PetroShale
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PETROSHALE ANNOUNCES FINANCIAL AND OPERATING RESULTS FOR FIRST QUARTER 2019 AND PROVIDES OPERATIONAL UPDATE

CALGARY, ALBERTA, May 27, 2019 – PetroShale Inc. ("PetroShale" or the "Company") (TSXV: PSH, OTCQX: PSHIF) is pleased to announce our financial and operating results for the three month period ended March 31, 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.

FIRST QUARTER 2019 HIGHLIGHTS

- Production averaged 5,036 barrels of oil equivalent per day ("Boe/d") (84% liquids) in the first quarter of 2019, an increase of 52% over the same period in 2018. On a weighted average fully diluted basis, first quarter production per share grew by 29% over the first quarter of 2018.

- Revenue totaled $21.3 million in the first quarter, an increase of 11% over the same period in 2018, due to higher production volumes.

- Adjusted EBITDA was $9.6 million in the first quarter, 12% lower than the same period in 2018, primarily stemming from lower realized commodity prices.

- Net loss of $0.8 million ($0.00 per share) was realized in the first quarter of 2019 compared to net income of $2.4 million ($0.01 per share) in the same period of 2018.

- Operating netback prior to the impact of hedging was $23.86 per Boe for the first quarter of 2019, compared to $42.09 in the first quarter of 2018, reflecting a lower realized oil price coupled with higher per unit operating costs.

- Capital expenditures totaled $46.6 million for the first quarter with approximately 95%, or $44.6 million, directed to drilling, completions and construction activities and the balance of approximately $2.0 million directed towards acquisitions of additional land and working interests in PetroShale's core operating areas.

FINANCIAL & OPERATING REVIEW

FINANCIAL (in thousands, except per share & share data)	Three months ended March 31, 2019	March 31, 2018
Oil and natural gas revenue	**$ 21,326**	$ 19,273
Net income (loss)	**(996)**	2,351
Per share - diluted	**(0.00)**	0.01
Adjusted EBITDA[1]	**9,581**	10,910
Capital expenditures	**46,615**	53,692
Net debt[1]	**213,904**	126,818
Common shares outstanding		
Weighted average – basic	**191,758,236**	157,605,212
Weighted average – diluted	**191,758,236**	162,832,577

OPERATING		
Sales volumes		
Crude Oil (Bbl/d)	**3,584**	2,779
Natural gas (Mcf/d)	**4,892**	1,669
NGLs (Bbl/d)	**636**	258
Barrels of oil equivalent (Boe/d)[2]	**5,036**	3,315
Average realized prices		
Crude Oil ($/Bbl)	**$ 64.10**	$ 74.02
Natural gas ($/Mcf)	**0.73**	1.76
NGLs ($/Bbl)	**5.69**	21.30
Barrels of oil equivalent ($/Boe)	**$ 47.06**	$ 64.59
Operating netback ($/Boe) [1] [2]		
Revenue	**$ 47.06**	$ 64.59
Royalties	**(9.04)**	(12.40)
Realized loss on derivatives	**-**	(3.67)
Operating costs	**(8.71)**	(4.15)
Production taxes	**(3.55)**	(5.01)
Transportation expense	**(1.90)**	(0.94)
Operating netback[1]	**$23.86**	**$ 38.42**
Operating netback prior to hedging[1]	**$23.86**	**$ 42.09**

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

MESSAGE FROM THE CEO

The first quarter of 2019 was active as we invested $44.6 million for drilling, completions, pads, facilities and artificial lift in our South Berthold and Antelope areas that included drilling six (5.4 net) wells and fracing two (1.5) net wells. PetroShale also successfully acquired land and working interests within our core South Berthold area for approximately $2.0 million, further strengthening our existing portfolio of high-quality assets in the heart of the North Dakota Bakken / Three Forks play.

Our average quarterly production was 52% higher in the first quarter of 2019 compared to the same period in 2018 as a result of new wells that were brought on-line during 2018. Average production in the first quarter of 2019 was 16% lower relative to the fourth quarter of 2018 due to downtime at certain wells to install artificial lift and/or shut-ins for offset fracing. Currently these wells are back on-line and will contribute to higher production volumes in the second quarter of 2019.

During the first quarter, the Company's realized oil prices decreased to an average of $64.10 per Bbl compared to $74.02 per Bbl in the same period of 2018 and $64.89 per bbl in the fourth quarter of 2018 as a result of lower WTI benchmark prices. Bakken crude oil price differentials narrowed significantly in the first quarter of 2019 to US$6.35 per Bbl from US$9.61 per Bbl in the fourth quarter of 2018 following a return of refinery capacity and a reduction of Canadian oil supply as a result of Alberta production cuts.

Adjusted EBITDA for the first quarter totaled $9.6 million, 12% lower than the first quarter 2018 and 18% lower than the fourth quarter 2018, reflecting softer prices, lower netbacks and reduced production levels during the period. Operating netbacks for the first quarter of 2019 averaged $23.86 per Boe, compared to $25.57 per Boe in the fourth quarter of 2018 and $42.09 per Boe (prior to hedging) in the first quarter of 2018, reflecting the commodity price environment coupled with higher operating costs associated with workover activity on both operated and non-operated wells.

Operations Update and Outlook

Our current production has increased to approximately 6,200 Boe/d, which is in line with previously provided guidance of 5,000-6,000 Boe/d on average during the first half of 2019.

Our operated drilling rig continues to do well and will finish drilling four (2.3 net) wells this week and then commence the drilling of three (1.5 net) wells next month. Also, this week we finished fracing three (2.85 net) wells and will commence fracing two (2 net) wells in June and another 4 (2.2 net) wells in August. These wells and two wells at Primus East are forecasted to be on-line and producing at various times during the second half of the year. All of this activity will lead to higher production that is expected to average between 10,000 and 11,000 Boe/d over the second half of the year with an expectation to exit 2019 at approximately 11,000 Boe/d.

PetroShale continues to stay active as we carry out our development plans with a focus on strong operational execution and value creation 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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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: to realize increased production volumes in the second quarter of 2019 from bringing back on-line certain previously shut-in production, that the Company will finish drilling four (2.3 net) wells this week and then commence the drilling of three (1.5 net) wells next month; that the Company will commence fracing two (2 net) wells in June and another 4 (2.2 net) wells in August, including the Company's expectation that these wells and two wells at Primus East will be on-line and producing at various times during the second half of the year; that recent activities will lead to much higher production volumes, the Company's expected production rates in 2019 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, 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).

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.

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 March 31, 2019 and for the three months ended March 31, 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.