Prairie Provident Announces 2022 Capital Budget & Guidance

Calgary, Alberta – February 22, 2022 - Prairie Provident Resources Inc. ("Prairie Provident", "PPR" or the "Company") is pleased to announce its 2022 capital budget, corporate guidance and a Michichi operational update.

MESSAGE TO SHAREHOLDERS

Tony Berthelet, President & Chief Executive Officer, commented: "The 2022 development plan builds on 2021's successful drilling programs and waterflood results in our core assets. This budget continues to support our overall strategy of increasing shareholder value through a combination of short cycle drilling opportunities and long-term sustainable cash flow generation and low-cost reserve development through waterflood investment. 2022 will see the Company continue to expand waterflood operations in Michichi and Evi and focus on inventory development in all areas."

2022 BUDGET HIGHLIGHTS

- Fully-funded capital budget set at $18 million (before capitalized general and administrative ("G&A") expenses and asset retirement obligations ("ARO")), expected to generate average production between 4,350 – 4,600 boe per day. Based on this capital budget and production forecast, we anticipate achieving annual average production growth of approximately 5% over 2021, while spending within forecast adjusted EBITDAX.
- The Company plans to invest in infrastructure upgrades in Michichi in support of full field waterflood development, building on the previously announced waterflood pilot success. The waterflood expansion will include the conversion of 3 horizontal wells to injection in the northern part of the field.
- 2022 adjusted EBITDAX(1)(2) is forecast at $33.5 – 36.4 million, assuming average WTI at US$70/bbl. This represents an increase of approximately 70% over 2021. Increase in average WTI by US$1/bbl is expected to increase adjusted EBITDAX by $0.6 million.
- 2022 operating expenses are projected to be $34.2 million. This represents a 13% reduction from 2021. Operational efficiency improvements identified by management will drive cost reductions in four key areas of well servicing, labour and vehicle, repair & maintenance and fuel and power.
- Development capital is expected to be evenly weighted to the first and third quarters of 2022, with approximately 30% and 41% invested in the first and third quarters, respectively.

Notes:

(1) Adjusted EBITDAX is a non-GAAP financial measure that does not have a standardized meaning under International Financial Reporting Standards (IFRS), and may not be comparable to similar financial measures disclosed by other issuers. See "Non-GAAP Financial Measures" below for more information.

(2) Forecast price assumptions: WTI – US$70/bbl; WCS differential – US$16.02/bbl; MSW differential – $US5.27/bbl; AECO – C$3.90/mcf & CAD/USD exchange rate – $0.79.

CAPITAL BUDGET OVERVIEW BY CORE AREA (1)

Core Area	Budget ($millions)	% of Total	Activity Description
Michichi Area	$7.7	33%	• Drill 2.0 gross (2.0 net) wells • Per well DCE&T (1) costs of $2.3 - 2.5 million • $1.8 million Michichi waterflood facility expansion
Princess Area	$7.6	33%	• Drill 3.0 gross (3.0 net) wells • Per well DCE&T (1) costs of $2.2 - $2.4 million
Evi Area	$0.2	1%	• Injector conversion
Land, Seismic, ARO & Optimization	$6.5	28%	• $4 million ARO spending (3) • $2 million Optimization & Maintenance capital

Notes:

(1) See "Forward-looking statements" below.
(2) Drill, complete, equip and tie-in (“DCE&T”).
(3) The $4.0 million of budgeted ARO expenditures are incremental to the Company's capital budget (before ARO and capitalized G&A) of $18 million. Budgeted ARO spending does not include spend expected to be covered by grants under the government-sponsored site rehabilitation program.

2022 BUDGET AND GUIDANCE SUMMARY (1)

Production guidance	4,350 - 4,600 boe/d
Liquids weighting (2)	65 - 69%
Capital expenditures (excluding ARO expenditures and capitalized G&A)	$18 million
Operating expense	$20.50 - 22.50/boe
Operating netback (3)	$27.04 - 31.21/boe
2022 year-end long-term debt (net of cash collateralized for letters of credit)	$121 - 124 million
Financial Assumptions	
Oil (WTI)	US$70.00/bbl
Oil (WCS)	US$16.02/bbl
Natural gas (AECO)	C$3.90/mcf
Edmonton Light/WTI differential	US$5.27
USD/CAD foreign exchange	0.79

Notes:

(1) See "Forward-looking statements" below.
(2) Based on forecasted 2022 production of 2,000 bbl/d of light and medium crude oil, 725 bbl/d of heavy crude oil, 125 bbl/d of natural gas liquids and 9,000 Mcf/d of conventional natural gas.
(3) Operating netback is a non-GAAP financial measure that does not have a standardized meaning under International Financial Reporting Standards (IFRS) and may not be comparable to similar financial measures disclosed by other issuers. See "Non-GAAP Financial Measures" below for more information.

MICHICHI OPERATIONAL UPDATE

The Company completed the drilling and completions operations of the two gross (2.0 net) new Michichi Area Banff Formation wells ahead of schedule. The wells are currently being tied in and are expected to be brought on production in early March. The wells were targeted in the Lower Banff to maximize recovery. The program also saw the first 1.5 mile horizontal well drilled in the Michichi Area for Prairie Provident.

NON-CORE DISPOSITION UPDATE

Prairie Provident has engaged Energy Advisors Group ("EAG") to market its Central Alberta assets in the producing properties of Wheatland, Craigmyle East, Drumheller, Willdunn, Provost, Hayter and Coutts. The assets are characterized by a large acreage holding of ~93,000 net acres and over 1,070 boe/d, underwritten by behind-pipe exploitation targets, waterflood expansion and low risk development drilling. Historical base production and cash flow growth has been driven by proven stacked pay zones from the Sparky, Banff, Cummings, Detrital, Dina, Lloyd, McLaren formations and more.

For additional information on the divestiture or to ask questions about the process, please visit the EAG website linked below. Evaluation materials are available, following the signing of a Confidentiality Agreement. Offers are to be submitted by March 23, 2022, with an effective date of April 1, 2022.

EAG Website: https://www.energyadvisors.com/deal-details/45426/Prairie-Provident-Resources/CENTRAL-ALBERTA-SALE-PACKAGE

LEADERSHIP CHANGE

Effective March 31, 2022, Mimi Lai will be retiring from Prairie Provident as EVP Finance & CFO and Director to pursue new opportunities. We wish to extend our thanks to Mimi for all her contributions to PPR and wish her the best in her future endeavours. The Company is currently underway with a CFO search process and is targeting early Q2 2022 to have a replacement on seat.

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 optimize cash flow from our existing assets, grow a base waterflood business in Evi (Slave Point Formation) and Michichi (Banff Formation) providing stable low decline cash flow, and organically develop a new complementary play to facilitate reserves and production growth. The Princess area in Southern Alberta continues to provide short cycle returns through successful development of the Glauconite and Ellerslie Formations.

For further information, please contact:

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READER ADVISORIES

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: budgeted capital expenditure amounts for 2022 and the anticipated allocation and timing thereof; future anticipated capital projects in 2022, including drilling, completion and waterflood plans and proposed focus areas; forecast 2022 EBITDAX (see also "Non-GAAP Financial Measures" below); forecast 2022 operating expenses and expected operational efficiency improvements; estimated drill, complete, equip and tie-in (DCE&T) costs per well; anticipated ARO spending for 2022; future oil and gas production, including expected average 2022 production volumes, product type breakdown, liquids weighting and year-over-year growth from 2021; forecast 2022 operating netback (see also "Non-GAAP Financial Measures" below); forecast 2022 year-end long-term debt levels; benchmark commodity price and foreign exchange rate assumptions for 2022, including oil price differentials; and the timing for bringing on production from two (2.0 net) new Michichi area wells.

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.

Non-GAAP financial measures

This news release discloses certain financial measures, as described below, that are 'non-GAAP financial measures' within the meaning of applicable Canadian securities laws. Such measures do not have a standardized or prescribed meaning under International Financial Reporting Standards (IFRS) and, accordingly, may not be comparable to similar financial measures disclosed by other issuers. Non-GAAP financial 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. Readers must not consider non-GAAP financial measures in isolation or as a substitute for analysis of the Company's financial results as reported under IFRS.

Further information regarding non-GAAP measures disclosed by the Company from time-to-time is also provided in the Company's annual and interim MD&A for the relevant periods.

<u>Adjusted EBITDAX</u> – Adjusted EBITDAX (or "Bank Adjusted EBITDAX") is a non-GAAP financial measure the calculation of which is derived from a financial covenant in the Company's debt agreements. Adjusted EBITDAX means net earnings (loss) before financing charges, foreign exchange gain (loss), exploration and evaluation expenses, income taxes, depreciation, depletion, amortization, other non-cash items of expense and non-recurring items, adjusted for any major acquisitions and material dispositions assuming that such transactions had occurred on the first day of the applicable calculation period. Adjusted EBITDAX excludes transaction costs related to business combinations as they are non-recurring costs. The Company believes that Adjusted EBITDAX provides a useful measure of PPR's operational performance on a continuing basis by eliminating certain non-cash charges and charges that are non-recurring, and utilizes the measure to assess its ability to finance capital expenditures and debt repayments from operations. Adjusted EBITDAX does not represent, and is not an alternative to, cash from operating activities, net earnings or other measures of financial performance calculated in accordance with IFRS.

Following is a reconciliation of historical Adjusted EBITDAX for the year-ended December 31, 2020 to the most directly comparable financial measure under IFRS, being net earnings (loss) before income tax.

($000s)	Year Ended December 31, 2020
Net loss before income tax	(90,851)
Add (deduct):	
Interest	15,209
Depletion and depreciation	27,887
Depreciation on right-of-use asset	2,170
Exploration and evaluation expense	4,183
Unrealized gain on derivative instruments	(4,780)
Impairment loss	78,459
Accretion	2,786
Gain on foreign exchange	(1,425)
Change in other liabilities	1,361
Modification of financial liabilities	(15,874)
Share-based compensation	225
Gain on sale of properties	(375)
Gain on warrant liability	260
Transaction, reorganization and other costs	238
Adjusted EBITDAX	**19,473**

Operating Netback – Operating netback is a non-GAAP financial measure commonly used in the oil and gas industry, which the Company believes provides a useful measure to assist management and investors to evaluate operating performance at the oil and gas lease level. Operating netbacks included in this news release are determined as oil and natural gas revenue less royalties less operating costs. Operating netback may be expressed in absolute dollar terms or a per boe basis. Per boe amounts are determined by dividing the absolute value by gross working interest production. Operating Netback per boe is a non-GAAP financial ratio.

A reconciliation of historical Operating Netback for the year-ended December 31, 2020 is presented below:

($000s)	Year Ended December 31, 2020
Revenue	51,720
Royalties	(5,027)
Operating costs	(37,271)
Operating netback	**9,422**