



Arsenal Energy Inc.

Lone Pine Resources and Arsenal Energy Combine to Form Prairie Provident Resources

Calgary, Alberta – September 13, 2016 – Lone Pine Resources Canada Ltd. ("Lone Pine") and Arsenal Energy Inc. ("Arsenal") (TSX: AEI) (OTCQX: AEYIF) are pleased to report the completion of their previously-announced business combination to form Prairie Provident Resources Inc. ("Prairie Provident").

The combination was effected pursuant to a plan of arrangement under the *Business Corporations Act* (Alberta), which was approved by the affected securityholders of each company at meetings held on September 8, 2016, and by the Court of Queen's Bench of Alberta on September 9, 2016.

The combination resulted in Prairie Provident becoming the parent company of Lone Pine and Arsenal, with a fully-diluted share count of approximately 100,000,000 shares of which approximately 77% was issued or is issuable to former Lone Pine stakeholders and approximately 23% was issued to former Arsenal shareholders. The exchange ratios at which Prairie Provident shares were issued in substitution for Lone Pine and Arsenal shares was 0.5544092 per Lone Pine common share, 0.8117105 per Lone Pine preferred share and 1.1417218 per Arsenal share.

The combination of Lone Pine and Arsenal's complementary assets creates an oil-weighted, growth oriented oil and gas company positioned to generate value with a strong balance sheet, attractive drilling prospects and significant financial and operational flexibility with the following key attributes:

- Light and medium oil-weighted asset base focused on three core areas in Alberta (Evi, Princess and Wheatland), which offer meaningful growth potential through lower risk development drilling opportunities, a proven water flood program and future consolidation prospects;
- Production base of approximately 4,000 boe/d comprised of approximately 71% oil and liquids and 29% natural gas;
- Proved plus probable reserves of 18,489⁽¹⁾ Mboe as at December 31, 2015;
- Combined land base of approximately 765,600 net acres (pro forma as at June 30, 2016), with over 170 unrisks internally identified drilling locations that remain economic and are expected to generate compelling returns at current commodity prices;
- A senior secured credit facility of \$55 million backed by Alberta Treasury Branches and Société Générale, to support ongoing development and continued growth through a robust capital program;
- A strong balance sheet that is expected to position Prairie Provident to efficiently develop its inventory of capital projects as well as pursue accretive new opportunities;
- A robust three-year hedge book that the Company believes will provide meaningful protection against commodity price volatility and underpins funds from operations; and

- Operatorship of over 90% of its production and average working interests greater than 90%, in its core areas of Evi, Princess and Wheatland in Alberta.

Prairie Provident will be led by Tim Granger as President and Chief Executive Officer, who served in the same position with Lone Pine. He is joined by Lone Pine executives Mimi Lai, Vice President, Finance and Chief Financial Officer, and Robert (Bob) Guy, Vice President, Operations; and by former Arsenal executives Tony van Winkoop, who joins Prairie Provident as Vice President, Exploration after having previously served as President and Chief Executive Officer of Arsenal, and Gjoa Taylor, as Vice President, Land. The Board of Directors of Prairie Provident will be chaired by prior Lone Pine chair, Patrick R. McDonald, who will be joined by former Lone Pine directors David M. Fitzpatrick, Terence (Tad) B. Flynn, Ajay Sabherwal, Robert B. Wonnacott, and Tim Granger; and former Arsenal director Derek Petrie.

Prairie Provident is also pleased to announce that the Toronto Stock Exchange (the "TSX") has conditionally approved the listing of its common shares on TSX under the symbol "PPR". Listing is subject to Prairie Provident fulfilling all the requirements of TSX on or before December 7, 2016. Prairie Provident currently anticipates that, subject to it completing certain filings with TSX in the interim; its shares will be posted for trading on TSX on or about September 16, 2016. It is anticipated that the Arsenal shares will be delisted from the TSX within 2-3 business days following the date hereof.

Further details regarding Prairie Provident and the combination of Lone Pine and Arsenal are set out in the joint information circular of Lone Pine and Arsenal dated August 5, 2016, which is available under Arsenal's profile on the SEDAR website and on Lone Pine's website at www.lonepineresources.com.

Arsenal shareholders whose Arsenal shares are held by a broker, agent or other intermediary should contact their broker or agent in respect of the exchange of their Arsenal shares for Prairie Provident shares pursuant to the arrangement. Registered Arsenal shareholders who have not already done so should submit their certificates representing Arsenal shares to Alliance Trust Company, the depositary pursuant to the arrangement, together with a letter of transmittal in accordance with the instructions set out therein in order to receive the Prairie Provident shares that they are entitled to pursuant to the arrangement. Letters of transmittal were previously sent to Arsenal shareholders and additional copies may be obtained by contacting Alliance Trust Company by telephone at 1-877-537-6111 or by email to inquiries@alliancetrust.ca. Certificates formerly representing Arsenal shares now represent only the right to receive Prairie Provident shares to which the holders thereof are entitled pursuant to the arrangement.

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 Wheatland and Princess in Southern Alberta targeting the Lithic Glauco formation, along with an early stage waterflood project at Evi 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.

Endnotes:

1. Based on the respective reserves evaluation reports of Lone Pine and Arsenal, prepared by Sproule Associates Ltd. ("Sproule") for Lone Pine and by Deloitte LLP for Arsenal, evaluating the reserves data of each company as of December 31, 2015 in accordance with the requirements of National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities. The

estimated pro forma reserves data of Prairie Provident at December 31, 2015 has been calculated by (i) applying Sproule's forecast price deck as of January 1, 2016 to Arsenal's existing evaluation, (ii) deducting from Arsenal's estimated reserves data at December 31, 2015 the portion thereof attributable to the Desan, US properties, and additional Canadian properties sold by Arsenal in 2016, and (iii) adding Lone Pine's estimated reserves data at December 31, 2015 (from the Sproule report, without adjustment) to Arsenal's estimated reserves data at December 31, 2015 (from the Deloitte LLP report, adjusted as described). Except as specifically described in clause (i) and clause (ii), the estimated pro forma reserves data of Prairie Provident at December 31, 2015 set forth herein does not take into account any changes occurring in 2016.

For further information, please contact:

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Forward-Looking Statements:

This news release contains forward-looking statements. More particularly, this news release contains forward-looking statements concerning the listing of the Prairie Provident common shares on TSX, the delisting of the Arsenal shares from the TSX, information and statements concerning anticipated benefits of the combination, and anticipated timing thereof.

The forward-looking statements contained in this document are based on certain key expectations and assumptions made by Arsenal and Lone Pine. Although Arsenal and Lone Pine believe that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Arsenal and Lone Pine cannot give any assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks.

The forward-looking statements contained in this document are made as of the date hereof and Arsenal and Lone Pine undertake no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.