PRAIRIE PROVIDENT RESOURCES

Prairie Provident Announces First Quarter 2017 Financial and Operating Results

Calgary, Alberta – May 10, 2017 – Prairie Provident Resources Inc. ("Prairie Provident", "PPR" or the "Company") is pleased to announce its operating and financial results for the three months ended March 31, 2017, and to provide an operational update. PPR's consolidated financial statements ("Financial Statements") and related Management's Discussion and Analysis ("MD&A") for the three months ended March 31, 2017 are available on its website and filed on SEDAR.

Prairie Provident was 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"). Financial Statements referenced herein 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.

FIRST QUARTER 2017 HIGHLIGHTS

- Achieved average first quarter 2017 production of 5,637 boe/d (55% liquids), a 71% increase over the same period in 2016 due primarily to approximately 1,500 boe/d of Wheatland production additions and approximately 1,100 boe/d of production from Arsenal's properties;
- Further contributing to the first quarter production increase was approximately 125 boe/d of production averaged over the first quarter related to the acquisition of approximately 1,100 boe/d of high quality light oil assets in the Greater Red Earth area of Northern Alberta ("Red Earth Acquisition"), which is included in PPR's operating results after the closing date of March 22, 2017;
- Generated first quarter adjusted funds from operations of $5.9 million ($0.06 per diluted share), up 444% from the same period in 2016 due to increased production, higher average realized prices, and lower operating expenses;
- Operating netbacks (after realized hedging gains) for the quarter were $16.25/boe, 31% higher than the first quarter of 2016 due to a 57% improvement in realized prices and a 21% reduction in per boe operating costs;
- Capital expenditures in the quarter totaled $48.4 million, which included $40.9 million for the Red Earth Acquisition, $5.9 million for the ongoing drilling program at Wheatland and $0.9 million on the second phase of the Evi waterflood project;

- Drilled four wells at Wheatland during the first quarter (100% success rate) and brought two wells on stream that were drilled in Q4 2016;
- Issued 5,195,000 CEE flow-through shares at $0.77 per share and 5,971,000 subscription receipts at $0.67 per unit (each comprised of one common share and one-half of one common share warrant) for total gross proceeds of $8.0 million;
- Increased borrowing capacity on the Company's credit facility to $65 million in conjunction with the Red Earth Acquisition; and
- Exited the first quarter with bank debt of $45.5 million or 70% drawn on the Company's $65 million credit facility (together with outstanding letters of credit, $50.9 million or 78% of the credit facility was utilized).

FINANCIAL AND OPERATING HIGHLIGHTS

	Three Months Ended March 31	
($000s except per unit amounts)	**2017**	2016
Financial		
Oil and natural gas revenue	**19,208**	7,203
Net earnings	**7,262**	3,197
Per share – basic & diluted[1]	**0.07**	0.03
Adjusted funds from operations[2]	**5,934**	1,090
Per share – basic & diluted[3]	**0.06**	0.01
Capital expenditures (net of proceeds from dispositions)	**48,386**	10,732
Production Volumes		
Crude oil (bbls/d)	**2,832**	1,884
Natural gas (Mcf/d)	**15,073**	7,698
Natural gas liquids (bbls/d)	**293**	124
Total (boe/d)	**5,637**	3,291
% Liquids	**55%**	61%
Average Realized Prices		
Crude oil ($/bbl)	**55.89**	33.63
Natural gas ($/Mcf)	**2.97**	1.86
Natural gas liquids ($/bbl)	**35.46**	12.23
Total ($/boe)	**37.86**	24.05
Operating Netback ($/boe)[4]		
Realized price	**37.86**	24.05
Royalties	**(5.97)**	(2.17)
Operating costs	**(17.02)**	(21.47)
Operating netback	**14.87**	0.41
Realized gains on derivative instruments	**1.38**	11.97
Operating netback, after realized gains on derivative instruments	**16.25**	12.38

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 for the year ended December 31, 2016), 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 March 31, 2017	As at December 31, 2016
Working capital (deficit)[1]	**(13,126)**	(4,380)
Long-term debt	**(46,587)**	(15,047)
Total net debt[2]	**(59,713)**	(19,427)
Current debt capacity[3]	**14,117**	34,117
Common shares outstanding (in millions)	**115.4**	104.2

Notes:

(1) Working capital (deficit) is a non-IFRS measure 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. See "Other Advisories" below.

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

(3) Current debt capacity reflects the credit facility of $65 million at March 31, 2017 and $55 million at December 31, 2016.

	Three months ended March 31	
	2017	2016
Drilling Activity		
Gross wells	**4**	3
Working interest wells	**3.95**	2.9
Success rate, net wells (%)	**100**	100

OPERATIONS UPDATE

Wheatland, AB

Prairie Provident's successful 2016 capital program at Wheatland included the drilling of 14 wells and achieving organic production additions of approximately 1,650 boe/d, which brought total production in the region to approximately 2,500 boe/d at year-end. During the first quarter of 2017, a total of $3.9 million was invested to drill and case four Ellerslie wells (100% success rate), while two wells completed in the fourth quarter of 2016 were brought on-stream in February 2017. Average sales volumes in the Wheatland area were approximately 2,500 boe/d (30% light/medium oil) in the first quarter and production is expected to increase in the second quarter of 2017 as volumes from the four wells that were drilled in the first quarter come on-stream.

Our 2017 capital budget continues to include the planned drilling of up to 14 wells at Wheatland, with four drilled to date. Prairie Provident anticipates following up on recent well results during the second quarter and resuming its Wheatland drilling program in the third and fourth quarters of 2017, the extent of which will be subject to commodity prices. The total number of wells in the area has now reached 22, of which 18 are on production.

Drilling to date in the northern and central region of the play has yielded three significant discoveries and three development wells were drilled on these projects in the first quarter of 2017. Also in the first quarter of 2017, an exploratory well was drilled in the far western block on a large mapped Ellerslie feature over 12 sections of PPR lands. This exploration well is currently being tied in and future development plans will depend in part on the longer-term production rates from this well. Our focus for 2017 will be on follow-up locations across the fairway, while future exploration in the southern sections is expected to be tested over the next two years.

Prairie Provident has maintained its reduced drilling cycle times (approximately 8.5 days) 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. We remain optimistic about maintaining these efficiencies despite the increased competition for oilfield services and suppliers.

Princess, AB
For the first quarter of 2017, our Princess properties produced average sales volumes of approximately 425 boe per day (85% medium oil). During the quarter, PPR focused on identifying and selecting up to eight potential drilling locations at Princess, conducting pre-drilling activities, and pursuing the necessary approvals to drill four of the eight identified locations. A total of 15 additional locations have been identified in the Detrital and Glauconite formations. In addition, PPR intends to tie-in two discovery wells in early Q3. The Company continues to evaluate options to alleviate gas and water handling bottlenecks, which are inherent in the area, to allow for expanded drilling.

Evi, AB
During the first quarter of 2017, capital expenditures at Evi totaled $0.9 million which included advancing the waterflood project through the conversion of four wells to injection wells. The Company currently has 24 injection wells (22 horizontals and 2 verticals) in operation and 8.25 of 37 sections in the main Evi area are under waterflood.

The existing waterflooded patterns continue to show encouraging results with flattened decline. The Red Earth Acquisition brought additional flood expansion prospects and the Company is evaluating potential acceleration of the waterflood project in the next budget cycle. Over the long-term, our full field waterflood scenario contemplates converting an additional 20 producing wells to injection wells for projected total future costs of approximately $20 million.

At Evi, average sales volumes for the quarter of approximately 1,625 boe per day (98% light oil) included approximately 125 boe/d of production averaged over the period related to the Red Earth Acquisition that closed on March 22, 2017. The Red Earth Acquisition, which added approximately 1,100 boe/d (98% oil and liquids) of run-rate production, is complementary to existing Evi operations and provides for synergistic opportunities to reduce estimated area operating costs by $2 million per year (or $2.00/boe). The initial stages of our integration on these new assets have gone smoothly.

The Evi properties provide the Company with a stable cash flow base that complements its development programs, and lowers decline rates, while generating economics (rates of return, payback and recycle ratio) that remain 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.

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. We invested less than $10 million of our 2017 capital budget in the first quarter, and yet are well positioned with current production volumes close to our expected annual average. 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.

Oil prices have remained volatile through the first quarter and into the second quarter of 2017 given deteriorating confidence in OPEC's compliance on production cuts, while the Canadian energy sector continues to consider the potential implementation of various trade tariff policies by the new administration in the United States. We remain cautiously optimistic on a tightening supply / demand balance for energy commodities in the second half of 2017 and believe that our company remains uniquely positioned to navigate through this challenging macro environment. We remain committed to pursue a combination of per share and returns focused growth.

Our credit facility was increased to $65 million in conjunction with the March 2017 closing of the Red Earth Acquisition and we exited the first quarter approximately 70% drawn on the facility. While our leverage level is well supported by our reserves base and future cash flows, it is above the target level that we are comfortable maintaining on a run-rate basis. Our second quarter 2017 capital activity is expected to be slower due to spring break-up and as we calibrate the direction of commodity prices. For the balance of 2017, our capital budget contemplates up to an additional ten wells at Wheatland and up to eight wells at Princess that are ready for development; however, we remain focused on prudent capital management and will scale our 2017 budget depending on commodity prices.

With a strong hedging program that has protected approximately 70% of our 2017 estimated base production volumes (net of royalties), and forecast 2017 adjusted funds from operations between $31 - $35 million, we anticipate that PPR can fund our $25 - 35 million capital budget. We are committed to managing our capital structure to enhance financial flexibility for funding PPR's future growth

PPR continues to expect significant 2017 production per share growth (target of 55%) and our inventory of conventional horizontal and vertical wells provides the Company with over five years of drilling opportunities to underpin long-term per share growth. As additional optionality, our waterflood initiatives are expected to lower corporate decline rates and stabilize production levels over the medium and longer term.

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).

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 Glauc 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 and drilling locations 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; risk management plans for 2017 and beyond; use of excess funds from operations for debt repayment; per share production growth; drilling inventory numbers; the potential conversion of additional injection wells at Evi and projected costs thereof; expected benefits of Evi waterflood initiatives; 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 measures may not be comparable with the calculation of similar measures 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 measure assists management and investors to evaluate operating performance at the oil and gas lease level. Operating netbacks included in this news release were determined by calculating oil and gas revenues less royalties less operating costs, and dividing that number 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 operating performance on a continuing basis by eliminating certain non-cash charges and charges that are non-recurring and uses the measure to assess its ability to finance operating activities, capital expenditures and debt repayment. 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.