CALGARY, ALBERTA--(Marketwired - April 28, 2017) - PetroShale Inc. ("PetroShale" or the "Company") (TSX VENTURE:PSH)(OTCQX:PSHIF) is pleased to announce its financial and operating results for the three and twelve month periods ended December 31, 2016, along with updated reserves as at December 31, 2016.

PetroShale will file its audited consolidated financial statements and the corresponding Management's Discussion and Analysis ("MD&A") as at and for the year ended December 31, 2016, as well as its 2016 Annual Information Form including its year end reserves disclosures, on SEDAR at www.sedar.com, on the OTCQX website at www.otcqx.com, and post the information on our website at www.petroshaleinc.com. Copies of the materials can also be obtained upon request without charge by contacting the Company directly.

HIGHLIGHTS:

PetroShale continued to focus on acquiring and developing land in the core of the North Dakota Bakken / Three Forks play. We took the first step in developing our operated drilling unit by drilling and completing a well in the prolific Antelope area, and continued to realize production growth from our non-operated interests where we are partnered with some of the largest and most experienced operators in the basin. Our continued operational success and completion of an equity financing earlier this month have positioned us to be more aggressive in increasing production and drilling inventory targets as we move forward.

The Company's achievements since 2015 include the following:

- Successfully drilled and completed the first well on our operated unit (73.4% working interest) in the Antelope area which commenced production on December 31, 2016, and participated in three gross (0.7 net) non-operated wells in December, which have resulted in a substantial increase in current production to approximately 2,800 boe per day.
- Achieved a significant increase in oil and natural gas reserves and estimated net present value (discounted at 10% - "NPV10") across all categories at year end 2016 compared to December 31, 2015:
  - Total proved plus probable ("P+P") reserves increased 23% to 31.5 million boe ("Mmboe"), from 25.5 Mmboe.
  - NPV10 of the P+P reserves increased 29% to US$399.5 million, compared to US$308.7 million, despite a reduction in estimated future commodity prices.
- Generated operating netbacks of $20.14 per boe in 2016 (Company interest, gross of royalty; $25.34 per boe net of royalty), despite an 11% reduction in the benchmark price of crude oil (WTI) to US$43.31, reflecting our high-quality, light oil weighted asset base.
- Realized EBITDA of $9.5 million in 2016.
- Participated in 64 gross (2.6 net) wells at various stages of completion, for total capital expenditures of $20.9 million, and purchased oil and gas leases within PetroShale's core focus areas which included a total of 351 net acres of land for a total cost of approximately $8.5 million.
- Closed, in April 2017, a fully subscribed equity offering (including full exercise of the over-allotment option) that generated net proceeds of $106 million.
- Increased the borrowing capacity under our senior credit facility to US$30.9 million, from US$23.7 million, and extended the renewal date to February 28, 2018. The conclusion of the equity offering and the increase in the senior credit facility borrowing base leaves us with approximately US$79 million of undrawn credit capacity under our senior and subordinated credit facilities

RESULTS OF OIL AND GAS ACTIVITIES

	Three months ended		Twelve months ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Sales volumes				
Crude Oil (Bbl/d)	1,325	1,278	1,221	1,202
Natural gas and NGLs (Mcf/d)	3,218	993	2,458	802
Barrel of oil equivalent (Boe/d)	1,861	1,444	1,631	1,336
Operating Netbacks ($/Boe)(1)				
Revenue	$ 44.67	$ 42.23	$ 38.95	$ 47.11
Royalties	(9.39)	(9.02)	(7.99)	(10.34)
Operating costs	(7.63)	(6.22)	(7.86)	(7.32)
Production taxes	(3.30)	(3.60)	(2.96)	(3.79)
Operating netback	$ 24.35	$ 23.39	$ 20.14	$ 25.66
Operating netback, on a net of royalty basis	$ 30.86	$ 29.69	$ 25.34	$ 32.89

Note:
(1) See "Oil and Gas Advisories".

2016 YEAR-END RESERVES

The reserves data in this press release is based upon an evaluation by Netherland, Sewell & Associates, Inc. ("NSAI") with an effective date of December 31, 2016. The reserves data summarizes PetroShale's crude oil 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 consideration of royalty interests. The reserve report has been prepared in accordance with the standards contained in the COGE Handbook and the reserve definitions contained in National Instrument 51-101 ("NI 51-101") and CSA Staff Notice 51-324. No attempt was made to evaluate possible reserves.

Reserves Highlights:

- P+P reserves increased 23% to 31,450 Mboe, compared to 25,483 Mboe as at December 31, 2015;
- Proved developed producing reserves increased by 45% to 5,238 Mboe, and total proved reserves increased by 29% to 25,134 Mboe;
- Before tax NPV10 of the Company's P+P reserves increased by 29% to US$399.5 million, while the NPV10 of total proved reserves increased 34% to US$333.4 million;
- P+P finding, development and acquisition costs ("FD&A") were $9.17 per boe for 2016 (year ended December 31, 2015 - $9.69) (including changes in future development capital) reflecting a strong recycle ratio of 2.7 times based on our Q4 2016 operating netback (2.2 times based on 2016 average netback); while total proved FD&A was $10.89 per boe (year ended December 31, 2015 - $9.88) with a recycle ratio of 2.2 times based on our Q4 2016 operating netback (1.9 times based on 2016 average netback);
- P+P finding and development costs ("F&D") were $16.69 per boe for 2016 (year ended December 31, 2015 - $14.21) (including changes in future development capital) and total proved F&D was $17.37 per boe (year ended December 31, 2015 - $14.94); and
- P+P Reserve Life Index is 46.3 years, reflecting Q4 2016 average production of 1,861 boe per day.

Gross Company Interest Reserves

	Reserves					
	Tight Oil		Shale Gas(2)		BOE	
	Gross	Net	Gross	Net	Gross	Net
Reserves Category	(Mbbl)	(Mbbl)	(Mmcf)	(Mmcf)	(Mboe)	(Mboe)
PROVED:						
Developed Producing	4,143.0	3,284.4	6,570.4	5,188.2	5,238.1	4,149.1
Developed Non-Producing	58.6	46.1	5.5	4.3	59.5	46.8
Undeveloped	16,707.4	13,270.5	18,773.7	14,908.0	19,836.4	15,755.2
TOTAL PROVED	20,909.1	16,601.0	25,349.6	20,100.4	25,134.0	19,951.1
PROBABLE	5,340.6	4,239.2	5,854.4	4,644.2	6,316.3	5,013.2
TOTAL PROVED PLUS PROBABLE	26,249.6	20,840.2	31,204.0	24,744.6	31,450.3	24,964.3

Notes:
(1) Columns may not add due to rounding.
(2) All of our shale gas reserves represent solution gas associated with our tight oil reserves.

Net Present Value of Future Net Revenue ($ US)

	Before Income Taxes Discounted at (%/year)				
	0%	5%	10%	15%	20%
Reserves Category	($US 000s)	($US 000s)	($US 000s)	($US 000s)	($US 000s)
PROVED:					
Developed Producing	161,655.6	115,408.1	90,270.2	74,902.9	64,639.1
Developed Non-Producing	1,277.9	972.7	767.7	626.3	525.5
Undeveloped	586,079.5	360,960.0	242,321.5	171,908.4	126,431.7
TOTAL PROVED	749,013.0	477,340.8	333,359.4	247,437.6	191,596.3
PROBABLE	169,611.6	102,436.2	66,163.4	44,665.8	31,012.0
TOTAL PROVED PLUS PROBABLE	918,624.7	579,777.0	399,522.8	292,103.4	222,608.3

Notes:
(1) 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. The forecast prices reflected in the NPV10 is included in its year end 2016 Annual Information Form filed on SEDAR.

Reserves Reconciliation

	Total (Mboe)		
	Total Proved	Probable	Total Proved Plus Probable

December 31, 2015	19,453.6	6,029.2	25,482.9
Discoveries	-	-	-
Extensions and Improved Recovery	-	-	-
Technical Revisions [(1)]	3,971.1	(340.2)	3,630.9
Acquisitions [(2)]	2,972.5	680.6	3,653.1
Dispositions	(180.2)	(43.5)	(223.7)
Economic Factors	(488.3)	(9.8)	(498.1)
Production [(3)]	(594.8)	-	(594.8)
December 31, 2016	25,134.0	6,316.3	31,450.3

Notes:

(1) Technical revisions include additional well locations assigned proved undeveloped and probable reserves as well as increased proved and probable reserve assignments to well locations included in the December 31, 2015 reserve report. These revisions are based on additional technical information gathered in 2016 from analogous wells drilled and completed near our lands and increases in the number of wells planned by operators on our lands.

(2) The acquisitions amount is the estimate of reserves at December 31, 2016.

(3) Columns may not add due to rounding.

2016 Capital Program Efficiency

	Finding, Development & Acquisition ("FD&A")[(1)]		Finding & Development ("F&D")[(1)]	
	Total Proved	Proved plus Probable	Total Proved	Proved plus Probab
Capital Costs ($000s):				
Acquisitions	8,505	8,505		
Dispositions	(651)	(651)		
Capital expenditures	20,909	20,909	20,909	20,909
Change in future development capital	39,593	31,399	39,593	31,399
Total FD&A / F&D Costs	68,356	60,162	60,502	52,308
Reserves additions (Mboe)				
Net change in reserve volumes	5,680	5,968	5,680	5,968
Add back production	595	595	595	595
Reserves associated with acquisitions	-	-	(2,973)	(3,653)
Reserves associated with dispositions	-	-	180	224
Total additions	6,275	6,563	3,483	3,134
FD&A and F&D Costs ($/boe)	$ 10.89	$ 9.17	$ 17.37	$ 16.69
Recycle Ratio[(2)]	2.2	2.7	1.4	1.5

Notes:

(1) The calculation of F&D and FD&A costs incorporates the change in future development capital ("FDC") required to bring proved undeveloped and probable reserves into production. In all cases, the F&D or FD&A number is calculated by dividing the identified capital expenditures, after changes in FDC, by the applicable reserves additions. We have disclosed both finding and development costs and finding, development and acquisition costs because acquisition costs have been a significant component of our total capi expenditures and strategy, and also due to the difficulty in allocating changes in future development costs between reserve addition from drilling, technical revisions and acquisitions. For purposes of calculating finding and development costs, we have chosen to include the full increase in future development costs in this measure, rather than allocating only a portion of it to finding and development costs as such an allocation would be complex, and the method we have chosen is conservative.

(2) Recycle ratio is defined as operating netback, for the fourth quarter of 2016, divided by F&D or FD&A costs, as applicable, on a boe basis. Operating netback is calculated as revenue (including realized hedging gains and losses) minus royalties, operating cost and production taxes. PetroShale's operating netback in Q4 2016 averaged $24.35 per boe.

Net Asset Value ("NAV") per Share as at December 31, 2016 ($ thousands, except share and per share amounts)		Pro-Forma Equity Financing
Proved Plus Probable Reserve Value (NPV10 Before Tax)	$ 535,361	$ 535,361
Net Debt (including Decommissioning Obligation)	(149,369)	(43,169)
Total Net Assets	$ 385,992	$ 492,192
Common Shares Outstanding	34,207,574	156,472,574
Estimated Net Asset Value per Diluted Common Share[2]	$ 10.01	$ 3.08

Notes:

(1) 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. Reflects the NPV10 of the Company's reserves at an exchange rate of US$1.00 = Cdn$1.34.

(2) Reflects the dilutive impact of 2.0 million share purchase warrants exercisable at $0.75 per share and 2,736,736 share purchase options with an average exercise price of $0.83 per share, outstanding as at this date.

MESSAGE FROM THE CEO

2016 represented another year of growth and milestones achieved at PetroShale. We drilled and completed our first well (73% working interest) in the Antelope area which moved PetroShale from a non-operating, working interest owner to an operator in the prolific Williston Basin. Our operated position in this particular drilling unit was built through several transactions over the past few years, and we believe the opportunity exists to consolidate interests to an operated position in other drilling units in our core focus area. Earlier in December, we participated in three non-operated wells in which we have a 24.7% working interest. We are very pleased with and encouraged by the results from our first operated well, as well as the production impact from the three non-operated wells, and believe PetroShale is positioned to achieve significant longer-term increases in production, reserves and revenue growth.

PetroShale's current production is approximately 2,800 boe per day, an increase of 50% from our fourth quarter average.

We further strengthened our financial position with an equity offering of 122,265,000 common shares at $0.90 per share that closed on April 11, 2017, and generated net proceeds of approximately $106 million. As a result of this financing, we currently have approximately US$79 million of undrawn capacity under our credit facilities.

The quality of our asset base and the strength of our strategy is clearly demonstrated by PetroShale's fourth quarter 2016 operating netback of $24.35 per boe ($30.86 per boe on a net of royalty basis), which highlights our ability to generate compelling economics during a period of moderate oil price levels. We expect to see improved differentials between WTI and Bakken crude prices in 2017 due to the commencement of operations of the Dakota Access Pipeline, which significantly enhances takeaway capacity from the Bakken to the Gulf Coast and other markets.

Our year end 2016 reserves evaluation reflected another year of increased reserves volumes and value across all categories as a result of our ongoing active development and acquisition activity. Our P+P reserves increased to 31.5 million boe, from 25.5 million boe at December 31, 2015, representing growth of 23%. The NPV10 of our P+P reserves increased to US$399.5 million, a 29% increase over US$308.7 million last year. We achieved this growth responsibly, with P+P FD&A costs averaging $9.17 per boe (including the change in future development capital), generating an attractive P+P recycle ratio of 2.7 times. These capital efficiencies provide further evidence of the quality of our land base.

PetroShale's enhanced liquidity from the increase and extension of our senior credit facility and completion of the equity offering will enable the Company to carry out our 2017 business plan. We continue to seek opportunities to enhance our high-quality asset base within or adjacent to our core areas and look forward to further results as we continue to drill and develop our operated DSU.

We would like to thank PetroShale's employees, directors and shareholders for your continued support of our strategy and our Company, and we look forward to updating you on our progress and achievements during 2017.

((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.

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 opportunity to use available and undrawn amounts under the Company's credit facilities to fund drilling and acquisitions, PetroShale's position to achieve future growth in production, reserves and revenue; PetroShale's intention to seek out land acquisition opportunities; 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; 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, liquidity, 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 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.

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 described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future.

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.

Non-GAAP Measures:

Within this press release, references are made to "NAV", "operating netback" and "EBITDA", which are not recognized measures under IFRS and therefore may not be comparable to performance measures presented by others. EBITDA means net income (loss) before taxes, depletion and depreciation expense, exploration and evaluation expense, any impairments, finance expense, any gain or loss on property dispositions, foreign exchange gain or loss, share-based compensation expense and unrealized gain or loss on financial derivatives. Operating netback means revenue less royalties, production taxes and operating costs and has been presented on a per Boe basis. NAV means net asset value, which is the NPV10 before tax of the Company's proved plus probable reserves, less net debt. Management believes that in addition to net income (loss) and cash flow from (used in) operating activities, EBITDA and operating netback are useful supplemental measures as they assist a reader in the determination of the Company's operating performance, leverage and liquidity. Management believes NAV or net asset value is a useful measure as it assists the reader in determining the Company's value per share. 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 and consolidated assets as determined in accordance with IFRS as an indication of our performance or value.

Oil and Gas Advisories:

This press release contains certain oil and gas metrics such as "finding and development costs" (or F&D), "finding development and acquisition costs" (or FD&A), "Recycle Ratio", and "Reserve Life Index", which do not have standardized meanings or standard methods of calculation and therefore such measures may not be comparable to similar measures used by other companies and should not be used to make comparisons. Such metrics have been included in this document to provide readers with additional measures to evaluate the performance of our oil and gas activities however, such measures are not reliable indicators of our future performance and future performance may not compare to our performance in previous periods and therefore such metrics should not be unduly relied upon. We have disclosed both finding and development costs and finding, development and acquisition costs as measures in this press release because acquisition costs have been a significant component of our total capital expenditures and strategy, and also due to the difficulty in allocating changes in future development costs between reserve additions from drilling, technical revisions and acquisitions. For purposes of calculating finding and development costs, we have chosen to include the full increase in future development costs in this measure, rather than allocating only a portion of it to finding and development costs as such an allocation would be complex, and the method we have chosen is conservative. We believe both measures are useful measures for readers to determine the efficiency of our acquisition and development program. Recycle Ratio is defined as operating netback divided by F&D or FD&A costs, as applicable, on a per boe basis. Management uses this measure as an indicator of profitability of its oil and gas activities. Reserves Life Index is calculated as total company share reserves divided by annual production. Management uses this measure to determine how long the booked reserves will last at current production rates if no further reserves were added.

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.

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