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Prairie Provident Announces Debt Financing With Expanded Borrowing Capacity Through Prudential Capital Group

Calgary, Alberta – October 31, 2017 – Prairie Provident Resources Inc. ("Prairie Provident" or the "Company") is pleased to announce the closing of a two-part debt financing transaction through Prudential Capital Group. Prudential Capital Group is a private debt capital arm of PGIM, Inc, the global investment management business of Prudential Financial, Inc. (NYSE: PRU) ("Prudential"). The transaction includes a three-year USD \$40 million senior secured revolving note facility (the "Revolving Facility"), under which USD \$31 million principal amount of senior secured revolving notes due October 31, 2020 ("Secured Notes") were issued at closing, and an issue of USD \$16 million principal amount of four-year senior subordinated notes due October 31, 2021 ("Subordinated Notes"). The overall debt structure expands the Company's borrowing base from CAD \$65 million to approximately CAD \$72 million (applying a USD/CAD exchange rate of USD \$1.00 to CAD \$1.28) and extends the term of its debt instruments. All notes were issued at par by the Company's wholly-owned subsidiary, Prairie Provident Resources Canada Ltd. ("PPR Canada"), and are guaranteed by the Company and certain of its other subsidiaries.

On a blended basis, the Revolving Facility (assuming fully drawn) and the Secured Notes offer a combined average coupon rate of approximately 8.2%. If PPR Canada exercises in full its option to defer payment of up to 5% per annum of interest on the Subordinated Notes until their maturity date, the blended average cash coupon rate would be approximately 6.8% during the deferral period. Any deferred interest amount (plus additional interest thereon) would be repayable at maturity on October 31, 2021. These blended rates assume that USD \$40 million of Secured Notes are outstanding under the Revolving Facility and are based on the current margins applicable to advances thereunder.

"I am pleased to announce the increase of our borrowing base to \$72 million. This new financing provides us with two longer term instruments that harness financial stability and enhance our financial flexibility to grow and invest in our Wheatland, Princess and Evi areas where we can create accretive returns for our shareholders. It is also a testament to the strength of our asset base and growth strategies," commented *Tim Granger, President and CEO*. "We would also like to thank Prudential, our new lending partner, for their commitment and support, and Durham Capital Corporation who acted as an advisor on the transaction."

Approximately CAD \$55.5 million of the new financing was used to repay and to retire the previous syndicated credit facility and to cash collateralize approximately CAD \$4.8 million in outstanding letters of credit issued for ordinary business operations. In connection with the financing, PPR Canada also entered into a secured CAD \$5 million letter of credit facility with a Canadian financial institution with

respect to existing and future letter of credit requirements and the cash collateralization of any letters of credit issued thereunder.

Contemporaneously with closing of the financing, the Company issued to Prudential warrants to purchase up to 2,318,000 common shares, or 2% of the Prairie Provident's outstanding shares, at an exercise price of CAD \$0.549 (subject to adjustment in certain circumstances) with a 5-year term expiring on October 31, 2022. The exercise price represents a 20% premium over the 30-day volume weighted-average trading price of the Company's common shares.

Following the closing of the financing, the Company's bank debt, less funds collateralized for outstanding letters of credit and cash proceeds remaining from the transaction, is approximately CAD \$53 million (applying a USD/CAD exchange rate of USD \$1.00 to CAD \$1.28).

Revolving Facility

The Revolving Facility is a borrowing base facility that provides for total revolving commitments equal to the lesser of USD \$40 million and the then-applicable borrowing base determined by the secured noteholders in accordance with their customary procedures and standards having regard to, among other things, the Company's proved reserves. The borrowing base is subject to a semi-annual redetermination following scheduled delivery of year-end and mid-year reserves reports on or before March 31 and September 30 for each year during the term. The first borrowing base redetermination will occur in April 2018 based on delivery of the 2017 year-end reserves report in late March 2018.

The Revolving Facility is a three-year facility, and all Secured Notes issued thereunder (including those issued upon further advances) will mature October 31, 2020. PPR Canada can make further draws under the Revolving Facility on or before October 31, 2019, subject at all times to the then-applicable commitment amount. The Secured Notes are repayable at the Company's election at par plus interest and any applicable breakage costs, without reduction in the aggregate commitment under the Revolving Facility.

Based on USD \$31 million principal amount of Secured Notes having been issued at closing, the Company has 22.5% borrowing capacity available under the Revolving Facility, or approximately CAD \$12 million based on a current USD/CAD exchange rate of approximately USD \$1.00 to CAD \$1.28.

The Revolving Facility is ultimately denominated in United States dollars but accommodates Canadian dollar denominated advances up to the lesser of CAD \$18 million and the Canadian dollar equivalent of USD \$10 million. Based on a current USD/CAD exchange rate of approximately USD \$1.00 to CAD \$1.28, the current Canadian dollar sublimit under the Revolving Facility is approximately CAD \$12.8 million. Of all Secured Notes issued at closing, CAD \$12.8 million are denominated in Canadian dollars.

Amounts borrowed under the Revolving Facility can be drawn in the form of USD or CAD prime advances bearing interest based on reference bank USD and CAD prime lending rates announced from time to time, or LIBOR advances (in the case of USD amounts) or CDOR advances (in the case of CAD amounts) bearing interest based on LIBOR and CDOR rates in effect from time to time, plus an applicable margin.

The note purchase agreement for the Revolving Facility and related parent and subsidiary guarantees contain various covenants on the part of the Company and its subsidiaries. Included among the covenants are commitments by PPR Canada to meet certain financial tests, calculated in accordance with the note purchase agreement. These financial tests are similar to those observed under PPR's

previous syndicated facility with the addition of an asset coverage provision, pursuant to which the ratio of adjusted net present value of estimated future net revenue from proved reserves (discounted at 10% per annum) to adjusted indebtedness as of the date of any reserves report cannot be less than 1.3 to 1.0.

Subordinated Notes

The Subordinated Notes are four-year instruments with a scheduled maturity date of October 31, 2021. They bear interest at 15% per annum, payable quarterly in arrears on the 30th day of January, April, July and October in each year, with up to 5% per annum payable in kind at PPR Canada's election. More particularly, so long as no event of default exists under the note purchase agreement for the Subordinated Notes then PPR Canada may, at its option, pay in kind up to 5% per annum of interest otherwise due on the Subordinated Notes on any quarterly payment date. The amount of any such in kind payment will become additional principal owing in respect of the Subordinated Notes. The first quarterly interest payment date for the Subordinated Notes is January 30, 2018.

The note purchase agreement for the Subordinated Notes and related parent and subsidiary guarantees contain various covenants on the part of the Company and its subsidiaries, including commitments by PPR Canada to meet the similar financial tests described above.

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This news release does not constitute an offer to sell or the solicitation of an offer to buy any securities in the United States or in any other jurisdiction in which any such offer, solicitation or sale would be unlawful. The securities issued on closing of or contemporaneously with the financing, and securities issued in the future pursuant to the Revolving Facility or an exercise of warrants, including the notes of PPR Canada and the common shares and warrants of the Company, have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act") or any state securities laws, and may not be offered or sold in the United States or to U.S. Persons (as that term is defined in Regulation S under the 1933 Act) except in transactions exempt from the registration requirements of the 1933 Act and applicable state securities laws.

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 Glauconitic 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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