

This rights offering circular is prepared by management. No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this circular. Any representation to the contrary is an offence.

This is the circular we referred to in the March 24, 2022 rights offering notice, which you should have already received. Your rights direct registration system advice and relevant forms were enclosed with the rights offering notice. This circular should be read in conjunction with the rights offering notice and our continuous disclosure prior to making an investment decision.

The offer of these securities is being made in all of the provinces and territories of Canada. The securities offered hereunder have not been and will not be registered under the United States Securities Act of 1933, as amended ("U.S. Securities Act"), and they will not be offered or sold in the United States (as defined in Regulation S of the U.S. Securities Act), except in exempt transactions under the U.S. Securities Act. See "How to Exercise the Rights – Who is eligible to receive Rights?". This offering does not constitute an offer to sell or a solicitation of an offer to buy any of those securities in the United States. In addition, the offering is not being made in jurisdictions where Petrus Resources Ltd. is not eligible to make such offer.

RIGHTS OFFERING CIRCULAR

March 24, 2022



PETRUS RESOURCES LTD.

SUMMARY OF THE OFFERING

We currently have sufficient working capital to last approximately two months (until May 31, 2022 when our credit facilities mature). We require 100% of the offering, as well as additional financing or the renegotiation or refinancing of our credit facilities, to last 12 months. See "Use of Available Funds - How will we use the available funds?"

Why are you reading this circular?

As set forth in the notice of rights offering dated March 24, 2022 (the "**Notice of Rights Offering**") of Petrus Resources Ltd. (the "**Corporation**" or "**Petrus**") delivered to shareholders of the Corporation ("**Shareholders**") and available for viewing on the Corporation's SEDAR profile at www.sedar.com, Petrus is proceeding with a rights offering to provide current Shareholders with the opportunity, as more particularly set out in this rights offering circular ("**Rights Offering Circular**"), to acquire additional common shares in the capital of the Corporation ("**Common Shares**") by issuing to holders of the outstanding Common Shares of record at the close of business on March 31, 2022 (the "**Record Date**") rights (each, a "**Right**") to subscribe for additional Common Shares on the terms set forth herein (the "**Offering**"). This Rights Offering Circular provides details about the Offering referred to in the Notice of Rights Offering.

What is being offered?

Each registered holder of Common Shares on the Record Date will receive one Right for each Common Share held.

What do 7.214653 Rights entitle you to receive?

7.214653 Rights are required to subscribe for one (1) Common Share (the "**Basic Subscription Privilege**"). Rights holders who exercise their Rights in full are also entitled to exercise additional Rights (the "**Additional Rights**") on a pro rata basis, if available, pursuant to an additional subscription privilege (the "**Additional Subscription Privilege**"). The number of Additional Rights available will be the difference, if any, between the total number of Rights that were issued pursuant to the Offering and the total number of Rights exercised and paid for pursuant to the Basic Subscription Privilege at the Expiry Time (as defined below) on the Expiry Date (as defined below). See "*How to Exercise the Rights - What is the Additional Subscription Privilege and how can you exercise this privilege?*"

What is the Subscription Price?

7.214653 Rights plus the sum of \$1.35 (the "**Subscription Price**") is required to subscribe for one (1) Common Share. The Subscription Price must be paid in the lawful currency of Canada. All references to currency herein are to the lawful currency of Canada.

When does the offer expire?

The Rights expire at 5:00 p.m. (Toronto time) (the "**Expiry Time**") on April 26, 2022 (the "**Expiry Date**") after which time unexercised Rights will be void and of no value.

What are the significant attributes of the Rights issued under the Offering and the securities to be issued upon the exercise of the Rights?

Petrus is issuing, to registered holders of the outstanding Common Shares at the close of business on the Record Date, Rights to subscribe for additional Common Shares. Rights will be evidenced by direct registration system advices (each, a "**Rights DRS Advice**"). 7.214653 Rights plus the Subscription Price is required to subscribe for one Common Share. See also "*Summary of the Offering – What does one Right entitle you to receive?*"

Each registered holder of Common Shares on the Record Date whose address of record is in a province or territory of Canada will receive a Rights DRS Advice. With limited exceptions, each registered Shareholder on the Record Date whose address of record is not in a province or territory of Canada (the "**Ineligible Shareholders**"), will not receive a Rights DRS Advice. Accordingly, subject to certain exceptions, Rights will not be issued to any person in the United States or person acquiring the Rights for the benefit or account of a person in the United States. See "*How to Exercise the Rights – Who is eligible to receive Rights?*" Neither the Rights nor the Common Shares issuable upon exercise of the Rights may be transferred to, or for the benefit of, any account of any person in the United States. A security holder or transferee who appears to be an Ineligible Shareholder may only be issued Rights in accordance with the procedures described under "*How to Exercise the Rights – Who is eligible to receive Rights?*".

The holders of Common Shares are entitled to: (i) notice of, to attend, and to one vote per Common Share held at any meeting of Shareholders; (ii) receive any dividend declared by the Corporation on the Common Shares; and (iii) receive the remaining property of the Corporation upon dissolution. As at the date hereof, there are 106,883,743 Common Shares issued and outstanding.

What are the minimum and maximum number or amount of Common Shares that may be issued under the Offering?

The Offering is not subject to a minimum subscription level, however, we have entered into standby purchase agreements (the "**Standby Purchase Agreements**") with each of the Stand-By Guarantors (as defined below) pursuant to which the Stand-By Guarantors have collectively agreed to purchase on a pro rata basis all Common Shares not otherwise acquired under the Offering (including pursuant to the Basic Subscription Privilege and Additional Subscription Privilege). See "*Stand-by Commitments*" below. A maximum of 14,814,814 Common Shares will be issued under the Offering.

Where will the Rights and the securities issuable upon the exercise of the Rights be listed for trading?

The Rights will be listed on the Toronto Stock Exchange (the "**Exchange**") under the trading symbol "PRQ.RT" and will be posted for trading on the Exchange until 10:00 a.m. (Calgary time) on the Expiry Date. The Common Shares are listed on the Exchange under the trading symbol "PRQ".

USE OF AVAILABLE FUNDS

What will our available funds be upon the closing of the Offering?

The Corporation estimates that after giving effect to the Offering, it will have the following funds available (the "Available Funds Table"):

		Assuming 100% of Offering (through exercise of Rights and/or Standby Purchase Agreements)
A.	Amount to be raised by this Offering	\$20,000,000
B.	Selling Commissions and Fees	\$-
C.	Estimated Offering Costs (e.g. legal, accounting and audit)	\$400,000
D.	Available Funds: $D = A - (B + C)$	\$19,600,000
E.	Additional Sources of Funding Required ⁽¹⁾	\$37,400,000
F.	Working Capital Deficiency ⁽²⁾	\$(57,000,000)
G.	Total: $G = (D + E) - F$	\$0

Notes:

- (1) The Corporation is actively seeking alternative debt financing to refinance its Credit Facility (as defined below) prior to its maturity on May 31, 2022. See "*Use of Available Funds – How will we use the available funds?*" and "*Use of Available Funds – How long will the available funds last?*".
- (2) As at the date hereof, the Corporation estimates that it has a working capital deficiency (excluding non-cash risk management assets and liabilities) of approximately \$57 million due to the classification of the Corporation's borrowings under its Credit Facility as a current liability (\$60 million as at February 28, 2022; \$62 million as at December 31, 2021). However, the Corporation remains in compliance with all financial covenants pertaining to its Credit Facility, and based on current available information relating to future production volumes, forward commodity pricing, future costs including capital, operating and general and administrative, forward exchange rates, interest rates and taxes, all of which are subject to measurement uncertainty, Petrus expects to continue to comply with all financial covenants.

How will we use the available funds?

The following table provides a detailed breakdown of how Petrus will use its available funds:

Description of Intended Use of Available Funds Listed in Order of Priority	Assuming 100% of Offering (through exercise of Rights and/or Standby Purchase Agreements)
Repay amounts drawn under the Credit Facility (using the net proceeds of the Offering)	\$19,600,000
Repay amounts drawn under the Credit Facility and eliminate remainder of working capital deficiency (using the net proceeds of alternative debt financing) ⁽¹⁾	\$37,400,000
Working Capital Deficiency ⁽²⁾	\$(57,000,000)
Total (Equal to G in the Available Funds Table above)	\$0

Notes:

- (1) See Note (1) to the Available Funds Table above and "*Use of Available Funds – How long will the available funds last?*" for a description of expected additional sources of funding available to the Corporation.
- (2) See Note (2) to the Available Funds Table above.

Petrus has certain significant short-term liquidity requirements. Specifically, the maturity date of Petrus' senior secured credit facility (the "**Credit Facility**") is currently May 31, 2022. As of the date hereof, approximately \$57 million is drawn under the Credit Facility. The Corporation intends to renegotiate or refinance the Credit Facility and is currently exploring potential refinancing alternatives, including the possibility of obtaining financing from a "related party" as such term is defined in Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*; however, no definitive agreement or agreements have been reached in respect of the same and there is no assurance that the Corporation will be successful in this regard. If the Corporation is not successful in renegotiating or refinancing the Credit Facility, the Corporation will be required to repay all amounts drawn under the Credit Facility by May 31, 2022, in which case the Corporation will require additional financing as the net proceeds of the Offering and the Corporation's funds flow from operations will not be sufficient to fund the full repayment of the Credit Facility. Any default on the Corporation's repayment obligations under the Credit Facility could cause the lenders to enforce their security and other rights against the Corporation. **As a result of the foregoing there are material uncertainties that cast significant doubt upon the Corporation's ability to continue as a going concern.**

The amounts drawn under the Credit Facility were used in the normal course of the Corporation's operations in order to fund (in part) its exploration and development programs on its oil and natural gas properties, the details of which are described in Petrus' public filings available for viewing under its SEDAR profile at www.sedar.com.

How long will the available funds last?

The net proceeds of the Offering will be used to repay amounts owing under the Credit Facility, which matures on May 31, 2022. As noted above, the Corporation intends to renegotiate or refinance the Credit Facility and is currently exploring potential refinancing alternatives, including the possibility of obtaining financing from a related party. No definitive agreement or agreements have been reached in respect the proposed renegotiation or refinancing and there is no certainty that any such agreement or agreements will be reached prior to the maturity of the Credit Facility. The net proceeds of the Offering and the Corporation's funds flow from operations will not be sufficient to fund the full repayment of the Credit Facility prior to its maturity on May 31, 2022. **There are material uncertainties that cast significant doubt upon the Corporation's ability to continue as a going concern. Petrus' ability to continue as a going concern and to fund its operations on a go forward basis will depend on the availability of additional financing. See also "How will we use the available funds?" above.**

INSIDER PARTICIPATION

Will insiders be participating?

The Corporation believes that certain of the directors and executive officers of the Corporation who own Common Shares intend to exercise certain of their Rights to purchase Common Shares under their Basic Subscription Privilege and Additional Subscription Privilege, although the Corporation can offer no assurances in this regard. Without limiting the foregoing, each of Don Gray (a director and controlling shareholder of the Corporation), Stuart Gray (a controlling shareholder of the Corporation) and Glen Gray (a controlling shareholder of the Corporation) have entered into a Standby Purchase Agreement with the Corporation. See "*Stand-by Commitments*".

The foregoing disclosure reflects the intentions of the Corporation's insiders as of the date hereof to the extent such intentions are reasonably known to the Corporation, however such insiders may alter their intentions before the Expiry Time on the Expiry Date. No assurance can be given that the respective insiders will exercise their Rights to acquire Common Shares.

Who are the holders of 10% or more of our securities before and after the Offering?

To the knowledge of the directors and executive officers of the Corporation, after reasonable inquiry, no person or company beneficially owns or exercises direction or control over, directly or indirectly, more than 10% of the Common Shares, except as set forth below:

Name of Shareholder	Holdings before the Offering	Maximum Holdings after the Offering ⁽³⁾
Don Gray ⁽¹⁾⁽²⁾⁽⁴⁾	28,658,840 Common Shares (26.8% on a non-diluted basis)	34,269,733 Common Shares (28.2% on a non-diluted basis)
Glen Gray ⁽¹⁾⁽²⁾⁽⁵⁾	24,435,250 Common Shares (22.9% on a non-diluted basis)	29,219,239 Common Shares (24.0% on a non-diluted basis)
Stuart Gray ⁽¹⁾⁽²⁾⁽⁶⁾	22,575,750 Common Shares (21.1% on a non-diluted basis)	26,995,682 Common Shares (22.2% on a non-diluted basis)

Notes:

- (1) Information is based solely on filings on the Corporation's profile at www.sedi.ca and includes all aggregate holdings reported as beneficially owned and over which such persons reported exercising control or direction (directly or indirectly).
- (2) Based on 106,883,743 Common Shares issued and outstanding as of the date hereof.
- (3) Assumes that no person acquires Common Shares under the Offering other than the Stand-By Guarantors who will, in such circumstance, purchase all of the Common Shares issuable under the Offering on a pro rata basis to fulfill their obligations under the Standby Purchase Agreements.
- (4) Assuming that Don Gray only purchases Common Shares under his Basic Subscription Privilege, he will hold, after the Offering, 32,631,150 Common Shares (26.8% on a non-diluted basis).
- (5) Assuming that Glen Gray only purchase Common Shares under his Basic Subscription Privilege, he will hold, after the Offering, 27,822,142 Common Shares (22.9% on a non-diluted basis).
- (6) Assuming that Stuart Gray only purchases Common Shares under his Basic Subscription Privilege, he will hold, after the Offering, 25,704,903 Common Shares (21.1% on a non-diluted basis).

DILUTION

If you do not exercise your Rights, by how much will your security holdings be diluted?

If you wish to retain your current percentage ownership of the Common Shares, you should exercise your Rights and pay the Subscription Price for the Common Shares to which you are entitled under the Basic Subscription Privilege. If you fail to do so, your percentage ownership of the Common Shares will be diluted.

As an illustration, if you own 1,000,000 Common Shares on the Record Date, do not exercise your Rights to purchase 138,606 Common Shares, and the Offering is completed in full (i.e., the Corporation issues 14,814,814 Common Shares), your percentage ownership of the Common Shares will be diluted by 13.9%.

STAND-BY COMMITMENTS

Who is the stand-by guarantor and what are the fees?

Pursuant to the Standby Purchase Agreements, each of Don Gray, Stuart Gray and Glen Gray (each a "**Stand-By Guarantor**" and, collectively, the "**Stand-By Guarantors**") has agreed, subject to certain terms and conditions, to exercise their Basic Subscription Privilege and acquire on a pro rata basis any Additional Rights available as a result of any unexercised Rights under the Offering under his Additional Subscription Privilege such that the Corporation will issue 14,814,814 Common Shares in connection with the Offering for aggregate gross proceeds of \$20,000,000.

Each of the Stand-By Guarantors may terminate their respective Standby Purchase Agreement in the following circumstances:

- (a) the Corporation is in default of its obligations thereunder and, following the Corporation's receipt of written notice from the Stand-By Guarantor of the existence of such default, fails to remedy such breach on or before the Closing Date (as defined in the Standby Purchase Agreement) (provided that the Stand-By Guarantor is not then in material breach of the Standby Purchase Agreement);
- (b) any of the conditions in favour of the Stand-By Guarantor as set forth in the Standby Purchase Agreement are not satisfied on or before the Closing Date (provided that the Stand-By Guarantor is not then in material breach of the Standby Purchase Agreement so as to cause any condition in the Standby Purchase Agreement not to be satisfied); or
- (c) the Offering is terminated or otherwise cancelled or the Closing Date has not occurred on or before May 31, 2022 (the "**Outside Date**") (except that the right to terminate the Standby Purchase Agreement shall not be available to the Stand-By Guarantor if its failure to fulfill any of its obligations or breach of any of its representations and warranties under the Standby Purchase Agreement has been the principal cause of, or resulted in, the failure of the Closing Date to occur by such Outside Date).

Don Gray is a director and controlling shareholder of the Corporation and each of Glen Gray and Stuart Gray is a controlling shareholder of the Corporation. As a result, each of the Stand-By Guarantors is a related party of Petrus in accordance with generally accepted accounting principles applicable to Petrus, being International Financial Reporting Standards.

No fees are payable by Petrus to the Stand-By Guarantors pursuant to the Standby Purchase Agreements.

Copies of the Standby Purchase Agreements are available for review under the Corporation's SEDAR profile at www.sedar.com.

Have we confirmed that the stand-by guarantor has the financial ability to carry out its stand-by commitment?

The Corporation has confirmed that each Stand-By Guarantor has the financial ability to carry out its obligations under the Standby Purchase Agreement.

What are the security holdings of the stand-by guarantor before and after the Offering?

See "*Insider Participation – Who are the holders of 10% or more of our securities before and after the Offering?*" for further information regarding the Stand-By Guarantors' holdings before and after the Offering.

MANAGING DEALER, SOLICITING DEALER AND UNDERWRITING CONFLICTS

Who is the managing dealer / soliciting dealer and what are its fees?

The Corporation has not retained a managing dealer or soliciting dealer for the Offering.

HOW TO EXERCISE THE RIGHTS

How does a security holder that is a registered holder participate in the Offering?

In the case of a registered holder of Common Shares (a "**Registered Holder**"), such holder may exercise Rights to acquire Common Shares by delivering to Odyssey Trust Company (the "**Subscription Agent**") at the office set forth below under "*Appointment of Depository*" its Rights DRS Advice, duly completed and exercised, together with the Subscription Price for each Right exercised.

To subscribe for Common Shares, a Registered Holder must complete Form 1 and sign Form 2 on the Rights DRS Advice. The maximum number of Rights which may be exercised is shown in the account balance on the face of the Rights DRS Advice. If Form 1 is completed so as to exercise some but not all of the Rights evidenced by the Rights

DRS Advice, the holder of the Rights DRS Advice will be deemed to have surrendered the unexercised balance of such Rights, unless the Subscription Agent is otherwise specifically advised in writing by such holder at the time the Rights DRS Advice is surrendered to the Subscription Agent.

To exercise the Additional Subscription Privilege, a Registered Holder who completes Form 1(a) on the Rights DRS Advice and thereby exercises all of such holder's Rights to acquire the maximum number of Common Shares that may be subscribed for pursuant to the Basic Subscription Privilege, may concurrently exercise the Additional Subscription Privilege by completing Form 1(b) on the Rights DRS Advice, specifying the number of additional Common Shares desired.

Delivery and Payment

Registered Holders must enclose payment in the lawful currency of Canada by certified cheque, bank draft or money order payable to the order of Odyssey Trust Company for the aggregate number of Common Shares subscribed for upon the exercise of Rights. The amount of payment will be based upon \$1.35 per Common Share.

Registered Holders must deliver or mail the completed Rights DRS Advice and payment in the return envelope included with the Notice of Rights Offering and Rights DRS Advice addressed to the Subscription Agent so that it is received by the office of the Subscription Agent listed below under "*Appointment of Depository*" before the Expiry Time. If mailing, registered mail return receipt requested is recommended. Please allow sufficient time to avoid late delivery. The signature of the Registered Holder on Form 2 of the Rights DRS Advice must correspond in every particular with the name that appears on the face of the Rights DRS Advice.

Signatures

Signatures by a trustee, executor, administrator, guardian, attorney, officer of a corporation or any other person acting in a fiduciary or representative capacity should be accompanied by evidence of authority satisfactory to the Subscription Agent.

Validity of Subscriptions

All questions as to the validity, form, eligibility (including time of receipt) and acceptance of any exercise will be determined by the Corporation in its sole discretion, and any determination by the Corporation will be final and binding on the Corporation and its security holders. Any subscription for Common Shares will be irrevocable once submitted and subscribers will be unable to withdraw their subscriptions for Common Shares once submitted. In the event the Offering is not completed as a result of the Standby Purchase Agreements being terminated in accordance with their terms (or otherwise), all funds delivered to the Subscription Agent in connection with the Offering will be returned to the relevant subscriber, without interest. The Corporation reserves the right to reject any exercise of Rights if it is not in proper form or if the acceptance thereof or the issuance of Common Shares pursuant thereto could be unlawful. The Corporation also reserves the right to waive any defect in respect of any particular exercise of Rights. Neither the Corporation nor the Subscription Agent is under any duty to give any notice of any defect or irregularity in any exercise, nor will they be liable for the failure to give any such notice.

How does a security holder that is not a registered holder participate in the Offering?

In the case of a holder of Common Shares that holds Common Shares through a securities broker, dealer, bank or trust company or other participant (a "**CDS Participant**") in the book-based system administered by CDS Clearing and Depository Services Inc. ("**CDS**"), such holder (a "**Beneficial Rightsholder**") may exercise Rights by instructing the CDS Participant holding its Rights sufficiently in advance of the Expiry Date to exercise all or a specified number of such Rights and forwarding the Subscription Price to such CDS Participant. Similarly, Beneficial Rightsholders wishing to exercise Additional Rights should also contact the CDS Participant that holds such holder's Rights sufficiently in advance of the Expiry Date to arrange for subscription for Additional Rights. Any excess funds will be returned by mail or, in the case of a Beneficial Rightsholder, credited to the holder's account with its CDS Participant, without interest or deduction. **CDS Participants will have an earlier deadline for receipt of instructions and payment than the Expiry Date.** Beneficial Rightsholders should contact their

particular CDS Participant for complete details on how to exercise their Basic Subscription Privilege and the Additional Subscription Privilege.

CDS Participants that hold Rights for more than one Beneficial Rightsholder may, upon providing evidence satisfactory to the Corporation and the Subscription Agent, exercise Rights on behalf of its accounts on the same basis as if the Beneficial Rightsholders were holders of Common Shares.

The Corporation and the Subscription Agent shall have no liability for: (i) the records maintained by CDS or CDS Participants relating to the Rights or the book-entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such Rights; (iii) any advice or representation made or given by CDS or CDS Participants with respect to the rules and regulations of CDS; (iv) any action to be taken by CDS or CDS Participants; or (v) any failure by CDS Participants to take any action or any matter relating to the Rights or the exercise thereof.

The ability of a person having an interest in Rights held through a CDS Participant to pledge such interest or otherwise take action with respect to such interest (other than through a CDS Participant) may be limited due to the lack of a physical Rights DRS Advice. Beneficial Rightsholders whose Common Shares are held through a CDS Participant must arrange purchases or transfers of Rights and the exercise of Rights to purchase Common Shares through CDS Participants. The Corporation anticipates that each such purchaser of a Right will receive a customer confirmation of purchase from the CDS Participant from whom such Right is purchased in accordance with the practices and procedures of such CDS Participant.

If mail is used for delivery of subscription funds to a CDS Participant, for the protection of the Beneficial Rightsholder, registered mail return receipt requested should be used and sufficient time should be allowed to avoid the risk of late delivery. Any subscription for Common Shares made in connection with this Offering either directly or through a CDS Participant will be irrevocable once submitted and subscribers will be unable to withdraw their subscriptions for Common Shares once submitted. In the event the Offering is not completed as a result of the Standby Purchase Agreements being terminated in accordance with their terms (or otherwise), all funds delivered to the Subscription Agent in connection with the Offering will be returned by the Subscription Agent or applicable CDS Participant to the relevant subscriber (or credited to such person's account with its CDS Participant). No interest will be payable by the Subscription Agent, CDS Participant or the Corporation in respect of any funds returned to subscribers.

Who is eligible to receive Rights?

This Rights Offering Circular has not been filed with the securities commissions or similar regulatory authority of any jurisdiction other than the provinces and territories of Canada (collectively, the "**Eligible Jurisdictions**"). The Rights and Common Shares issuable upon exercise of the Rights are not being offered, with limited exceptions, to persons who are or appear to be, or who the Corporation or the Subscription Agent have reason to believe are, residents of jurisdictions other than the Eligible Jurisdictions, nor will the Corporation or Subscription Agent accept subscriptions from any Ineligible Shareholder or from any transferee of Rights who is or appears to be, or who the Corporation or the Subscription Agent have reason to believe is, a resident of any jurisdiction or place other than the Eligible Jurisdictions, unless such security holder or transferee satisfies the Corporation not less than 10 days before the Expiry Date (and if the 10th day prior to the Expiry Date is a Saturday, Sunday or statutory holiday in the City of Calgary, Province of Alberta, then such date shall be deemed to be the next business day following the 10th day prior to the Expiry Date) that such offering to and subscription by such security holder or transferee is lawful and in compliance with all securities and other laws applicable in the Eligible Jurisdictions and the jurisdiction where such security holder or transferee is resident and would not require the Corporation to file any documentation, make any application or make any payment of any nature whatsoever.

The United States is not an Eligible Jurisdiction. The securities of the Corporation, including the Rights and Common Shares issuable on the exercise of the Rights, are not, and will not be, registered under the U.S. Securities Act or any state securities laws. Consequently, this Offering is not being made in the United States and under no circumstances is it to be construed as an offering of any securities for sale to any person located in the United States (who are Ineligible Shareholders as defined in this Rights Offering Circular) or a solicitation thereto or therein of an offer to buy any securities of the Corporation. Accordingly, subscriptions for Common Shares will not be accepted

from or on behalf of Shareholders whose addresses of record are in the United States. Mr. Don Gray is a resident of the United States. In connection with the execution of his Standby Purchase Agreement, Mr. Gray has provided satisfactory evidence to the Corporation of his eligibility to participate in the Offering.

Notwithstanding the foregoing, Ineligible Shareholders, including those in the United States, will be allowed to exercise their Rights if they establish to the satisfaction of the Corporation that the receipt by them of the Rights and the issuance to them of the Common Shares upon the exercise of the Rights: (a) will not violate the laws of their jurisdiction of residence or other applicable jurisdiction; and (b) will not impose any requirement on the Corporation to comply with legal requirements in the applicable jurisdiction other than those being complied with for the offering of Rights in the Eligible Jurisdictions, or if management of the Corporation, in its sole discretion, agrees to meet the legal requirements of the applicable jurisdiction.

Rights DRS Advices in respect of Rights issued to Ineligible Shareholders will not be issued and forwarded by the Corporation to Ineligible Shareholders. Ineligible Shareholders have been sent the Notice of Rights Offering for information purposes only, together with a letter advising them that their Rights DRS Advices will be issued to and held by the Subscription Agent, which will hold such Rights as agent for the benefit of all Ineligible Shareholders. Instructions as to the sale, transfer or exercise of the Rights represented thereby will not be accepted from such Shareholders (unless such Shareholders satisfy the Corporation that the offer of Rights to, and subscriptions by, such holders is lawful and in compliance with all securities and other laws as described above). The Subscription Agent will hold the Rights of Ineligible Shareholders until the 11th day before the Expiry Date in order to give Ineligible Shareholders, at their expense, an opportunity to prove to the satisfaction of the Corporation that the offer of Rights to, and subscriptions for Common Shares by, such holders is lawful and in compliance with all securities and other laws as described above. Commencing on the 10th day prior to the Expiry Date (and if the 10th day prior to the Expiry Date is a Saturday, Sunday or statutory holiday in the City of Calgary, Province of Alberta, then such date shall be deemed to be the next business day following the 10th day prior to the Expiry Date), the Subscription Agent will use its reasonable commercial efforts to sell the Rights evidenced by such Rights DRS Advices on behalf of all such respective Ineligible Shareholders at such prices and otherwise in such manner as the Subscription Agent may determine, in its sole discretion. No charge will be made for the sale of Rights by the Subscription Agent except for a proportionate share of any brokerage commissions incurred by the Subscription Agent and the costs of or incurred by the Subscription Agent in connection with sale of the Rights. The net proceeds (less any applicable withholding tax) of such sale will be divided amongst such Ineligible Shareholders in proportion to the number of Common Shares held by them respectively on the Record Date, provided the net proceeds attributable to such Ineligible Shareholders equals or exceeds \$10. In the event that the net proceeds attributable to any Ineligible Shareholder is less than \$10, then no monies will be paid or delivered to such Ineligible Shareholders and, in such event, the monies will be delivered to the Corporation and the Corporation and the Subscription Agent will have no further obligations to such Ineligible Shareholders whatsoever.

The Subscription Agent's ability to sell the Rights of Ineligible Shareholders, and the price obtained therefor, are dependent on market conditions. The Subscription Agent will not be subject to any liability for failure to sell any Rights of Ineligible Shareholders at a particular price, or at all. The Subscription Agent will act in its capacity as agent of the Ineligible Shareholders on a reasonable commercial efforts basis only and neither the Corporation nor the Subscription Agent will accept responsibility for the price obtained on the sale or the inability to sell the Rights on behalf of any Ineligible Shareholder.

There is a risk that the proceeds received from the sale of Rights will not exceed the costs incurred by the Subscription Agent in connection with the sale of such Rights and, if applicable, the Canadian tax required to be withheld. In such event, no proceeds will be forwarded.

Shareholders will be presumed to be resident in the place of their registered address, unless the contrary is shown to the satisfaction of the Corporation. A registered Ineligible Shareholder whose address of record is outside the Eligible Jurisdictions but who holds Common Shares on behalf of a holder who is eligible to participate in the Offering must notify the Corporation and the Subscription Agent, in writing, on or before the 10th day prior to the Expiry Date if such beneficial holder wishes to participate in the Offering. Otherwise, the Subscription Agent will attempt to sell the Rights of such beneficial shareholder as described above. Rights delivered to brokers, dealers or other CDS Participants may not be delivered by those intermediaries to Beneficial Rightsholders who are resident in a jurisdiction outside of an Eligible Jurisdiction. CDS Participants receiving Rights that would otherwise be

deliverable to Ineligible Shareholders may attempt to sell those Rights for the accounts of such Ineligible Shareholders and should deliver the proceeds of sale to such persons. CDS Participants are responsible for any action pertaining to Rights that may have been received on behalf of Beneficial Rightsholders who are not eligible to participate in the Offering.

Holders of Rights who are Ineligible Shareholders should be aware that the acquisition and disposition of the Rights and Common Shares may have tax consequences in the jurisdiction where they reside and in Canada that are not described herein. Consequently, such Ineligible Shareholders should consult their own tax advisors concerning the tax implications of acquiring or disposing of Rights or Common Shares.

What is the Additional Subscription Privilege and how can you exercise this privilege?

Each Rights holder who has exercised in full their Basic Subscription Privilege may exercise Additional Rights, if available, at a price equal to the Subscription Price for each Common Share subscribed for. The number of Additional Rights available will be the difference, if any, between the total number of Rights that were issued pursuant to the Offering and the total number of Rights validly exercised and paid for pursuant to the Basic Subscription Privilege at the Expiry Time on the Expiry Date. Subscriptions for the exercise of Additional Rights will be received subject to allotment only and the number of Additional Rights, if any, that may be allotted to each subscriber will be equal to the lesser of: (i) the number of Additional Rights that such subscriber has exercised under the Additional Subscription Privilege; and (ii) the product (disregarding fractions, if any) obtained by multiplying the number of Additional Rights available to be issued by a fraction, the numerator of which is the number of Rights previously exercised by the subscriber pursuant to the Basic Subscription Privilege and the denominator of which is the aggregate number of Rights previously exercised pursuant to the Basic Subscription Privilege by all holders of Rights who have exercised and paid for Additional Rights. If any Rights holder has exercised fewer Additional Rights than such Rights holder's pro rata allotment of Additional Rights, the excess Additional Rights will be allotted in a similar manner among the Rights holders who were allotted fewer Additional Rights than they exercised.

To exercise Additional Rights under the Additional Subscription Privilege, each Rights holder must forward their subscription to the Subscription Agent or their CDS Participant, as applicable, prior to the Expiry Time on the Expiry Date. Payment for Additional Rights, in the same manner as required upon exercise of the Basic Subscription Privilege, must accompany the subscription when it is delivered to the Subscription Agent or CDS Participant, as applicable. Payment of such Subscription Price must be received by the Subscription Agent prior to the Expiry Time on the Expiry Date, failing which the Rights holder's entitlement to such Additional Rights will terminate. Accordingly, Beneficial Rightsholders wishing to exercise Additional Rights should contact the CDS Participant that holds such holder's Rights sufficiently in advance of the Expiry Date to arrange for such exercise of Additional Rights. A Rights holder exercising Additional Rights will be notified as soon as practicable after the Expiry Date of the number of Additional Rights, if any, allotted to the Rights holder. If the Offering is fully subscribed, then the funds received in respect of exercises of Additional Rights under the Additional Subscription Privilege will be returned by the Subscription Agent or applicable CDS Participant to the relevant subscribers (or credited to the shareholder's account with its CDS Participant). In addition, the Subscription Agent or applicable CDS Participant will return to any Rights holder that exercised Additional Rights under the Additional Subscription Privilege any excess funds paid in respect of an exercise for Additional Rights where the number of Additional Rights available to that subscriber is less than the number of Additional Rights exercised. No interest will be payable by the Subscription Agent, CDS Participant or the Corporation in respect of any excess funds returned to subscribers.

How does a Rights holder sell or transfer Rights?

The Rights will be listed and posted for trading on the Exchange under the trading symbol "PRQ.RT" until 10:00 a.m. (Calgary time) on the Expiry Date. Beneficial Rightsholders who hold their Common Shares through a CDS Participant must arrange for purchases, sales and other transfers of Rights through their CDS Participant.

Holders of Rights DRS Advices not wishing to exercise their Rights may sell or transfer them directly or through their broker or investment dealer at the Shareholder's expense, subject to any applicable resale restrictions.

Holders of Rights DRS Advices may elect to exercise only a part of their Rights and dispose of the remainder, or dispose of all of their Rights. Any commission or other fee payable in connection with the exercise or any trade of Rights (other than the fee for services to be performed by the Subscription Agent as described herein) is the responsibility of the holder of such Rights. Depending on the number of Rights a holder may wish to sell, the commission payable in connection with a sale of Rights could exceed the proceeds received from such sale.

To Sell or Transfer Rights – Form 3 & Form 4

To transfer the Rights, a Registered Holder must complete Form 3 (the "**Transfer Form**") and Form 4 of the Rights DRS Advice, have its signature in Form 3 guaranteed by an "eligible institution" to the satisfaction of the Subscription Agent, and deliver the Rights DRS Advice to the transferee. For this purpose, an "eligible institution" means a major Canadian Schedule 1 chartered bank, a member of the Securities Transfer Agents Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP), or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP). Members of these programs are usually members of a recognized stock exchange in Canada or members of the Investment Industry Regulatory Organization of Canada. A signature guarantee will also be accepted from a Canadian Schedule 1 chartered bank that is not participating in a Medallion Signature Guarantee Program and makes available its list of authorized signing officers to the Subscription Agent. Currently signature guarantees are accepted from Bank of Nova Scotia, Royal Bank of Canada and TD Bank.

It is not necessary for a transferee to obtain a new Rights DRS Advice to exercise the Rights but the signature of the transferee on Form 2 must correspond in every particular with the name of the transferee shown on the Transfer Form. If the Transfer Form is properly completed, the Corporation and the Subscription Agent will treat the transferee (or the bearer if no transferee is specified) as the absolute owner of the Rights represented by the Rights DRS Advice for all purposes and will not be affected by notice to the contrary. A Rights DRS Advice so completed should be delivered to the appropriate person in ample time for the transferee to use it before the expiration of the Rights.

When can you trade Common Shares issuable upon the exercise of your Rights?

The Rights will generally be free-trading and listed and posted for trading on the Exchange under the trading symbol "PRQ.RT" and will be posted for trading on the Exchange until 10:00 a.m. (Calgary time) on the Expiry Date. All Common Shares issuable on exercise of the Rights will be listed and posted for trading on the Exchange under the symbol "PRQ" as soon as practicable after closing.

Are there restrictions on the resale of securities?

Rights offered to holders in the Eligible Jurisdictions and the Common Shares issuable on exercise of such Rights may be resold without hold period restrictions under the applicable securities laws of the Eligible Jurisdictions, including through the facilities of the Exchange, by such holders provided that: (i) the Corporation is and has been a "reporting issuer" in a jurisdiction of Canada for four months immediately preceding the trade; (ii) the sale is not a "control distribution", as defined in securities legislation; (iii) no unusual effort is made to prepare the market or create a demand for the security that is the subject of the trade; (iv) no extraordinary commission or consideration is paid to a person or company in respect of the trade; and (v) if the selling security holder is an insider or officer of the Corporation, the selling security holder has no reasonable grounds to believe that the Corporation is in default of securities legislation. See also "*How to Exercise the Rights - When can you trade Common Shares issuable upon the exercise of your Rights?*".

The Rights and Common Shares issuable upon exercise of such Rights may not be offered, sold, pledged or transferred, directly or indirectly, in the United States, except in compliance with the U.S. Securities Act and any applicable state securities laws.

The foregoing is a summary only and is not intended to be exhaustive nor should the foregoing be treated as giving investment or legal advice. Rightsholders should consult with their advisors concerning restrictions on resale, and

should not resell their securities until they have determined that any such resale is in compliance with the requirements of applicable legislation.

Will we issue fractional underlying securities upon exercise of the Rights?

No, the Corporation will not issue fractional Common Shares upon the exercise of the Rights. Where the exercise of Rights would otherwise entitle the holder of Rights to fractional Common Shares, the holder's entitlement will be reduced to the next lowest whole number of Common Shares, and no cash or other consideration will be paid in lieu thereof.

APPOINTMENT OF DEPOSITORY

Who is the depository?

Odyssey Trust Company has been appointed to act as the depository and the Subscription Agent for the Offering and to: (i) receive subscriptions and payments from Rights holders for the Common Shares subscribed for under the Basic Subscription Privilege and, if applicable, the Additional Subscription Privilege; (ii) perform the services relating to the exercise and transfer of the Rights, including the issue of Common Shares; and (iii) use its commercially reasonable efforts to sell Rights issued to Ineligible Shareholders and to deliver the proceeds thereof to such Ineligible Shareholders. The Subscription Agent will hold all funds received in payment for Common Shares subscribed for on exercise of Rights in a segregated account pending completion of the Offering, failing which such funds will be returned (without interest) to the applicable subscriber or CDS Participants. The Corporation will pay for all such services of the Subscription Agent. The Subscription Agent will accept subscriptions for Common Shares and payment of the Subscription Price from Rights holders by hand, mail, registered mail or courier at the office of the Subscription Agent set forth below:

Odyssey Trust Company
702 – 67 Yonge Street
Toronto, ON, M5E 1J8

Attention: Corporate Actions

Enquiries relating to the Offering should be addressed to the Subscription Agent by telephone at 1-888-290-1175 or by sending an e-mail to Corp.actions@odysseytrust.com.

The method of delivery of Rights DRS Advices and funds to the Subscription Agent is at the discretion of the Rights holder. Neither the Subscription Agent nor the Corporation will be liable for the failure to deliver or the delivery of Rights DRS Advices or funds to an address other than the address set out above. Delivery to an address other than the address set out above may result in a subscription for Common Shares or a transfer of Rights not being accepted. If mail is used, registered mail is recommended.

What happens if we do not receive funds from the stand-by guarantor?

In the event the Offering is not completed because the Corporation does not receive funds from the Stand-By Guarantors pursuant to one or more of the Standby Purchase Agreements, in accordance with the subscription agency agreement entered into by the Corporation and the Subscription Agent in connection with the Offering, all funds delivered to the Subscription Agent in connection with the Offering will be returned by the Subscription Agent or applicable CDS Participant to the relevant subscribers (or credited to such person's account with its CDS Participant). No interest will be payable by the Subscription Agent, CDS Participant or the Corporation in respect of any such funds returned to subscribers.

ADDITIONAL INFORMATION

Where can you find more information about us?

For additional information on the Corporation, including the Corporation's continuous disclosure record, please see the Corporation's SEDAR profile at www.sedar.com. Information with respect to the Corporation is also available at www.petrusresources.com. No information or materials from such sites are incorporated, or deemed to be incorporated, by reference herein.

RISK FACTORS

An investment in the Rights offered hereunder or Common Shares issuable upon exercise of the Rights should be considered speculative due to various factors, including the nature of the industry in which the Corporation operates and its financial position. Risk factors relating to Petrus are discussed in certain of Petrus' public disclosures which are available for review on the Corporation's SEDAR profile at www.sedar.com, particularly in Petrus' most recently filed Annual Information Form. These risk factors should be carefully reviewed and considered by an investor before a decision is made to invest in the Rights offered hereunder or Common Shares issuable upon exercise of the Rights. Such risks may not be the only risks facing Petrus. Additional risks not currently known may also negatively impact Petrus' business operations and results of operations. In addition to such risk factors, investors should consider the following additional risks related to the Offering:

Ability to Continue as a Going Concern

The Corporation's audited December 31, 2021 financial statements have been prepared on a "going concern" basis, which assumes that the Corporation will continue operating for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. The Corporation's Credit Facility matures on May 31, 2022 and borrowings under the Credit Facility are therefore classified as a current liability in the financial statements. As noted above under "*Use of Available Funds – How will we use the available funds?*", the Corporation intends to renegotiate or refinance the Credit Facility and is currently exploring potential refinancing alternatives, including the possibility of obtaining financing from a related party; however, no definitive agreement or agreements have been reached in respect of the same and there is no assurance that the Corporation will be successful in this regard. If the Corporation is not successful in refinancing the Credit Facility, the Corporation will be required to repay all amounts drawn under the Credit Facility by May 31, 2022, in which case the Corporation will require additional financing as the net proceeds of the Offering and the Corporation's funds flow from operations will not be sufficient to fund the full repayment of the Credit Facility by May 31, 2022. Any default on the Corporation's repayment obligations under the Credit Facility could cause the lenders to enforce their security and other rights against the Corporation. Absent completion of the Offering and receipt of additional financing, there are material uncertainties that cast significant doubt upon the Corporation's ability to continue as a going concern. See also "*Use of Available Funds - How long will the available funds last?*".

Volatility of Market Price of Common Shares

There can be no assurance regarding the future trading price of the Common Shares and the market price of the Common Shares may be volatile. The volatility may affect the ability of holders to sell the Rights and/or Common Shares at an advantageous price. Market price fluctuations in the Common Shares may be due to Petrus' operating results failing to meet the expectations of securities analysts or investors in any quarter, changes in securities analysts' recommendations or views regarding investing in the Common Shares, governmental regulatory action, adverse changes in general market conditions, economic trends in Canada or in the oil and gas industry as a whole, acquisitions, dispositions or other material public announcements by Petrus or its competitors, along with a variety of additional factors, including, without limitation, those set forth under "*Forward-Looking Statements*".

Use of Proceeds

Management of Petrus will have discretion in how it uses the net proceeds received from the Offering. While the Corporation currently anticipates that it will use the net proceeds from the Offering as described under "*Use of Available Funds*", management of Petrus may re-allocate the net proceeds as it determines is necessary.

Shareholders May Suffer Significant Dilution

If a Shareholder does not exercise all of its Rights pursuant to the Basic Subscription Privilege, the Shareholder's equity ownership in the Corporation will be diluted by the issuance of Common Shares upon the exercise of Rights by other Shareholders, which dilution may be significant. See "*Dilution - If you do not exercise your Rights, by how much will your security holdings be diluted?*"

Even if a Shareholder elects to sell its unexercised Rights or if its Rights are sold on its behalf, the consideration it receives may not be sufficient to compensate it fully for the dilution of its current equity ownership in the Corporation that will be caused as a result of the exercise of Rights by other Shareholders.

Significant Shareholders

Shareholders should be aware that the Stand-By Guarantors have committed to participate for up to the full amount of the Offering pursuant to the Standby Purchase Agreements. See "*Insider Participation*" and "*Stand-by Commitments*".

The Stand-By Guarantors currently collectively own approximately 70.8% of the outstanding Common Shares (26.8% by Don Gray, 22.9% by Glen Gray and 21.1% by Stuart Gray). If all of the holders of Rights do not exercise their Rights in full then the Stand-By Guarantors ownership percentage will increase and this increase may be significant. For instance, assuming no other holders of Rights exercise any Rights, following the completion of the Offering Don Gray would own approximately 28.2% of the outstanding Common Shares, Glen Gray would own approximately 24.0% of the outstanding Common Shares, and Stuart Gray would own approximately 22.2% of the outstanding Common Shares. If the Stand-By Guarantors' ownership percentage increases significantly as a result of the Offering, the Stand-By Guarantors (either acting alone or in combination) may have, subject to applicable law, the ability to determine the outcome of certain matters submitted to Shareholders for approval in the future, including the election and removal of directors, amendments to the Corporation's corporate governing documents and certain business combinations. The Corporation's interests and those of its controlling shareholders may at times conflict, and this conflict might be resolved against the Corporation's interests. The concentration of control in the hands of the significant shareholders may impact the potential for the initiation, or the success, of an unsolicited bid for the Corporation's securities.

Offering may not be Completed

Although the Corporation and the Stand-By Guarantors have entered into the Standby Purchase Agreements pursuant to which the Stand-By Guarantors have committed to purchase all Common Shares available under the Offering on a pro rata basis, each of the Stand-By Guarantors is entitled to terminate their Standby Purchase Agreement and their commitment thereunder in certain circumstances, so there is no guarantee that the Offering will be completed. See "*Stand-by Commitments*".

Trading Market for Rights

There is currently no market through which the Rights may be sold and Shareholders may not be able to resell the Rights issued under this Rights Offering Circular. This may affect the pricing of the Rights in the secondary market, the transparency and availability of trading prices and the liquidity of the Rights. The listing of the Rights and the Common Shares issuable on the exercise of the Rights on the Exchange is subject to the approval of the Exchange. The Corporation expects that the Rights will be listed and posted for trading on the Exchange on an ex-Rights basis on or about March 30, 2022 and that the Rights will be listed and posted for trading on the Exchange under the symbol "PRQ.RT" until 10:00 a.m. (Calgary time) on the Expiry Date, at which time the Rights will cease trading.

The Corporation cannot provide any assurance that the Rights will be so listed, an active or any trading market in the Rights will develop or that the Rights can be sold on the Exchange at any time.

Once the Rights have commenced trading on the Exchange, the Corporation will be required to proceed with the Offering absent exceptional circumstances. However, if the Offering were not to proceed for any reason, although any subscription payments paid in connection with the exercise of Rights would be returned promptly to subscribers by the Subscription Agent without interest or deduction, all outstanding Rights would cease to be exercisable for Common Shares and would lose all of their value. In such circumstances, any person who had purchased Rights in the market would lose the entire purchase price paid to acquire such Rights.

Exercise of Rights is Irrevocable

The exercise of Rights may not be revoked prior to the Expiry Time.

Rights holders are Responsible for Accuracy and Completeness of Subscriptions within Set Time Limits

Rights holders who wish to purchase Common Shares in the Offering must act promptly to ensure that all required forms and payments are actually received by the Subscription Agent or the CDS Participant holding the subscriber's Rights prior to the Expiry Time on the Expiry Date. If a Rights holder fails to complete and sign the required subscription forms, sends an incorrect payment amount or otherwise fails to follow the subscription procedures that apply to the transaction in question, the Subscription Agent or the CDS Participant may, depending on the circumstances, reject a subscription or accept it to the extent of the payment received. None of the Corporation, the Subscription Agent or the CDS Participant undertakes to contact a Rights holder concerning, or attempt to correct, an incomplete or incorrect payment or subscription form. The Corporation has the sole discretion to determine whether a subscription properly follows subscription procedures.

Participation in the Offering is not Assured; No Interest on Subscription Funds

If a Shareholder exercises its Rights, it may not revoke the exercise for any reason, unless the Corporation amends the Offering. If the Corporation terminates the Offering, neither the Corporation nor the Subscription Agent will have any obligation with respect to the Rights, except to return, without interest, any subscription payments to Rights holders who have exercised Rights.

Dependence on Additional Financing

The Corporation has experienced losses in the past and may incur additional losses in the future. The business of the Corporation is capital intensive and will require continuing sources of outside financing to fund its debt repayments, additional investments, working capital needs, capital expenditures and other cash requirements.

There can be no assurance that the Corporation will be able to meet its contractual or other debt service obligations and covenants under any arrangements that it currently has, including its Credit Facility, or that it may have in the future. If the Corporation is unable to generate sufficient cash flow or otherwise obtain funds necessary to make required payments or if it otherwise fails to comply with the various covenants in its debt instruments (including under its Credit Facility), it would be in default under the terms thereof, which, in the case of its Credit Facility, would permit its lenders to accelerate the maturity of the indebtedness. The Corporation's ability to meet its obligations will depend on its future performance, which will be subject to prevailing economic conditions and to financial, business and other factors, including factors beyond the Corporation's control.

A Large Number of Common Shares May Be Issued and Subsequently Sold Upon the Exercise of the Rights

To the extent that subscribers that exercise Rights sell the Common Shares underlying such Rights, the market price of the Common Shares may decrease due to the additional selling pressure in the market. The risk of dilution from issuances of Common Shares underlying the Rights may cause Shareholders to sell their Common Shares, which may have a material adverse impact on the Corporation and its share price. Sales by Shareholders might also make it more difficult for the Corporation to sell equity securities at a time and price that it deems appropriate.

The Subscription Price is not Necessarily an Indication of Value

The Subscription Price of \$1.35 per share does not necessarily bear any relationship to the value of the Corporation's assets, reserves, past operations, cash flows, losses, financial condition, net asset value or any other established criteria for value. Holders of Rights should not consider the Subscription Price to be an indication of the Corporation's value or of the Common Shares to be offered in the Offering, and the Common Shares may trade at prices above or below the Subscription Price.

A Decline in the Market Price of the Common Shares may Occur

The trading price of the Common Shares in the future may decline below the Subscription Price. The Corporation can give no assurance that the Subscription Price will remain below any future trading price for the Common Shares. Future prices of the Common Shares may adjust positively or negatively depending on various factors, including the Corporation's future revenues, cash flows and operations and overall conditions affecting the Corporation's business, economic trends and the securities markets and changes in the estimated value and prospects for the Corporation's assets.

FORWARD-LOOKING STATEMENTS

This Rights Offering Circular contains forward-looking information. This information relates to future events or the Corporation's future performance. All information and statements contained herein that are not clearly historical in nature constitute forward-looking information, and the words "may", "will", "should", "could", "expect", "plan", "intend", "anticipate", "believe", "estimate", "propose", "predict", "potential", "continue", or the negative of these terms or other comparable terminology are generally intended to identify forward-looking information. Such information represents the Corporation's internal projections, estimates, expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. This information involves known or unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. Petrus believes that the expectations reflected in this forward-looking information are reasonable; however, undue reliance should not be placed on this forward-looking information, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur.

This Rights Offering Circular contains forward-looking information pertaining to, among other things: Petrus' expectations with respect to the timing of the Offering, including the Expiry Date, the date the Rights will be delisted from the Exchange and the expected closing date; the Stand-By Guarantors' commitment and ability to purchase the entire amount of the Offering pursuant to the Standby Purchase Agreements; the impact of the Offering on the Shareholders, including the Stand-By Guarantors' expected pro-forma ownership on completion of the Offering; the use of proceeds from the Offering; Petrus' expected future working capital position; Petrus' anticipated sources of future funds (including the estimated amounts thereof), repayments under its Credit Facility and other matters described under "*Use of Available Funds*"; Petrus' estimates regarding how long its working capital amounts can be maintained; and insider participation levels in the Offering. Readers are cautioned that such information, although considered reasonable by the Corporation, may prove to be incorrect. Actual future results may vary from the information provided in this Rights Offering Circular as a result of numerous known and unknown risks and uncertainties and other factors which are discussed in this Rights Offering Circular.

Some of the risks and other factors which could cause actual results to differ materially from those expressed in the forward-looking information contained in this Rights Offering Circular include, but are not limited to:

- volatility in market prices for oil, natural gas and natural gas liquids;
- the impact of the 2022 Russian invasion of Ukraine;
- the impact of the ongoing COVID-19 pandemic;
- the risk that the Offering is not completed, including as a result of the termination of one or more of the Standby Purchase Agreements pursuant to the terms thereof;
- the risks of the oil and gas industry generally, including the risks associated with the exploration, development and production of oil and gas;

- the risk that any of the Corporation's anticipated or required future funds will be less than anticipated (or not received at all) or there is a delay in the receipt of the same;
- risks associated with additional funding requirements;
- the ability to complete issuances of debt and borrowing (or refinance or renegotiate the terms of existing debt) when and if necessary and the effects thereof on the Corporation;
- lack of diversification of the Corporation's assets;
- the impact of work disruption and labour unrest;
- risks associated with acquisitions and dispositions, including the incorrect assessment of the value of acquisitions, and the failure to realize anticipated benefits of acquisitions and dispositions;
- risks associated with prices for, accessing markets for, and the marketing of, oil and natural gas;
- risks associated with global financial conditions;
- third party credit risk;
- risks associated with alternatives to and changing demand for petroleum products;
- the ability to replace reserves;
- risks associated with reserve estimates;
- risks associated with licensing of and title to the Corporation's oil and gas assets;
- transportation costs and the resulting impact on the Corporation's netbacks;
- the availability of drilling, fracturing and other required equipment and services;
- the impact of delays in business operations;
- competition for oil and gas assets;
- risks associated with conflicting interests with partners;
- the impact of changes in legislation;
- the reliance on industry partners and operational independence;
- risks associated with reliance on key personnel;
- risks associated with any potential hedging conducted or financial instruments entered into by the Corporation;
- income tax reassessments and other risks associated with any taxes payable by the Corporation;
- sufficiency of the Corporation's insurance coverage;
- the ability of the Corporation to satisfy all regulatory requirements;
- environmental risks including risks of spills, emissions and releases and the compliance with environmental regulations;
- risks associated with developing climate change regulations;
- conflicts of interest of the directors and officers of the Corporation;
- volatility of the market price of the Common Shares;
- the potential dilution associated with future financings;
- the ability of management to manage growth;
- the intent of the Corporation not to pay dividends; and
- the other factors considered under "*Risk Factors*" in this Rights Offering Circular.

With respect to forward-looking information contained in this Rights Offering Circular, the Corporation has made assumptions regarding: the completion of the Offering in the manner (and in the timeframes) contemplated herein; the impact of increasing competition; the general stability of the economic and political environment in which the Corporation operates; that the Stand-By Guarantors will satisfy their obligations under their respective Standby Purchase Agreements and purchase up to the entire amount of the Offering; the Corporation's current and future working capital levels; the Corporation's expected operational and capital expenditure levels, including budgeted and non-budgeted amounts; the timely receipt of anticipated additional sources of funds (and the amounts thereof); the timely receipt of any required regulatory approvals; the ability of the Corporation to obtain qualified staff, equipment and services in a timely and cost efficient manner; the costs of obtaining equipment and personnel to complete the Corporation's capital expenditure program; the ability of the operator of the projects which the Corporation has an interest in to operate the field in a safe, efficient and effective manner; future drilling results; the ability of the Corporation to obtain financing on acceptable terms when and if needed, including the ability of the Corporation to renegotiate or refinance its Credit Facility; future corporate production and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development and exploration activities; the timing and costs of pipeline, storage and facility construction and expansion and the ability of the Corporation to

secure adequate product transportation; future oil and natural gas prices; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which the Corporation operates; and the ability of the Corporation to successfully market its oil and natural gas products. Management of Petrus has included the above summary of assumptions and risks related to forward-looking information included in this Rights Offering Circular in order to provide readers with a more complete perspective on the Corporation's future operations. Readers are cautioned that this information may not be appropriate for other purposes.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking information contained in this Rights Offering Circular are expressly qualified by this cautionary statement. This forward-looking information is made as of the date of this Rights Offering Circular and the Corporation disclaims any intent or obligation to update publicly any such forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable Canadian securities laws.

MATERIAL FACTS AND MATERIAL CHANGES

There is no material fact or material change about Petrus Resources Ltd. that has not been generally disclosed.