

## Petrus Resources Announces Second Quarter 2021 Financial & Operating Results

CALGARY, Alberta, Aug. 11, 2021 (GLOBE NEWSWIRE) -- Petrus Resources Ltd. ("Petrus" or the "Company") (TSX: PRQ) is pleased to report financial and operating results as at and for the three and six months ended June 30, 2021. Petrus is focused on generating free cash flow for debt repayment and further development of its Ferrier Cardium asset.

Throughout the second quarter of 2021, global economies continued to show promise of a post-pandemic recovery. Increased demand for oil and natural gas persisted, which further strengthened commodity prices. Petrus generated funds flow of \$8.1 million in the second quarter of 2021, which was 15% higher than in the first quarter of 2021. The Company's production was 6,309 boe/d in the second quarter of 2021, an increase of 7% from 5,912 boe/d in the first quarter of 2021. The incremental production is attributable to 5 (3.2 net) recently drilled wells that were brought on production in late March and early April.

As uncertainty surrounding the COVID-19 pandemic endured and Petrus remained committed to debt repayment, the Company continued to execute a disciplined capital strategy throughout Q2 2021. Petrus will closely monitor the Canadian commodity price environment and evaluate subsequent quarter capital spending on an ongoing basis. Capital investments will remain focused in Ferrier where ownership of critical infrastructure supports low operating costs and high rates of return.

With balance sheet strength remaining a top priority for the Company, Petrus reduced net debt by \$6.3 million in the second quarter of 2021, 5% reduction.

### HIGHLIGHTS

- Commodity price improvements - Realized price per boe increased by 11% in the second quarter of 2021 compared to the first quarter. This is attributable to strengthening oil and NGL prices, which increased by 14% and 8%, respectively, quarter over quarter.
- Production - Increased production of 6,309 boe/d was associated with two new operated and three non-operated (1.2 net) wells being brought on production early in the quarter. These wells were drilled in the fourth quarter of 2020 and the first quarter of 2021 and the associated capital costs were largely incurred in those quarters.
- Operating netback - Operating netback increased to \$11.8 million (\$20.55 per boe) in the second quarter of 2021 from \$10.2 million (\$19.22 per boe) in the first quarter 2021, a 15% increase, and was up 144% from the COVID depressed second quarter of 2020.
- Funds flow - Petrus generated funds flow<sup>(1)</sup> of \$8.1 million (\$0.16 per share) in Q2 2021, which is 15% higher than the previous quarter and up 38% year over year.

### CREDIT FACILITY EXTENSION

Subsequent to June 30, 2021, the lenders have extended the maturity date of the RCF from July 14 to August 13, 2021. The Company is actively engaged with the RCF lenders to further extend the maturity date of RCF. The Company is currently \$73.5 million drawn against the RCF.

### SECOND LIEN TERM LOAN EXTENSION

Effective June 15, 2021 Macquarie Bank Limited assigned the Company's second lien term loan ("Term Loan") to Blue Oak Partners (Canada) Inc. Subsequent to June 30, 2021, the Company extended the maturity of the Term Loan to October 14, 2021. The Company is actively engaged with the Term Loan lender to further extend the maturity date of Term Loan. The Company has approximately \$39 million outstanding on the Term Loan.

### 2021 OUTLOOK

Consistent with the Company's strategy of financial flexibility and balance sheet strength, Petrus will determine and provide guidance around quarterly capital spending as the year progresses. Throughout the balance of 2021 Petrus will continue to take a controlled approach to capital investments while also making quarterly payments of \$2.75 million per quarter to the revolving credit facility. The Company has the financial and operational flexibility to respond quickly to changing market conditions and adjust capital investment plans accordingly. For the third quarter of 2021, the Board of Directors has approved a capital budget of \$7.5 million for the drilling of 4 gross (1.5 net) Ferrier wells and investment in facility expansion in North Ferrier.

<sup>(1)</sup>Refer to "Non-GAAP Financial Measures" in the Management's Discussion & Analysis attached hereto.

<sup>(2)</sup>Refer to "Advisories - Forward-Looking Statements" in the Management's Discussion & Analysis attached hereto.

### SELECTED FINANCIAL INFORMATION

OPERATIONS	Three months ended	Three months ended	Three months ended	Three months ended	Three months ended
	Jun. 30, 2021	Jun. 30, 2020	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020
<b>Average Production</b>					
Natural gas (mcf/d)	24,291	27,630	22,985	26,177	26,181
Oil (bbl/d)	1,214	867	923	980	1,103
NGLs (bbl/d)	1,046	819	1,158	1,014	997
<b>Total (boe/d)</b>	<b>6,309</b>	<b>6,291</b>	<b>5,912</b>	<b>6,357</b>	<b>6,463</b>
<b>Total (boe)</b>	<b>574,084</b>	<b>572,440</b>	<b>532,099</b>	<b>584,860</b>	<b>594,599</b>
Light oil weighting	19%	14%	15%	15%	17%
<b>Realized Prices</b>					
Natural gas (\$/mcf)	3.28	2.35	3.33	3.07	2.51
Oil (\$/bbl)	75.99	27.18	66.61	49.64	46.46
NGLs (\$/bbl)	39.76	12.87	36.79	23.52	22.05
<b>Total realized price (\$/boe)</b>	<b>33.87</b>	<b>15.73</b>	<b>30.55</b>	<b>24.05</b>	<b>21.48</b>
Royalty income	0.19	0.06	0.15	0.13	0.12
Royalty expense	(4.87)	(1.51)	(3.74)	(2.02)	(2.09)
<b>Net oil and natural gas revenue (\$/boe)</b>	<b>29.19</b>	<b>14.28</b>	<b>26.96</b>	<b>22.16</b>	<b>19.51</b>
Operating expense	(6.80)	(4.44)	(6.12)	(5.53)	(4.05)
Transportation expense	(1.84)	(1.40)	(1.62)	(1.68)	(1.63)
<b>Operating netback<sup>(1)</sup> (\$/boe)</b>	<b>20.55</b>	<b>8.44</b>	<b>19.22</b>	<b>14.95</b>	<b>13.83</b>
Realized gain (loss) on derivatives (\$/boe)	(3.21)	6.39	(2.28)	0.65	2.20
Other income	1.77	0.17	0.04	0.31	0.04
General & administrative expense	(2.41)	(1.43)	(1.65)	(1.81)	(1.07)
Cash finance expense	(2.52)	(3.20)	(1.93)	(2.49)	(2.16)
Decommissioning expenditures	(0.14)	(0.15)	(0.27)	(0.63)	(0.13)
<b>Funds flow &amp; corporate netback<sup>(1)(2)</sup> (\$/boe)</b>	<b>14.04</b>	<b>10.22</b>	<b>13.13</b>	<b>10.98</b>	<b>12.71</b>
FINANCIAL (000s except \$ per share)	Three months ended	Three months ended	Three months ended	Three months ended	Three months ended
	Jun. 30, 2021	Jun. 30, 2020	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020
Oil and natural gas revenue	19,553	9,041	16,339	14,143	12,840
Net loss	(4,265)	(6,281)	(3,155)	(151)	(3,678)
Net loss per share					
Basic	(0.09)	(0.13)	(0.06)	—	(0.07)
Fully diluted	(0.09)	(0.13)	(0.06)	—	(0.07)
Funds flow	8,070	5,855	6,993	6,423	7,551
Funds flow per share					
Basic	0.16	0.12	0.14	0.13	0.15
Fully diluted	0.16	0.12	0.14	0.13	0.15
Capital expenditures	663	305	7,917	2,797	2,543
Net dispositions	—	—	—	—	—
Weighted average shares outstanding					
Basic	49,513	49,469	49,469	49,469	49,469
Fully diluted	49,513	49,469	49,469	49,469	49,469
<b>As at period end</b>					
Common shares outstanding					
Basic	49,559	49,469	49,469	49,469	49,469
Fully diluted	49,559	49,469	49,469	49,469	49,469
Total assets	176,629	184,532	177,587	177,914	179,895
Non-current liabilities	40,838	43,017	42,028	45,321	44,471
Net debt <sup>(1)</sup>	110,346	120,570	116,634	114,361	116,717

<sup>(1)</sup> Refer to "Non-GAAP Financial Measures".

<sup>(2)</sup> Corporate netback is equal to funds flow which is a directly comparable GAAP measure. Petrus analyzes these measures

on an absolute value and per unit basis.

## OPERATIONS UPDATE

Second quarter average production by area was as follows:

<b>For the three months ended June 30, 2021</b>	<b>Ferrier</b>	<b>Foothills</b>	<b>Central Alberta</b>	<b>Other</b>	<b>Total</b>
Natural gas (mcf/d)	17,628	1,468	4,808	387	24,291
Oil (bbl/d)	667	111	272	164	1,214
NGLs (bbl/d)	902	—	125	19	1,046
<b>Total (boe/d)</b>	<b>4,507</b>	<b>356</b>	<b>1,199</b>	<b>247</b>	<b>6,309</b>

Second quarter production averaged 6,309 boe/d in 2021 compared to 6,291 boe/d in 2020. During the second quarter of 2021, production increased marginally compared to the same period in 2021 due to 5 gross (3.2 net) new wells being brought on production at the start of Q2 2021 offsetting production declines.

In the second quarter of 2021, the Company invested \$0.7 million of capital spending consisting almost entirely of non-discretionary maintenance capital.

### For further information, please contact:

Ken Gray, P.Eng.  
President and Chief Executive Officer  
T: (403) 930-0889  
E: kgray@petrusresources.com

## NON-GAAP FINANCIAL MEASURES

This press release makes reference to the terms "operating netback", "corporate netback" and "net debt". These indicators 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. Management uses these terms 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 at the oil and natural gas lease level. The most directly comparable GAAP measure to operating netback is funds flow. Operating netback is calculated as oil and natural gas revenue less royalties, operating and transportation expenses. It is presented on an absolute value and per unit basis.

### **Funds Flow and Corporate Netback**

Corporate netback 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 is equal to funds flow which is a directly comparable GAAP measure. Petrus analyzes these measures on an absolute value and per unit basis. 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. It is calculated, in the following table, as the operating netback less general and administrative expense, finance expense, decommissioning expenditures, plus other income and the net realized gain (loss) on financial derivatives.

### **Net Debt**

Net debt is a non-GAAP financial measure and is calculated as current assets (excluding unrealized financial derivative assets) less current liabilities (excluding unrealized financial derivative liabilities, right-of-use lease obligations, and deferred share unit liabilities) and long term debt. Petrus uses net debt as a key indicator of its leverage and strength of its balance sheet. There is no GAAP measure that is reasonably comparable to net debt.

## 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 consolidated financial statements as at and for the twelve months ended December 31, 2020. 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 new 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 or beliefs concerning, among other things, an outlook on the estimated amounts and timing of capital investment, anticipated future debt, production, revenues or other expectations, 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: prospective changes to the terms of the RCF and Term Loan; Petrus' capital program, flexibility and utilization of free cash flow; Petrus' utilization of Federal and Provincial programs; Petrus' expectations regarding second half 2021 production volumes; Petrus' ability to modify its operations, including its ability to adjust liquid volumes and the results thereof; expectations regarding the adequacy of Petrus' liquidity and the funding of its financial liabilities; the impact of the current economic environment on Petrus; the performance characteristics of the Company's crude oil, NGL and natural gas properties; future prospects; the focus of and timing of capital expenditures; access to debt and equity markets; Petrus' future operating and financial results; capital investment programs; supply and demand for crude oil, NGL and natural gas; future royalty rates; drilling, development and completion plans and the results therefrom; and treatment under governmental regulatory regimes and tax laws. 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; impact of the economic crisis on the Company's lenders; willingness of the company's lenders to negotiate; industry conditions; currency fluctuation; 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; completion of the financing on the timing planned and the receipt of applicable approvals; and the other risks. 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; willingness of its lenders to negotiate; the impact of the current financial crisis; 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; 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 shareholders 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 ability to repay debt, which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth above. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on FOFI. Petrus' actual results, performance or achievement could differ materially from those expressed in, or implied by, these FOFI, or if any of them do so, what benefits Petrus will derive therefrom. Petrus has included the FOFI in order to provide readers with a more complete perspective on Petrus' future operations and such information may not be appropriate for other purposes.

These forward-looking statements and FOFI are made as of the date of this press release and the Company disclaims any intent or obligation to update any forward-looking statements and FOFI, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

### **BOE Presentation**

The oil and natural gas industry commonly expresses production volumes and reserves on a barrel of oil equivalent ("boe") basis whereby natural gas volumes are converted at the ratio of six thousand cubic feet to one barrel of oil. The intention is to sum oil and natural gas measurement units into one basis for 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**

\$000's	<i>thousand dollars</i>
\$/bbl	<i>dollars per barrel</i>
\$/boe	<i>dollars per barrel of oil equivalent</i>
\$/GJ	<i>dollars per gigajoule</i>
\$/mcf	<i>dollars per thousand cubic feet</i>
bbl	<i>barrel</i>
bbl/d	<i>barrels per day</i>
boe	<i>barrel of oil equivalent</i>

<i>mboe</i>	<i>barrel of oil equivalent</i>
<i>mmboe</i>	<i>thousand barrel of oil equivalent</i>
<i>boe/d</i>	<i>million 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>NGLs</i>	<i>natural gas liquids</i>
<i>WTI</i>	<i>West Texas Intermediate</i>