Prairie Provident Resources Announces Third Quarter 2022 Financial and Operating Results

Calgary, Alberta – November 9, 2022 – Prairie Provident Resources Inc. ("Prairie Provident", "PPR" or the "Company") today announces our financial and operating results for the three and nine months ended September 30, 2022. PPR's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2022 and related Management's Discussion and Analysis ("MD&A") for the same periods are available on our website at www.ppr.ca and filed on SEDAR.

MESSAGE TO SHAREHOLDERS

Tony Berthelet, President & Chief Executive Officer commented: "The team continued to execute on our reactivation and optimization plan in the 3rd Quarter. We are pleased with results from the first tranche of opportunities and will continue to execute on additional project inventory in the coming months. Our latest Princess Glauconite well highlights the success of that program in generating repeatable quick payout projects. We also continued work on debt refinancing initiatives during the quarter and will provide updates to shareholders of any material developments arising from these discussions. And finally, we look forward to an improved hedge position in 2023 providing improved realized netback."

Q3 2022 HIGHLIGHTS

- **Higher operating netback[1]:** Operating netback for Q3 2022 was $29.96/boe before realized loss on derivatives, an increase from $23.72/boe in Q3 2021. PPR generated cash flow of $11.3 million at the field level, representing a 22% increase from $9.3 million in Q3 2021. After realized derivative losses, PPR recognized $4.9 million ($13.10/boe) of operating netback compared to $7.1 million ($17.93/boe) in Q3 2021.
- **Production:** Production during Q3 2022 averaged 4,096 boed (64% liquids), a 4% or 173 boed decrease from Q2 2022. The decrease was primarily driven by natural well decline offset by production additions from our optimization program and one Princess Glauconite well (1.0 net) coming on in mid-September.
- **Optimization Update:** Q3 saw the Company deliver positive results from the previously announced optimization program delivering approximately 875 MBOE of internally estimated proved plus probable reserves with an $NPV_{(10)}$[2] before tax of $11.7 million (based on Sproule's September 30, 2022 price forecast) on cumulative spending of $2.5 million, resulting in an internal rate of return of approximately 343%. Thirty-four individual projects were executed, most of which were in the southern properties of Michichi and Provost. One of the many successes of this program was the doubling of net production from 160 boed to a peak of 329 boed in Provost.
- **Net loss:** Net loss totaled $1.5 million for Q3 2022, compared to a net loss of $9.9 million for Q3 2021. The decrease in net loss was primarily driven by higher revenues, net of royalties and realized losses and unrealized gains on derivatives.
- **Net debt[3]:** Net debt as of September 30, 2022 totaled $142.7 million, an increase of $15.3 million from June 30, 2022 primarily due to the impact of strengthening in the U.S. Dollar with respect to the Company's U.S. dollar denominated debt, accrual of deferred interest of $6.9 million and a $10.3 decrease in working capital[4] offset by a $1.9 million repayment. Net debt at September 30, 2022 includes US$49.4 million drawn

1 "Operating Netback" is a non-IFRS measure (see "Non-IFRS Measures" below),
2 Readers are cautioned that net present value (NPV) estimates should not be assumed to represent the fair market value. There is no assurance that the forecast prices and cost assumptions will be attained and the variances could be material.
3 "Net Debt" is a non-IFRS measure (see "Non-IFRS Measures" below).
4 "Working Capital" is a non-IFRS measure (see Non-IFRS Measures" below).

on the Company's senior secured revolving note facility, the borrowing base for which is currently US$53.8 million and is scheduled to be reset to $50.0 million on December 31, 2022.

- **Refinancing:** During the third quarter of 2022 the Company continued its debt refinancing initiatives, including discussions with its current lenders to defer the scheduled borrowing base reduction for the revolving note facility. The Company will announce any material developments arising from these initiatives as they become available. There can be no assurance as to the outcome of these efforts.
- **Princess drilling update:** During the third quarter, the Company completed drilling one (1.0 net) Glauconite formation well at Princess. The well was brought on production above the type curve in mid-September with an IP30 of 272[5] boed. The well is continuing to improve as it cleans up with liquids comprising 78% of production.
- **CFO departure:** Jason Dranchuk, Vice President, Finance and Chief Financial Officer, will be leaving the Company effective November 14, 2022 for personal reasons. We want to thank Jason for his support and wish him all the best. We are actively recruiting for a replacement and will provide an update as details become available.

5 Average initial production over a 30-day period commencing September 16, 2022, during which the well produced an average of 181 bbl/d of heavy crude oil and 547 Mcf/d of conventional natural gas from the Glauconite formation. Readers are cautioned that short-term initial production rates are preliminary in nature and may not be indicative of stabilized on-stream production rates, future product types, long-term well or reservoir performance, or ultimate recovery. Actual future results will differ from those realized during an initial short-term production period, and the difference may be material.

OUTLOOK

Inflationary pressures and supply chain constraints have continued to persist throughout 2022. As a result, the fourth quarter will see Prairie Provident take a conservative approach and focus on the most efficient use of capital in the current environment, which Prairie Provident believes is through production optimization, operating cost reduction and inventory preparation for a continuation of the optimization program over the first half 2023. Prairie Provident intends to revisit its inventory of approximately 700 suspended wells, many of which were shut- in at commodity prices much lower than today or were not previously economic for optimization at lower commodity prices. This capital outlay will be spread across multiple short-cycle optimization and reactivation projects (estimated project cost range of $7,000 - $150,000). Prairie Provident intends to target projects with a capital efficiency[1] of $6,000-$15,000/boe. With an estimated corporate decline rate[2] of 16%, Prairie Provident will aim to keep production volumes reasonably steady with prudent capital spending. This should maximize the level of free cash flow[3] that can be directed towards debt repayment. Further information will be provided as part of Prairie Provident's detailed 2023 capital program and guidance when released. Additional details on Prairie Provident's 2022 capital program and guidance can be found on the Company's website at www.ppr.ca.

1 Capital efficiency is defined as project costs/incremental boed. Readers are cautioned that capital efficiency estimates should not be assumed to represent fair market value. There is no assurance that forecast cost or production assumptions will be attained and the variances could be material.
2 Estimated corporate decline rate is defined as the expected rate of decline in corporate production over the coming year.
3 Free cash flow is defined as the cash the Company generates after taking into consideration the cash outflows that support its financing, operations and capital expenditures.

FINANCIAL AND OPERATING SUMMARY

($000s except per unit amounts)	Three Months Ended **September 30, 2022**	Three Months Ended September 30, 2021	Nine months ended **September 30, 2022**	Nine months ended September 30, 2021
Production Volumes				
Light & medium crude oil (bbl/d)	**1,965**	2,261	**1,944**	2,408
Heavy crude oil (bbl/d)	**535**	384	**638**	228
Conventional natural gas (Mcf/d)	**8,857**	8,986	**8,869**	8,783
Natural gas liquids (bbl/d)	**120**	131	**120**	133
Total (boe/d)	**4,096**	4,273	**4,180**	4,234
% Liquids	**64%**	65%	**65%**	65%
Average Realized Prices				
Light & medium crude oil ($/bbl)	**102.39**	76.12	**116.51**	69.06
Heavy crude oil ($/bbl)	**113.51**	71.78	**101.62**	66.18
Conventional natural gas ($/Mcf)	**4.27**	3.69	**5.66**	3.32
Natural gas liquids ($/bbl)	**77.99**	59.16	**83.00**	51.70
Total ($/boe)	**75.47**	56.30	**84.09**	51.35
Operating Netback ($/boe)[1]				
Realized price	**75.47**	56.30	**84.09**	51.35
Royalties	**(14.15)**	(6.89)	**(13.23)**	(5.41)
Operating costs	**(31.36)**	(25.69)	**(28.99)**	(25.15)
Operating netback	**29.96**	23.72	**41.87**	20.79
Realized losses on derivatives	**(16.86)**	(5.79)	**(18.58)**	(4.85)
Operating netback, after realized losses on derivatives	**13.10**	17.93	**23.29**	15.94

1 Operating netback is a non-IFRS measure (see "Non-IFRS Measures" below).

Capital Structure ($000s)	**September 30, 2022**	December 31, 2021
Working capital[1]	**(6.3)**	(0.4)
Borrowings outstanding (principal plus deferred interest)	**(136.3)**	(124.0)
Total net debt[2]	**(142.7)**	(124.3)
Debt capacity[3]	**6.0**	14.3
Common shares outstanding (in millions)	**130.1**	128.7

1 Working capital 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 and long-term debt.

3 Debt capacity reflects the undrawn capacity of the Company's revolving facility, which had a borrowing base of USD$53.8 million at September 30, 2022 and December 31, 2021, converted at an exchange rate of $1.00 USD to $1.37 CAD on September 30, 2022 and $1.00 USD to $1.27 CAD on December 31, 2021. The borrowing base of the revolving facility is scheduled to be reset to USD $50.0 million on December 31, 2022.

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 use those funds to improve the balance sheet and manage liabilities. 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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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: capital management plans and intentions; continued focus on the Company's optimization program through the remainder of 2022 and over the first half of 2023, including prospective reactivation projects; target capital efficiency measures, estimated decline rates and project cost estimates for optimization and reactivation projects; and debt refinancing initiatives, including discussions with current lenders to defer the borrowing base reduction for the Company's revolving note facility currently scheduled to occur on December 31, 2022.

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. In particular, the Company can give no assurance that its debt refinancing initiatives will result in a new or modified lending arrangement, or to the terms of any such new or modified lending arrangement. 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 the Company will be able to replace existing debt financing or renegotiate the terms of existing debt financing, the results from reactivation *projects, 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 (including with respect to 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; future commodity prices; future operating and other costs; future USD/CAD exchange rates; future interest rates; continued availability of external financing (including borrowing capacity under available credit facilities) 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.*

The forward-looking statements included in this news release 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: reduced access to external debt financing; higher interest costs or other restrictive terms of debt financing; 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 Prairie Provident's current Annual Information Form as filed with Canadian securities regulators and available from the SEDAR website (www.sedar.com) under Prairie Provident's issuer profile).

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:

<u>Working Capital</u> – Working capital 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 warrant liabilities are excluded as it is a non-monetary liability. The current portion of long-term debt is excluded as it is reflected in borrowings. 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 borrowings outstanding under long-term debt plus working capital surplus. 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 terms or a per unit basis. Per unit amounts are determined by dividing the absolute value by gross working interest production. Operating netback after gains or losses on derivative instruments, adjusts the operating netback for only realized gains and losses on derivative instruments.