



Petrus Resources Ltd. (PTRUF)

Updated March 24th, 2026, by Nikolaos Sismanis

Key Metrics

| | | | | | |
|-----------------------------|--------|---|--------|----------------------------------|------------|
| Current Price: | \$1.42 | 5 Year Annual Expected Total Return: | -1.7% | Market Cap: | \$205 M |
| Fair Value Price: | \$0.87 | 5 Year Growth Estimate: | 0.0% | Ex-Dividend Date: | 03/17/2026 |
| % Fair Value: | 163% | 5 Year Valuation Multiple Estimate: | -9.3% | Dividend Payment Date: | 03/31/2026 |
| Dividend Yield: | 6.1% | 5 Year Price Target | \$0.87 | Years Of Dividend Growth: | 0 |
| Dividend Risk Score: | F | Sector: | Energy | Rating: | Sell |

Overview & Current Events

Petrus Resources is a Canadian junior oil and gas producer based in Calgary, Alberta, focused on the development of low-cost, liquids-rich natural gas and light oil assets in Western Canada. The company's operations are concentrated in its core Ferrier area, located in the Alberta Deep Basin, where it targets the Cardium formation using horizontal drilling and multi-stage fracturing. Petrus maintains full operatorship and high working interests in its assets, enabling tight cost control and capital efficiency. The company reports its financials in CAD. All figures in this report have been converted to USD unless otherwise noted. The company trades at a market cap of \$205 million.

On March 18th, 2026, Petrus Resources posted its Q4 results for the period ending December 31st, 2025. Petrus reported revenue of roughly \$27.6 million before hedging, with realized oil and NGL prices lower than last year despite stronger natural gas pricing.

The company also generated about \$9.8 million in funds flow, translating to \$0.07 per diluted share. This compares to about \$9.1 million, or \$0.06 per diluted share last year, reflecting growth of about 8% year over year. Total production averaged 9,568 boe/d, up from the prior year, while natural gas accounted for 64% of the product mix. For FY2025, FFS was \$0.29. For FY2026, we expect FFS of \$0.29 as well.

Growth on a Per-Share Basis

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2031 |
|---------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|---------------|
| FFS | \$0.55 | \$0.82 | \$0.57 | \$0.61 | \$0.47 | \$0.43 | \$0.69 | \$0.57 | \$0.29 | \$0.29 | \$0.29 | \$0.29 |
| DPS | --- | --- | --- | --- | --- | --- | --- | --- | \$0.08 | \$0.09 | \$0.09 | \$0.09 |
| Shares¹ | 44.4 | 48.8 | 49.5 | 49.5 | 49.5 | 65.2 | 119.5 | 126.4 | 124.4 | 132.1 | 132.1 | 150.0 |

Petrus Resources' Adjusted Funds Flow (AFF) per share history illustrates the company's exposure to commodity price cycles, its capital discipline, and the limitations of operating as a small, gas-weighted producer. After posting \$0.55 per share in 2016, AFF rose sharply to \$0.82 in 2017 (its highest point in recent years) driven by strong well performance in the Ferrier area and a recovery in liquids and gas pricing. This peak was followed by a step-down to \$0.57 and \$0.61 in 2018 and 2019, respectively, as gas prices softened and reinvestment stayed limited due to balance sheet constraints.

In 2020, AFF fell to \$0.47 due to the global collapse in energy demand caused by the COVID-19 pandemic. Though commodity prices partially rebounded in 2021, Petrus generated only \$0.43 per share, reflecting the lagging effect of weak prior-year pricing and cautious capital spending.

A meaningful improvement came in 2022, as stronger natural gas and NGL pricing, coupled with increased drilling activity, lifted AFF to \$0.69, its highest level since 2017. However, that momentum did not hold: in 2023, AFF declined to \$0.57, and by 2024 it dropped further to \$0.29, as commodity prices moderated and AFF margins compressed. Last year, performance stabilized.

We don't forecast any growth in AFF/share moving forward, as commodity prices could say results either way. We also don't forecast any growth to the dividend, which began only last year.

¹ Share count is in millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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Valuation Analysis

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Now | 2031 |
|-----------|------|------|------|------|------|------|------|------|------|------|------|-------|
| Avg. P/E | --- | --- | --- | 1.9 | 1.6 | 0.8 | 1.9 | 2.5 | 3.6 | 3.7 | 4.9 | 3.0 |
| Avg. Yld. | --- | --- | --- | --- | --- | --- | --- | --- | 7.7% | 8.1% | 6.1% | 10.0% |

Petrus Resources has consistently traded at low P/AFF multiples, with values ranging from 0.8x to 3.7x between 2019 and 2025. While this may appear to signal deep value, it's largely a reflection of the stock's risk profile and operational structure. As a small, gas-weighted producer with a concentrated asset base in Ferrier, Petrus lacks diversification, scale, and pricing power. Its business is capital-intensive and highly sensitive to commodity swings, meaning cash flows can rapidly deteriorate in weaker environments, as seen in 2024 when AFF fell by nearly 50%. We believe Petrus should trade at a cheaper multiple today and offer a higher yield to account for the underlying risks attached to its investment case.

Safety, Quality, Competitive Advantage, & Recession Resiliency

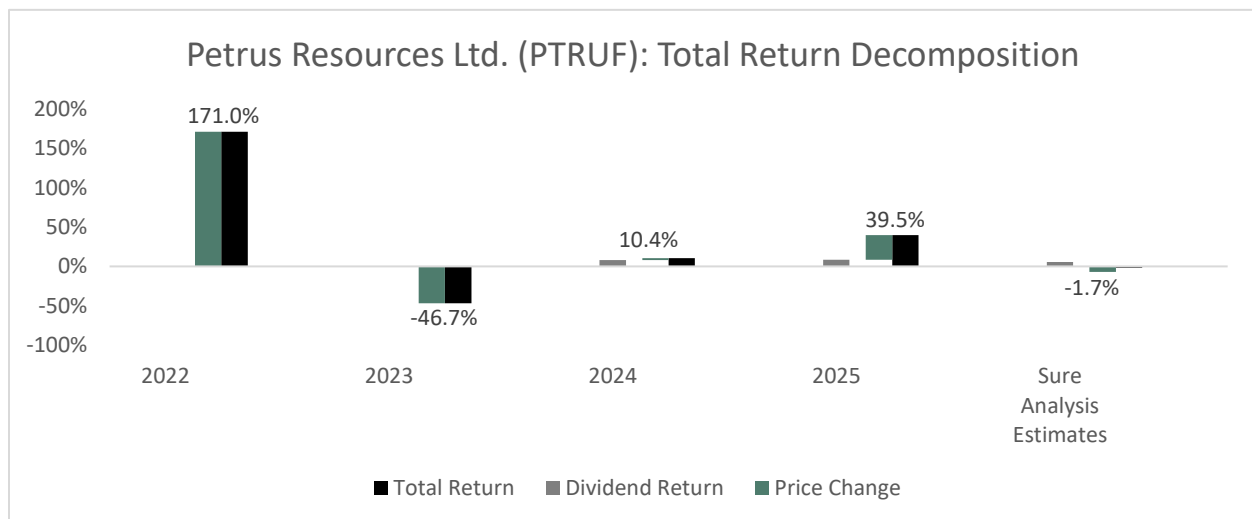
| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2031 |
|--------|------|------|------|------|------|------|------|------|------|------|------|------|
| Payout | --- | --- | --- | --- | --- | --- | --- | --- | 28% | 30% | 30% | 30% |

Petrus operates with a lean balance sheet and has made progress reducing debt, but remains financially exposed due to its small size and reliance on natural gas pricing. The company's core Ferrier asset is low-cost and technically sound, enabling efficient production with strong well-level returns. However, the business is narrowly concentrated, with limited reserve depth and few options to shift capital across plays. It doesn't benefit from structural advantages like scale, infrastructure ownership, or pricing power, making it more exposed to competition and commodity volatility. In a downturn, especially one driven by falling demand, Petrus would likely see a sharp decline in cash flow, as its lack of diversification or downstream integration leaves little buffer. Its success depends heavily on execution and favorable market conditions, with less room to absorb shocks than larger or more diversified peers.

Final Thoughts & Recommendation

Petrus offers investors exposure to low-cost natural gas and liquids production and a monthly dividend. Nevertheless, its concentrated asset base, small scale, and high sensitivity to commodity prices limit its resilience and re-rating potential. The stock may appeal as a tactical play in strong gas markets, but lacks the structural strengths to support a long-term core holding without a sustained pricing tailwind. We also believe the stock is overvalued. Thus, we rate it as a sell.

Total Return Breakdown by Year



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Income Statement Metrics

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|------------------|--------|--------|-------|-------|--------|-------|--------|-------|-------|-------|
| Revenue | 74 | 49 | 70 | 62 | 54 | 38 | 65 | 117 | 93 | 68 |
| Gross Profit | 38 | 24 | 19 | 22 | 21 | 15 | 38 | 73 | 46 | 29 |
| Gross Margin | 51.7% | 49.2% | 27.3% | 35.5% | 38.8% | 39.6% | 59.0% | 62.3% | 49.1% | 42.6% |
| SG&A Exp. | 6 | 6 | 3 | 4 | 3 | 3 | 4 | 3 | 4 | 5 |
| Operating Profit | (16) | (18) | (5) | 0 | 3 | 1 | 21 | 48 | 15 | 4 |
| Operating Margin | -21.2% | -37.2% | -7.4% | 0.8% | 5.9% | 1.9% | 31.7% | 41.3% | 16.0% | 5.7% |
| Net Profit | (54) | (51) | (86) | (3) | (32) | (73) | 91 | 47 | 38 | (1) |
| Net Margin | -72.9% | -103% | -123% | -4.1% | -59.1% | -194% | 141.0% | 40.0% | 40.4% | -1.3% |
| Free Cash Flow | (31) | 10 | (28) | 4 | 7 | 11 | 5 | 3 | (9) | 20 |
| Income Tax | (14) | | | | | - | (4) | - | (15) | (1) |

Balance Sheet Metrics

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|----------------------|------|------|------|------|------|-------|------|------|------|------|
| Total Assets | 400 | 326 | 281 | 251 | 221 | 140 | 228 | 281 | 330 | 293 |
| Cash & Equivalents | 1 | 0 | 0 | 0 | 0 | | 4 | 0 | 0 | 0 |
| Accounts Receivable | 13 | 9 | 9 | 9 | 10 | 5 | 8 | 16 | 13 | 8 |
| Inventories | | | | | | | - | 1 | 1 | 0 |
| Total Liabilities | 224 | 140 | 161 | 142 | 140 | 132 | 96 | 84 | 92 | 81 |
| Accounts Payable | | | 20 | 16 | 9 | 6 | 15 | 33 | 26 | 12 |
| Long-Term Debt | 169 | 86 | 108 | 97 | 97 | 89 | 45 | 22 | 37 | 40 |
| Shareholder's Equity | 176 | 186 | 120 | 109 | 82 | 8 | 132 | 196 | 238 | 211 |
| LTD/E Ratio | 0.96 | 0.46 | 0.90 | 0.89 | 1.19 | 11.85 | 0.34 | 0.11 | 0.16 | 0.19 |

Profitability & Per Share Metrics

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|------------------|--------|--------|--------|-------|--------|--------|--------|-------|--------|-------|
| Return on Assets | -11.3% | -13.9% | -28.3% | -1.0% | -13.5% | -40.3% | 49.7% | 18.4% | 12.3% | -0.3% |
| Return on Equity | -24.3% | -27.9% | -56.1% | -2.2% | -33.4% | -163% | 131.0% | 28.5% | 17.3% | -0.4% |
| ROIC | -13.9% | -16.4% | -34.3% | -1.2% | -16.5% | -52.8% | 66.6% | 23.7% | 15.2% | -0.3% |
| Shares Out. | 35.1 | 44.4 | 48.8 | 49.5 | 49.5 | 49.5 | 65.2 | 119.5 | 126.4 | 124.4 |
| Revenue/Share | 2.02 | 1.05 | 1.37 | 1.20 | 1.04 | 0.73 | 0.95 | 0.98 | 0.74 | 0.55 |
| FCF/Share | (0.85) | 0.20 | (0.55) | 0.07 | 0.14 | 0.21 | 0.07 | 0.02 | (0.07) | 0.16 |

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

Disclaimer

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