Prairie Provident Announces Fourth Quarter and Year-End 2016 Financial and Operating Results

Calgary, Alberta – March 31, 2017 – Prairie Provident Resources Inc. ("Prairie Provident", "PPR" or the "Company") is pleased to announce its operating and financial results for the three months and year ended December 31, 2016, and to provide an operational update. PPR's audited consolidated financial statements ("Annual Financial Statements") and related Management's Discussion and Analysis ("MD&A") for the three months and year ended December 31, 2016 are available on its website and filed on SEDAR.

PPR is a light and medium oil-weighted growth company, formed through the business combination of Lone Pine Resources Inc. and Lone Pine Resources Canada Ltd. (now Prairie Provident Resources Canada Ltd.) (collectively, "Lone Pine") and Arsenal Energy Inc. ("Arsenal") which was effected on September 12, 2016 (the "Arsenal Acquisition"). Results for the fourth quarter of 2016 reflect the first full quarter of operations as PPR.

Prairie Provident's Annual Financial Statements present the results for the historical Lone Pine properties for the period up to September 12, 2016 and for the combination of Lone Pine and Arsenal after September 12, 2016. This is a significant factor in understanding the year-over-year and quarter-over-quarter financial results of Prairie Provident. This news release contains forward-looking information and statements and non-IFRS measures. Readers are cautioned that the news release should be read in conjunction with the Company's disclosures under the headings "Forward-Looking Statements" and "Non-IFRS Measures" included at the end of this news release.

FOURTH QUARTER 2016 HIGHLIGHTS

- Achieved average fourth quarter 2016 production of 4,845 boe/d (58% liquids), a 90% increase over the same period of 2015 due to approximately 1,650 boe/d of production additions related to 16 wells in Wheatland and approximately 1,300 boe/d of production from Arsenal's properties, and exited 2016 with average daily production of approximately 5,500 boe/d (56% liquids);
- Generated fourth quarter adjusted funds from operations of $7.1 million ($0.07 per diluted share), up 1% from the same period in 2015, as incremental production from the new Wheatland wells and a full quarter of production from Arsenal were offset by lower realized gains on derivative instruments;
- Operating netbacks (before realized hedging gains) for the quarter were $19.26/boe, 5% higher than the fourth quarter of 2015 due to improvements in realized prices and reductions in per boe operating costs. Operating netbacks (after realized hedging gains) for the quarter were $22.32/boe, lower than the $39.31/boe generated in the same period of the prior year due to a $17.91/boe reduction in realized hedging gains;

- Capital expenditures in the quarter totaled $11.9 million, which were primarily directed to the ongoing drilling program at Wheatland. Three wells were drilled at Wheatland during the fourth quarter (100% success rate) and eight wells were brought on-stream, including seven wells drilled in the third quarter and one well drilled in the fourth quarter;
- Continued to enhance drilling and completion techniques, achieving all-in per well costs of approximately $1.6 million to drill, complete, equip and tie-in; and
- Maintained financial flexibility and a strong balance sheet with year-end bank debt of $15.5 million or 28% drawn on the Company's $55 million credit facility (together with outstanding letters of credit, $20.9 million or 38% of the credit facility was utilized).

2016 ANNUAL HIGHLIGHTS

- Full-year 2016 production of 3,680 boe/d (58% liquids) increased 39% on a year-over-year basis with the primary variances being production additions from Wheatland (approximately 1,230 boe/d) and the Arsenal Acquisition (approximately 400 boe/d);
- Capital expenditures totaled $34.9 million, comprised of $31.2 million invested in the Wheatland drilling program and $2.3 million directed to the second phase of the Evi Waterflood project;
- Reported an operating netback (after realized hedging gains) of $17.95/boe for 2016, a 54% decrease from 2015 due to lower realized gains on derivative instruments and lower realized prices;
- Generated full-year adjusted funds from operations of $13.3 million ($0.14 per diluted share), a 50% decrease on a year-over-year basis due primarily to lower operating netbacks, partially offset by higher production and lower G&A expenses;
- Issued 5,465,000 common shares as Canadian exploration expenses ("CEE") flow-through shares at $0.85 per share and 375,000 Canadian development expenses ("CDE") flow-through common shares at $0.80 per share in December 2016 for total gross proceeds of $4.95 million; and
- Subsequent to year-end, acquired high quality light oil assets in the Greater Red Earth area for cash consideration of $41.0 million (the "Red Earth Acquisition"). The Company also issued CEE flow-through shares and common shares and warrants for total gross proceeds of $8.0 million and the borrowing capacity on its credit facility was increased to $65 million.

FINANCIAL AND OPERATING HIGHLIGHTS

	Three Months Ended December 31		Year Ended December 31	
($000s except per unit amounts)	**2016**	2015	**2016**	2015
Financial				
Oil and natural gas revenue	**17,060**	8,783	**42,748**	39,335
Net loss	**(8,782)**	(15,390)	**(60,396)**	(59,894)
Per share – basic & diluted(1)	**(0.09)**	(0.16)	**(0.62)**	(0.61)
Adjusted funds from operations(2)	**7,107**	7,007	**13,259**	26,382
Per share – basic & diluted(3)	**0.07**	0.07	**0.14**	0.27
Net capital expenditures	**11,918**	9,809	**34,875**	24,627
Production Volumes				
Crude oil (bbls/d)	**2,653**	1,799	**2,012**	1,820
Natural gas (Mcf/d)	**12,300**	4,130	**9,253**	4,577
Natural gas liquids (bbls/d)	**142**	63	**126**	69
Total (boe/d)	**4,845**	2,550	**3,680**	2,652
% Liquids	**58%**	73%	**58%**	71%
Average Realized Prices				
Crude oil ($/bbl)	**54.28**	46.58	**46.75**	51.24
Natural gas ($/Mcf)	**3.09**	2.56	**2.21**	3.01
Natural gas liquids ($/bbl)	**24.49**	17.08	**17.91**	10.76
Total ($/boe)	**38.27**	37.44	**31.74**	40.64
Operating Netback ($/boe)(4)				
Realized price	**38.27**	37.44	**31.74**	40.64
Royalties	**(5.09)**	(3.18)	**(3.63)**	(2.26)
Operating costs	**(13.92)**	(15.92)	**(17.39)**	(16.49)
Operating netback	**19.26**	18.34	**10.72**	21.89
Realized gains on derivative instruments	**3.06**	20.97	**7.23**	17.34
Operating netback, after realized gains on derivative instruments	**22.32**	39.31	**17.95**	39.23

Notes:

(1)(3) As the historical financial statements were prepared on a combined and consolidated basis (see note 3(a) to the Annual Financial Statements), it is not possible to measure per share amounts until subsequent to the closing of the Arsenal Acquisition on September 12, 2016 when Lone Pine and Arsenal were brought under a common parent entity. The Company calculated per share information for the current and historical periods by assuming that the common shares issued upon the closing of the Arsenal Acquisition at September 12, 2016 were outstanding since the beginning of the period.

(2)(4) Adjusted funds from operations and operating netback are non-IFRS measures and are defined below under "Other Advisories".

Capital Structure ($000s)	As at December 31, 2016	As at December 31, 2015
Working capital (deficit)(1)	**(4,380)**	12,268
Long-term debt	**(15,047)**	—
Total net debt(2)	**(19,427)**	12,268
Current debt capacity(3)	**34,117**	45,529
Common shares outstanding (in millions) (4)	**104.2**	N/A

Notes:

(1) Working capital (deficit) is a non-IFRS measure (see Other Advisories below) calculated as current assets less current liabilities excluding the current portion of derivative instruments, the current portion of decommissioning liabilities and flow-through share premium.

(2) Net debt is a non-IFRS measure (see Other Advisories below), calculated by adding working capital (deficit) and long-term debt.

(3) Current debt capacity reflects the credit facility of $55 million at December 31, 2016 and of $50 million at December 31, 2015.

(4) As historical financial statements were prepared on a combined and consolidated basis (see note 3(a) to the Annual Financial Statements), common shares outstanding is not a relevant measure until subsequent to the closing of the Arsenal Acquisition on September 12, 2016 when Lone Pine and Arsenal were brought under a common parent entity.

	Three months ended December 31		Year ended December 31	
	2016	2015	**2016**	2015
Drilling Activity				
Gross wells	**3**	2	**14**	4
Working interest wells	**2.95**	1.95	**12.65**	3.95
Success rate, net wells (%)	**100**	100	**100**	100

YEAR IN REVIEW

In September 2016, Lone Pine and Arsenal completed a business combination to form Prairie Provident. Upon completion, Lone Pine securityholders held approximately 77% of the fully diluted PPR shares, while former Arsenal securityholders held approximately 23%. With a larger operational footprint and increased access to capital, PPR commenced a variety of initiatives:

- Integrated the Arsenal team and grew its production profile, while maintaining similar G&A cost structure, which resulted in a reduction of G&A per boe by 37% when compared to 2015;
- Achieved organic production additions at Wheatland of 1,650 boe/d, bringing total current production at the play to approximately 2,500 boe/d; and
- Grew Evi from 1,200 boe/d to approximately 2,500 boe/d through synergistic acquisitions. Subsequent to the year-end of 2016, PPR acquired assets in the Greater Red Earth area for cash consideration of $41.0 million and issued CEE flow-through shares and common shares and warrants for total gross proceeds of $8.0 million. Additionally, the Company's credit facility was amended to increase the borrowing capacity to $65 million.

OPERATIONS UPDATE

Wheatland, AB

Prairie Provident successfully completed its 2016 capital program spending $31.2 million in this core area, within capital expenditure guidance provided in the third quarter of 2016. The 2016 Wheatland capital program included a total of 14 gross (12.65 net) wells drilled with 12 brought on-stream. The remaining two wells drilled and completed in 2016 that were not on production by the end of the year were brought on-stream in February 2017, bringing the total number of developed wells in the area to 18. During the fourth quarter of 2016, average sales volumes in the Wheatland area were approximately 1,797 boe per day (30% light/medium oil), which is expected to increase in the first quarter 2017 due to new volumes coming on stream late in 2016 and early 2017.

Our development across this region has been focused primarily in the northern and central region of the play and has yielded three significant discoveries. Our focus for 2017 will be on the multiple follow-up locations across the fairway, while future exploration will be tested over the next two years in the southern sections. Our 2017 capital program contemplates the drilling of up to 14 wells in the Wheatland area and the Company has already drilled and cased the first four Ellerslie wells from our 2017 budget.

Prairie Provident continues to improve its drilling cycle times and overall costs at Wheatland by pad drilling and utilizing a mono-bore drilling design, which has significantly reduced surface costs, lowered the environmental footprint and increased the anticipated return on capital. These design optimizations combined with lower service costs have reduced drilling times from an average of 13 days down to 8.5 days, while all-in costs have been reduced significantly to approximately $1.6 million per well, down over 40% from $2.7 million per well one year ago.

Princess, AB
At Princess, two discovery wells are awaiting tie-in that have cumulatively tested at more than 400 bbl/d of oil, while a total of 15 additional locations have been identified in the Detrital and Glauconite formations. During the three months and year ended December 31, 2016, our Princess properties produced average sales volumes of approximately 480 boe per day (83% medium oil) and 143 boe per day (83% medium oil), respectively. Prairie Provident plans to drill up to 8 wells at Princess in 2017.

Evi, AB
During the three months and year ended December 31, 2016, our Evi properties produced average sales volumes of approximately 1,458 boe per day (97% light oil) and 1,323 boe per day (95% light oil), respectively. The Evi properties provide the Company with a stable cash flow base that complements its development programs, while the economics (rates of return, payback and recycle ratio) remain very robust, even at current strip pricing. PPR believes that the waterflood program will continue to stabilize production from this play and enhance long-term recoveries.

The Company currently has nine (9.0 net) injection wells (eight horizontals and one vertical) in operation. Initial results from the program correspond with an independent study conducted in 2015 on the feasibility of a full-field waterflood program. An additional four injector conversions are planned for 2017, and over the long-term, our 'full field low case scenario' contemplates 14 producing wells to be converted to injection wells for total future costs of approximately $13.5 million.

Subsequent to year-end, the Company closed the Red Earth Acquisition which is complementary to existing operations at Evi. The transaction added approximately 1,100 boe/d (98% oil and liquids), provides for synergistic opportunities to reduce area estimated operating costs by $2 million per year (or $2.00/boe), and optimize waterflood expansion with seven prospective projects.

2017 OUTLOOK AND GUIDANCE

PPR's capital allocation process considers numerous operational dynamics and financial factors. We incorporate competitive elements into the process such that projects with the highest rates of return are given top priority and growth on a per share basis is a central tenet of the planning process. Through 2017, we will continue to focus on improving corporate netbacks by targeting the production of higher value streams (oil / condensate rich liquids) and enhancing our capital efficiencies through various operational initiatives such as pad drilling and operating in areas with underutilized infrastructure capacity. Given the continued volatility in commodity prices, the Company remains focused on capital management, targeting a debt to EBITDAX ratio of 1.0 time. We will continue to add positions to our hedge book (currently covering 63% of 2017 forecast base oil production (net of royalties) at $69.51/bbl) to provide downside price protection and support our adjusted funds from operations through 2018 and beyond.

In connection with closing the Red Earth Acquisition in March of 2017, our credit facility was amended upward and the Company now has a total borrowing capacity of $65 million, comprised of a $55 million syndicated revolving credit facility and a $10 million operating facility. This increased financial flexibility, combined with forecasted 2017 adjusted funds from operations of $31 - 35 million, will allow the Company to fund a $25 - 35 million capital budget. Our 2017 budget is scalable depending on commodity prices, with excess adjusted funds from operations directed to debt repayment.

An active drilling program in 2017 is expected to position the Company to deliver production per share growth of approximately 55% and generate strong rates of return on its assets at current commodity prices. Our inventory of conventional horizontal and vertical wells provides the Company with over five years of drilling to underpin profitable per share growth. Waterflood initiatives are expected to lower corporate decline rates and stabilize production levels over the medium and longer term. Prairie Provident is positioned to execute a profitable organic growth program through 2017.

The 2017 program assumes price forecasts of USD$54.00/bbl WTI, CAD$2.75/GJ AECO, and a Canadian/US dollar exchange rate of $0.76 and anticipates the following:

	Targets
Exit production (boe/d)	7,500 – 8,000
Annual production (boe/d) (1)	6,100 – 6,600
% of liquids	60% - 65%
Operating expenses ($/boe)	16.00 – 17.00
Operating netback ($/boe) (2)	16.00 – 17.00
Operating netback, after realized gains from derivative instruments ($/boe) (2)	17.00 – 18.00
Royalties (%)	16%
G&A, excluding stock-based compensation and net of capitalized G&A ($/boe)	3.00 – 4.00
Capital expenditures ($millions)	25 – 35

(1) Includes production from the Red Earth Acquisition since March 22, 2017, the closing date of the transaction.
(2) Operating netback is a non-IFRS measure (see "Other Advisories" below).

Over the last several quarters, various positive indicators have been observed within the Canadian energy industry which has given us the confidence to continue executing our returns-based growth strategy and make the accretive Red Earth Acquisition to expand our asset portfolio. We recognize that the macro environment remains challenging with continued uncertainty around OPEC production cuts, the stability of oil prices, and the potential implementation of various policies by the new administration in the United States. Against this backdrop, we are committed to pursue the generation of positive returns for shareholders while pursuing growth.

From a capital markets standpoint, we remain focused on increasing exposure of the Company to the investment community and enhancing the trading liquidity of our shares; however, we are firmly of the belief that continued operational execution, growth on a per share basis, and prudently managing our balance sheet will ultimately be the key drivers towards increasing shareholder value.

ABOUT PRAIRIE PROVIDENT:

Prairie Provident is a Calgary-based company engaged in the exploration and development of oil and natural gas properties in Alberta. The Company's strategy is to grow organically in combination with accretive acquisitions of conventional oil prospects, which can be efficiently developed. Prairie Provident's operations are primarily focused at Wheatland and Princess in Southern Alberta targeting the Ellerslie and the Lithic Glacu formations, along with an early stage waterflood project at Evi in the Peace River Arch. Prairie Provident protects its balance sheet through an active hedging program and manages risk by allocating capital to opportunities offering maximum shareholder returns.

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FORWARD-LOOKING STATEMENTS

This news release contains certain forward-looking information and statements within the meaning of applicable Canadian securities laws. Statements involving forward-looking information relate to future performance, events or circumstances, and are based upon internal assumptions, plans, intentions, expectations and beliefs. All statements other than statements of current or historical fact constitute forward-looking information. Forward-looking information is typically, but not always, identified by words such as "anticipate", "believe", "expect", "intend", "plan", "budget", "forecast", "target", "estimate", "propose", "potential", "project", "continue", "may", "will", "should" or similar words suggesting future outcomes or events or statements regarding an outlook. In particular, but without limiting the foregoing, this news release contains forward-looking information and statements pertaining to the following: projected capital expenditure plans, production and product mix, production growth expectations, development and exploration plans at Wheatland, Princess and Evi (including with respect to numbers of wells at Wheatland and Princess and Evi waterflood activities and expectations), opportunities for operating cost reductions in the Greater Red Earth area, continued focus on corporate netbacks and capital efficiency and anticipated activities in furtherance thereof, future hedging arrangements, projected annual and exit production, operating costs, operating netback, royalties, G&A expenses, capital expenditures and adjusted funds from operations of Prairie Provident for 2017 and beyond, assumptions as to future commodity prices, its risk management plans for 2017 and beyond, use of excess funds from operations for debt repayment, per share production growth, drilling inventory numbers, expected benefits fo waterflood initiatives, view on potential benefits from the Red Earth Acquisition and future merger and acquisition activities.

The forward-looking information and statements contained in this news release reflect material factors and expectations and assumptions of Prairie Provident including, without limitation: commodity prices and foreign exchange rates for 2017 and beyond; the timing and success of future drilling, development and completion activities (and the extent to which the results thereof meet Management's expectations); the continued availability of financing (including borrowings under the Company's credit facility) and cash flow to fund current and future expenditures, with external financing on acceptable terms; future capital expenditure requirements and the sufficiency thereof to achieve the Company's objectives; the performance of both new and existing wells; production from the Red Earth Acquisition and capital and operating costs in respect thereof; the timely availability and performance of facilities, pipelines and other infrastructure in areas of operation; the geological characteristics and quality of Prairie Provident's properties and the reservoirs in which the Company conducts oil and gas activities (including field production and decline rates); successful integration of the Red Earth Acquisition assets into the Company's operations; the successful application of drilling, completion and seismic technology; future exploration, development, operating, transportation, royalties and other costs; the Company's ability to economically produce oil and gas from its properties and the timing and cost to do so; the predictability of future results based on past and current experience; prevailing weather conditions; prevailing legislation and regulatory requirements affecting the oil and gas industry (including royalty regimes); the timely receipt of required regulatory approvals; the availability of capital, labour and services on timely and cost-effective basis; the creditworthiness of industry partners and the ability to source and complete acquisitions; and the general economic, regulatory and political environment in which the Company operates. Prairie Provident believes the material factors, expectations and assumptions reflected in the forward-looking information and statements are reasonable but no assurance can be given that these factors, expectations and assumptions will prove to be correct.

All information and statements that are in the nature of a financial outlook are forward-looking statements as they relate to prospective financial performance, financial position or cash flows based on assumptions about future economic conditions and courses of action. Financial outlook information in this news release includes statements regarding future funds flow from operations and operating netback, which are subject to the assumptions, risk factors, limitations and qualifications set forth above. All financial outlook information is made as of the date of this news release and is provided for the sole purpose of describing the Company's internal expectations on cash flows for 2017, and should not be used, and may be inappropriate for, any other purpose.

Although Prairie Provident believes that the expectations and assumptions upon which the forward-looking information in this news release is based are reasonable based on currently available information, undue reliance should not be placed on such information, which is inherently uncertain, relies on assumptions and expectations, and is subject to known and unknown risks, uncertainties and other factors, both general and specific, many of which are beyond the Company's control, that may cause actual results or events to differ materially from those indicated or suggested in the forward-looking information. Prairie Provident can give no assurance that the forward-looking information contained herein will prove to be correct or that the expectations and assumptions upon which they are based will occur or be realized. These include, but are not limited to: risks inherent to oil and gas exploration, development, exploitation and production operations and the oil and gas industry in general, including geological, technical, engineering, drilling, completion, processing and other operational problems and potential delays, cost overruns, production or reserves loss or reduction in production, and environmental, health and safety implications arising therefrom; uncertainties associated with the estimation of reserves, production rates, product type and costs; adverse changes in commodity prices, foreign exchange rates or interest rates; the ability to access capital when required and on acceptable terms; the ability to secure required services on a timely basis and on acceptable terms; increases in operating costs; environmental risks; changes in laws and governmental regulation (including with respect to royalties, taxes and environmental matters); adverse weather or break-up conditions; competition for labour, services, equipment and materials necessary to further the Company's oil and gas activities; and changes in plans with respect to exploration or development projects or capital expenditures in respect thereof. These and other risks are discussed in more detail in the Company's current annual information form and other documents filed by it from time to time with securities regulatory authorities in Canada, copies of which are available electronically under Prairie Provident's issuer profile on the SEDAR website at www.sedar.com and on the Company's website at www.ppr.ca. This list is not exhaustive.

The forward-looking information and statements contained in this news release speak only as of the date of this news release, and Prairie Provident assumes no obligation to publicly update or revise them to reflect new events or circumstances, or otherwise, except as may be required pursuant to applicable laws. All forward-looking information and statements contained in this news release are expressly qualified by this cautionary statement.

OTHER ADVISORIES

The oil and gas industry commonly expresses production volumes and reserves on a "barrel of oil equivalent" basis ("boe") whereby natural gas volumes are converted at the ratio of six thousand cubic feet to one barrel of oil. The intention is to sum oil and natural gas measurement units into one basis for improved analysis of results and comparisons with other industry participants. A boe conversion ratio of six thousand cubic feet to one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip. It does not represent a value equivalency at the wellhead nor at the plant gate, which is where Prairie Provident sells its production volumes. Boes may therefore may be a misleading measure, particularly if used in isolation. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency ratio of 6:1, utilizing a 6:1 conversion ratio may be misleading as an indication of value.

Non-IFRS Measures

The Company uses certain terms in this news release and within the MD&A that do not have a standardized or prescribed meaning under International Financial Reporting Standards (IFRS), and, accordingly these measurements may not be comparable with the calculation of similar measurements used by other companies. For a reconciliation of each non-IFRS measure to its nearest IFRS measure, please refer to the "Non-IFRS Measures" section in the MD&A. Non-IFRS measures are provided as supplementary information by which readers may wish to consider the Company's performance, but should not be relied upon for comparative or investment purposes. The non-IFRS measures used in this news release are summarized as follows:

Working Capital **–** *Working capital (deficit) is calculated as current assets less current liabilities excluding the current portion of derivative instruments, the current portion of decommissioning liabilities and flow-through share premium. This measure is used to assist management and investors in understanding liquidity at a specific point in time. The current portion of derivatives instruments is excluded as management intends to hold derivative* *contracts through to maturity rather than realizing the value at a point in time through liquidation. The current portion of decommissioning expenditures is excluded as these costs are discretionary and the current portion of flow-through share premium liabilities are excluded as it is a non-monetary liability.*

Net Debt – *Net debt is defined as long-term debt plus working capital surplus or deficit. Net debt is commonly used in the oil and gas industry for assessing the liquidity of a company.*

Operating Netback – Operating netback is a non-IFRS measure commonly used in the oil and gas industry. This measurement assists management and investors to evaluate the specific operating performance at the oil and gas lease level. Operating netbacks included in this news release were determined by taking (oil and gas revenues less royalties less operating costs) divided by gross working interest production. Operating netback, including realized commodity (loss) and gain, adjusts the operating netback for only realized gains and losses on derivative instruments.

Adjusted Funds from Operations – Adjusted funds from operations is calculated based on cash flow from operating activities before changes in non-cash working capital, transaction costs, restructuring costs, decommissioning expenditures and other non-recurring items. Management believes that such a measure provides an insightful assessment of Prairie Provident's operation performance on a continuing basis by eliminating certain non-cash charges and charges that are non-recurring and utilizes the measure to assess its ability to finance operating activities, capital expenditures and debt repayments. Adjusted funds from operations as presented is not intended to represent cash flow from operating activities, net earnings or other measures of financial performance calculated in accordance with IFRS.