



PETRUS RESOURCES ANNOUNCES FIRST QUARTER 2023 FINANCIAL AND OPERATING RESULTS

CALGARY, ALBERTA, Wednesday, May 10, 2023 – Petrus Resources Ltd. (“Petrus” or the “Company”) (TSX: PRQ) is pleased to report financial and operating results as at and for the three months ended March 31, 2023.

Q1 2023 HIGHLIGHTS:

- **Higher production** – Production was up 54% from 7,379 boe/d⁽¹⁾ in the first quarter of 2022 to 11,385 boe/d in the first quarter of 2023. The increase was primarily due to a full quarter of production realized from the wells drilled in the fourth quarter of 2022 as well as one month of production from the 3 (3.0 net) new wells brought on stream this quarter. Production was up 25% quarter over quarter from 9,113 boe/d during the fourth quarter of 2022.
- **Funds flow increased 58%** – Generated funds flow⁽²⁾ of \$26.2 million (\$0.21 per share⁽³⁾) for the first quarter of 2023, 58% higher than funds flow of \$16.6 million (\$0.17 per share) in the first quarter of 2022, despite the realized price per boe being 23% lower.
- **Net income increased 58%** – Petrus reported net income of \$17.3 million (\$0.14 per share) during the first quarter, up 58% from the first quarter of 2022 (\$10.9 million; \$0.11 per share).
- **Increased capital activity** – Petrus invested \$29.8 million of capital during the first quarter of 2023, a 484% increase from the first quarter of 2022. The majority of capital was allocated towards the drilling of 7 (7.0 net) new wells, of which 3 (3.0 net) were completed and brought on stream during the quarter.
- **Net debt to funds flow improvement** – The net debt⁽²⁾ to annualized funds flow ratio⁽³⁾ was 0.51 at March 31, 2023 in comparison to 0.75 at March 31, 2022, despite higher capital spending in the current quarter. The Company will continue to strengthen its balance sheet by further reducing net debt and maintaining a net debt to funds flow ratio of under 1x.

2023 CAPITAL BUDGET AND GUIDANCE⁽⁴⁾

The current price environment and outlook for the remainder of the year is materially lower than the assumptions used to develop the 2023 capital budget. As a result, the Company is re-evaluating the budget and has already deferred some of the planned capital spending. Completion activities for the four wells drilled near the end of the first quarter will be delayed until there is a more constructive price environment, possibly until the winter gas season. Petrus has elected not to provide updated guidance during this reporting cycle, but would like to reiterate that it remains committed to keeping capital spending within cash flow and only investing capital where it will generate exceptional returns. We look forward to providing further updates with second quarter results, if not sooner.

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

⁽²⁾Non-GAAP measure. Refer to "Non-GAAP and Other Financial Measures".

⁽³⁾Non-GAAP ratio. Refer to "Non-GAAP and Other Financial Measures".

⁽⁴⁾Refer to "Advisories - Forward-Looking Statements".

SELECTED FINANCIAL INFORMATION

OPERATIONS	Three months ended	Three months ended	Three months ended	Three months ended	Three months ended
	Mar. 31, 2023	Mar. 31, 2022	Dec. 31, 2022	Sept. 30, 2022	Jun. 30, 2022
Average Production					
Natural gas (mcf/d)	45,237	29,530	33,201	28,107	30,913
Oil (bbl/d)	2,192	1,250	2,458	957	1,073
NGLs (bbl/d)	1,654	1,207	1,121	997	1,055
Total (boe/d)	11,385	7,379	9,113	6,639	7,280
Total (boe)⁽¹⁾	1,024,645	664,010	838,375	610,722	662,456
Light oil weighting	19 %	17 %	27 %	14 %	15 %
Realized Prices					
Natural gas (\$/mcf)	3.78	5.20	6.04	5.02	7.74
Oil (\$/bbl)	94.63	110.12	106.85	111.04	133.36
NGLs (\$/bbl)	47.55	60.12	56.90	62.25	74.63
Total realized price (\$/boe)	40.16	49.31	57.81	46.62	63.33
Royalty income	0.16	0.29	0.15	0.37	0.25
Royalty expense	(6.38)	(6.89)	(7.92)	(11.84)	(8.64)
Gain (loss) on risk management activities	1.45	—	(1.26)	(0.81)	(6.76)
Net oil and natural gas revenue (\$/boe)	35.39	42.71	48.78	34.34	48.18
Operating expense	(7.26)	(6.76)	(6.86)	(8.47)	(7.92)
Transportation expense	(2.05)	(2.17)	(2.08)	(1.89)	(2.16)
Operating netback⁽²⁾ (\$/boe)	26.08	33.78	39.84	23.98	38.10
Realized gain (loss) on financial derivatives (\$/boe)	1.77	(6.98)	2.89	1.00	—
Other income (cash)	0.16	0.07	0.22	0.05	0.04
General & administrative expense	(1.20)	(0.82)	(1.10)	(1.30)	(1.70)
Cash finance expense	(1.11)	(1.04)	(1.18)	(0.87)	(1.46)
Decommissioning expenditures	(0.13)	(0.02)	0.03	(0.29)	0.06
Funds flow & corporate netback (\$/boe)⁽²⁾	25.57	24.99	40.70	22.57	35.04
FINANCIAL (000s except \$ per share)	Three months ended	Three months ended	Three months ended	Three months ended	Three months ended
	Mar. 31, 2023	Mar. 31, 2022	Dec. 31, 2022	Sept. 30, 2022	Jun. 30, 2022
Oil and natural gas revenue	41,319	32,940	48,590	28,701	42,119
Net income	17,273	10,903	22,097	9,822	18,046
Net income per share					
Basic	0.14	0.11	0.18	0.08	0.16
Fully diluted	0.14	0.11	0.17	0.08	0.15
Funds flow ⁽²⁾	26,216	16,601	34,117	13,789	23,208
Funds flow per share ⁽²⁾					
Basic	0.21	0.17	0.28	0.11	0.21
Fully diluted	0.21	0.16	0.27	0.11	0.20
Capital expenditures	29,820	5,064	37,792	49,513	4,932
Acquisitions	—	15,200	—	16	364
Weighted average shares outstanding					
Basic	123,416	99,189	122,545	122,058	111,795
Fully diluted	127,358	103,250	127,600	126,822	117,203
As at period end					
Common shares outstanding					
Basic	123,239	106,907	123,239	122,197	122,017
Fully diluted	133,377	113,883	133,377	131,482	131,302
Total assets	403,276	308,744	381,057	356,050	302,472
Non-current liabilities	68,056	46,702	63,021	61,778	50,924
Net debt ⁽²⁾	53,111	50,044	50,808	48,465	13,895

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

⁽²⁾Non-GAAP ratio or non-GAAP measure. Refer to "Non-GAAP and Other Financial Measures".

OPERATIONS UPDATE

First quarter average production by area was as follows:

For the three months ended March 31, 2023	Ferrier	North Ferrier	Foothills	Central Alberta	Kakwa	Total
Natural gas (mcf/d)	33,145	4,107	2,844	5,065	76	45,237
Oil (bbl/d)	1,683	156	83	257	12	2,191
NGLs (bbl/d)	1,378	117	11	142	6	1,654
Total (boe/d)	8,586	957	568	1,243	31	11,385

First quarter average production was 11,385 boe/d in 2023 compared to 7,379 boe/d in 2022. The increase in production was mainly a result of Petrus' capital program during 2022 and 3 (3.0 net) new 2023 drilled wells brought on stream in late February and early March.

ANNUAL GENERAL MEETING

The Company's Annual General Meeting will be held at 240FOURTH (previously BP Centre) 240, 4th Ave SW Calgary, Alberta, on Monday, June 26, 2023 at 1:30 p.m. (Calgary time). The Company does not plan to have a formal presentation at the conclusion of the meeting. Shareholders and guests can listen to the meeting via teleconference at 1-888-433-2192 (participant code 9350829); however, shareholders and proxyholders will not be able to vote their shares via teleconference. We encourage all shareholders to submit their proxies in advance of the meeting.

An updated corporate presentation can be found on the Company's website at www.petrusresources.com.

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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), "net debt" and "net debt to annualized 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, transportation expenses and 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 (cash) and the realized gain (loss) on financial derivatives. 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.

	Three months ended		Three months ended	
	March 31, 2023		March 31, 2022	
	\$000s	\$/boe	\$000s	\$/boe
Oil and natural gas revenue	41,319	40.33	32,940	49.61
Royalty expense	(6,534)	(6.38)	(4,576)	(6.89)
Gain on risk management activities	1,490	1.45	—	—
Net oil and natural gas revenue	36,275	35.40	28,364	42.72
Transportation expense	(2,102)	(2.05)	(1,440)	(2.17)
Operating expense	(7,434)	(7.26)	(4,492)	(6.76)
Operating netback	26,739	26.09	22,432	33.79
Realized gain (loss) on financial derivatives	1,814	1.77	(4,632)	(6.98)
Other income ⁽¹⁾	169	0.16	47	0.07
General & administrative expense	(1,230)	(1.20)	(543)	(0.82)
Cash finance expense	(1,140)	(1.11)	(689)	(0.26)
Decommissioning expenditures	(136)	(0.13)	(14)	(0.02)
Funds flow and corporate netback	26,216	25.58	16,601	25.78

⁽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. 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 March 31, 2023	As at December 31, 2022	As at September 30, 2022	As at June 30, 2022
Long-term debt	25,000	25,000	22,000	12,000
Current assets	(31,309)	(29,849)	(29,905)	(18,783)
Current liabilities	50,336	51,395	51,102	18,785
Current financial derivatives	9,328	4,502	5,503	2,124
Current portion of lease obligation	(244)	(240)	(235)	(231)
Net debt	53,111	50,808	48,465	13,895

Net debt to annualized 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, 2022. 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 strengthen its balance sheet by further reducing net debt and maintaining a net debt to funds flow ratio of under 1x; that the outlook for the price environment for the remainder of the year is materially lower than the assumptions used to develop the 2023 budget; that the Company is reevaluating the budget for the remainder of the year; that completion activities of the four wells drilled near the end of the first quarter are deferred until there is a more constructive price environment; that Petrus is committed to keeping capital spending within cash flow and only investing capital where the Company can generate exceptional returns.

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 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.

These forward-looking statements are made as of the date of this press release and the Company disclaims any intent or obligation to update any forward-looking statements, 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.

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>