



## Prairie Provident Announces Year-End 2020 Reserves

Calgary, Alberta – February 23, 2020 - Prairie Provident Resources Inc. ("Prairie Provident", "PPR" or the "Company") is pleased to announce the results of our independent 2020 year-end reserves evaluation conducted by Sproule Associates Limited ("Sproule") with an effective date of December 31, 2020 (the "Sproule Report").

With recent commodity price recovery and additional liquidity provided by our lender, Prairie Provident has restarted its development program focusing on the Glauconite and Ellerslie formations in the Princess area. We expect the 2021 drilling program and ARO expenditures to be funded from cash flows from operations and liquidity available under our revolving note facility.

### 2020 RESERVES HIGHLIGHTS

- At year-end 2020, reserves totaled 8.2 MMboe, 18.3 MMboe, and 27.9 MMboe for proved developed producing (PDP) reserves, total proved (1P) reserves, and total proved plus probable (2P) reserves, respectively.
- Lower price forecasts resulted in reserves reductions of 1.2MMboe, 2.8 MMboe and 5.8 MMboe for PDP, 1P and 2P, respectively. This includes economic factors, as well as removing reserves from uneconomic locations and shutting in uneconomic fields.
- Improved well performance at Princess and waterflood response at Evi resulted in positive technical revisions of 1.0 MMboe, 1.1MMboe and 0.8 MMboe for PDP, 1P and 2P, respectively. This contributed to overall PDP finding & development ("F&D")<sup>(1)(2)</sup> costs of \$4.78/boe, including technical revisions.
- During 2020, the downturn in commodity prices necessitated suspension of capital development so there were no material reserves added from drilling.
- Year-end 2020 estimated net present values of future net revenue before tax discounted at 10% ("NPV<sub>10</sub> BT") for PDP, 1P and 2P reserves totaled \$54.7 million, \$107.4 million and \$218.0 million, respectively.
- Approximately 100% of PPR's total estimated abandonment and reclamation obligations (ARO) is included in the 2020 reserves evaluation (2019 – approximately 79%).
- Reserve life index<sup>(1)</sup> was 4.7 years, 10.5 years and 16.0 years on a PDP, 1P and 2P basis, respectively.

#### Notes:

(1) "Finding & Development Costs" and "Reserve Life Index" does not have a standardized meaning. See "Cautionary Statements – Disclosure of Oil and Gas Reserves Data and Operational Information" and "Cautionary Statements – Reserve Life Index" below.

(2) All 2020 financial information is unaudited. See advisories.

## Reserves Summary

The following presentation summarizes certain information contained in the Sproule Report, which was prepared in accordance with National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (“NI 51-101”) and the definitions, standards, and procedures contained in the Canadian Oil and Gas Evaluation Handbook (the “COGE Handbook”). Sproule evaluated 100% of the Company’s reserves. The Sproule Report is based on forecast prices and costs and applies Sproule’s forecast escalated commodity price deck and foreign exchange rate and inflation rate assumptions as at December 31, 2020. Estimated future net revenue is stated without any provisions for interest costs, other debt service charges or general and administrative expenses, and after the deduction of royalties, estimated operating costs, estimated abandonment and reclamation costs and estimated future development costs.

Additional information regarding the Company’s reserves data and other oil and gas information will be included in the Company’s Annual Information Form for the year ended December 31, 2020 (the “AIF”), which will be filed under the Company’s issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com) on or before March 31, 2021.

See also the “Cautionary Statements” below for further explanations and discussions.

### Summary of Corporate Reserves<sup>(1)(2)(5)</sup>

The following table is a summary of the Company’s estimated reserves as at December 31, 2020, as evaluated in the Sproule Report.

Reserves Category	Light and	Heavy Oil	Conventional	Conventional	Natural Gas	Barrels of Oil
	Medium Oil		Natural Gas <sup>(3)</sup>	Natural Gas		
	(Mbbbl)	(Mbbbl)	(Solution Gas)	(Solution Gas)	(Mbbbl)	(Mboe)
<b>Proved</b>						
Developed Producing	5,181	246	7,303	7,669	232	8,154
Developed Non-Producing	128	-	359	336	12	255
Undeveloped	6,731	445	-	14,627	238	9,852
<b>Total Proved</b>	<b>12,039</b>	<b>691</b>	<b>7,662</b>	<b>22,633</b>	<b>482</b>	<b>18,261</b>
<b>Probable</b>	<b>6,495</b>	<b>613</b>	<b>1,926</b>	<b>11,991</b>	<b>213</b>	<b>9,640</b>
<b>Total Proved plus Probable</b>	<b>18,534</b>	<b>1,303</b>	<b>9,588</b>	<b>34,624</b>	<b>696</b>	<b>27,902</b>

Notes:

- (1) Reserves are presented on a “company gross” basis, which is defined as Prairie Provident’s working interest (operating and non-operating) share before deduction of royalties and without including any royalty interest of the Company.
- (2) Based on Sproule’s December 31, 2020 forecast prices and costs. The forecast of commodity prices used in the Sproule Report can be found at [www.sroule.com](http://www.sroule.com).
- (3) Including both non-associated gas and associated gas but excluding solution gas (gas dissolved in crude oil).
- (4) Oil equivalent amounts have been calculated using a conversion ratio of six thousand cubic feet of natural gas to one barrel of oil. See “Cautionary Statements – Barrels of oil equivalent” below.
- (5) Columns may not add due to rounding of individual items.

### Net Present Values of Future Net Revenue Before Income Taxes Discounted at (%/year) <sup>(1)(2)(3)(4)(5)</sup>

The following table is a summary of the estimated net present values of future net revenue (before income taxes) associated with Prairie Provident's reserves as at December 31, 2020, discounted at the indicated percentage rates per year, as evaluated in the Sproule Report.

Reserves Category	0%	5%	10%	15%	20%
	(MM\$)	(MM\$)	(MM\$)	(MM\$)	(MM\$)
<b>Proved</b>					
Developed Producing	(156.7)	28.8	54.7	56.9	54.3
Developed Non-Producing	3.5	2.9	2.4	2.1	1.8
Undeveloped	129.4	81.8	50.3	29.2	14.8
<b>Total Proved</b>	<b>(23.7)</b>	<b>113.5</b>	<b>107.4</b>	<b>88.2</b>	<b>70.9</b>
<b>Probable</b>	<b>213.5</b>	<b>149.6</b>	<b>110.6</b>	<b>84.7</b>	<b>66.5</b>
<b>Total Proved plus Probable</b>	<b>189.8</b>	<b>263.1</b>	<b>218.0</b>	<b>172.8</b>	<b>137.4</b>

Notes:

- (1) Based on Sproule's December 31, 2020 forecast prices and costs. The forecast of commodity prices used in the Sproule Report can be found at [www.sproule.com](http://www.sproule.com).
- (2) Estimated future net revenues are stated without any provision for interest costs, other debt service charges or general and administrative expenses, and after deduction of royalties, estimated operating costs, estimated abandonment and reclamation costs and estimated future development costs.
- (3) Estimated future net revenue, whether discounted or not, does not represent fair market value.
- (4) Net present values of future net revenue after income taxes are estimated to approximate the before income tax values based on the estimated future revenues, available tax pools and future deductible expenses.
- (5) Columns may not add due to rounding of individual items.

### Reconciliation of Company Gross Reserves Based on Forecast Prices and Costs <sup>(2)(3)</sup>

FACTORS	Mboe		Proved plus Probable
	Proved	Probable	
December 31, 2019	21,723	12,744	34,466
Acquisitions	-	-	-
Dispositions	(14)	(4)	(18)
Drilling (Extensions and Improved Recovery <sup>(1)</sup> )	-	196	196
Discoveries	-	-	-
Technical Revisions	529	(3,565)	(3,037)
Pricing (Economic Factors)	(2,229)	271	(1,958)
Production	(1,748)	-	(1,748)
<b>December 31, 2020</b>	<b>18,261</b>	<b>9,641</b>	<b>27,902</b>

Notes:

- (1) Reserves additions attributed to Infill Drilling, Improved Recovery and Extensions are combined and reported as "Extensions and Improved Recovery".
- (2) Columns may not add due to rounding.
- (3) Company Gross Reserves exclude royalty volumes.

## Capital Efficiencies<sup>(2)(4)</sup>

The following table sets out our calculation of finding and development (F&D) costs for 2020. See also "Cautionary Statements – Disclosure of Oil and Gas Reserves Data and Operational Information" and "Cautionary Statements – Finding & Development Costs" below.

Finding and Development Costs	Proved Developed Producing	Total Proved	Total Proved plus Probable
Exploration and development capital <sup>(1)</sup> (MM\$)	4.0	4.0	4.0
Change in FDC <sup>(2)</sup> (MM\$)	-	(10.5)	(72.7)
Total F&D costs, including change in FDC (MM\$)	4.0	(6.5)	(68.9)
Total reserves additions, including technical revisions (Mboe)	846	529	(2,841)
<b>F&amp;D costs, including change in FDC (\$/boe)</b>	<b>4.78</b>	<b>N/A<sup>(3)</sup></b>	<b>N/A<sup>(3)</sup></b>

Notes:

- (1) Exploration and development capital (unaudited) related to: land acquisition and retention; drilling; completions; tangible well site; tie-ins; and facilities.
- (2) FDC as per Sproule Report, based on Sproule's December 31, 2020 forecast prices and costs.
- (3) Negative change in FDC and negative technical revisions resulted in unmeaningful F&D costs for 1P and 2P reserves.
- (4) Columns may not add due to rounding.

## 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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## Cautionary Statements

### *Unaudited financial information*

*Certain financial and operating information included in this news release for the quarter and year ended December 31, 2020, including operating expenses, general and administrative expenses, and finding and development costs, are based on estimated unaudited financial results for the quarter and 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, 2020 and changes could be material.*

### **Disclosure of Oil and Gas Reserves Data and Operational Information**

*Prairie Provident's Statement of Reserves Data and Other Oil and Gas Information for the year ended December 31, 2020, providing additional information regarding our reserves data and oil and gas activities in accordance with NI 51-101, will be contained in our Annual Information Form for the year ended December 31, 2020, which will be filed under the Company's issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com) on or before March 31, 2021. The reserves data estimates contained herein are estimates only and there is no guarantee that the estimated reserves will be recovered or that the related estimates of future net revenues will be realized. There can be no assurance that the forecast prices and cost assumptions applied by Sproule in evaluating the Company's reserves will be attained, and variances between actual and forecast prices and costs could be material. Actual reserves may be greater than or less than the estimated volumes provided herein, and it should not be assumed that the estimates of future net revenues presented herein represent the fair market value of the reserves. Estimates in respect of individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation. The Company's belief that it will establish additional reserves over time with conversion of probable undeveloped reserves into proved reserves is a forward-looking statement and is based on certain assumptions and is subject to certain risks, as discussed below under the heading "Forward-looking information".*

*This news release discloses certain metrics commonly used in the oil and natural gas industry – namely "finding and development costs" and "reserve life index" – that do not have standardized meanings or methods of calculation under applicable laws, International Financial Reporting Standards, the COGE Handbook or other applicable professional standards. Accordingly, such measures, as determined by the Company, may not be comparable to similarly defined or labelled measures presented by other companies, and therefore should not be used to make such comparisons. These metrics have been included herein to provide readers with additional information to evaluate the Company's performance, but should not be relied upon for comparative purposes. Management uses oil and gas metrics for its own performance measurements and to provide shareholders with measures to compare Prairie Provident's operations over time. Readers are cautioned that the information provided by these metrics, or that can be derived from the metrics presented in this news release, should not be relied upon for investment or other purposes.*

#### **Finding and Development Costs ("F&D costs")**

*The Company calculates F&D costs by dividing the sum of exploration and development capital for the period, plus the change in estimated FDC required to bring the reserves within the specified reserves category on production, by the change in reserves relating to discoveries, infill drilling, improved recovery, extensions and technical revisions. F&D costs have been presented in this news release because acquisitions and dispositions can have a significant impact on Prairie Provident's ongoing reserves replacement costs and excluding these amounts could result in an inaccurate portrayal of its cost structure. Management uses F&D as measure of its ability to execute its capital programs (and success in doing so) and of its asset quality.*

#### **Reserve Life Index ("RLI")**

*The Company calculates RLI based on the estimated reserves amount as at December 31, 2020 for the relevant reserves category, as evaluated by Sproule, divided by 2020 annual production.*

#### **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, and 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 are forward-looking statements. Forward-looking statements are typically, but not always, identified by words*

such as "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plan", "intend", "budget", "potential", "aim", "target" and similar words or expressions suggesting future outcomes or events or statements regarding an outlook.

*In particular, but without limiting the foregoing, this news release contains forward-looking statements pertaining to: estimated volumes of Prairie Provident's oil and gas reserves and their categorization; estimated net present values of future net revenue associated with evaluated reserves; budgeted capital activity for 2021 (including allocation of budgeted capital expenditures) and related expectations for targeted average annual and exit production rates; anticipated capital projects in 2021, including drilling, completion and facilities plans; anticipated ARO spending in 2021 and expected coverage under the government-sponsored Site Rehabilitation Program (SRP); forecast operating expenses and G&A costs for 2021; the Company's ability to fund its capital budget from funds flow and available liquidity under its revolving note facility; and estimates of future oil and natural gas prices; .*

*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: future commodity prices and currency exchange rates, including consistency of future prices with current price forecasts; the economic impacts of the COVID-19 pandemic; 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, including production profile, decline rate and product type mix; the continued and timely development of infrastructure in areas of new production; the accuracy of the estimates of Prairie Provident's reserves volumes; operating and other costs, including the ability to achieve and maintain cost improvements; continued availability of external 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; the 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.*

*Forward-looking statements are not guarantees of future performance or promises of future outcomes, and should not be 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 no access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; and such other risks as are 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 current 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.*