Prairie Provident Announces Fully Funded 2019 Capital Budget and Guidance

Calgary, Alberta – February 25, 2019 - Prairie Provident Resources Inc. (“Prairie Provident”, “PPR” or the “Company”) is pleased to announce our planned 2019 capital expenditure budget, approved by the Company’s Board of Directors, which underspends forecast 2019 cash flow.

With continued volatility and uncertainty in Canadian oil and natural gas prices, coupled with PPR’s ongoing commitment to enhance financial flexibility, the Company believes it has developed a disciplined and conservative budget that reflects the prevailing commodity price environment and the broader market, while supporting balance sheet strength and flexibility. All 2018 financial amounts herein are unaudited (see Cautionary Statements).

2019 BUDGET HIGHLIGHTS

- Capital budget of $18.9 million will underspend forecast 2019 cash flow by 12%, or approximately $3.0 million, and is designed to generate annual average production that will remain stable between 6,100 and 6,500 boe/d (69% oil and liquids) through the year, and is expected to achieve a target exit rate of approximately 6,650 boe/d. The midpoint of the annual average range is 17% higher than PPR’s 2018 average volumes.
- PPR elected to set our 2019 capital expenditure budget approximately 57% lower than 2018 pro forma[1] capital to reflect prevailing commodity prices and lack of equity market support for growth. This more conservative capital spending level, coupled with the impact of some non-core dispositions and production that remains shut-in due to low natural gas prices, contributes to 2019 forecast annual production that is only 17% lower than pro forma[1] volumes.
- Of the total budget, development capital of $12.3 million will be directed to drill three horizontal Glauconite wells at Princess, complete two Slave Point wells at Evi, advance the Evi waterflood, and fulfill all remaining flow-through share commitments arising from PPR’s equity financing completed in October 2018. PPR also plans to invest $4.7 million into the clean-up and reclamation of inactive wells as part of the Company’s ongoing abandonment and reclamation obligations (“ARO”), with $1.9 million for capitalized G&A.
- Forecast 2019 operating expenses of $44.4 million ($18.70 to $19.95/boe) are 21% lower than the pro forma[1] estimate of $56.5 million ($19.57/boe), demonstrating PPR’s successful synergy capture, the impact of ongoing cost controls, and improved operational efficiencies.
- With over 90% of PPR’s 2019 forecast revenue expected to be derived from oil production, the Company continues to proactively hedge volumes in order to protect economics and currently has approximately 68% of our 2019 forecast oil production hedged with an average swap and put option strike price of US$51.58 per bbl, with incremental hedges expected to be added through the year.

[1] Within this release, pro forma metrics represent the combined full year 2018 financial and operating results for Prairie Provident and Marquee Energy Ltd. ("Marquee"), which PPR acquired on November 21, 2018.

- General and administrative expenses ("G&A") excluding stock-based compensation, are forecast to remain stable compared to 2018, despite growth in corporate infrastructure and production, and are expected to be $8.5 million, with an ongoing focus on reducing absolute operating and corporate cash costs. On a per unit basis, G&A costs are forecast to be 15% lower in 2019 ranging between $3.60 to $3.80/boe compared to $4.26/boe (unaudited) in 2018.
- Based on the Company's spending and activity profile through 2019, corporate production decline rates are expected to average 22%, and excluding the three higher decline Princess wells, would be expected to average approximately 16%.

2019 GUIDANCE

In light of continued volatility in benchmark oil prices and Canadian crude oil differentials, coupled with the lack of market support for growth in publicly-traded energy equities, PPR's 2019 capital expenditure budget and associated production profile is expected to be fully funded and underspends forecast 2019 cash flow by approximately $3.0 million. Management and the Board will continuously review the capital budget through the year and may elect to adjust spending depending on commodity price assumptions, project economics, contingencies and market opportunities.

PPR's 2019 financial and operating guidance and assumptions are as follows:

Average daily production	6,100 – 6,500 boe/d
2019 exit production	6,650 boe/d
Capital expenditures	$18.9 million
Development capital	$12.3 million
Operating expenses	$18.70 – $19.95/boe
General & administrative expenses	$3.60 – $3.80/boe
Assumptions:	
WTI (US$/bbl)	$56.90
CAD WTI (C$/bbl)	$75.00
WCS (C$/bbl)	$52.60
Edmonton Light Diff (C$/bbl)	$(6.80)
WCS Diff (C$/bbl)	$(22.30)
AECO gas (C$/GJ)	$1.90

Prairie Provident is well positioned for further success in 2019 with predictable funds flow from our low-decline oil assets, an attractive inventory of drilling locations, and the ability to scale-up the capital program should supportive commodity prices be sustained. Our three core areas of Michichi/Wayne, Princess and Evi all offer light/medium oil exposure and focused, lower-risk capital allocation opportunities, and we benefit from a relatively low base decline rate of approximately 22% after incorporating in the higher initial production rate wells at Princess, which feature steeper declines. With over 90% of our production operated and an average working interest exceeding 98% in our three core areas, the Company will optimally allocate capital in order to maximize value for shareholders. PPR remains focused on continuing to expand our inventory of high-quality drilling locations that can support our longer-term growth and enhance our per share production, reserves and funds flow metrics.

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 the Michichi/Wayne and Princess areas in Southern Alberta targeting the Banff, the Ellerslie and the Lithic Glauconite formations, along with an early-stage waterflood project at our Evi area 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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Cautionary Statements

Unaudited Financial Information

Certain financial and operating information included in this press release for the year ended December 31, 2018, are based on estimated unaudited financial results for the year then ended and are subject to the same limitations as discussed under Forward Looking Information set out below. These estimated amounts may change upon the completion of audited financial statements for the year ended December 31, 2018 and changes could be material.

Forward Looking Statements

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, are based upon internal assumptions, plans, intentions, expectations and beliefs, and are subject to risks and uncertainties that may cause actual results or events to differ materially from those indicated or suggested therein. 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: budgeted capital expenditure amounts for 2019 and the allocation thereof; forecast 2019 cash flow (see also "Non-IFRS Measures" below); anticipated capital projects in 2019, including drilling, completion and waterflood plans, proposed focus areas, and anticipated abandonment and reclamation activities; future oil and gas production, including expected average 2019 production volumes and liquids weighting, and the 2019 year-end exit production rate; forecast 2019 operating expenses; forecast 2019 G&A expenses; the expected addition of incremental hedges; corporate production decline expectations; benchmark oil and natural gas price assumptions for 2019, including oil price differentials; and future opportunities.

Forward-looking statements are based on a number of material factors, expectations or assumptions of Prairie Provident which have been used to develop such statements but which may prove to be incorrect. Although the Company believes that the expectations and assumptions reflected in such forward-looking statements are reasonable, undue reliance should not be placed on forward-looking statements, which are inherently uncertain and depend upon the accuracy of such expectations and assumptions. 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. Actual results or events will differ, and the differences may be material and adverse to the Company. In addition to other factors and assumptions which may be identified herein, assumptions have been made regarding, among other things: that Prairie Provident will continue to conduct its operations in a manner consistent with past operations; results from drilling and development activities consistent with past operations; the quality of the reservoirs in which Prairie Provident operates and continued performance from existing wells; the continued and timely development of infrastructure in areas of new production; the accuracy of the estimates of Prairie Provident's reserve volumes; certain commodity price and other cost assumptions; continued availability of debt and equity financing and cash flow to fund Prairie Provident's current and future plans and expenditures; the impact of increasing competition; the general stability of the economic and political environment in which Prairie Provident operates; the general continuance of current industry conditions; the timely receipt of any required regulatory approvals; the ability of Prairie Provident to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects in which Prairie Provident has an interest in to operate the field in a safe, efficient and effective manner; the ability of Prairie Provident to obtain financing on acceptable terms; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development and exploration; the timing and cost of pipeline, storage and facility construction and expansion and the ability of Prairie Provident to secure adequate product transportation; future commodity prices; currency, exchange and interest rates; regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which Prairie Provident operates; and the ability of Prairie Provident to successfully market its oil and natural gas products.

The forward-looking statements included in this news release are not guarantees of future performance and should not be unduly relied upon. Such statements, including the assumptions made in respect thereof, involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements including, without limitation: changes in commodity prices; changes in the demand for or supply of Prairie Provident's products; the early stage of development of some of the evaluated areas and zones; the potential for variation in the quality of the lithic gluconate formation; unanticipated operating results or production declines; changes in tax or environmental laws, royalty rates or other regulatory matters; changes in development plans of Prairie Provident or by third party operators of Prairie Provident's properties; increased debt levels or debt service requirements; inaccurate estimation of Prairie Provident's oil and gas reserve volumes; limited, unfavourable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; and such other risks as may be detailed from time-to-time in Prairie Provident's public disclosure documents, (including, without limitation, those risks identified in this news release and Prairie Provident's Annual Information Form).

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.

Barrels of Oil Equivalent

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 discloses certain measures ("non-IFRS measures") in this news release that do not have a standardized meaning under International Financial Reporting Standards (IFRS) and may not be comparable to similar measures presented by other issuers. 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:

Cash Flow **–** *This news release contains disclosure regarding the Company's forecast 2019 cash flow in relation to its approved capital expenditure budget for 2019. The term "cash flow" is a non-IFRS measure and is calculated by PPR based on its forecast of cash flow from operating activities before forecasted change in non-cash working capital and forecast decommissioning expenditures (with forecast decommissioning expenditures for 2019, being a planned investment of $4.7 million into the clean-up and reclamation of inactive wells, being a component of the Company's 2019 capital budget). Management believes that this non-IFRS measure provides useful information on the Company's internal expectations of its ability to fund its budgeted capital program from production activity without resort to additional debt or equity capital. Management uses this information for internal capital budgeting purposes and in its review of the Company's liquidity and capital resources. Cash flow is not intended to represent cash flow from operating activities, net earnings or other measures of financial performance calculated in accordance with IFRS.*