

Prairie Provident Resources Inc. Announces Renewal of Credit Facilities

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CALGARY, Dec. 29, 2021 - [Prairie Provident Resources Inc.](#) ("Prairie Provident" or the "Company") is pleased to announce the renewal of its senior secured revolving note facility (the "Revolving Facility"). The renewal extends the maturity date and revolving period by a full year from December 31, 2022 to December 31, 2023, and includes complementary amendments to the terms of both the Revolving Facility as well as the Company's outstanding senior subordinated notes ("Subordinated Notes").

The amendments provide Prairie Provident with the financial stability to support the execution of its 2022 and 2023 capital programs, underpinning the Company's objective to create shareholder value.

Credit availability under the Revolving Facility is based on the then-applicable borrowing base, which in accordance with terms agreed in late 2020 will be set at US\$53.8 million effective December 31, 2021 (equivalent to CAD\$71.1 million). The current amendments provide for added borrowing base certainty during 2022, as there is to be no scheduled redetermination of the borrowing base until after December 31, 2022, when the borrowing base will be reset to US\$50.0 million and thereafter be subject to semi-annual redetermination based on year-end and mid-year reserves evaluations during 2023. Though the lenders maintain their right to require a redetermination at any time, the next scheduled redetermination is Spring 2023 based on a year-end 2022 reserves evaluation.

The Company currently has US\$17.0 million of USD-denominated advances and \$41.1 million of CAD-denominated advances drawn against the Revolving Facility, for aggregate borrowings thereunder of US\$47.4 million, or CAD\$62.9 million (converting the USD-denominated advances at a current exchange rate of \$1.00 USD to \$1.28 CAD).

The margin on amounts borrowed under the Revolving Facility will continue to be 650 bps per annum above benchmark prime, LIBOR or CDOR rates, as applicable, for 2022, and will increase to 950 bps per annum for 2023.

In connection with renewal of the Revolving Facility, the maturity date of the US\$28.5 million aggregate original principal amount of Subordinated Notes issued in October 2017 and November 2018 (together with deferred interest amounts thereon paid in kind) has been extended from June 30, 2023 to June 30, 2024. The maturity date of the US\$11.4 million original principal amount of Subordinated Notes issued in December 2020 (together with deferred interest amounts thereon paid in kind) remains December 21, 2026.

The current balance of amounts owed under the outstanding Subordinated Notes, including deferred interest amounts through December 31, 2021, is US\$48.4 million (equivalent to CAD\$61.9 million based on a current exchange rate of \$1.00 USD to \$1.28 CAD), of which US\$35.5 million now matures June 30, 2024.

The amendments to the Subordinated Notes also allow the Company to elect to pay in kind all interest due thereon for so long as any indebtedness remains outstanding under the Revolving Facility. The terms of the Revolving Facility require that Prairie Provident make that election.

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 organically develop a new complementary play to facilitate reserves and production growth. The Princess area in Southern Alberta continues to provide short cycle returns through successful

development of the Glauconite and Eilerslie Formations.

For further information, please contact:

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