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## **PETROSHALE ANNOUNCES FINANCIAL AND OPERATING RESULTS FOR FIRST QUARTER 2016**

CALGARY, ALBERTA, May 19, 2016 – PetroShale Inc. ("PetroShale" or the "Company") (TSXV: PSH, OTCQX: PSHIF) is pleased to announce its financial and operating results for the three month period ended March 31, 2016. The Company's unaudited consolidated financial statements and corresponding Management's Discussion and Analysis (MD&A) for the three month period ended March 31, 2016, are available on SEDAR at [www.sedar.com](http://www.sedar.com), on the OTCQX website at [www.otcqx.com](http://www.otcqx.com), and on PetroShale's website at [www.petroshaleinc.com](http://www.petroshaleinc.com). Copies of the materials can also be obtained upon request without charge by contacting the Company directly. Please note, currency figures presented herein are reflected in Canadian dollars, unless otherwise noted.

### **Q1 2016 HIGHLIGHTS:**

PetroShale continued to execute our strategy focused in the heart of the North Dakota Bakken, with demonstrated success growing our asset base and productive capacity, positioning the Company for future growth. During the quarter, we achieved the following:

- Increased production to 1,376 boe/d during the first three months, an increase of 82% from 757 boe/d in the same quarter in 2015, a result of our participation in the drilling and completion of new wells and the acquisition of producing wells in 2015.
- Participated in 57 gross (1.15 net) wells at various stages of completion, of which 8 gross (0.66 net) wells were brought on production late in the quarter, and are expected to positively impact production volumes in the second quarter of 2016.
- Invested \$2.6 million directed to drilling and completions activities described above and \$3.3 million on acquisitions of acreage in the core of PetroShale's focus area, further re-enforcing the Company's high-quality land position and future development potential.
- Realized positive operating netbacks of \$13.35/boe (Company interest, gross of royalty; \$16.84/boe net of royalty), despite the significant decline in world oil prices, which averaged in the low US\$30/bbl range during the period but have started to strengthen in the second quarter.
- Subsequent to quarter end, secured an increase of US\$20 million to our subordinated loan facility, bringing the new borrowing capacity to US\$80 million, extending the maturity date to December 31, 2017 and enhancing PetroShale's financial support.
- Subsequent to the end of the quarter, acquired additional undeveloped acreage and a producing oil well in our core focus area for aggregate consideration of \$5.1 million.

## RESULTS OF OIL AND GAS ACTIVITIES

	Three months ended	
	March 31, 2016	March 31, 2015
<b>Sales volumes</b>		
Crude Oil (Bbl/d)	1,194	705
Natural gas (Mcf/d)	1,091	309
Barrel of oil equivalent (Boe/d)	1,376	757
<b>Operating Netbacks (\$/Boe)</b>		
Revenue	\$ 31.98	\$ 44.07
Royalties	(6.57)	(9.88)
Operating costs	(9.58)	(8.18)
Production taxes	(2.48)	(3.41)
Operating netback	\$ 13.35	\$ 22.60
Operating netback, on a net of royalty basis	\$ 16.84	\$ 28.98
Benchmark WTI price during the period (US\$ / bbl)	\$ 33.35	\$ 48.54

### MESSAGE FROM THE CEO

With high quality assets and continued financial support, PetroShale is well positioned to execute on our business strategy of enhancing and developing our core land position. During the first quarter of 2016, we faced an extremely challenging commodity price environment where oil prices dipped below US\$30 per barrel. We took the opportunity to capitalize on broader market weakness and made some strategic acquisitions, including the addition of undeveloped acreage in the heart of our core Antelope area. Subsequent to the end of the quarter, we added to our land position in Antelope by acquiring additional undeveloped acreage along with a producing oil well. PetroShale has commenced drilling operations in respect of our first operated well which we intend to complete in the third quarter of 2016.

Over the past two years, PetroShale's production has continued to trend upward and show meaningful growth. Production in the first quarter of 2016 increased 82% over the same quarter of 2015, but was down marginally compared to the previous quarter. This decline was temporary and primarily due to production from existing wells being shut-in to facilitate new drilling and completion operations on adjacent locations. We are also experiencing a deferral of production enhancement activities from some of our operator partners. Until there is a sustained increase in oil prices, we believe production will not be fully optimized. However, we anticipate production will increase as PetroShale carries out drilling and completion activities later in 2016 and realizes the full impact of volumes associated with new wells that were brought on-stream in the first quarter.

We would like to thank all of our employees, directors and shareholders for your continued support of our strategy and our Company, and we look forward to updating you on PetroShale's progress and achievements in the coming quarters.

((signed))

M. Bruce Chernoff  
Executive Chairman and CEO

## **About PetroShale**

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

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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**

Company interest means, in relation to the Company's interest in production and reserves, the Company's working interest (operating and non-operating) 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, except where otherwise noted. All operating netbacks referenced in this press release are Company working interest, except where otherwise noted. 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 term "operating netback", in this press release is not a recognized measure under IFRS and therefore may not be comparable to performance measures presented by others. PetroShale uses "operating 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, production taxes, and operating expenses from petroleum and natural gas revenue. Management believes that in addition to net income (loss) and cash flow from (used in) operating activities, operating netback is a useful supplemental measure as it assists in the determination of the Company's operating performance, leverage and liquidity. Readers are cautioned, however, that these measures should not be construed as an alternative to net income (loss) or cash flow from (used in) operating activities determined in accordance with IFRS as an indication of our performance.

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. More particularly and without limitation, this press release contains forward-looking information concerning: the sufficiency of the Company's financial flexibility and capital requirements; the Company's growth and development plans; the Company's participation in drilling opportunities and the future prospects for new wells, including the timing for the completion of the Company's first operated well; the timing of production being put on stream; the impact of changes to commodity prices, the results of PetroShale's optimization strategies and general industry economics; and the general outlook of the Company. . PetroShale provided such forward-looking statements in reliance on certain expectations and assumptions that it believes are reasonable at the time, 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; 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; and the Company's ability to access capital.

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. Forward-looking information addresses future events and conditions, which by their very nature 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 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](http://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.

**Oil and Gas Advisories:**

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. In this release, mboe refers to thousands of barrels of oil equivalent, while mbbls refers to thousands of barrels of oil, and mmcf refers to millions of cubic feet of natural gas.**