



PETROSHALE ANNOUNCES FINANCIAL AND OPERATING RESULTS FOR FOURTH QUARTER AND YEAR ENDED DECEMBER 31, 2014 AND SIGNIFICANT RESERVES INCREASE

CALGARY, ALBERTA, March 30, 2015 – PetroShale Inc. ("PetroShale" or the "Company") (TSXV: PSH, OTCQX: PSHIF) today announces its financial and operating results for the three and twelve month periods ended December 31, 2014, as well as its updated reserves as at December 31, 2014.

PetroShale has filed its audited consolidated financial statements as at and for the year ended December 31, 2014 and the corresponding Management's Discussion and Analysis on SEDAR at www.sedar.com, on the OTCQX website at www.otcqx.com, and posted the information on PetroShale's website at www.petroshaleinc.com. Copies of the materials can also be obtained upon request without charge by contacting the Company directly.

2014 HIGHLIGHTS:

During the year, we:

- Demonstrated the execution of PetroShale's strategy by significantly growing our asset base, productive capacity and reserves, positioning the Company for future growth.
- Successfully completed several asset acquisitions in our core target area in North Dakota, investing US\$32.8 million to add 2,442 net acres of oil and gas leases and approximately 140 boe/d of production (Company interest, gross of royalty; 110 boe/d net of royalty).
- Realized strong operating netbacks of \$48.13 per boe (Company interest, gross of royalty; \$61.68 per boe net of royalty, each excluding the impact of hedging), reflecting our high-quality, light oil weighted asset base.
- Participated in the drilling of 43 gross (3.3 net) wells, for a total drilling and completions cost of US\$25.0 million.
- Increased fourth quarter 2014 production by 197% over the same period in 2013, averaging 519 boe/d (Company interest, gross of royalty; 408 boe/d net of royalty), weighted 94% to oil and liquids.
- Significantly increased total proved plus probable reserves by 1,369% to 10,301 Mboe, compared to proved plus probable reserves of 701 Mboe as at December 31, 2013.
- Increased the estimated net present value (discounted at 10% -"NPV10") of our proved plus probable reserves by 1,011% to \$166.7 million, compared to \$15.0 million at December 31, 2013.
- Increased land holdings to 4,408 net acres of land, a 46% increase, with the net acreage held by production increasing by 141% to 2,259 acres. At December 31, 2014, the ratio of acreage held by production to total acreage (net) had increased from 31% to 51%.

- Expanded financial flexibility during the year with a new US\$10 million senior credit facility, which was increased to US\$15.5 million subsequent to year end. In connection with the borrowing base increase, the Company's senior lender waived compliance with the cash flow to interest expense ratio financial covenant until April 1, 2016. PetroShale also entered into a US\$50 million revolving credit line provided by the Company's two largest shareholders in 2014, which was drawn US\$32.3 million at year-end. These facilities will support the funding of PetroShale's ongoing capital expenditures.

RESULTS OF OIL AND GAS ACTIVITIES

	Year Ended December 31, 2014	Six Months Ended December 31, 2013	Year Ended June 30, 2013
Sales volumes			
Oil and natural gas liquids (Bbl/d)	294	165	118
Natural gas (Mcf/d)	90	124	29
Barrel of oil equivalent (Boe/d)	309	185	122
Operating Netbacks (\$/Boe)			
Revenue	\$ 82.21	\$ 89.80	\$ 83.02
Royalties	(18.01)	(18.61)	(18.59)
Realized hedge gain (loss)	(0.47)	0.23	-
Operating costs	(9.86)	(9.87)	(14.56)
Production taxes	(6.21)	(4.57)	(2.19)
Operating netback	\$ 47.66	\$ 56.98	\$ 47.68
Operating netback prior to hedging	\$ 48.13	\$ 56.75	\$ 47.68

2014 YEAR-END RESERVES

The reserves data in this press release is based upon evaluations by Netherland, Sewell & Associates, Inc. ("NSAI") with respect to our assets in the United States, and by Jim McIntosh Petroleum Engineering Ltd. ("McIntosh") with respect to our Canadian assets, all with an effective date of December 31, 2014. The reserves data summarizes PetroShale's crude oil, natural gas liquids and natural gas reserves and the net present value of future net revenue for these reserves using forecast prices and costs. All references to reserves are to gross Company reserves, meaning PetroShale's working interest reserves before deductions of royalties and before consideration of PetroShale's royalty interests. The reserve reports have been prepared in accordance with the standards contained in the COGE Handbook and the reserve definitions contained in NI 51-101 and CSA 51-324. No attempt was made to evaluate possible reserves. Financial information herein with respect to our reserves in the aggregate are in Canadian dollars, using the exchange rate in effect as at December 31, 2014 of \$US1.00 = \$Cdn1.16.

Reserves Highlights:

- Proved plus probable reserves increased 1,369% to 10,301 Mboe, compared to 701 Mboe as at December 31, 2013;
- Proved developed producing reserves increased by 481% to 2,004 Mboe;
- Total proved reserves increased by 1,100% to 6,641 Mboe;

- Before tax NPV10 of the Company's proved plus probable reserves increased by 1,011% to \$166.7 million, while the NPV10 of total proved reserves increased 789% to \$120.3 million from \$13.5 million;
- Proved plus probable finding, development and acquisition costs ("FD&A") were \$20.35 per boe for 2014 (six months ended December 31, 2013 - \$23.25) (including changes in future development costs) reflecting a strong recycle ratio of 2.3 times – total proved FD&A was \$21.87 per boe (six months ended December 31, 2013 - \$24.02); and
- Proved developed producing reserves represent 30% of PetroShale's total proved reserves, and 19% of total proved plus probable reserves.

Gross Company Interest Reserves

Aggregated Canada and United States Oil and Gas Assets

Reserves Category	Reserves							
	Light & Medium Oil		Natural Gas		Natural Gas Liquids		BOE	
	Gross (Mbbbls)	Net (Mbbbls)	Gross (Mmcf)	Net (Mmcf)	Gross (Mbbbls)	Net (Mbbbls)	Gross (Mboe)	Net (Mboe)
PROVED:								
Developed Producing	1,724.2	1,354.1	1,677.8	1,314.3		0.2	2,003.8	1,573.4
Undeveloped	3,989.3	3,172.2	3,888.8	3,090.0		-	4,637.4	3,687.2
TOTAL PROVED	5,713.5	4,526.3	5,566.6	4,404.3	-	0.2	6,641.3	5,260.6
PROBABLE	3,191.3	2,514.3	2,813.6	2,217.8	-	-	3,660.2	2,883.9
TOTAL PROVED PLUS PROBABLE	8,904.8	7,040.6	8,380.2	6,622.1		0.2	10,301.5	8,144.5

Columns may not add due to rounding.

Net Present Value of Future Net Revenue

Aggregated Canada and United States Oil and Gas Assets

Reserves Category	Before Income Taxes Discounted at (%/year)				
	0%	5%	10%	15%	20%
	(\$000s)	(\$000s)	(\$000s)	(\$000s)	(\$000s)
PROVED:					
Developed Producing	92,213.1	67,357.6	53,540.6	44,941.9	39,117.6
Undeveloped	172,879.5	103,249.6	66,800.1	45,301.1	31,496.1
TOTAL PROVED	265,092.6	170,607.2	120,340.7	90,243.0	70,613.7
PROBABLE	127,118.4	74,246.0	46,310.8	29,845.5	19,346.6
TOTAL PROVED PLUS PROBABLE	392,211.0	244,853.2	166,651.5	120,088.5	89,960.3

Columns may not add due to rounding.

As a reporting issuer in Canada, PetroShale is required to report its reserves and NPV10 using forecast pricing and costs, as stipulated under NI 51-101. However, comparable US oil and gas companies reporting under SEC requirements would benefit from higher NPV10 values as at December 31, 2014 due to the use of actual prices during the year, which were substantially higher than current and future prices.

Reserves Reconciliation - Aggregate

	<u>Total Canada (Mboe)</u>			<u>Total United States (Mboe)</u>			<u>Total (Mboe)</u>		
	<u>Gross Proved</u>	<u>Gross Probable</u>	<u>Gross Proved Plus Probable</u>	<u>Gross Proved</u>	<u>Gross Probable</u>	<u>Gross Proved Plus Probable</u>	<u>Gross Proved</u>	<u>Gross Probable</u>	<u>Gross Proved Plus Probable</u>
December 31, 2013	45.6	-	45.6	507.4	148.2	655.5	553.0	148.2	701.2
Discoveries	-	-	-	-	-	-	-	-	-
Extensions and Improved Recovery	1.7	-	1.7	53.7	20.6	74.3	55.4	20.6	76.0
Technical Revisions	-	-	-	179.0	(106.5)	72.5	179.0	(106.5)	72.5
Acquisitions	-	-	-	5,976.3	3,605.1	9,581.3	5,976.3	3,605.1	9,581.3
Dispositions	-	-	-	-	-	-	-	-	-
Economic Factors	(0.1)	-	(0.1)	(11.0)	(7.1)	(18.0)	(11.1)	(7.1)	(18.1)
Production	(5.6)	-	(5.6)	(105.8)	-	(105.8)	(111.4)	-	(111.4)
December 31, 2014	41.6	-	41.6	6,599.7	3,660.2	10,259.9	6,641.3	3,660.2	10,301.5

Columns may not add due to rounding.

Net Asset Value per Share as at December 31, 2014

(\$ thousands, except share and per share amounts)

Proved Plus Probable Reserve Value (NPV10 Before Tax)	\$ 166,652
Undeveloped Land (not associated with reserves)	\$ 12,370
Net Debt (including Decommissioning Obligation)	\$ (64,910)
Total Net Assets	\$ 114,112
Common Shares Outstanding	34,207,552
Estimated Net Asset Value per Basic Common Share	\$ 3.34
Estimated Net Asset Value per Diluted Common Share	\$ 3.20

Net asset value is calculated as at a particular date and is, by its nature, historical, and may not be reflective of PetroShale's future performance.

MESSAGE FROM THE CEO

Throughout 2014, our focus on the execution of our strategy resulted in significant growth in our production, reserves and land base, and positioned PetroShale for future growth. We successfully closed several transactions within our North Dakota focus area, including leases with drilling activities undertaken during the year, and producing properties in prolific counties such as McKenzie, Williams and Mountrail. In total, we acquired 2,442 net acres of oil and gas leases and approximately 140 boe/d of production for a total cost of US\$32.8 million. These transactions were funded through a combination of cash, credit facilities, and the issuance of 5.2 million common shares through a private placement last summer.

We believe the success of our strategy is evidenced across numerous metrics. Following an active drilling program, where we participated in the drilling of 43 gross (3.3 net) wells, production in the fourth quarter averaged 519 boe/d, bringing the full year average volume to 309 boe/d. With the completion of wells in progress at year end, coupled with the acquisition of a producing property late in the fourth quarter and drilling activity currently underway, we are positioned for substantial production growth in 2015.

As a result of this active drilling and land acquisition program, we significantly enhanced our reserve volumes and value across all categories during 2014. On a total proved and proved plus probable basis, we saw an increase in reserve volumes of 1,100% and 1,369%, respectively, with proved plus probable NPV10 value increasing more than tenfold from \$15.0 million to \$166.7 million. This was done on a disciplined basis, with our proved plus probable FD&A cost averaging \$20.35 per boe, generating a recycle ratio of 2.3 times.

The severely weakened commodity price environment, which began in the fourth quarter of 2014, continues to negatively impact oil and gas producers. However, despite WTI prices averaging less than US\$50 per bbl in the beginning of 2015, PetroShale's operating netback remains in excess of \$20 per boe. This demonstrates the quality of our land base and the impact of being partnered with the basin's leading cost-effective and efficient operators who are able to successfully manage through a variety of price cycles. The continued volatility and uncertainty in commodity prices has led many operators to lower their capital spending and drilling programs significantly. We believe these reductions could result in lower drilling costs in 2015.

We strengthened our financial position during 2014 by securing a US\$50 million subordinated loan facility, and a new senior credit facility with a borrowing base which was recently increased to US\$15.5 million. In order to preserve our balance sheet as well as the value of our reserves, we have flexibility where we can elect not to participate in additional drilling until commodity prices recover. Despite an expected lower drilling program relative to 2014, we anticipate higher operating cash flows in 2015 as a result of the activities undertaken in late 2014 and early 2015, which will result in new production coming online throughout 2015.

Challenging times also present opportunities, and PetroShale will continue to pursue quality assets in our core area. We believe the current price environment may present opportunities to make disciplined acquisitions within our focus area in the Williston Basin and undertake select development initiatives on our leases. We will continue to be prudent but opportunistic as we carry out our plans to grow and expand PetroShale's asset base.

We appreciate your continued support of our strategy and our Company, and look forward to updating you on our progress and achievements during 2015.

((signed))

M. Bruce Chernoff
Executive Chairman and CEO

About PetroShale

PetroShale Inc. is an oil company engaged in the acquisition, development and consolidation of interests in the North Dakota Bakken.

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Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Note Regarding Forward-Looking Statements and Other Advisories

It should not be assumed that the discounted future revenue estimated by NSAI and McIntosh represent the fair market value of the reserves. Company interest means, in relation to the Company's interest in production and reserves, the Company's working interest (operated and non-operated) before the deduction of royalties payable and including such entity's royalty interest in production and reserves. Where volumes of reserves and production have been presented, they have been presented as company working interest, gross of royalties. All operating netbacks referenced in this press release are Company working interest, except where otherwise stated. Relative price decks used by NSAI and McIntosh in their reserves evaluations have been disclosed within our Annual Information Form, which will be available on our SEDAR profile. All dollar figures included herein are presented in Canadian dollars, unless otherwise noted.

Within this press release, references are made to terms commonly used in the oil and natural gas industry. The terms "netback", "operating netback" or "net asset value" in this press release are not recognized measures under International Financial Reporting Standards ("IFRS"). PetroShale uses "netback" as a key performance indicator and it is used by the Company to evaluate the operating performance of its petroleum and natural gas assets and is determined by deducting royalties and production and operating expenses from petroleum and natural gas revenue. Readers are cautioned, however, that this measure should not be construed as an alternative to net earnings or cash flow from operating activities determined in accordance with IFRS as an indication of our performance. Net asset value is calculated as the value of total assets less the value of total liabilities divided by the total number of common shares outstanding as at a specific date. The term net asset value does not have any standardized meaning according to IFRS and therefore may not be comparable to similar measures presented by other companies. There is no comparable IFRS measure presented in PetroShale's financial statements and thus no applicable quantitative reconciliation for such non-IFRS measure. PetroShale believes that net asset value can provide information useful to shareholders in understanding its performance and may assist in the evaluation of its business.

This press release contains forward-looking statements and forward-looking information (collectively "forward-looking information") within the meaning of applicable securities laws relating to aspects of management focus, objectives, strategies and business opportunities, the timing of production coming on-stream, and our ability to pursue acquisitions within our business plan. Forward-looking information typically uses words such as "anticipate", "believe", "project", "expect", "goal", "plan", "intend" or similar words suggesting future outcomes, statements that actions, events or conditions "may", "would", "could" or "will" be taken or occur in the future. Statements relating to "reserves" are also deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described exist in the quantities predicted or

estimated and that the reserves or resources can be profitably produced in the future. The forward-looking information is based on certain key expectations and assumptions made by the Company's management, including: expectations and assumptions concerning prevailing commodity prices, exchange rates, interest rates, applicable royalty rates and tax laws; future production rates and estimates of operating costs; performance of existing and future wells; reserve and resource volumes; anticipated timing and results of capital expenditures; the success obtained in drilling new wells; the sufficiency of budgeted capital expenditures in carrying out planned activities; the timing, location and extent of future drilling operations; the state of the economy and the exploration and production business; results of operations; performance; business prospects and opportunities; the availability and cost of financing, labor and services; the impact of increasing competition; ability to market oil and natural gas successfully; the Company's ability to access capital; and obtaining necessary regulatory approvals.

Although the Company believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because the Company can give no assurance that they will prove to be correct. Since forward-looking information addresses future events and conditions, by its very nature they involve inherent risks and uncertainties. The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, the forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits that the Company will derive therefrom. Management has included the above summary of assumptions and risks related to forward-looking information provided in this press release in order to provide security holders with a more complete perspective on the Company's future operations and such information may not be appropriate for other purposes.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other factors that could affect our operations or financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com). These forward-looking statements are made as of the date of this press release and the Company disclaims any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

Where amounts are expressed on a barrel of oil equivalent ("boe") basis, natural gas volumes have been converted to boe using a ratio of 6,000 cubic feet of natural gas to one barrel of oil (6 Mcf: 1 Bbl). **This boe conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6 Mcf: 1 Bbl, utilizing a conversion ratio at 6 Mcf: 1 Bbl may be misleading as an indication of value.**