Prairie Provident Announces First Quarter 2018 Financial and Operating Results

Calgary, Alberta – May 17, 2018 – Prairie Provident Resources Inc. ("Prairie Provident", "PPR" or the "Company") (TSX:PPR) is pleased to announce its operating and financial results for the three months ended March 31, 2018, 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, 2018 are available on its website and filed on SEDAR.

FIRST QUARTER 2018 HIGHLIGHTS

- PPR's strategy to focus on oil and natural gas liquids opportunities successfully led to an oil and liquids production weighting of 70% for the first quarter, a significant increase from 55% in the same period of the prior year. The attractive production mix positioned PPR to benefit from oil price recovery, evidenced by a favourable per boe realized price increase of 23% and a 36% increase in operating netbacks (before realized gains on derivative instruments) to $20.26/boe compared to $14.87/boe in the first quarter of 2017.
- Production averaged 4,609 boe/d for the first quarter of 2018. The Company executed its spring 2018 drilling program with 100% success rate during the quarter, which was primarily directed to oil and natural gas liquids targets. The Company brought on production one of the six wells drilled prior to the spring break-up in mid-March. Subsequent to the quarter, another four wells came on-stream increasing production to 5,200 boe/d on the date of this press release. The Company expects the last well to commence production in June 2018.
- Excluding the impact of divestitures of certain non-core gas weighted properties during 2017, average production decreased by approximately 11% over the same period in 2017, primarily attributable to natural declines and partially offset by realizing a full quarter of production from the acquisition of assets in the Greater Red Earth area (the "Red Earth Acquisition").
- Adjusted EBITDAX (before pro-forma adjustments) was $5.0 million, a $1.0 million decrease compared to the first quarter of 2017, largely due to a $1.9 million decrease in realized hedging gains and offset by higher operating netbacks.
- Adjusted funds from operations was $3.9 million, a $2.1 million decrease compared to the first quarter of 2017 primarily attributable to lower adjusted EBITDAX (before pro-forma adjustments) and higher finance costs as a result of higher average outstanding debt during the first quarter of 2018.
- Operating netbacks before realized hedging gains were $20.26/boe during the first quarter of 2018, an increase of $5.39/boe or 36% over the first quarter of 2017. The increase was primarily due to higher realized prices, partially offset by higher royalties and operating costs. Operating netbacks after the impact of hedging were $17.34/boe, an increase of 7% over the $16.25 generated in the same period in 2017.
- Capital expenditures before acquisitions totaled $14.1 million, represented over 50% of the Company's planned 2018 capital program and included the drilling of six wells in the quarter. In the Princess area, $4.5 million was directed primarily to the drilling and completion of three wells, with one coming on production in mid-March and pipeline construction. In the Wayne area, $6.0 million was directed to primarily the drilling and completion of three wells, two of which were equipped and tied-in. In the Evi area, $2.9 million was allocated to the continued advancement of the waterflood project, where three additional producing wells

were converted into injector wells. In the first quarter of 2018, the Company acquired synergistic assets in the Princess area for $0.9 million, including 50 boe/d (90% liquids) of production.

- Net loss in the first quarter of 2018 was $11.7 million compared to net earnings of $7.3 million in the first quarter of 2017, largely driven by unrealized losses on derivative instruments, foreign exchange losses, an increase in finance costs and a gain on a business combination that was recognized during the prior year's quarter.
- At the end of the first quarter, PPR had $69.7 million of net debt, comprised of US$33.5 million drawn against the Company's US$40 million Revolving Facility, US$16 million of Subordinated Notes outstanding and a working capital deficit of $8.8 million.

FINANCIAL AND OPERATING HIGHLIGHTS

	Three Months Ended March 31,	
($000s except per unit amounts)	**2018**	2017
Financial		
Oil and natural gas revenue	**19,283**	19,208
Net (loss) earnings	**(11,742)**	7,262
Per share – basic & diluted	**(0.10)**	0.07
Adjusted EBITDAX (before pro-forma adjustments)[1]	**5,022**	6,113
Per share – basic & diluted	**0.04**	0.05
Adjusted funds from operations[1]	**3,882**	5,934
Per share – basic & diluted	**0.03**	0.06
Net capital expenditures	**14,952**	48,386
Production Volumes		
Crude oil (bbls/d)	**3,089**	2,832
Natural gas (Mcf/d)	**8,373**	15,073
Natural gas liquids (bbls/d)	**124**	293
Total (boe/d)	**4,609**	5,637
% Liquids	**70%**	55%
Average Realized Prices		
Crude oil ($/bbl)	**61.57**	55.89
Natural gas ($/Mcf)	**2.09**	2.97
Natural gas liquids ($/bbl)	**52.78**	35.46
Total ($/boe)	**46.49**	37.86
Operating Netback ($/boe)[1]		
Realized price	**46.49**	37.86
Royalties	**(6.12)**	(5.97)
Operating costs	**(20.11)**	(17.02)
Operating netback	**20.26**	14.87
Realized (loss) gains on derivative instruments	**(2.92)**	1.38
Operating netback, after realized gains on derivative instruments	**17.34**	16.25

Notes:

(1) Adjusted EBITDAX (before pro-forma adjustments), 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, 2018	As at December 31, 2017
Working capital deficit[1]	**10,860**	2,201
Long-term debt	**60,942**	55,760
Total net debt[2]	**71,802**	57,961
Debt capacity[3] (in USD)	**6,500**	9,000
Common shares outstanding (in millions)	**115.9**	115.9

Notes:

(1) & (2) Working capital (deficit) and Net Debt are a non-IFRS measures. See "Other Advisories" below.

(3) Debt capacity reflects the Revolving Facility of USD$40 million at March 31, 2018 and December 31, 2017, net of amounts drawn thereunder at such dates.

		Three months ended March 31,
	2018	2017
Drilling Activity		
Gross wells	**6.0**	4.0
Working interest wells	**5.95**	3.95
Success rate, gross wells (%)	**100**	100

OPERATIONS UPDATE

Wayne, AB

As previously announced on March 20, 2018, during the first quarter PPR drilled one well (95% WI) located at 100/03-26-027-21W4 ("Wayne-1") and one well (100% WI) located at 100/15-35-027-21W4 ("Wayne-2"), both targeting the Ellerslie formation and drilled as part of its six-well 2018 program in the area. Wayne-1 came on stream in early April and is currently producing at approximately 107 boe/d (78% liquids). Wayne-2 came on stream in mid-April and is producing at approximately 65 boe/d (52% liquids).

A third Ellerslie well (100% WI) was drilled at 100/13-35-027-21W4 is expected to be on stream in early June pending the removal of road bans in the area. All wells in Wayne were drilled using a mono-bore drilling design with an invert-based mud system to reduce drilling times and overall costs.

Princess, AB

During the first quarter, Prairie Provident also completed the drilling, completion and testing of three 100% working interest ("WI") wells in the Princess area of Southern Alberta, located at 102/01-26-020-11W4 ("Princess-1"), 102/09-21-019-10W4 ("Princess-2") and 103/01-21-019-10W4 ("Princess-3") testing the Lithic Glauconitic ("Glauc") formation.

Princess-1 was brought on stream on May 7, 2018, with current production rate at approximately 460 boe/d (68% liquids). Princess-2 came on stream in mid-March and is currently tied into production facilities and producing at 215 boe/d (23% liquids). Princess-3 was brought on stream on May 4, 2018 and is currently producing at approximately 240 boe/d (15% liquids).

Evi, AB

Operations in the Evi area provide approximately 45% of corporate production with an attractive operating netback of approximately $35.00/boe. Due to the encouraging response to the full-field waterflood project seen to-date, PPR allocated $2.9 million in the first quarter to continue its advancement with the addition of five kilometres of waterflood pipelines and the conversion of three producing wells to water injectors.

2018 OUTLOOK AND GUIDANCE

Prairie Provident's business strategy has been built on a balanced approach, utilizing predictable funds flow from our low-decline oil assets to fuel growth developments. Our priorities remain focused on maintaining a strong balance sheet while delivering accretive growth in our asset value. PPR's capital allocation process takes into account a number of factors including rate-of-return, project payout period and reserves addition costs. In response to the broader commodity price environment, the Company will focus on improving corporate netbacks by targeting higher value production streams while striving to lower costs through various operational initiatives such as pad drilling and evaluating opportunities to acquire underutilized infrastructure in our core operating areas.

On January 29, 2018, PPR's Board of Directors approved a $26 million capital program for 2018 (excluding abandonments and reclamation expenditures and capitalized G&A) designed to support long-term profitability and balance sheet strength through the continued development of oil-weighted opportunities within its low-risk asset base. PPR anticipates spending approximately $12 million in the second and third quarters of 2018 on the continued development of its Wayne property at Wheatland, ongoing drilling and completions at Princess, further expansion of the attractive waterflood at Evi and oil development at Red Earth.

Increasing exposure of PPR to the broader investment community and enhancing the trading liquidity of its shares is ongoing, despite the outflows of capital from Canada and an extremely challenging market for Canadian energy producers. The Company firmly believes that continued operational execution, growth on a per share basis, and prudent management of the balance sheet will ultimately be the key drivers towards enhancing long-term shareholder value.

Prairie Provident's full-year 2018 guidance estimates remain unchanged from those presented in the Company's news release dated March 28, 2018. Additional details on Prairie Provident's 2018 capital program and guidance can be found on the Company's website at www.ppr.ca.

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 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.*

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 2018 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 agreements) 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; the successful application of drilling, completion and seismic technology; 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; 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.

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,; 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 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 and Adjusted EBITDAX (before pro-forma adjustments) – These measures are indicative of the Company's ability to manage its debt levels under current operating conditions. "Adjusted EBITDAX" corresponds to defined terms in the Company's debt agreements 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 ("pro-forma adjustments"). As transaction costs related to merger and acquisition transactions 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 long-term debt, Adjusted EBITDAX is determined using financial information from the most recent four consecutive fiscal quarters. Adjusted EBITDAX (before pro-forma adjustments) is determined by subtracting pro-forma adjustments from Adjusted EBITDAX.