



Prairie Provident Resources Announces Strategic Asset Sales

CALGARY, Alberta, October 30, 2023 (TSX:PPR) — Prairie Provident Resources Inc. ("Prairie Provident" or the "Company") is pleased to announce that it has entered into a definitive agreement with a private oil and gas company to sell the Company's Evi cash-generating unit located in northern Alberta for a base purchase price of \$27.0 million payable in cash, subject to effective date adjustments based on an effective date of August 1, 2023 (the "Evi Sale"). Upon completion of the Evi Sale, the purchaser will become responsible for all future abandonment and reclamation obligations (ARO) pertaining to the Evi assets, with AER deemed liabilities of approximately \$48.1 million gross (\$43.5 million net).

In a separate transaction, the Company has entered into a definitive agreement with another private oil and gas company to sell certain non-core assets located in the Provost area of central Alberta for a base purchase price of \$1.8 million payable in cash, subject to effective date adjustments based on an effective date of July 1, 2023, and potential future payments of up to \$720,000 in aggregate based on the price of oil and production from the Provost assets during the 24-month period following closing (the "Provost Sale").

Both transactions are currently expected to close on or before January 31, 2024 and are subject to regulatory approval, customary closing conditions and purchase price adjustments.

Completion of the Evi Sale and the Provost Sale will build upon the recapitalization initiated in May 2023 by streamlining the Company's asset portfolio through the disposition of undercapitalized legacy assets, in turn allowing Prairie Provident to focus on higher return development opportunities in Central and Southern Alberta.

Proceeds of the completed transactions will allow the Company to achieve a material reduction in debt and associated interest expense. Additionally, a portion of the proceeds will be directed to a development program designed to increase production, cash flow and reserves value from Prairie Provident's core areas located in Central and Southern Alberta, including Princess, Provost and Michichi.

Evi Sale

The properties included in the Evi Sale comprise the Company's entire asset base in the Northern Alberta region.

The Company is selling the Evi assets for a base purchase price of \$27.0 million payable in cash, subject to effective date adjustments based on an effective date of August 1, 2023. In addition, the purchaser

will upon completion become responsible for all future ARO pertaining to the Evi assets, which carry AER deemed liabilities of approximately \$48.1 million gross (\$43.5 million net).

The purchase price (before adjustments) represents a prior twelve month operating net income multiple of 3.5x.

For the quarter ended September 30, 2023, the production attributed to the Evi properties averaged 874 boe/d in sales volumes.¹

Provost Sale

The properties included in the Provost Sale comprise a portion of the Company's asset base in the region.

The Company is selling the Provost assets for a base purchase price of \$1.8 million payable in cash, subject to effective date adjustments based on an effective date of July 1, 2023. In addition, the Purchaser will upon completion become responsible for future ARO pertaining to the Provost assets, which carry AER deemed liabilities of approximately \$2.6 million. The Provost Sale also provides for future contingent payments to the Company of up to \$720,000 in aggregate based on the price of oil and production from the Provost assets during the 24-month period following closing as follows: (i) \$10,000 for any month that WTI Cushing averages between USD \$80.00 and \$89.99; (ii) \$20,000 for any month that WTI Cushing averages between USD \$90.00 and \$99.99; and (iii) \$30,000 for any month that WTI Cushing averages USD \$100 or more, prorated for any month in which production from the assets is less than 70 boe/d.

Production currently attributed to the Provost properties is approximately 70 boe/d.²

Advisor

National Bank Financial Inc. acted as financial advisor to Prairie Provident with respect to the Evi Sale.

About Prairie Provident

Prairie Provident is a Calgary-based company engaged in the exploration, development and production of low decline, long life oil reserves in Alberta. The Company maintains a significant portfolio of low-risk production enhancement and drilling opportunities.

¹ Comprised of approximately 829 bbl/d of light and medium crude oil, approximately 1 bbl/d of natural gas liquids, and approximately 268 Mcf/d of conventional natural gas.

² Comprised of approximately 39 bbl/d of light and medium crude oil, approximately 4 bbl/d of natural gas liquids, and approximately 164 Mcf/d of conventional natural gas.

For further information, please contact:

Prairie Provident Resources Inc.
1100, 640 5th Avenue SW
Calgary, Alberta T2P 3G4

Investor Relations
Tel: (403) 292-8000
Email: investor@ppr.ca

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.

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: satisfaction of the conditions precedent to and the completion of the Evi Sale and the Provost Sale; anticipated benefits of the Evi Sale and the Provost Sale, including streamlining of the Company's asset portfolio and high-grading of its development inventory; future intentions with respect to debt repayment; the ability to direct a portion of net sale proceeds to development, and the Company's ability to increase production, cash flow and reserves value from that development activity; the Company's ability to achieve drilling and optimization success consistent with management's expectations; and liquidity and capital resources that may be available to complete development.

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 requisite regulatory approvals from the Alberta Energy Regulator (AER) will be obtained in respect of the Evi Sale or the Provost Sale, or if approved that the terms and conditions of any such approval (including in relation to security deposits) will be acceptable to the parties, or that either transaction will be successfully completed, whether on the terms proposed or at all. 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 complete the Evi Sale and Provost Sale on the agreed terms; that all necessary regulatory approvals from the AER will be obtained in respect of the Evi Sale and the Provost Sale on terms and conditions that are acceptable to the parties, and that all other conditions precedent to completion of the Evi Sale and the Provost Sale will be satisfied, not later than January 31, 2024;; that the purchaser under each of the Evi Sale and the Provost Sale will fund the purchase price at closing; the results from reactivation and development 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 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: the imposition by the AER of terms and conditions on the Evi Sale or the Provost Sale that cannot be satisfied or are otherwise not acceptable to the Company

or the respective purchasers; the ability of each purchaser to fund the purchase price and complete the transaction on the agreed terms; reduced access to 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.