Prairie Provident Resources Announces Fourth Quarter and Year-End 2019 Financial and Operating Results

Calgary, Alberta – March 26, 2020 – Prairie Provident Resources Inc. ("Prairie Provident", "PPR" or the "Company") is pleased to announce our operating and financial results for the three months and year ended December 31, 2019. PPR's audited consolidated financial statements and related Management's Discussion and Analysis ("MD&A") for the three months and year ended December 31, 2019 and annual information form dated March 26, 2020 ("AIF") are available on our website at www.ppr.ca and filed on SEDAR.

Prairie Provident continued to successfully execute our strategic plan throughout the year, delivering strong operational performance and responsibly maintaining stable production volumes while generating positive adjusted funds flow[1] and solid operating netbacks[1] despite continued uncertain market conditions.

2019 HIGHLIGHTS

- **Annual production 13% higher than 2018:** Production for 2019 averaged 6,071 boe/d[2] (68% liquids), which was 13% or 699 boe/d higher than 2018, reflecting the impact of a full year of results from the Marquee acquisition completed in November 2018 and PPR's successful 2019 development program. The drilling of a Lithic Glauconite well was deferred from Q4 2019 into 2020 to preserve liquidity and development economics in light of widening WCS differentials in Q3 2019, which led to annual production averaging nominally below 2019 guidance. Q4 2019 production averaged 5,725 boe/d[2] (67% liquids), 4% lower than the same period in 2018.

- **Operating netback[1] after realized derivative loss 57% higher than 2018:** Operating netback was \$41.2 million (\$18.59/boe) before the impact of derivatives in 2019, and \$39.0 million (\$17.61/boe) after realized loss on derivatives, a 22% and 57% increase from 2018, respectively. Operating netback in 2019 reflects higher production, and improvements per boe in realized oil and natural gas prices, royalties and realized losses on derivatives, partially offset by increased operating expenses from 2018. Q4 2019 operating netback was \$9.3 million (\$17.70/boe) before the impact of derivatives, and \$8.9 million (\$16.85/boe) after realized loss on derivatives, a \$8.1 million and \$8.9 million increase from Q4 2018 primarily due to higher realized commodity prices.

- **Adjusted funds flow[1] increased 120% over 2018:** Adjusted funds flow for 2019 totaled \$22.3 million (\$0.13 per basic and diluted share), excluding \$3.8 million of decommissioning settlements, due to higher production and improved operating netback. Strong 2019 adjusted funds flow helped strengthen the balance sheet, positioning PPR to internally fund our 2019 capital program. Adjusted funds flow, excluding \$0.1 million of decommissioning settlements, was \$4.8 million (\$0.03 per basic and diluted share) for Q4 2019, a 203% increase from the same quarter in 2018 due to higher production and an improved operating netback.

[1] Non-IFRS measure – see below under "Non-IFRS Measures"

[2] 2019 average production is comprised of 3,716 bbl/d of light/medium oil, 251 bbl/d of heavy oil, 11,506 Mcf/d of conventional natural gas, 128 Mcf/d of coal bed methane and 166 bbl/d of natural gas liquids. Q4 2019 average production included 3,436 bbl/d of light/medium oil, 278 bbl/d of heavy oil, 11,049 Mcf/d of conventional natural gas, 120 Mcf/d of coal bed methane and 149 bbl/d of natural gas liquids.

- **Net loss:** Net loss totaled $33.1 million in 2019, compared to a net loss of $33.0 million in 2018, driven primarily by non-cash items such as depletion and amortization.

- **Exited 2019 with positive working capital[1]:** Working capital at year end 2019 of $2.2 million (December 31, 2018 – deficit of $16.1 million), including cash and restricted cash of $7.8 million, improved significantly from 2018 due to repayment of accounts payable and accrued liabilities using adjusted funds flow and long-term debt, combined with an increase in accrued revenue given higher oil prices.

- **Net debt[1] reduced year over year**: Overall net debt was lower at year end 2019 than at year end 2018, as adjusted funds flow[1] exceeded net capital expenditures[1], and also reflecting the positive impact of a stronger Canadian dollar on US dollar-denominated debt. Net debt[1] at December 31, 2019 totaled $111.4 million, which was $0.7 million and $5.9 million lower than at September 30, 2019 and December 31, 2018, respectively, reflecting PPR's ongoing commitment to net debt reduction and balance sheet improvement.

- **2019 capital expenditures budget fully funded:** Our net capital expenditures[1] in 2019 came in at $11.9 million while adjusted funds flow[1] totaled $18.4 million. Despite the modest capital program, the Company successfully replaced its proved and probable reserves[2] and maintained production levels.

- **Net capital expenditures[1] in 2019 totaled $11.9 million:** During the year, PPR directed capital and resources primarily to our Evi and Princess areas. In Evi, two gross (2.0 net) Slave Point wells drilled in Q4 2018 were completed, equipped, tied-in and came on production in late February 2019. In Princess, PPR drilled, completed, equipped, tied-in and brought two wells on production, one in June 2019 and one in December 2019, while one stratigraphic well was drilled and abandoned during Q4 2019. A 3D seismic program was undertaken in Princess and PPR acquired undeveloped lands and mineral rights in Princess and Wayne. The most recent well in Princess averaged 464 boe/d (weighted 73% to liquids) of production for the last 19 days of December 2019.

- **Revolving facility extended**: In Q4 2019, PPR's lenders also extended the maturity date of our senior secured revolving note facility ("Revolving Facility") from October 31, 2020 to April 30, 2021, while removing the "term-out" feature which keeps the facility's revolving feature for the balance of the term. Financial covenants were not changed. The next borrowing base re-determination for the Revolving Facility is anticipated to be on or about April 30, 2020.

- **Financial flexibility remains a priority:** At year end 2019, PPR had US$57.6 million of borrowings drawn against our US$60.0 million Revolving Facility, comprised of US$30.0 million (CAN$40.5 million equivalent using exchange rate at the time of borrowing) of CAD-denominated borrowing and US$27.6 million of USD-denominated borrowing (CAN$35.8 million equivalent using December 31, 2019 exchange rate of $1.00 USD to $1.30 CAD). In addition, US$31.0 million (CAN$40.3 million equivalent using the December 31, 2019 exchange rate) of senior subordinated notes due October 31, 2021 were outstanding at year end, resulting in total borrowings of US$88.6 million (CAN$116.7 million based on the December 31, 2019 exchange rate). The increase in borrowings from year-end 2018 was largely used to reduce working capital deficit.

[1] Non-IFRS measure – see below under "Non-IFRS Measures"

[2] For additional details, please refer to the Company's news release dated February 3, 2020, available at www.ppr.ca (filed on SEDAR and available under PPR's issuer profile at www.sedar.com).

FINANCIAL AND OPERATING SUMMARY

	Three Months Ended December 31,		Year Ended December 31,	
($000s except per unit amounts)	**2019**	2018	**2019**	2018
Production Volumes				
Crude oil (bbls/d)	**3,715**	4,042	**3,966**	3,676
Natural gas (Mcf/d)	**11,169**	10,523	**11,635**	9,426
Natural gas liquids (bbls/d)	**149**	141	**166**	125
Total (boe/d)	**5,725**	5,937	**6,071**	5,372
% Liquids	**67 %**	70 %	**68 %**	71 %
Average Realized Prices				
Crude oil ($/bbl)	**59.62**	30.47	**61.30**	57.47
Natural gas ($/Mcf)	**2.21**	1.74	**1.72**	1.59
Natural gas liquids ($/bbl)	**31.08**	40.70	**30.48**	49.38
Total ($/boe)	**43.81**	24.79	**44.18**	43.26
Operating Netback ($/boe)[1]				
Realized price	**43.81**	24.79	**44.18**	43.26
Royalties	**(4.49)**	(3.48)	**(4.55)**	(6.66)
Operating costs	**(21.62)**	(19.01)	**(21.04)**	(19.34)
Operating netback	**17.70**	2.30	**18.59**	17.26
Realized losses on derivative instruments	**(0.85)**	(2.32)	**(0.98)**	(4.60)
Operating netback, after realized losses on derivative instruments	**16.85**	(0.02)	**17.61**	12.66

Notes:
[1] Operating netback is a Non-IFRS measure (see "Non-IFRS Measures" below).

Capital Structure ($ millions)	**As at December 31, 2019**	As at December 31, 2018
Working capital (deficit)[1]	**2.2**	(16.1)
Long-term debt	**(113.6)**	(101.1)
Total net debt[2]	**(111.4)**	(117.3)
Debt capacity[3]	**3.1**	21.8
Common shares outstanding (in millions)	**171.4**	171.9

Notes:
[1] Working capital (deficit) is a non-IFRS measure (see "Non-IFRS Measures" below) calculated as current assets less current portion of derivative instruments, minus accounts payable and accrued liabilities.
[2] Net debt is a non-IFRS measure (see "Non-IFRS Measures" below), calculated by adding working capital (deficit) and long-term debt.
[3] Debt capacity reflects the undrawn capacity of the Company's revolving facility of USD$60 million at December 31, 2019 and USD$65 million at December 31, 2018, converted at an exchange rate of $1.0000 USD to $1.2988 CAD on December 31, 2019 and $1.0000 USD to $1.3642 CAD on December 31, 2018.

	Three Months Ended December 31,		Year Ended December 31,	
Drilling Activity	**2019**	2018	**2019**	2018
Gross wells	**2.0**	6.0	**3.0**	14.0
Net (working interest) wells	**2.0**	5.9	**3.0**	13.9
Success rate, net wells (%)[1]	**100**	67	**100**	86

[1] For the three months ended December 31, 2019, the company drilled one development well with a 100% success rate and one stratigraphic well. For the year ended December 31, 2019, the company drilled two development wells with a 100% success rate and one stratigraphic well.

Throughout 2019, PPR continued to execute our business strategy and posted numerous key achievements. In addition to integrating a corporate acquisition, we successfully invested $12.1 million in development and exploration effort focused on generating robust capital efficiencies; prudently and swiftly responded to volatile and unexpected changes in commodity prices; and posted solid reserves and production.

OUTLOOK

In March 2020, the COVID19 pandemic coupled with the price war between Saudi Arabia and Russia resulted in significant downfall in global oil prices. PPR is cautious with its capital spending in light of uncertainties around worldwide energy consumption and supplies and the duration of this turmoil. The Company initiated the drilling of one Michichi well in February and plans to complete the well in late March. After completing the Michichi well, PPR plans to suspend its capital program to preserve future development economics unless oil prices recover in due course. Over 80% of PPR's 2020 forecast base oil production (net of royalties) is hedged, which is expected to help PPR weather the depressed pricing environment. In addition, PPR is reviewing its 2020 budget, including exploring all avenues to reduce debt, G&A and operating expenses.

The Company has reviewed its compensation program in light of the current commodity volatility. Effective April 2020, all executives' annual salary will be reduced by 20% while the Board of Directors has also agreed to reduce their annual remuneration by 25%.

At forward prices for crude oil being traded in the futures market and with the oil hedges PPR has in place, PPR forecasts that it continues to meet its obligations with its internally generated cash flows and available borrowing capacity, however, there are no assurances that the lenders will maintain the borrowing base of the Revolving Facility at current levels or that the Company will be able to comply with its financial covenants in the future.

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 and Princess areas in Southern Alberta targeting the Banff, the Ellerslie and the Lithic Glauconite formations, along with an established and proven 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.

For further information, please contact:

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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: completion of the Company's latest Michichi well drilled in February 2020; the suspension of its 2020 capital program; PPR's ability to meet its obligations with internally generated cash flows and available borrowing capacity; the Revolving Facility's continued status as a revolving facility for the remainder of its term; and the anticipated timing for lender redetermination of the Revolving Facility's borrowing base.

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 statements 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, and their consistency 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 reserves volumes; commodity price and cost assumptions; continued availability of debt and equity financing and cash flow to fund Prairie Provident's current and future plans and expenditures, with external financing on acceptable terms; the impact of 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; 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 realized 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 geologic formations targeted by Prairie Provident's operations; 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; increased debt levels or debt service requirements; inaccurate estimation of Prairie Provident's oil and gas reserves 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 AIF).

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 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 measurements may not be comparable with the calculation of similar measurements 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 excluding the current portion of derivative instruments, less accounts payable and accrued liabilities. 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 and warrant liabilities are excluded as it is a non-monetary liability. Lease liabilities have historically been excluded as they were not recorded on the balance sheet until the adoption of IFRS 16 – Leases on January 1, 2019.

<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 measurement assists management and investors to evaluate the specific operating performance at the oil and gas lease level. Operating netbacks included in this news release were determined as oil and gas revenues less royalties less operating costs. Operating netback may be expressed in absolute dollar basis or per unit basis. Per unit amounts are determined by dividing the absolute value 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 Flow</u> – Adjusted funds flow is calculated based on cash flow from operating activities before changes in non-cash working capital, transaction costs, restructuring costs, other non-recurring items and before decommissioning settlements. Management believes that such a measure provides an insightful assessment of PPR's operational performance on a continuing basis by eliminating certain non-cash charges and charges that are non-recurring or discretionary and utilizes the measure to assess its ability to finance capital expenditures and debt repayments. Adjusted funds flow 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 funds flow per share is calculated based on the weighted average number of common shares outstanding consistent with the calculation of earnings per share.

<u>Net Capital Expenditures</u> – Net capital expenditures is a non-IFRS measure commonly used in the oil and gas industry. The measurement assists management and investors to measure PPR's investment in the Company's existing asset base. Net capital expenditures is calculated by taking total capital expenditures, which is the sum of property and equipment and exploration and evaluation expenditures from the consolidated statement of cash flows, plus capitalized stock-based compensation, plus acquisitions from business combinations, which is the outflow cash consideration paid to acquire oil and gas properties, less asset dispositions (net of acquisitions), which is the cash proceeds from the disposition of producing properties and undeveloped lands.