



PRAIRIE PROVIDENT ANNOUNCES STRATEGIC LIGHT OIL ASSET ACQUISITION AND \$8 MILLION EQUITY FINANCING

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CALGARY, ALBERTA (February 14, 2017) – Prairie Provident Resources Inc. ("Prairie Provident" or the "Company") (TSX: PPR) is pleased to announce that it has entered into an agreement to acquire strategic assets in the Greater Red Earth area of northern Alberta (the "Assets") for cash consideration of \$41 million, subject to customary adjustments (the "Acquisition"). The Assets include high quality and low decline oil production which is highly complementary to Prairie Provident's existing operations at Evi in the Peace River Arch area of northern Alberta and further enhances the Company's size and competitive position. The Acquisition represents a continuation of Prairie Provident's strategy to maintain a balanced asset base that generates steady cash flows to fund its growth-oriented development in Wheatland and Princess, while maintaining financial flexibility.

The Acquisition will be funded through Prairie Provident's current credit facility of \$55 million, which is expected to be increased following the closing of the Acquisition, and through proceeds from an \$8.0 million bought deal equity financing, details of which are provided below. Upon closing of the Acquisition and taking into effect the equity financing, Prairie Provident's debt to 12-month forward adjusted EBITDAX ratio is expected to be approximately 1.3 times, and the Company plans to reduce that ratio to approximately 1.0 time in the second half of 2017.

THE ACQUISITION

The Acquisition reinforces Prairie Provident's growth profile by adding a stable and predictable base cash flow that is capable of funding repeatable growth. Pro forma the Acquisition, Prairie Provident's production will be approximately 6,500 boe/d (64% oil and liquids). A mechanical update was internally prepared by Prairie Provident for the Assets' proved developed producing ("PDP") and total proved plus probable developed producing ("2PDP") reserves using the reserves report prepared by Sproule Associates Limited ("Sproule") as of December 31, 2015, adjusted for production and applying the Company's area operating costs and Sproule's January 1, 2017 forecast price deck, all effective March 1, 2017. Based on this update, the Acquisition is expected to increase Prairie Provident's 2PDP reserves by 3.8 MMboe, or 40%.

The Company's working interest ownership and operatorship in Evi are consolidated through the Acquisition which is also expected to create synergistic opportunities to reduce area operating costs. The Assets are characterized by a low base decline which is expected to fall further with a large suite of waterflood expansion opportunities, thereby extending the reserve life index ("RLI") and supporting long-term sustainability. After giving effect to the Offering, the Acquisition is expected to be accretive on several key measures, including 27% on 2PDP reserves per share as well as forward 12-months' funds flow per share. The Acquisition is expected to close in March 2017 subject to court and regulatory approvals.

Mackie Research Capital Corporation acted as strategic advisor to Prairie Provident in respect of the Acquisition.

STRATEGIC RATIONALE AND BENEFITS

Highlights of the Acquisition and the anticipated associated benefits include the following:

Significantly Increases Production and Funds Flow

- The Assets have a stable and low-decline production base, reflecting an average decline rate of approximately 10% over the past 12 months. The impact of this low decline rate is expected to take Prairie Provident's corporate base decline to approximately 20% upon completion of the Acquisition.
- Pro forma current production is approximately 6,500 boe/d (64% oil and liquids). Using the higher end of the Company's 2017 capital budget range of \$35 million, exit production is expected to range between 7,500 boe/d and 8,000 boe/d.
- Pro forma funds flow from operations for the next 12 months is expected to increase by approximately \$12 million after the impact of the Acquisition, based on the commodity price assumptions outlined in Note 2 under "Asset Summary" below.
- Steady funds flow from Evi provides Prairie Provident with a solid foundation to pursue accretive growth-oriented development in other core areas, including the Company's large inventory on the Mannville trend.

Consolidation of Existing Core Area in Evi Creates Synergistic Opportunities

- Proximity to Prairie Provident's existing asset base provides operational and technical synergies, while economies of scale and operational optimization in the area are expected to reduce operating costs by \$2.00/boe while improving the Company's ability to compete for services.
- The Acquisition solidifies Prairie Provident's operatorship in Evi where the Company currently operates the key infrastructure.
- Prairie Provident's existing liability licensee rating ("LLR") is expected to improve to approximately 2.0 as a result of the Assets' attractive LLR of 3.0.

High Quality Waterflood Expansion Upside

- The Assets include an emerging waterflood scheme that is showing promising response. Consolidation of Evi provides meaningful upside potential by enabling the expansion and optimization of Prairie Provident's existing waterflood projects.
- Reservoir simulations anticipate a three-fold increase in recoveries at Evi as a result of enhanced oil recovery initiatives. This supports Prairie Provident's expectations for significant long-term value accretion as production and reserves are increased.

Reserve Base Expansion Improves Sustainability

- Based on internally updated reserves estimates with an effective date of March 1, 2017, using the Sproule reserves report on the Assets as of December 31, 2015, adjusting for production and applying the Company's area operating costs and Sproule's January 1, 2017 forecast price deck, the Acquisition is expected to add:
 - 2.9 MMboe of PDP reserves, which represents a 41% increase over Prairie Provident's existing PDP reserves; and

- 3.8 MMboe of 2PDP reserves, which represents an increase of 40% over the Company's existing 2PDP reserves.

ASSET SUMMARY

Total purchase price ⁽¹⁾	\$41 million
Current production	1,100 boe/d (98% oil and liquids)
Recent 12-month decline rate	10%
Forecast 2017 operating netback ⁽²⁾	\$31.00/boe
Run rate cash flow ⁽⁶⁾	~\$12 million annually
PDP reserves ⁽³⁾	2.9 MMboe
PDP NPV10 ⁽³⁾	\$62.1 million
2PDP reserves ⁽³⁾	3.8 MMboe
2PDP NPV10 ⁽³⁾	\$77.0 million
2PDP RLI ⁽⁴⁾	9.5 years

ACQUISITION METRICS

Current production	\$37,273 per boe/d
PDP reserves ⁽³⁾	\$13.94/boe
2PDP reserves ⁽³⁾	\$10.72/boe
2PDP recycle ratio ⁽⁵⁾	2.9x
Run rate cash flow ⁽⁶⁾	3.3x

Notes:

1. Subject to normal adjustments for a transaction of this nature.
2. Operating netback does not have any standard meaning prescribed by IFRS or the COGE Handbook and therefore may not be comparable with the calculation of similar measures for other entities. The Company calculates "operating netbacks" using production revenues, excluding realized and unrealized gains and losses on commodity hedging, less royalties and operating expenses, calculated on a per boe basis. Prairie Provident considers operating netback as an important measure to evaluate its operational performance as it demonstrates its field level profitability relative to current commodity prices. The estimated operating netback was derived using the Company's 2017 commodity price forecast of USD\$54.00/bbl WTI, CAD\$2.93/GJ AECO, and a Canadian/US dollar exchange rate of \$0.76.
3. Reserves information was internally prepared by Prairie Provident with an effective date of March 1, 2017, and were estimated by updating the reserves report on the Assets prepared by Sproule effective December 31, 2015 and applying Sproule's January 1, 2017 forecast price deck, Prairie Provident's area operating costs and adjusted for production. Estimated values of future net revenues do not represent the fair market value of the reserves. Management has only attributed value to producing reserves and no value has been ascribed for undeveloped upside.
4. The reserve life index ("RLI") is calculated by dividing 2PDP reserves estimated as at March 1, 2017 with estimated current production of 1,100 boe/d.
5. Recycle ratio is based on the operating netback for the Assets of \$31.00/boe (see Note 2 above) and purchase price per boe of 2PDP reserves acquired of \$10.72/boe. Recycle ratio is used to measure the Company's operational performance in terms of sustainability.
6. Run rate cash flow is based on annualized current production of 1,100 boe/d and the operating netback for the Assets of \$31.00/boe (see Note 2 above).

UPDATED 2017 GUIDANCE

Given the complementary and synergistic nature of the Assets, Prairie Provident is maintaining its 2017 capital budget range of \$25 million to \$35 million. Using the upper end of the capital range of \$35 million, Prairie Provident anticipates exiting 2017 between 7,500 to 8,000 boe/d, with all 2017 forecasts based on the commodity price assumptions outlined within Note 2 under "Asset Summary" above.

EQUITY OFFERING

In connection with the Acquisition, Prairie Provident has entered into an agreement with Mackie Research Capital Corporation ("MRCC") for an \$8.0 million bought deal equity financing, pursuant to which MRCC has agreed to purchase from the Company, on a bought deal basis, for resale to the public through a syndicate of underwriters to be led by MRCC, 5,971,000 subscription receipts ("Subscription Receipts") at a price of \$0.67 per Subscription Receipt, and 5,195,000 common shares issued on a "flow-through" basis pursuant to the Income Tax Act (Canada) ("Flow Through Shares") at a price of \$0.77 per Flow-Through Share, for total gross proceeds to the Company of approximately \$8.0 million (the "Offering"). The underwriters will have an option to purchase up to an additional 15% of the number of Subscription Receipts and Flow-Through Shares sold at closing of the Offering, at the same Offering prices of \$0.67 per Subscription Receipt and \$0.77 per Flow-Through Share, respectively, for total additional gross proceeds of up to \$1,200,000, solely to cover over-allotments. This over-allotment option will be exercisable in whole or in part at any time until 30 days after the closing of the Offering.

The gross proceeds from the sale of Subscription Receipts pursuant to the Offering will be held in escrow pending completion of the Acquisition. If the Acquisition is completed at or before 5:00 p.m. (Calgary time) on March 31, 2017 (or such later date as MRCC may agree), the net proceeds from the sale of the Subscription Receipts will be released from escrow to the Company, and the purchasers of the Subscription Receipts will automatically receive, for no additional consideration and without any action on their part, for every Subscription Receipt held, one unit of Prairie Provident (a "Unit") comprised of one common share of the Company (a "Common Share") and one-half of one Common Share purchase warrant (each whole Common Share purchase warrant, a "Warrant"). Each Warrant will entitle the holder to acquire one Common Share (a "Warrant Share") at an exercise price of \$0.87 per share for a period of 24 months following closing of the Offering. If the Acquisition is not completed at or before 5:00 p.m. (Calgary time) on March 31, 2017 (or such later date as MRCC may agree), then the purchase price for the Subscription Receipts will be returned pro rata to subscribers, together with a pro rata portion of interest earned on the escrowed funds.

The Company will use commercially reasonable efforts to obtain the necessary approvals to list the Flow-Through Shares, the Common Shares, the Warrants and the Warrant Shares on the Toronto Stock Exchange ("TSX").

Tim Granger, CEO of Prairie Provident, has advised that he intends to participate in the Offering for a minimum of 3% and up to 5% of the base offering amount described above.

For each Flow-Through Share, the Company will covenant to incur and renounce to the subscriber, effective for the fiscal year ended December 31, 2017, qualifying "Canadian exploration expenses" within the meaning of the *Income Tax Act* (Canada) in an amount equal to the purchase price of the Flow-Through Share.

The Subscription Receipts and Flow-Through Shares will be offered by way of a short form prospectus in all provinces of Canada other than Québec. Completion of the Offering is subject to certain closing conditions, including the receipt of all necessary approvals of the TSX. Subject to satisfaction or waiver of all such conditions, closing of the Offering is expected to occur on or about March 6, 2017.

This news release does not constitute an offer to sell or the solicitation of an offer to buy any securities of the Company in the United States or in any other jurisdiction in which any such offer, solicitation or sale would be unlawful. The securities to be offered under the Offering have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act") or any state securities laws, and may not be offered or sold in the United States or to U.S. Persons (as that term is defined in Regulation S under the 1933 Act) except in transactions exempt from the registration requirements of the 1933 Act and applicable state securities laws.

FURTHER INFORMATION

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READER ADVISORY

BOE Disclosure. *We have adopted the industry-standard conversion ratio of six Mcf to one bbl when converting natural gas quantities to "barrels of oil equivalent" (BOEs). BOEs may be misleading, though, particularly if used in isolation. A BOE conversion ratio of 6 mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Although the six-to-one conversion factor is an industry accepted norm, it is not reflective of price or market value differentials between product types. Based on current commodity prices, the value ratio between natural gas and oil is significantly different than the 6:1 ratio based on energy equivalency. Accordingly, a 6:1 conversion ratio may be misleading as an indication of value.*

Forward-Looking Information. *Certain information included in this press release constitutes forward-looking information under applicable securities legislation. Forward-looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", "project" or similar words suggesting future outcomes or statements regarding an outlook. Forward-looking information in this press release includes, but is not limited to, statements concerning successful closing and timing of the Acquisition, payment of the purchase price in respect of the Acquisition, expected production, cash flow and reserves additions related to the Acquisition, an expected increase in the Company's credit facility, the anticipated closing date of the Offering, the use of proceeds from the Offering, reserves estimates in respect of the Assets (including mechanical updates thereof), future production levels, the future success of the waterflood projects, decline rates, and future operational and technical synergies resulting from the Acquisition, including the impact of the Acquisition on the Company's LLR, future cash flows, future balance sheet flexibility and future acquisition opportunities.*

The forward-looking information contained in this press release is based on certain key expectations and assumptions made by Prairie Provident, including expectations and assumptions concerning the receipt of all approvals and satisfaction of all conditions to the completion of the Acquisition and the Offering, the timing of and success of future drilling, development and completion activities, the performance of existing wells, the performance of new wells, the availability and performance of facilities and pipelines, the geological characteristics of Prairie Provident's properties, the characteristics of the Assets, the successful integration of the Assets into Prairie Provident's operations, the successful application of drilling, completion and

seismic technology, prevailing weather conditions, prevailing legislation affecting the oil and gas industry, commodity prices, royalty regimes and exchange rates, the application of regulatory and licensing requirements, the availability of capital, labour and services, the creditworthiness of industry partners and the ability to source and complete asset acquisitions.

Although Prairie Provident believes that the expectations and assumptions on which the forward-looking information is based are reasonable, undue reliance should not be placed on forward-looking information because Prairie Provident can give no assurance that it 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. These include, but are not limited to, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), constraint in the availability of services, commodity price and exchange rate fluctuations, changes in legislation impacting the oil and gas industry, adverse weather or break-up conditions and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. These and other risks are set out in more detail in Prairie Provident's Annual Information Form for the year ended December 31, 2015.

Forward-looking information is based on a number of factors and assumptions which have been used to develop such information but which may prove to be incorrect. Although Prairie Provident believes that the expectations reflected in its forward-looking information are reasonable, undue reliance should not be placed on forward-looking information because Prairie Provident can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this press release, assumptions have been made regarding and are implicit in, among other things, the timely receipt of any required regulatory approvals and the satisfaction of all conditions to the completion of the Acquisition and the Offering. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which have been used. The forward-looking information contained in this press release is made as of the date hereof and Prairie Provident undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless required by applicable securities laws. The forward-looking information contained in this press release is expressly qualified by this cautionary statement.

Non-IFRS Measures. This press release provides certain financial measures that do not have a standardized meaning prescribed by IFRS. These non-IFRS financial measures may not be comparable to similar measures presented by other issuers. Run rate cash flow and operating netback are not recognized measures under IFRS. Management believes that in addition to net income (loss), run rate cash flow and operating netback are useful supplemental measures that demonstrates the Company's ability to generate the cash necessary to repay debt or fund future capital investment. Investors are cautioned, however, that this measure should not be construed as an alternative to net income (loss) determined in accordance with IFRS as an indication of Prairie Provident's performance. Prairie Provident's method of calculating these measures may differ from other companies and accordingly, they may not be comparable to measures used by other companies. Run rate cash flow is calculated based on annualized production and operating netback. Operating netback equals total petroleum and natural gas sales less royalties and operating costs calculated on a boe basis using the Company's commodity price forecast

Funds from Operations. Funds from operations is calculated based on cash flow from operating activities before changes in non-cash working capital, transaction costs, restructuring costs, decommissioning expenditures and other non-recurring items. Management believes that such a measure provides an insightful assessment of Prairie Provident's operation 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 operating activities, capital expenditures and debt repayments. Funds from operations as presented is not intended to represent cash flow from operating activities, net earnings or other measures of financial performance calculated in accordance with IFRS.

Adjusted EBITDAX. The Company monitors its capital structure and liquidity based on the ratio of Debt to Adjusted EBITDAX as defined as follows. The ratio provides a measure of the Company's ability to manage its debt levels under current operating conditions. "Debt" refers to the Company's borrowings under its Amended Credit Facility. "Adjusted EBITDAX" corresponds to defined terms in the Company's credit facility agreement and means net earnings before financing charges, foreign exchange gain (loss), E&E expense, income taxes, depreciation, depletion, amortization, other non-cash items of expense and non-recurring items, adjusted for major acquisitions and material dispositions assuming that such transactions had occurred on the first day of the applicable calculation period. As transaction costs are non-recurring costs, Adjusted EBITDAX has been calculated, excluding transaction costs, as a meaningful measure of continuing operating cash flows. For purposes of calculating covenants under the credit facility, Adjusted EBITDAX is determined using financial information from the most recent four consecutive fiscal quarters.