CALGARY, ALBERTA--(Marketwired - Aug 9, 2017) - Prairie Provident Resources Inc. ("Prairie Provident", "PPR" or the "Company") (TSX:PPR) is pleased to announce its operating and financial results for the three and six months ended June 30, 2017, and to provide an operational update. PPR's consolidated financial statements ("Financial Statements") and related Management's Discussion and Analysis ("MD&A") for the three and six months ended June 30, 2017 are available on its website and filed on SEDAR.

Prairie Provident was formed through the business combination of Lone Pine Resources Inc. and Lone Pine Resources Canada Ltd. (now Prairie Provident Resources Canada Ltd.) (collectively, "Lone Pine") and Arsenal Energy Inc. ("Arsenal") which completed on September 12, 2016 (the "Arsenal Acquisition"). Financial Statements referenced herein present the results for the historical Lone Pine properties for the period up to September 12, 2016 and for the combination of Lone Pine and Arsenal after September 12, 2016. This is a significant factor in understanding the year-over-year and quarter-over-quarter financial results of Prairie Provident.

SECOND QUARTER 2017 HIGHLIGHTS

- Second quarter production reached a new corporate record, averaging 5,872 boe/d (63% liquids), a 66% increase over the same period in 2016 due primarily to production additions from a successful Wheatland drilling program, the Arsenal Acquisition, and the high-quality, light oil assets acquired in the Greater Red Earth area of Northern Alberta on March 22, 2017 (the "Red Earth Acquisition");
- Compared to the first quarter of 2017, PPR's second quarter production increased 4% driven by a 22% increase in crude oil volumes, but was negatively impacted by third-party facility outages at the Waterton and Wheatland areas that curtailed production by approximately 300 boe/d while extended downtime in Evi due to wet weather conditions and road bans further impacted volumes by approximately 190 boe/d;
- Adjusted funds from operations[1] was 117% higher in the second quarter of 2017 than the same period in 2016 at $7.1 million ($0.06 per diluted share) due to increased production and improved operating netbacks;
- Operating netbacks[1] (after realized hedging gains) for the quarter were $18.20/boe, a 2% increase over the same period in 2016 largely due to stronger realized prices which were partially offset by lower gains on derivative instruments, higher operating costs and increased royalties due to higher pricing;
- Due to the seasonal impacts of spring break up, delayed scheduling of frac crews, and a conscious decision to defer a portion of our capital spending in response to commodity price uncertainty, second quarter capital expenditures were $4.8 million, 31% lower than the first quarter of 2017, with the majority directed to our Wheatland drilling and completions program;
- Completed four (4.0 net) wells at Wheatland that were drilled in the first quarter, of which two had come on stream by June 30, 2017 and the other two came on-stream in the third quarter;
- Recorded net earnings of $1.1 million, compared to a net loss of $43.2 million in the same period in 2016, due primarily to higher adjusted funds from operations and positive variances in several non-cash items, including decreased impairment losses, increases in unrealized hedging gains and a decrease in accretion expense, partially offset by higher depletion, depreciation and amortization expenses; and
- Exited the second quarter with bank debt of $47 million drawn on the Company's $65 million credit facility. The Company and its lending syndicate are progressing with new financing arrangements.

(1) Adjusted funds from operations and operating netbacks are non-IFRS measures and are defined in this release under "Other Advisories".

FINANCIAL AND OPERATING HIGHLIGHTS

	Three Months Ended June 30, 2017		Six Months Ended June 30, 2017	
($000s except per unit amounts)	2017	2016	2017	2016
Financial				
Oil and natural gas revenue	21,682	9,151	40,890	16,354
Net earnings	1,066	(43,223)	8,328	(40,026)
Per share - basic	0.01	(0.44)	0.08	(0.41)
Per share - diluted	0.01	(0.44)	0.07	(0.41)
Adjusted funds from operations(1)	7,060	3,252	12,994	4,342
Per share - basic & diluted	0.06	0.03	0.12	0.04
Capital expenditures (net of proceeds from dispositions)	4,767	1,201	53,153	11,933
Production Volumes				
Crude oil (bbls/d)	3,458	1,784	3,147	1,834
Natural gas (Mcf/d)	13,136	9,733	14,099	8,715
Natural gas liquids (bbls/d)	225	134	259	129
Total (boe/d)	5,872	3,540	5,756	3,416
% Liquids	63%	54%	59%	57%
Average Realized Prices				
Crude oil ($/bbl)	55.42	47.62	55.63	40.43

Natural gas ($/Mcf)	3.00	1.37	2.98	1.58
Natural gas liquids ($/bbl)	32.19	17.22	34.00	14.82
Total ($/boe)	40.58	28.41	39.25	26.30
Operating Netback ($/boe)(2)				
Realized price	40.58	28.41	39.25	26.30
Royalties	(5.63)	(2.87)	(5.80)	(2.53)
Operating costs	(18.90)	(15.60)	(17.98)	(18.43)
Operating netback	16.05	9.94	15.47	5.34
Realized gains on derivative instruments	2.15	7.88	1.78	9.85
Operating netback, after realized gains on derivative instruments	18.20	17.82	17.25	15.19

Notes:

(1)(2) Adjusted funds from operations and operating netback are non-IFRS measures and are defined below under "Other Advisories".

Capital Structure ($000s)	As at June 30, 2017	As at December 31, 2016
Working capital (deficit)(1)	(7,400)	(4,380)
Long-term debt	(50,429)	(15,047)
Total net debt(2)	(57,829)	(19,427)
Current debt capacity(3)	13,288	34,117
Common shares outstanding (in millions)	115.9	104.2

Notes:

(1) Working capital (deficit) is a non-IFRS measure calculated as current assets less current liabilities excluding the current portion of derivative instruments, the current portion of decommissioning liabilities and flow-through share premium. See "Other Advisories" below.

(2) Net debt is a non-IFRS measure, calculated by adding working capital (deficit) and long-term debt. See "Other Advisories" below.

(3) Current debt capacity reflects the credit facility of $65 million at June 30, 2017 and $55 million at December 31, 2016, net of amounts drawn thereunder.

As at June 30, 2017, total net debt increased by $38.4 million from December 31, 2016 as a result of the Red Earth Acquisition which was funded primarily through bank debt. Total net debt decreased by $1.9 million from March 31, 2017 as we deferred a portion of our original budgeted second quarter capital spending and applied free cash flow towards net debt reduction. The deferral in capital spending was a deliberate measure to preserve liquidity amidst the volatile commodity price environment during the second half of the quarter, as the Company remains intent on scaling the 2017 capital budget to commodity prices as part of a continued focus on prudent capital management.

	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Drilling Activity				
Gross wells	-	-	4	3
Working interest wells	-	-	4.0	2.9
Success rate, net wells (%)	N/A	N/A	100	100

OPERATIONS UPDATE

Wheatland, AB

Prairie Provident continued to focus on executing our capital program at Wheatland. Our second quarter capital activity levels were reduced due to the seasonal impacts of spring break up, delayed scheduling of frac crews, and a conscious decision to defer a portion of our capital spending in response to commodity price uncertainty. Invested capital was largely directed to the completion, equipping and tie-in of four (4.0 net) wells drilled in the first quarter, of which two were brought on production in the middle May and at the end of June, 2017, respectively, and the other two were brought on-stream in July and August, 2017.

PPR provided an overview of initial test results for each well in our June 7, 2017 operations update release. For the first 30 days of on-stream production, Wayne-1 and Wayne-3 wells had average production of approximately 270 boe/d (76% liquids) and 208 boe/d (18% liquids), respectively. The Wayne-2 produced an average of approximately 111 boe/d (37% liquids) for the first 13 days of on-stream production, while it was also retrieving load fluids. Entice-1 has been on production for 8 days and is currently producing at 272 boe/d (11% liquids). The Company cautions that initial production rates are not necessarily indicative of long-term well or reservoir performance or of ultimate recovery. Actual results will differ from those realized during an initial short-term production period, and the difference may be material.

Area production in the second quarter averaged approximately 2,240 boe/d (26% light / medium oil), which contributed to stronger corporate volumes despite being negatively impacted by third-party facility outages of approximately 130 boe/d. To date, a total number of 22 (20.6 net) wells have been drilled in the area.

PPR's evolution towards pad drilling and mono-bore drilling design over past periods has helped to maintain reduced drilling cycle times that currently average approximately 8.5 days at Wheatland. This improvement also significantly reduces surface costs, lowers the environmental footprint and increases the anticipated return on capital. While we have seen cost inflation from oilfield service providers and suppliers, we strive to maintain efficiencies through a continued focus on cost control.

Princess, AB

Our Princess properties averaged 380 boe per day (84% medium oil) during the second quarter of 2017. We have identified 15 potential drilling locations in the Detrital and Glauconite formations and have conducted pre-drilling activities on four of the locations, including seeking the necessary approvals to commence drilling in the third and fourth quarters. In the third quarter, PPR plans to tie-in two discovery wells, a Detrital well that flow tested at 300 boe/d (90% oil) over a four-day production test period and Glauconite well that flow tested at 900 boe/d (10% oil) over a two-day production test period. We continue to evaluate options to alleviate gas and water handling bottlenecks at Princess which is expected to support expanded drilling.

The Company cautions that test results and initial production rates are not necessarily indicative of long-term well or reservoir performance or of ultimate recovery. Actual results will differ from those realized during testing or an initial short-term production period, and the difference may be material.

Evi, AB

At Evi, exploration and development capital expenditures totaled $0.4 million for the second quarter, and were primarily directed to waterflood activities. Average area production for the quarter was 2,375 boe per day (98% light oil) reflecting the first full quarter of production impact from the Red Earth Acquisition that closed on March 22, 2017. Production for the quarter was negatively impacted by extended downtime due to wet weather conditions and road bans. Certain properties acquired through the Red Earth Acquisition were behind their ordinary maintenance schedule, which also resulted in some outages.

In the main Evi area, 8.25 of a total 37 sections are under waterflood with 24 injection wells (22 horizontals and 2 verticals) currently in operation. PPR may elect to accelerate our waterflood program within the 2018 capital budget given the additional expansion potential offered by the Red Earth Acquisition. Our long-term full field waterflood scenario contemplates converting a further 20 producing wells to injection wells at projected total future costs of approximately $20 million, which is anticipated to improve reserves at attractive finding and development costs.

The Evi properties provide the Company with a stable cash flow base that complements our development programs in other areas, lowers decline rates, and generates robust rates of return, payback and recycle ratios, even at current strip pricing. PPR believes that the waterflood program will continue to stabilize production from this play and enhance our long-term recovery potential.

2017 OUTLOOK AND GUIDANCE

PPR remains true to our corporate strategy, and conservatively executed our capital program while seeking to control costs and manage debt levels. During the first half of 2017, we invested approximately $17 million of our projected full-year $25 to $35 million 2017 exploration and development budget, with our current production volumes running close to our expected annual average. We will continue to focus on improving corporate netbacks by targeting higher value product streams (oil and condensate-rich liquids) and taking steps to improve capital efficiencies through pad drilling as well as focusing on those operating areas that have underutilized infrastructure capacity.

During the second quarter, the Company and syndicate of lenders for our existing $65 million credit facility (comprised of a $55 million revolver and a $10 million operating facility) (the "Facility") extended the term-out date of the Facility until August 18, 2017, with a maturity date of July 3, 2018. As at June 30, 2017, the Facility was drawn approximately 72%. This leverage level is supported by our reserves base and future cash flows, but remains above our target levels.

Despite continued commodity price volatility, PPR remains focused on delivering growth through production and funds from operations while continuing to preserve our financial position. As such, PPR is targeting the lower end of our previously announced 2017 guidance range and are forecasting a capital budget of approximately $25 million. We currently plan to defer a portion of the fourth quarter development to 2018, which will lower our expected exit production to between 6,000 and 6,500 boe/d without significant impact to our annual production guidance. We will continue to monitor the pricing conditions and adjust the pace of our development as warranted to protect our project economics.

PPR's hedging program provides price protection for approximately 70% of our 2017 estimated base production volumes (net of royalties), and based on our 2017 forecast adjusted funds from operations[2]; we anticipate adequate liquidity to fund our capital budget without incurring additional debt.

The Company continues to build on our existing asset base and have identified an attractive inventory of potential locations for conventional horizontal or vertical development, and we anticipate this inventory would provide the Company with more than five years of drilling based on our current pace of investment. With the positive impact of our waterflood, we believe that PPR's corporate decline rates will continue to come down and allow us to stabilize production levels over the medium and longer term.

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 Ellerslie and the Lithic Glauc formations, 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.

(2) Assumed price forecasts of USD$50.00/bbl WTI, CAD$2.50/GJ AECO, and a Canadian/US dollar exchange rate of $0.80.

FORWARD-LOOKING STATEMENTS

This news release contains certain forward-looking information and statements within the meaning of applicable Canadian securities laws. Statements involving forward-looking information relate to future performance, events or circumstances, and are based upon internal assumptions, plans, intentions, expectations and beliefs. All statements other than statements of current or historical fact constitute forward-looking information. Forward-looking information is 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. In particular, but without limiting the foregoing, this news release contains forward-looking information and statements pertaining to the following: new financing arrangements; projected capital expenditure plans, production and product mix; development and exploration plans at Wheatland, Princess and Evi (including with respect to numbers of wells and drilling locations at Wheatland and Princess and Evi waterflood activities and expectations); continued focus on corporate netbacks and capital efficiency and anticipated activities in furtherance thereof; targeting the lower end of the Company's previously-announced 2017 guidance range; projected 2017 exit production; deferral of a portion of fourth quarter development to 2018; drilling inventory numbers; alleviation of gas and water handling bottlenecks at Princess and expected support for expanded drilling; the potential acceleration of the Evi waterflood program for the 2018 budget; potential conversion of additional producing wells to injection wells at Evi and projected costs thereof; and expected benefits of Evi waterflood initiatives (including with respect to finding and development costs, stabilized production and enhanced recovery potential).

The forward-looking information and statements contained in this news release reflect material factors and expectations and assumptions of Prairie Provident including, without limitation: the Company's ability to reach an agreement with counterparties to new financing arrangements on terms and conditions that are acceptable to the Company; commodity prices and foreign exchange rates for 2017 and beyond; the timing and success of future drilling, development and completion activities (and the extent to which the results thereof meet Management's expectations); the continued availability of financing (including borrowings under the Company's credit facility) and cash flow to fund current and future expenditures, with external financing on acceptable terms; future capital expenditure requirements and the sufficiency thereof to achieve the Company's objectives; the performance of both new and existing wells; production from the Red Earth Acquisition and capital and operating costs in respect thereof; the timely availability and performance of facilities, pipelines and other infrastructure in areas of operation; the geological characteristics and quality of Prairie Provident's properties and the reservoirs in which the Company conducts oil and gas activities (including field production and decline rates); successful integration of the Red Earth Acquisition assets into the Company's operations; the successful application of drilling, completion and seismic technology; future exploration, development, operating, transportation, royalties and other costs; the Company's ability to economically produce oil and gas from its properties and the timing and cost to do so; the predictability of future results based on past and current experience; prevailing weather conditions; prevailing legislation and regulatory requirements affecting the oil and gas industry (including royalty regimes); the timely receipt of required regulatory approvals; the availability of capital, labour and services on timely and cost-effective basis; the creditworthiness of industry partners and the ability to source and complete acquisitions; and the general economic, regulatory and political environment in which the Company operates. Prairie Provident believes the material factors, expectations and assumptions reflected in the forward-looking information and statements are reasonable but no assurance can be given that these factors, expectations and assumptions will prove to be correct.

All information and statements that are in the nature of a financial outlook are forward-looking statements as they relate to prospective financial performance, financial position or cash flows based on assumptions about future economic conditions and courses of action. Financial outlook information in this news release includes statements regarding the Company's expected ability to fund its capital budget without incurring additional debt based on 2017 forecast adjusted future funds from operations, which are subject to the assumptions, risk factors, limitations and qualifications set forth above. All financial outlook information is made as of the date of this news release and is provided for the sole purpose of describing the Company's internal expectations on cash flow generation for 2017, and should not be used, and may be inappropriate for, any other purpose.

Although Prairie Provident believes that the expectations and assumptions upon which the forward-looking information in this news release is based are reasonable based on currently available information, undue reliance should not be placed on such information, which is inherently uncertain, relies on assumptions and expectations, and is subject to known and unknown risks, uncertainties and other factors, both general and specific, many of which are beyond the Company's control, that may cause actual results or events to differ materially from those indicated or suggested in the forward-looking information. Prairie

Provident can give no assurance that the forward-looking information contained herein will prove to be correct or that the expectations and assumptions upon which they are based will occur or be realized. These include, but are not limited to: risks inherent to oil and gas exploration, development, exploitation and production operations and the oil and gas industry in general, including geological, technical, engineering, drilling, completion, processing and other operational problems and potential delays, cost overruns, production or reserves loss or reduction in production, and environmental, health and safety implications arising therefrom; uncertainties associated with the estimation of reserves, production rates, product type and costs; adverse changes in commodity prices, foreign exchange rates or interest rates; the ability to access capital when required and on acceptable terms; the ability to secure required services on a timely basis and on acceptable terms; increases in operating costs; environmental risks; changes in laws and governmental regulation (including with respect to royalties, taxes and environmental matters); adverse weather or break-up conditions; competition for labour, services, equipment and materials necessary to further the Company's oil and gas activities; and changes in plans with respect to exploration or development projects or capital expenditures in respect thereof. These and other risks are discussed in more detail in the Company's current annual information form and other documents filed by it from time to time with securities regulatory authorities in Canada, copies of which are available electronically under Prairie Provident's issuer profile on the SEDAR website at www.sedar.com *and on the Company's website at www.ppr.ca. This list is not exhaustive. With respect to the Company's efforts to progress with new financing arrangements, while Prairie Provident believes that it will ultimately be successful in reaching agreement with counterparties on definitive terms and conditions thereof, no assurance can be given that agreement will in fact be reached or, if it is, that the definitive terms and conditions will be at least as favorable to the Company than those of the existing credit facilities or will improve Prairie Provident's liquidity profile.*

The forward-looking information and 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 information and statements contained in this news release are expressly qualified by this cautionary statement.

OTHER ADVISORIES

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 measures may not be comparable with the calculation of similar measures 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:

Working Capital - Working capital (deficit) is calculated as current assets less current liabilities excluding the current portion of derivative instruments, the current portion of decommissioning liabilities and flow-through share premium. 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 the current portion of flow-through share premium liabilities are excluded as it is a non-monetary liability.

Net Debt - Net debt is defined as long-term debt plus working capital surplus or deficit. Net debt is commonly used in the oil and gas industry for assessing the liquidity of a company.

Operating Netback - Operating netback is a non-IFRS measure commonly used in the oil and gas industry. This measure assists management and investors to evaluate operating performance at the oil and gas lease level. Operating netbacks included in this news release were determined by calculating oil and gas revenues less royalties less operating costs, and dividing that number by gross working interest production. Operating netback, including realized commodity (loss) and gain, adjusts the operating netback for only realized gains and losses on derivative instruments.

Adjusted Funds from Operations - Adjusted 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 operating performance on a continuing basis by eliminating certain non-cash charges and charges that are non-recurring and uses the measure to assess its ability to finance operating activities, capital expenditures and debt repayment. Adjusted 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.*

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