Prairie Provident Announces Third Quarter 2017 Financial and Operating Results

Calgary, Alberta – November 9, 2017 – Prairie Provident Resources Inc. ("Prairie Provident," "PPR" or the "Company") is pleased to announce its operating and financial results for the three and nine months ended September 30, 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 and nine months ended September 30, 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 completed 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.

THIRD QUARTER 2017 HIGHLIGHTS

- Third quarter production averaged 5,506 boe/d (61% liquids), an 81% increase over the same period in 2016 due primarily to production additions from the successful Wheatland drilling program, the Arsenal Acquisition, and the acquisition on March 22, 2017 of high-quality, light oil assets in the Greater Red Earth area of Northern Alberta (the "Red Earth Acquisition"), which were partially offset by natural production declines, extended downtime related to wet weather conditions, a scheduled turnaround of the Evi main battery and other minor maintenance;
- Adjusted funds from operations[(1)] were $4.5 million ($0.04 per diluted share) or 151% higher than the $1.8 million ($0.02 per diluted share) generated in the third quarter of 2016 primarily due to higher production offset by lower operating netbacks after realized hedging gains;
- Operating netbacks[(1)] after realized hedging gains were $13.95/boe, a decrease of $3.17/boe from the third quarter of 2016, primarily due to lower realized gains on derivative instruments partially offset by higher realized prices;
- Capital expenditures were $4.8 million, primarily directed to the Wheatland and Princess development programs. In the Princess area, PPR drilled one (0.7 net) well and began construction of pipelines for the tie-ins of two (1.7 net) standing wells, which are expected to bring on new production in the fourth quarter of 2017. In Wheatland, the Company drilled one (1.0 net) exploratory well and tied-in two (2.0 net) wells that were drilled in the first quarter of 2017 in the Wheatland area. Our third quarter activity was reduced due to a conscious decision to defer our capital spending in response to low commodity prices during the quarter; and

- Recorded a net loss of $12.0 million, compared to a net loss of $11.6 million in the same period of 2016, due primarily to impairment losses of $3.4 million (Q3 2016 – $1.7 million), unrealized loss on derivative instruments of $2.6 million (Q3 2016 – $1.9 million) and depletion and depreciation of $8.6 million (Q3 2016 – $4.2 million).

SUBSEQUENT EVENTS

- On October 31, 2017, PPR completed a two-part debt financing transaction (the "Financing Transaction"). 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 expanded 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 $1.29) and extended the term of its debt instruments.
- Contemporaneously with the closing of the Financing Transaction, the Company issued to the lender warrants to purchase up to 2,318,000 common shares, or 2% of the PPR'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 weighted-average trading price of the Company's common shares at closing.
- On October 1, 2017, PPR sold certain non-core producing properties. The disposition is expected to reduce fourth quarter 2017 production by approximately 400 boe/d but have a neutral impact on cash flow from operating activities.
- Subsequent to September 30, 2017, the Company entered into the following derivative contracts:

Commodity Contract	Notional Quantity	Remaining Term	Reference	Weighted Average Price	Contract Type
Oil	1,200 bbls/d	January 1, 2018 – March 31, 2018	USD$ WTI	$ 57.13	Swap
Oil	1,100 bbls/d	April 1, 2018 – June 30, 2018	USD$ WTI	$ 56.63	Swap
Oil	1,000 bbls/d	July 1, 2018 – September 30, 2018	USD$ WTI	$ 55.65	Swap
Oil	900 bbls/d	October 1, 2018 – December 31, 2018	USD$ WTI	$ 54.55	Swap
Oil	600 bbls/d	January 1, 2019 – March 31, 2019	USD$ WTI	$ 53.53	Swap
Oil	250 bbls/d	April 1, 2019 – May 31, 2019	USD$ WTI	$ 52.65	Swap
Oil	325 bbls/d	April 1, 2019 – June 30, 2019	USD$ WTI	$ 52.75	Swap

NORMAL COURSE ISSUER BID

PPR's Board of Directors has approved the Company taking the necessary steps towards implementing a normal course issuer bid (NCIB) pursuant to the rules of the Toronto Stock Exchange (TSX). The Company plans to file a notice of intention for an NCIB with the TSX and will make a further announcement regarding its particulars in due course. Implementation of an NCIB is subject to TSX acceptance of the Company's notice.

The decision to implement an NCIB is a reflection of PPR's view that the Company's common shares are trading at a significant discount to the underlying value of the Company's assets. The purchase of common shares for cancellation under an NCIB is expected to benefit the remaining shareholders by increasing the proportionate equity investment in PPR.

FINANCIAL AND OPERATING HIGHLIGHTS

	Three Months Ended September 30		Nine Months Ended September 30	
($000s except per unit amounts)	**2017**	2016	**2017**	2016
Financial				
Oil and natural gas revenue	**17,611**	9,334	**58,501**	25,688
Net loss	**(11,985)**	(11,588)	**(3,657)**	(51,614)
Per share – basic & diluted	**(0.10)**	(0.12)	**(0.03)**	(0.53)
Adjusted Funds from Operations[(1)]	**4,536**	1,810	**17,530**	6,152
Per share – basic & diluted	**0.04**	0.02	**0.16**	0.06
Capital expenditures and acquisitions (net of proceeds from dispositions)	**4,794**	11,024	**57,947**	22,957
Production Volumes				
Crude oil (bbls/d)	**3,185**	1,722	**3,160**	1,796
Natural gas (Mcf/d)	**12,799**	7,269	**13,661**	8,230
Natural gas liquids (bbls/d)	**188**	104	**235**	120
Total (boe/d)	**5,506**	3,038	**5,672**	3,288
% Liquids	**61%**	60%	**60%**	58%
Average Realized Prices				
Crude oil ($/bbls)	**50.63**	48.50	**53.93**	43.04
Natural gas ($/Mcf)	**1.84**	2.23	**2.62**	1.77
Natural gas liquids ($/bbls)	**34.98**	16.51	**34.28**	15.39
Total ($/boe)	**34.77**	33.40	**37.78**	28.51
Operating Netback ($/boe)[(2)]				
Realized price	**34.77**	33.40	**37.78**	28.51
Royalties	**(4.27)**	(3.76)	**(5.30)**	(2.91)
Operating costs	**(20.94)**	(20.60)	**(18.95)**	(19.11)
Operating netback	**9.56**	9.04	**13.53**	6.49
Realized gains on derivative instruments	**4.39**	8.08	**2.63**	9.30
Operating netback, after realized gains on derivative instruments	**13.95**	17.12	**16.16**	15.79

Notes:
(1) Adjusted funds from operations is a non-IFRS measure 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. See "Other Advisories" below.
(2) Operating netback is a non-IFRS measure calculated as oil and gas revenues less royalties less operating costs, and dividing that number by gross working interest production. See "Other Advisories" below.

Capital Structure ($000s)	As at September 30, 2017	As at December 31, 2016
Working capital deficit[(1)]	**(58,142)**	(4,380)
Long-term debt	**—**	(15,047)
Total net debt[(2)]	**(58,142)**	(19,427)
Debt capacity[(3)]	**9,788**	34,117
Common shares outstanding (in millions)	**115.9**	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) Debt capacity reflects the credit facility of $65 million at September 30, 2017 and $55 million at December 31, 2016, net of amounts drawn thereunder at such dates.

As of September 30, 2017, the working capital deficit included $50.3 million of outstanding bank debt under the Prairie Provident's previous syndicated credit facility (the "Previous Facility"), which had a maturity date within the following 12 months. On October 31, 2017, the Previous Facility was fully

repaid and retired upon closing of the Financing Transaction, and was replaced by long-term debt under the Revolving Facility and the Subordinated Notes (see "Subsequent Events" section above). Excluding bank debt, the working capital deficit at September 30, 2017 was $7.8 million.

Compared to December 31, 2016, total net debt increased by $38.7 million as a result of the Red Earth Acquisition which was funded primarily through bank debt. Total net debt decreased by $1.6 million from its peak at March 31, 2017 of $58.1 million as we deferred a portion of our original budgeted second and third quarter capital spending and applied free cash flow towards net debt reduction. The deferral in capital spending was a deliberate measure to preserve liquidity and to protect project economics amidst the volatile commodity price environment during the second and third quarters, as the Company remains intent on scaling the 2017 capital budget within adjusted funds from operations.

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Drilling Activity				
Gross wells	**2**	8.0	**6**	15
Working interest wells	**1.7**	6.7	**5.7**	13.6
Success rate, gross wells (%)	**50**	100	**83**	100

OPERATIONS UPDATE

Wheatland, AB

Prairie Provident continued to focus on executing our capital program at Wheatland. Year to date our successful 2017 drilling program at Wheatland has resulted in increased production of approximately 1,100 boe/d for the third quarter and approximately 1,150 boe/d for the nine months ended September 30, 2017. Invested capital during the quarter was largely directed to the equipping and tie-in of two (2.0 net) wells drilled in the first quarter. For the first 30 days of on-stream production, these two wells recorded average production of approximately 100 boe/d (29% liquids) and 210 boe/d (10% liquids), respectively. The Company cautions that initial production rates are not necessarily indicative of long-term well or reservoir performance or of ultimate recovery. Actual results will differ from those realized during an initial short-term production period, and the difference may be material.

PPR also drilled one dry exploratory well, targeting a new geological structure, during the third quarter of 2017. The related expenditures were fully expensed in the quarter and were incurred in conjunction with the satisfaction of the previously incurred flow-through share commitment.

Area production in the third quarter averaged approximately 2,000 boe/d (25% light / medium oil), which contributed to the stronger corporate volumes. To date, PPR has drilled 23 (21.6 net) wells in the area.

PPR's evolution towards pad drilling and mono-bore drilling design over past periods has helped to maintain reduced drilling cycle times that currently average approximately 8.5 days at Wheatland. This improvement also significantly reduces surface costs, lowers the environmental footprint and increases the anticipated return on capital. While we have seen cost inflation from oilfield service providers and suppliers, we strive to maintain efficiencies through a continued focus on cost control.

Princess, AB

Our Princess properties averaged 340 boe per day (87% medium oil) during the third quarter of 2017. We have identified 14 potential drilling locations in the Detrital and Glauconite formations and have

conducted pre-drilling activities on three additional locations, including seeking the necessary regulatory approvals to commence drilling in 2018. In the third quarter, PPR drilled one (0.7 net) Detrital well that is expected to be completed and placed on production in the fourth quarter of 2017. The Company also commenced the tie-in of two (1.7 net) standing wells. We are progressing in alleviating gas and water handling bottlenecks at Princess to support expanded drilling in the area.

Evi, AB

At Evi capital expenditures totaled $0.7 million for the third quarter, and were primarily directed to seismic acquisition and processing and recompletion projects. Average area production for the quarter was 2,200 boe per day (98% light oil) offset by a turnaround at the Evi main battery which reduced production by approximately 50 boe/d and the integration and scheduled maintenance of certain Red Earth assets.

In the Company's main Evi area, 8.25 of a total 37 sections are under waterflood with 24 injection wells (22 horizontals and 2 verticals) currently in operation. PPR may elect to accelerate our waterflood program in the 2018 capital budget given the additional expansion potential offered by the Red Earth Acquisition. Our long-term full field waterflood scenario anticipates converting an additional 20 producing wells to injection wells at projected future costs of approximately $20 million, which is expected to improve reserves at attractive finding and development costs.

The Evi properties provide the Company with a stable cash flow base that complements our development programs in other areas, lowers decline rates, and generates robust rates of return, payback and recycle ratios, even at current strip pricing. PPR believes that the waterflood program will continue to stabilize production from this play and enhance our long-term recovery potential.

2017 OUTLOOK AND GUIDANCE

During the third quarter of 2017, commodity prices faced downward pressure as the rebalancing of global oil supply and demand remained uncertain. In light of the commodity price environment, we made a conscious decision to scale back our 2017 capital program and to defer certain projects to 2018 to preserve liquidity and to protect project economics. Looking to the fourth quarter of 2017, our operations will be focused on bringing a Princess well drilled during the third quarter on production and completing the tie-in of two standing wells in the same area.

On October 1, 2017, Prairie Provident sold certain non-core gas-weighted assets. The divested assets were experiencing challenging economics due to soft gas prices and recent increases in third-party processing costs. While the disposition reduces our average daily production by approximately 400 boe/d, it reduces our corporate decommissioning liabilities and results in a marginal impact on adjusted funds from operations.

PPR remains true to our corporate strategy, and conservatively executed our capital program while seeking to control costs and manage debt levels. We continue to focus on improving corporate netbacks by targeting higher value product streams (oil and condensate-rich liquids) and are taking steps to improve capital efficiencies through pad drilling as well as focusing on operating areas that have underutilized infrastructure capacity. While focusing on oil properties or properties with lower gas/oil ratios may result in lower than anticipated production, by targeting higher netbacks, we anticipate minimal impact to adjusted funds from operations and a better return on the capital we employ.

Encouragingly, oil prices have trended up through the latter half of October and into early November, we will continue to monitor pricing conditions for hedging opportunities and will adjust our pace of

development to ensure optimal rates of return on investments. If oil prices remain favorable, we have the flexibility to accelerate our development. Our scalable approach centers around our core strategy – delivering growth through adjusted funds from operations.

PPR is maintaining its full year 2017 capital budget of approximately $25 million (including approximately $6 million for land, seismic, abandonment and reclamation activities). Despite the non-core asset sale in October 2017, the deferral of 2017 capital spending and lower than budgeted commodity prices, we expect full year Adjusted EBITDAX (defined below under "Other Advisories") remain at around $25 million - $27 million.

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 INFORMATION

This news release contains certain forward-looking information 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 pertaining to the following: projected capital expenditure plans, production and product mix; 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); continued focus on corporate netbacks and capital efficiency and anticipated activities in furtherance thereof; targeting the Company's announced 2017 guidance range; projected 2017 exit production range; deferral of a portion of fourth quarter development to 2018; drilling inventory numbers; alleviation of gas and water handling bottlenecks at Princess and expected support for expanded drilling; the potential acceleration of the Evi waterflood program for the 2018 budget; potential conversion of additional producing wells to injection wells at Evi and projected costs thereof; and expected benefits of Evi waterflood initiatives (including with respect to finding and development costs, stabilized production and enhanced recovery potential).

The forward-looking information 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 are reasonable but no assurance can be given that these factors, expectations and assumptions will prove to be correct.

All information that is in the nature of a financial outlook is forward-looking information 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 adjusted funds 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 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 contained in this news release is 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 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.

Adjusted EBITDAX - The ratio provides a measure of the Company's ability to manage its debt levels under current operating conditions. "Debt" refers to the Company's borrowings under its outstanding debt agreements (for the third quarter of 2017, the Amended Credit Facility). "Adjusted EBITDAX" corresponds to defined terms in the Company's Previous Facility agreement and means net earnings before financing charges, foreign exchange gain (loss), E&E expense, income taxes, depreciation, depletion, amortization, other non-cash items of expense and non-recurring items, adjusted for major acquisitions and material dispositions assuming that such transactions had occurred on the first day of the applicable calculation period. As transaction costs related to the Arrangement are non-recurring costs, Adjusted EBITDAX has been calculated, excluding transaction costs, as a meaningful measure of continuing operating cash flows. For purposes of calculating covenants under the Amended Credit Facility, Adjusted EBITDAX is determined using financial information from the most recent four consecutive fiscal quarters. In future periods, the calculation of Adjusted EBITAX will corresponds to defined terms in the Company's Revolving Facility and Subordinated Notes. Under these agreements, Adjusted EBITDAX is also determined using the most recently completed four consecutive fiscal quarters.