Prairie Provident Announces Third Quarter 2018 Financial, Operating Results and Management Appointment

Calgary, Alberta – November 7, 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 and nine months ended September 30, 2018, and to provide an operational update. PPR's consolidated interim financial statements ("Financial Statements") and related management's discussion and analysis ("MD&A") for the three and nine months ended September 30, 2018 are available on its website and filed on SEDAR.

Q3 2018 HIGHLIGHTS

On September 13, 2018, PPR and Marquee Energy Ltd. ("Marquee") entered into a definitive agreement to effect a business combination (the "Arrangement") pursuant to which Prairie Provident will acquire Marquee and the Marquee shareholders will receive, in exchange for their Marquee shares, 0.0886 PPR common shares for each Marquee share held. The Arrangement is expected to close around November 20, 2018 subject to approval by Marquee shareholders at a meeting called for November 19, 2018, regulatory (including TSX) and court approvals, and satisfaction of certain closing conditions. The acquisition is expected to enhance Prairie Provident's size with a combined land base of approximately 715,000 net undeveloped acres and over 114 proved drilling locations[1], high-grade its competitive position through economies of scale, result in operatorship of over 90% of production with an average working interest of greater than 98% and a corporate decline rate of 18%, an expanded credit facility and enhance capital investment efficiency.

- Production averaged 5,776 boe/day (72% liquids), a 5% increase compared to Q3 2017, primarily due to the successful 2018 drilling program which increased Q3 2018 production by approximately 1,930 boe/d, including an increase of approximately 1,500 boe/d from the top three producers of the 2018 program (102/13-24-020-11W4 ("Princess-1"), 102/13-26-020-11W4 ("Princess-4') and 103/14-12-019-11W4 ("Princess-5"), collectively "Princess 1, 4 and 5").
- Adjusted EBITDAX (before pro-forma adjustments) was $7.4 million, a $2.6 million increase from Q3 2017 primarily due to higher operating netbacks, partially offset by a $5.8 million decrease in realized hedging gains.
- Adjusted funds from operations were $6.1 million, a $1.6 million increase as compared to Q3 2017 primarily due to higher adjusted EBITDAX, partially offset by higher finance costs.
- Operating netback before realized hedging gains was $24.48/boe Q3 2018, an increase of $14.92/boe from Q3 2017. The increase was primarily due to higher realized prices and lower operating costs, partially offset by higher royalties.

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[1] *Based on the respective reserves evaluation reports of Prairie Provident and Marquee, prepared by Sproule Associates Ltd., evaluating the reserves data of each company as of December 31, 2017 in accordance with the requirements of National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.*

- PPR's higher oil and NGL weighting have benefited the Company in Q3 2018 and the first nine months of 2018 as oil and NGL prices strengthened. The Company's Q3 2018 average realized oil price of $69.83 per bbl and realized NGL price of $52.61 per bbl were 38% and 50% higher, respectively, over Q3 2017.
- At September 30, 2018, PPR had borrowings of US$34.5 million drawn against its US$45 million secured Revolving Facility and US$16.7 million of unsecured Subordinated Notes plus a working capital deficit of CDN$5.1 million (US$3.9 million equivalent using the September 30, 2018 exchange rate of $1.00 USD to $1.2945 CAD).
- Net loss for Q3 2018 was $2.6 million, compared to $12.0 million in the same quarter of 2017. The $9.4 million variance was primarily the result of certain non-cash items including a decrease of $3.4 million of impairment losses, an increase of $2.9 million of gains on property dispositions and a $0.7 million decrease in unrealized losses on derivative financial instruments.

SUBSEQUENT EVENT

- On October 11, 2018, PPR closed a $5.5 million equity financing, which included the issuance of 3,750,150 CEE flow-through common shares at $0.46 per share and 9,590,200 subscription receipts at $0.39 per unit. The proceeds from the sale of the subscription receipts are held in escrow until the closing of the Arrangement, upon which the holders of the subscription receipts will automatically receive, for each subscription receipt held, one PPR common share and one half of one warrant. Each whole warrant will entitle the holder to acquire one common share at a purchase price of $0.50 until October 11, 2020. If the Arrangement is not completed, the gross subscription receipt proceeds will be refunded to purchasers.

FINANCIAL AND OPERATING HIGHLIGHTS

	Three Months Ended September 30,		Nine Months Ended September 30,	
($000s except per unit amounts)	**2018**	2017	**2018**	2017
Financial				
Oil and natural gas revenue	**27,810**	17,611	**71,280**	58,501
Net loss	**(2,627)**	(11,985)	**(29,433)**	(3,657)
Per share – basic & diluted	**(0.02)**	(0.10)	**(0.25)**	(0.03)
Adjusted Funds from Operations[1]	**6,112**	4,536	**14,786**	17,530
Per share – basic & diluted	**0.05**	0.04	**0.13**	0.16
Capital expenditures and acquisitions (net of proceeds from dispositions)	**109**	4,794	**19,815**	57,947
Production Volumes				
Crude oil (bbls/d)	**4,044**	3,185	**3,552**	3,160
Natural gas (Mcf/d)	**9,607**	12,799	**9,056**	13,661
Natural gas liquids (bbls/d)	**131**	188	**120**	235
Total (boe/d)	**5,776**	5,506	**5,181**	5,672
% Liquids	**72%**	61%	**71%**	60%
Average Realized Prices				
Crude oil ($/bbl)	**69.83**	50.63	**67.84**	53.93
Natural gas ($/Mcf)	**1.35**	1.84	**1.53**	2.62
Natural gas liquids ($/bbl)	**52.61**	34.98	**52.66**	34.28
Total ($/boe)	**52.33**	34.77	**50.40**	37.78
Operating Netback ($/boe)[2]				
Realized price	**52.33**	34.77	**50.40**	37.78
Royalties	**(9.04)**	(4.27)	**(7.89)**	(5.30)
Operating costs	**(18.81)**	(20.94)	**(19.47)**	(18.95)
Operating netback	**24.48**	9.56	**23.04**	13.53
Realized (losses) gain on derivative instruments	**(6.77)**	4.39	**(5.48)**	2.63
Operating netback, after realized gains on derivative instruments	**17.71**	13.95	**17.56**	16.16

Notes:

(1) (2) Adjusted EBITDAX (before pro-forma adjustments), adjusted funds from operations and operating netback are non-IFRS measures. See “Other Advisories” below.

Capital Structure	**As at**	As at
($000s)	**September 30, 2018**	December 31, 2017
Working capital deficit(1)	**5,099**	2,201
Long-term debt	**63,397**	55,760
Total net debt(2)	**68,496**	57,961
Debt capacity(3)	**13,592**	11,291
Common shares outstanding (in millions)	**115.8**	115.9

Notes:

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

(3) *Debt capacity reflects the Revolving Facility of USD$45 million at September 30, 2018 and USD$40 million on December 31, 2017, net of amounts drawn thereunder at such dates and converted at an exchange rate of $1.00 USD to $1.2945 CAD on September 30, 2018 and of $1.00 USD to $1.2545 CAD on December 31, 2017.*

	Three months ended September 30		Nine months ended September 30	
Drilling Activity	**2018**	2017	**2018**	2017
Gross wells	**—**	2.0	**8.0**	6.0
Net (working interest) wells	**—**	1.7	**8.0**	5.7
Success rate, net wells (%)	**N/A**	50	**100**	82

OPERATIONS UPDATE

Wayne (Wheatland), AB

During the first nine months 2018, the Company drilled and tied-in three gross (3.0 net) wells in the Wayne (Wheatland) area and incurred capital expenditures of approximately $7.2 million in the area. Based on field estimates, the three wells drilled at Wayne in 2018 are in aggregate producing at approximately 190 boe/d (53% liquids).

Princess, AB

During the first nine months 2018, the Company drilled and tied-in five gross (5.0 net) wells in the Princess area and incurred capital expenditures of approximately $10.6 million in the area. As previously announced, Princess-5, which targeted a new Glauc channel (100% WI) in a southern block of prospective lands, commenced production on September 4, 2018. The five wells drilled at Princess in 2018 are currently producing at approximately 1,642 boe/d (67% liquids) in total, based on field estimates.

Prairie Provident's 2018 Princess capital program has demonstrated the Company's ability to target higher-value oil and liquids-weighted drilling locations, supported by its sizeable asset base. PPR currently has 33,000 acres of undeveloped lands in the Princess area and plans to resume drilling operations there in 2019.

Evi, AB

Prairie Provident is currently undertaking a light-oil Granite Wash drilling program at Evi, as part of its flow through share commitment. The Company plans to drill four exploration wells (4.0 net) during the fourth quarter of 2018 at an estimated cost of approximately $1.0 million per well to drill and complete.

In addition to its exploration program, Prairie Provident also plans to drill two lower-risk Slave Point light-oil development wells in the area following the completion of its exploration program. These wells are expected to come on stream in February and contribute to first quarter 2019 production.

For the first nine months of 2018, the Company has directed $3.1 million in capital to continue the advancement of its waterflood project at Evi, which was allocated to pipeline construction and three injector conversions. Early response to the waterflood at Evi are in-line with the Company's expectations. Operations in the Evi area currently provide approximately one third of corporate production with operating netbacks averaging $38.10/boe in Q3 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. Completion of the Arrangement with Marquee will result in the combined enterprise having three core areas (Michichi/Wayne, Princess and Evi) offering light oil exposure and greater capital allocation alternatives over an enlarged asset base, with low base decline rate of 18%, better economies of scale, operational synergies, lower risk development drilling opportunities, a proven water flood program, potentially improved marketplace liquidity and future consolidation prospects. The combined company will operate over 90% of its production and have an average working interest greater than 98% in its core areas.

The Arrangement is expected to close around November 20, 2018, after which Prairie Provident will incorporate Marquee's financial results in its consolidated financial statements.

In addition to implementing the Arrangement, PPR remains focused with its exploration and development efforts. In light of $1.7 million of incremental CEE expenditure commitments from its recently completed flow-through share issuance, PPR has expanded its fourth quarter exploration program at Evi by one additional light-oil Granite Wash exploration well. A total of four Granite Wash exploration wells will be drilled, which are expected to be completed in December 2018. To reduce rig moving costs, Prairie Provident plans to advance its 2019 drilling of two lower-risk Slave Point light-oil development wells in Evi, immediately following the completion of its Granite Wash exploration wells. The Slave Point wells are expected to be brought on production in the first quarter of 2019. As a result of drilling one additional Granite Wash well and advancing Slave Point drilling in 2018, full-year capital expenditures (excluding asset retirement obligations and capitalized G&A amounts) are estimated to be approximately $29 million, a $3 million increase from our original guidance. Prairie Provident maintains its 2018 average production guidance of 5,200 to 5,600 boe/d.

Transportation bottlenecks continue stranding Canadian crude oil from global markets, creating deep discounts from global benchmark prices. Softer demand due to recent US refinery turnarounds has intensified the price discounts applied on Canadian crude. The widening differentials towards the end of the third quarter 2018 had a modestly negative impact on the Company's realized pricing for the period. Subsequent to September 30, 2018, differentials have widened further for all oil grades, especially in heavy oil (Western Canadian Select or "WCS"). The industry generally anticipates Canadian crude prices to gain back some grounds in the first quarter of 2019 as the US refineries are back online and more crude oil gets shipped by rail.

Most of PPR's oil production is in light/medium grade, however, 39% of its crude oil receives prices correlated with WCS due to their proximity to heavy oil sales points. The remaining 61% of oil production receive prices referenced to Edmonton Light Sweet, which are not as heavily discounted to benchmark prices as WCS. Prairie Provident is exploring several options to improve its realized oil prices, including transporting oil to other sales points with lesser oil differentials. The Company expects the widened differentials to negatively impact its Q4 financial results. For each $1/bbl change in Edmonton Light Sweet differential and WCS differential, quarterly funds flow is expected to change by approximately $0.3 million and $0.1 million, respectively. Prairie Provident will continue to monitor Canadian crude oil prices and remain cautious with its capital spending. After completing the fourth quarter capital program that focuses on bringing on production additional Edmonton Light Sweet priced oil, the Company may defer further development until there is more clarity on the oil differentials.

Additional details on the Arrangement, Prairie Provident's 2018 capital program and guidance can be found on the Company's website at www.ppr.ca.

APPOINTMENT OF BRAD LIKUSKI AS VP OPERATIONS

Prairie Provident is pleased to announce the appointment of Brad Likuski as Vice President, Operations effective October 2018. Previously, Brad held the position of Manager of Exploitation with the Company since May 2016. Before joining PPR, Mr. Likuski held the position of Vice President, Production at Spyglass Resources Corp. from April 2013 to April 2016, and the position of Vice President, Engineering at AvenEx Energy Corp. from July 2010 to March 2013. Mr. Likuski has over 25 years of industry experience, and graduated from the University of Calgary with a B.Sc. in Chemical Engineering in 1990.

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 Glauconite 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 statements ("forward-looking statements") that constitute forward-looking information within the meaning of applicable Canadian securities laws. Forward-looking statements 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 statements. Forward-looking statements are 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.

Without limiting the foregoing, this news release contains forward-looking statements pertaining to: proved undeveloped drilling locations; the anticipated timeframe for closing the Arrangement; anticipated benefits from the acquisition of Marquee; the resumption of drilling operations at Princess in 2019; Q4 2018 drilling plans at Evi and the number and types of wells involved; estimated drilling and completion costs per Granite Wash exploration well; number of wells, target formations and projected on-stream timing; expected average production and capital expenditures for 2018; anticipated or forecast commodity pricing trends; estimated impact to the Company's future cash flows from changes in commodity prices (including crude oil differentials); potential future hedging activities; and future development and consolidation opportunities.

The forward-looking statements contained in this news release reflect material factors and expectations and assumptions of Prairie Provident including, without limitation: requisite shareholder support for the Arrangement and the issuance of Common Shares thereunder by the Company; continued support for the Arrangement from Prairie Provident's credit providers, and their willingness to advance additional credit on completion in accordance with the terms and conditions proposed by them and accepted by the Company; Prairie Provident's ability to successfully integrate acquired assets and businesses into existing operations; the availability of exploration prospects and opportunities on which to incur qualifying "Canadian exploration expenses" in respect of the Flow-Through Shares on a timely and commercially reasonable basis; the likelihood of satisfying all conditions to completion of the Arrangement and the Offering; 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 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 statements 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 statements. Prairie Provident can give no assurance that the forward-looking statements 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 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 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.*

<u>Net Debt</u> – 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.

<u>Operating Netback</u> – 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.

<u>Adjusted Funds from Operations</u> – 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.

<u>Adjusted EBITDAX and Adjusted EBITDAX (before pro-forma adjustments)</u> – 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.