PetroShale
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PETROSHALE ANNOUNCES FINANCIAL AND OPERATING RESULTS FOR SECOND QUARTER 2019 AND OPERATIONS UPDATE

CALGARY, ALBERTA, August 28, 2019 – PetroShale Inc. ("PetroShale" or the "Company") (TSXV: PSH, OTCQX: PSHIF) is pleased to announce our financial and operating results for the three and six month periods ended June 30, 2019.

The Company's unaudited consolidated interim financial statements and corresponding Management's Discussion and Analysis (MD&A) for the period will be available on SEDAR at www.sedar.com, on the OTCQX website at www.otcqx.com, and 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. Please note, currency figures presented herein are reflected in Canadian dollars, unless otherwise noted.

SECOND QUARTER 2019 HIGHLIGHTS

- Production averaged 5,940 barrels of oil equivalent per day ("Boe/d") (87% liquids) in the second quarter of 2019, an 18% increase over the previous quarter.
- Production has averaged approximately 12,050 Boe/d for the month of August following the completion of 2.9 net wells in June and an additional 2.9 net wells in August.
- Revenue totaled $30.5 million in the second quarter, 43% higher than the first quarter of 2019 due to higher volumes and improved oil pricing.
- Adjusted EBITDA[1] was $16.3 million in the second quarter, an increase of 70% relative to the first quarter of 2019, reflecting higher production and a $12 per Bbl increase in realized oil prices.
- Net income of $1.7 million ($0.02 per diluted share) was realized in the second quarter of 2019 compared to a net loss of $1.0 million (nil per diluted share) in the previous quarter.
- Operating netback for the second quarter of 2019 was $32.22 per Boe, compared to $23.86 per Boe in the previous quarter.
- Capital expenditures for the second quarter totalled $61.6 million, including drilling seven gross (4.4 net) wells, completing nine gross (7.4 net) wells and related pad, road and facility construction costs.

[1] See *Non-IFRS Measures*.

FINANCIAL & OPERATING REVIEW

	Three months ended		Six months ended	
FINANCIAL (in thousands, except per share & share data)	**June 30, 2019**	June 30, 2018	**June 30, 2019**	June 30, 2018
Oil and natural gas revenue	**$ 30,476**	$ 36,170	**$ 51,802**	$ 55,443
Net income (loss)	**1,733**	6,274	**737**	8,625
Per share - diluted	**0.02**	0.04	**-**	0.05
Adjusted EBITDA[1]	**16,344**	20,325	**25,925**	31,235
Capital expenditures	**61,606**	24,119	**108,221**	77,811
Net debt[1]			**258,537**	137,159
Common shares outstanding				
Weighted average – basic	**192,133,374**	159,167,767	**191,989,090**	158,390,806
Weighted average – diluted	**194,631,212**	163,001,712	**194,488,268**	162,992,342
OPERATING				
Daily Sales volumes				
Crude Oil (Bbl/d)	**4,447**	4,765	**4,018**	3,777
Natural gas (Mcf/d)	**4,470**	4,327	**4,680**	3,005
NGLs (Bbl/d)	**748**	864	**692**	563
Barrels of oil equivalent (Boe/d)[2]	**5,940**	6,350	**5,491**	4,841
Average realized prices				
Crude Oil ($/Bbl)	**$ 76.48**	$ 81.40	**$ 70.99**	$ 78.70
Natural gas ($/Mcf)	**(0.77)**	0.98	**0.01**	1.19
NGLs ($/Bbl)	**(2.38)**	6.27	**1.31**	9.70
Barrels of oil equivalent ($/Boe)	**$ 56.38**	$ 62.60	**$ 52.13**	$ 63.28
Operating netback ($/Boe) [1] [2]				
Revenue	**$ 56.38**	$ 62.60	**$ 52.13**	$ 63.28
Royalties	**(11.20)**	(11.98)	**(10.22)**	(12.12)
Realized loss on derivatives	**-**	(3.48)	**-**	(3.54)
Operating costs	**(6.44)**	(3.72)	**(7.48)**	(3.87)
Production taxes	**(4.38)**	(4.95)	**(4.00)**	(4.97)
Transportation expense	**(2.14)**	(1.00)	**(2.03)**	(0.98)
Operating netback[1]	**$ 32.22**	$ 37.47	**$ 28.40**	$ 37.80
Operating netback prior to hedging[1]	**$ 32.22**	$ 40.95	**$ 28.40**	$ 41.34

(1) See “Non-IFRS measures”.
(2) See "Oil and Gas Advisories".

MESSAGE FROM THE CEO

By early 2017, we had drilled and started producing our very first operated well, the PetroShale 8H, a well that has produced 460,000 barrels of oil and is still producing at rates above 300 Boe/d. At that time, we set a goal for PetroShale to reach the milestone of achieving production of 10,000 Boe/d. Today we are proud to announce that we are producing more than 12,000 Boe/d and recently finished drilling our 21st operated well.

During the second quarter of 2019, we continued our one rig drilling program, brought on-line three gross (2.9 net) Bear Chase wells and increased our quarter to quarter production by 18%. During the first half of 2019 our production averaged 5,491 Boe/d, at the midpoint of our previously provided guidance of 5,000 to 6,000 Boe/d.

During the quarter we invested $61.6 million in drilling, completions, pads, facilities and artificial lift in our core South Berthold and Antelope areas. Second quarter adjusted EBITDA of $16.3 million was significantly higher than the first quarter as a result of higher production and stronger realized oil prices. PetroShale's higher realized prices and lower operating costs per Boe resulted in operating netbacks of $32.22 per Boe in the second quarter, compared to $23.86 per Boe in the first quarter. Bakken oil differentials in the second quarter narrowed by approximately $5.00 per bbl, from $8.85 to $3.63 per bbl, as a result of improving refining capacity. Partially offsetting the improvement in oil realizations, we saw a negative impact to natural gas and NGL realizations as a result of weaker US NGL markets in general. We expect NGL prices to improve over the remainder of the year as market oversupply normalizes and incremental takeaway capacity comes online.

Operations Update and Outlook

During the month of August our production has increased significantly and averaged approximately 12,050 Boe/d as a result of seven gross (5.8 net) operated wells that were brought online since the middle of June.

During the latter half of 2019, PetroShale intends to remain active with our drilling program and to participate in several non-operated wells. This activity will be funded by operating cashflows and our senior credit facility.

PetroShale continues to be excited over the many projects we have ahead of us as we continue to execute our development program in the heart of the Bakken play.

As always, we wish to thank PetroShale's employees, directors and shareholders for your continued support and look forward to updating you on our progress and achievements in the future.

((signed))

Mike Wood
President & CEO

About PetroShale

PetroShale is an oil company engaged in the acquisition, development and production of top-tier oil-weighted assets 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

This press release contains forward-looking statements and forward-looking information (collectively "forward-looking information") within the meaning of applicable securities laws relating to, among other things, available aspects of management focus, objectives, strategies and business opportunities. More particularly and without limitation, this press release contains forward-looking information concerning the Company's expectations: that PetroShale intends to remain active, with steady deployment of our one drilling rig program and participation in several non-operated wells in the latter half of 2019; that recent activities will lead to much higher production volumes; the Company's expectation that its lenders will increase the Company's borrowing base as a result of recent drilling results; 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, weather, regulatory approvals, liquidity, Bakken oil differentials, the Company's lenders assessment of its recent results and their willingness to increase the Company's borrowing base as a result thereof (or otherwise); exchange rates, interest rates, applicable royalty rates and tax laws; future production rates and estimates of operating costs; performance of existing and future wells; plant turnaround times and continued rail service to transport products; reserve 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 (including its senior credit facility).

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). 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.

All references herein to fully diluted share basis is based upon the weighted average number of fully diluted shares as disclosed in the Company's Management & Discussion Analysis as at June 30, 2019 and for the three and six months ended June 30, 2018– "Financial and Operational Highlights".

Non-IFRS Measures:

Within this press release, references are made to "operating netback", "operating netback prior to hedging", "net debt" and "adjusted EBITDA", which are not recognized measures under IFRS and therefore may not be comparable to performance measures presented by others. Adjusted EBITDA represents cash flow from operating activities prior to changes in non-cash working capital. Operating netback represents revenue, plus or minus any realized gain or loss on financial derivatives, less royalties, production taxes, operating costs and transportation expense, with the net amount divided by the working interest production volumes to derive the operating netback on a per Boe basis. Operating netback prior to hedging represents operating netback prior to any realized gain or loss on financial derivatives. Net debt represents total liabilities, excluding any decommissioning obligation and financial derivative liability, less current assets. The Company believes that adjusted EBITDA provides useful information to the reader in that it measures the Company's ability to generate funds to service its debt and other obligations and to fund its operations, without the impact of changes in non-cash working capital which can vary based solely on timing of settlement of accounts receivable and accounts payable. Management believes that in addition to net income (loss) and cash flow from operating activities, operating netback and adjusted EBITDA are useful supplemental measures as they assist in the determination of the Company's operating performance, leverage and liquidity. Operating netback is commonly used by investors to assess performance of oil and gas properties and the possible impact of future commodity price changes on energy producers. 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 as determined in accordance with IFRS as an indication of our performance or value.

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.**

All dollar figures included herein are presented in Canadian dollars, unless otherwise noted.