbbl)	Other NGL (mmbbl)	Total (mboe)	NPV 0% ⁽²⁾ (\$000s)	NPV 5% ⁽²⁾ (\$000s)	NPV 10% ⁽²⁾ (\$000s)
Proved Developed Producing	76,176	786	2,687	2,199	18,368	350,754	273,749	226,577
Proved Developed Non-Producing	1,516	7	37	38	334	4,244	3,162	2,433
Proved Undeveloped	121,139	3,027	2,966	3,396	29,579	426,193	273,193	179,434
Total Proved	198,831	3,820	5,690	5,632	48,281	781,190	550,105	408,445
Proved + Probable Producing	92,978	931	3,332	2,710	22,469	457,213	333,717	266,914
Total Probable	109,300	3,062	2,500	3,308	27,086	510,098	291,076	185,544
Total Proved Plus Probable	308,131	6,882	8,190	8,940	75,367	1,291,289	841,181	593,989

⁽¹⁾ Tables may not add due to rounding.

⁽²⁾ NPV 0%, NPV 5% and NPV 10% refer to the risked net present value of the future net revenue of the Company's reserves, discounted by 0%, 5% and 10%, respectively and is presented before tax and based on Insite's pricing assumptions.

⁽³⁾ Total company interest reserve volumes presented above and in the remainder of this press release are presented as the Company's total working interest before the deduction of royalties (but after including any royalty interests of Petrus).

In 2023, Petrus' development program generated proved developed producing ("PDP") reserve volume additions of 4.4 mmbae. The Company produced 3.8 mmbae and divested of 0.1 mmbae of PDP reserves resulting in a net increase of 0.6 mmbae to end the year with 18.4 mmbae of PDP reserves (31% crude oil and liquids).

At December 31, 2023, Petrus' PDP, Total Proved ("TP"), and Proved plus Probable ("P+P") reserves were valued at \$226.6 million, \$408.4 million and \$594.0 million, respectively, before-tax, discounted at 10%, based on the 2023 Insite Report. In 2023, the Company realized Finding, Development and Acquisition ("FD&A") costs of \$19.67/boe for PDP reserves.



Based on the 2023 Insite Report, the Company's PDP reserve value before-tax, discounted at 10% is \$1.68 per share (134,501,972 fully-diluted common shares outstanding at December 31, 2023). On the same basis, the P+P reserve value before-tax, discounted at 10%, is \$4.42 per share.

FUTURE DEVELOPMENT COST

Future Development Cost ("FDC") reflects Insite's best estimate of what it will cost to bring the P+P undeveloped reserves on production. The following table provides a summary of the Company's FDC as set forth in the 2023 Insite Report:

Future Development Cost (\$000s)	Total Proved	Total Proved + Probable
2024	90,209	96,328
2025	111,299	132,962
2026	129,859	154,841
2027	59,691	120,446
2028	—	113,860
Total FDC, Undiscounted	391,058	618,437
Total FDC, Discounted at 10%	328,247	490,116

PERFORMANCE RATIOS

The following table highlights annual performance ratios for the Company from 2019 to 2023⁽³⁾:

	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
Proved Producing					
FD&A (\$/boe) ⁽¹⁾⁽²⁾	19.67	12.58	15.64	4.83	13.31
F&D (\$/boe) ⁽¹⁾⁽²⁾	19.67	12.70	8.90	4.83	12.81
Reserve Life Index (yr) ⁽¹⁾	5.27	5.31	5.41	5.20	3.80
Reserve Replacement Ratio ⁽¹⁾	1.15	3.20	0.78	1.20	0.40
FD&A Recycle Ratio ⁽¹⁾	1.06	2.91	1.58	2.60	1.20
Proved Developed					
FD&A (\$/boe) ⁽¹⁾⁽²⁾	19.34	12.50	14.54	4.71	12.49
F&D (\$/boe) ⁽¹⁾⁽²⁾	19.34	12.61	8.53	4.71	12.03
Reserve Life Index (yr) ⁽¹⁾	5.36	5.39	5.50	5.20	4.80
Reserve Replacement Ratio ⁽¹⁾	1.17	3.22	0.84	1.20	0.50
FD&A Recycle Ratio ⁽¹⁾	1.08	2.93	1.70	2.70	1.30
Total Proved					
FD&A (\$/boe) ⁽¹⁾⁽²⁾	14.50	18.24	10.51	1.29	1.09
F&D (\$/boe) ⁽¹⁾⁽²⁾	14.50	33.99	9.24	1.29	(6.83)
Reserve Life Index (yr) ⁽¹⁾	13.85	12.18	15.30	10.90	9.90
Reserve Replacement Ratio ⁽¹⁾	2.98	3.79	4.50	(1.00)	0.30
FD&A Recycle Ratio ⁽¹⁾	1.44	2.01	2.35	9.80	14.40
Future Development Cost (undiscounted) (\$000s)	391,058	313,786	233,684	156,815	174,027
Total Proved + Probable					
FD&A (\$/boe) ⁽¹⁾⁽²⁾	14.00	15.66	10.57	0.37	(7.32)
F&D (\$/boe) ⁽¹⁾⁽²⁾	14.00	36.12	8.36	0.37	190.21
Reserve Life Index (yr) ⁽¹⁾	21.62	19.68	23.29	17.70	15.40
Reserve Replacement Ratio ⁽¹⁾	3.49	6.63	5.10	(1.30)	—
FD&A Recycle Ratio ⁽¹⁾	1.50	2.34	2.33	33.70	(2.10)
Future Development Cost (undiscounted) (\$000s)	618,437	519,823	343,489	252,335	267,652

⁽¹⁾Refer to "Oil and Gas Disclosures".

⁽²⁾Certain changes in FD&A costs and F&D costs produce non-meaningful figures as discussed in "Oil and Gas Disclosures".

⁽³⁾While FD&A costs and F&D costs, reserve life index, reserve replacement ratio and FD&A recycle ratio are commonly used in the oil and nature gas industry and have been prepared by management, these terms do not have a standardized meaning and may not be comparable to similar measures presented by other companies and, therefore, should not be used to make such comparisons.

NET ASSET VALUE

The Company estimates its net asset value to be \$562.0 million or \$4.18 per fully diluted common share as at December 31, 2023 based on the present value of its P+P reserves before tax, discounted at 10%. The components of the Company's net asset value are set forth in the table below. The reader is cautioned that these amounts may not be directly comparable to other companies, as the term "Net Asset Value" does not have a standardized meaning under GAAP or NI 51-101. Management believes that net asset value provides a useful measure to analyze the comparative change in the Company's estimated value on a normalized basis.

The following table shows the Company's Net Asset Value ("NAV"), calculated using the 2023 Insite Report and Insite's December 31, 2023 price forecast:

As at December 31, 2023 (\$000s except per share)	Proved Developed Producing	Total Proved	Proved + Probable
Present Value Reserves, before tax (discounted at 10%) ⁽¹⁾	226,577	408,445	593,989
Undeveloped Land Value ⁽²⁾	30,628	30,628	30,628
Net Debt ⁽³⁾	(62,596)	(62,596)	(62,596)
Net Asset Value	194,609	376,477	562,021
Fully Diluted Shares Outstanding	134,542	134,542	134,542
Estimated Net Asset Value per Fully Diluted Share	\$1.45	\$2.80	\$4.18

⁽¹⁾Based on the 2023 Insite Report, using the forecast future prices and costs.

⁽²⁾Based on the exploration and evaluation assets as per the Company's December 31, 2023 audited consolidated financial statements.

⁽³⁾Non-GAAP financial measure. See "Non-GAAP and Other Financial Measures".

FOURTH QUARTER AND YEAR-END 2023 CONFERENCE CALL

Date: March 27, 2024

Time: 9:00am (mountain time)

Webcast View Link: <https://edge.media-server.com/mmc/p/3nn4uzdx>

1. Click the link and you will be able to view the webcast playback of the conference call

Live Call Link: <https://register.vevent.com/register/Blfc58f5e315534b0eb701d1f69879f7e7>

1. Click on the call link and complete the online registration form.
2. Upon registering you will receive the dial-in info and a unique PIN to join the call as well as an email confirmation with the details.
3. Select a method for joining the call:
 - i. Dial-In: A dial in number and unique PIN are displayed to connect directly from your phone.
 - ii. Call Me: Enter your phone number and click "Call Me" for an immediate callback from the system. The call will come from a US number.

ANNUAL GENERAL MEETING

The Company's Annual General Meeting will be held at 240FOURTH (previously BP Centre) Conference Room A, 240, 4th Ave SW Calgary, Alberta, on Wednesday May 29, 2024 at 1:00 p.m. (mountain time).

For further information, please contact:

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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 (basic and fully diluted) and \$/boe basis), "free funds flow", "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, plus or minus the gain (loss) on risk management activities. 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) 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, cash 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.

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. See below for a reconciliation of free funds flow to oil and natural gas revenue.

	Three months ended		Three months ended		Twelve months ended		Twelve months ended	
	December 31, 2023		December 31, 2022		December 31, 2023		December 31, 2022	
	\$000s	\$/boe	\$000s	\$/boe	\$000s	\$/boe	\$000s	\$/boe
Oil and natural gas revenue	26,747	30.70	48,590	57.96	125,605	33.41	152,350	54.89
Royalty expense	(4,167)	(4.78)	(6,636)	(7.92)	(17,255)	(4.59)	(24,161)	(8.70)
Gain (loss) on risk management activities	—	—	(1,056)	(1.26)	1,522	0.40	(6,029)	(2.17)
Net oil and natural gas revenue	22,580	25.92	40,898	48.78	109,872	29.22	122,160	44.02
Transportation expense	(1,271)	(1.46)	(1,743)	(2.08)	(6,115)	(1.63)	(5,772)	(2.08)
Operating expense	(4,419)	(5.07)	(5,753)	(6.86)	(23,505)	(6.25)	(20,665)	(7.45)
Operating netback	16,890	19.39	33,402	39.84	80,252	21.34	95,723	34.49
Realized gain (loss) on financial derivatives	1,737	1.99	2,421	2.89	8,051	2.14	(1,601)	(0.58)
Other income ⁽¹⁾	(161)	(0.18)	186	0.22	79	0.02	291	0.10
General & administrative expense	(319)	(0.37)	(926)	(1.10)	(4,183)	(1.11)	(3,389)	(1.22)
Cash finance expense	(1,246)	(1.43)	(987)	(1.18)	(4,801)	(1.28)	(3,171)	(1.14)
Decommissioning expenditures	(376)	(0.43)	21	0.03	(1,374)	(0.37)	(137)	(0.05)
Funds flow and corporate netback	16,525	18.97	34,117	40.70	78,024	20.74	87,716	31.60
Capital expenditures	(32,029)	(36.73)	(37,792)	(45.10)	(86,843)	(23.10)	(96,744)	(34.85)
Free funds flow	(15,504)	(17.76)	(3,675)	(4.40)	(8,819)	(2.36)	(9,028)	(3.25)

⁽¹⁾Excludes non-cash government grant related to decommissioning expenditures.

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 and decommissioning 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 Dec. 31, 2023	As at Sept. 30, 2023	As at Jun. 30, 2023	As at Mar. 31, 2023	As at Dec. 31, 2022
Long-term debt	25,000	25,000	25,000	25,000	25,000
Current assets	(30,805)	(19,375)	(28,150)	(31,309)	(29,849)
Current liabilities	61,755	40,636	30,032	50,336	51,395
Current financial derivatives	8,374	(3,397)	10,224	9,328	4,502
Current portion of lease obligation	(258)	(254)	(249)	(244)	(240)
Current portion of decommissioning obligation	(1,470)	(359)	(671)	(1,357)	(1,357)
Net debt	62,596	42,251	36,186	51,754	49,451

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.

OIL AND GAS DISCLOSURES

Our oil and gas reserves statement for the year ended December 31, 2023, which includes disclosure of our oil and natural gas reserves and other oil and natural gas information in accordance with NI 51-101, is contained in the Company's Annual Information Form (the "AIF"), which will be filed on SEDAR+ at www.sedarplus.ca.

It should not be assumed that the present worth of estimated future amounts presented in the tables above represents the fair market value of the reserves. There is no assurance that the forecast prices and costs assumptions will be attained, and variances could be material. The recovery and reserve estimates contained herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates provided herein.

This press release contains metrics commonly used in the oil and natural gas industry which have been prepared by management. These terms do not have a standardized meaning and may not be comparable to similar measures presented by other companies, and therefore should not be used to make such comparisons.

Management uses oil and gas metrics for its own performance measurements and to provide shareholders with measures to compare Petrus' operations over time. Readers are cautioned that the information provided by these metrics, or that can be derived from the metrics presented in this press release, should not be relied upon for investment or other purposes.

F&D Costs and FD&A Costs

FD&A cost is defined as capital costs for the time period including change in FDC divided by change in reserves including revisions and production for that same time period. F&D cost is defined as capital costs for the time period including change in FDC divided by change in reserves including revisions and production for that same time period, excluding acquisitions and dispositions. Both F&D costs and FD&A costs take into account reserves revisions during the year on a per boe basis. The methodology used to calculate F&D costs includes disclosure required to bring the proved undeveloped and probable reserves to production. Annually, changes in forecast FDC occur as a result of Petrus' development, acquisition and disposition activities, undeveloped reserve revision and capital cost estimates. These values reflect the independent evaluator's best estimate of the cost to bring the proved and probable undeveloped reserves to production.

Reserve Life Index

Reserve life index is defined as total reserves by category divided by the annualized fourth quarter production.

Reserve Replacement Ratio

The reserve replacement ratio is calculated by dividing the yearly change in reserves net of production by the actual annual production for the year.

FD&A Recycle Ratio

The FD&A recycle ratio is calculated by dividing operating netback by FD&A costs.

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 average daily production for the fourth quarter of 2022 disclosed in this press release consists of the following product types, as defined in National Instrument 51-101 and using the conversion ratio described above, where applicable: 9,113 boe/d – 27% light oil and condensate, 12% natural gas liquids and 61% conventional natural gas.

The Company's forecast average daily production for 2024 of 9,000 to 10,000 boe per day disclosed in this press release consists of the following product types, as defined in National Instrument 51-101 and using the conversion ratio described above, where applicable: 9,500 boe/d (midpoint) – 18% light oil and condensate, 16% natural gas liquids and 66% conventional natural gas.

ADVISORIES

Basis of Presentation

Financial data presented above has largely been derived from the Company's financial statements, prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") which require publicly accountable enterprises to prepare their financial statements using International Financial Reporting Standards ("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, 2023. 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: the Company's intention to pay a regular monthly dividend of \$0.01 per share going forward; that the completion of the North Ferrier pipeline will allow Petrus to expedite the development of its North Ferrier assets while providing the same low cost structure as its core Ferrier area; our target of a debt to funds flow ratio of less than 1.0x; our commitment to generating sustainable returns and maintaining a healthy balance sheet; that the wells drilled in Q1 2024 are scheduled to be completed and put on production over the next few months; all elements of our 2024 capital budget, including our targets for capital spending and the portion thereof allocated to drilling new wells in Ferrier and North Ferrier, annual average production, annual funds flow, free funds flow, monthly dividends and net debt; our expectations for the long-term outlook for commodity prices; that we are strategically positioned to take full advantage of the next constructive pricing cycle; that we will closely monitor changing market conditions and are ready to adjust our capital program accordingly; that we are guided by our commitment to deliver sustainable returns to shareholders, which remains the foundation of our long-term strategy; our forecast for commodity prices and the US/CDN exchange rate in 2024; the timing for completion activities for wells drilling during Q4 2023; and the estimated future development costs to bring our P+P undeveloped reserves on production. 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; 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 the AIF. With respect to forward-looking statements contained in this press release, Petrus has made assumptions regarding: future commodity prices 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 costs and 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; 2024 capital spending range; 2024 average daily production rate range; 2024 annual funds flow, free funds flow and net debt ranges; and 2024 monthly dividend payments; 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.



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>mbbl</i>	<i>thousand 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>bcf</i>	<i>billion cubic feet</i>
<i>NGLs</i>	<i>natural gas liquids</i>
<i>WTI</i>	<i>West Texas Intermediate</i>

