

# Prairie Provident Announces up to \$9.1 Million Brokered Equity Financing with \$7.35 Million in Lead Orders and Basal Quartz Horizontal Drilling Program

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CALGARY, Feb. 11, 2025 - [Prairie Provident Resources Inc.](#) (TSX:PPR) ("Prairie Provident" or the "Company") is pleased to announce that it has entered into an agreement with Research Capital Corporation, as lead agent and sole bookrunner, on behalf of a syndicate of agents including Haywood Securities Inc. (collectively, the "Agents"), for a brokered "best efforts" equity financing for aggregate gross proceeds of up to approximately \$9,100,000, comprised of:

(a) an offering up to 96,470,589 units of the Company ("Units") at a price of \$0.0425 per Unit for gross proceeds of up to \$4,100,000, on a prospectus-exempt basis pursuant to the 'listed issuer financing exemption' (LIFE) under applicable Canadian securities laws (the "LIFE Offering"), with (i) each Unit consisting of one common share of the Company ("Common Share") and one Common Share purchase warrant ("Warrant"), and (ii) each Warrant to entitle the holder to subscribe for and purchase one Common Share at an exercise price of \$0.05 for a period of 36 months following closing; and

(b) a private placement of up to 117,647,059 Common Shares at a price of \$0.0425 per Common Share for gross proceeds of up to \$5,000,000, pursuant to available exemptions from the prospectus requirements of applicable Canadian securities laws (the "Private Placement" and, together with the LIFE Offering, the "Offerings"). Warrants will not be issued to purchasers under the Private Placement.

The Company's principal and largest shareholder, PCEP Canadian Holdco LLC ("PCEP"), along with certain directors and officers of the Company, have indicated an intention to participate in the Offerings in an aggregate amount of approximately \$7,350,000 (collectively, the "Lead Orders"). It is expected that the Private Placement will be fully subscribed through the Lead Orders, and that the balance of the Lead Orders not fulfilled under the Private Placement will be fulfilled under the LIFE Offering. All subscriptions on account of Lead Orders will be subject to insider participation limits under applicable Toronto Stock Exchange ("TSX") rules.

Prairie Provident intends to use the net proceeds from the Offerings to drill two additional Basal Quartz horizontal wells in the first quarter of 2025 and for working capital and general corporate purposes, including expenses related to the Offerings. Including the above two Basal Quartz horizontal wells, the Company anticipates drilling a total of three Basal Quartz horizontal wells in the first quarter of 2025.

Prairie Provident's Basal Quartz Play in Michichi: A Unique Publicly Traded BQ Junior

Prairie Provident has established its Basal Quartz ("BQ") play in the Michichi core area as a significant growth driver, supported by robust well economics, an extensive drilling inventory, and strategic infrastructure. In December 2024, Prairie Provident reported strong initial results from its first two BQ wells, effectively proving the play concept. The first horizontal well achieved an IP30 (initial 30-day average production) rate of approximately 415 boe/d (66% liquids)<sup>1</sup> and the second delivered an IP21 (initial 21-day average production) rate of approximately 375 boe/d (64% liquids).<sup>2</sup> Continued production in the weeks following has yielded IP60 (initial 60-day average production) rates of approximately 333 boe/d (66% liquids)<sup>3</sup> and approximately 305 boe/d (62% liquids)<sup>4</sup>, respectively. A focus on operational efficiency brought both wells on-stream within 25 days of their respective spud dates.

Prairie Provident has a Michichi-area land position of approximately 153,000 net acres (239 net sections) on which it has identified over 40 horizontal BQ drilling opportunities, providing ample room for growth. None of

the Company's BQ drilling opportunities are booked locations to which any reserves were attributed in the most recent independent evaluation of Prairie Provident's reserves data, effective December 31, 2023, by Sproule Associates Limited.

Activity in the BQ play is primarily led by private operators. Prairie Provident has a unique position as the only publicly-traded company actively drilling in this play.

#### Basal Quartz: A Top-Tier Play in the WCSB

The BQ fairway, extending from Brooks to Drumheller (Michichi) in central Alberta, has rapidly become, in the Company's view, one of the premier oil-producing plays in the Western Canadian Sedimentary Basin (WCSB). The availability of extensive 2D and 3D seismic data, along with legacy vertical wells penetrating the Mannville group, has significantly de-risked this play. Modern horizontal drilling techniques combined with enhanced frac completion designs have unlocked substantial economic potential, making the BQ competitive with other leading plays in the WCSB, including the Montney and Clearwater. Publicly-available industry data indicates that production along the BQ trend has surpassed 40,000 boe/d (77% liquids), with operators having drilled over 100 horizontal wells in 2024 alone, further de-risking the play. Offset competitor wells in analogous zones have demonstrated peak production rates exceeding 1,200 bbl/d, further validating the play's potential.

#### Basal Quartz Well Economics: High Returns, Quick Payouts

The Company estimates that the average drill, complete, equip, and tie-in cost for a single BQ horizontal well in Michichi is approximately \$3.5 million. The BQ play offers attractive returns and payouts, making it, in the Company's view, one of the most competitive plays in the WCSB. Based on internal estimates, the Company's BQ wells have the potential to deliver impressive internal rates of return ("IRRs") greater than 300% (based on WTI US\$70/bbl and AECO C\$3.00/mcf) with payout periods of approximately eight months or less.

#### Strategic Land Base with Multi-Year Inventory

Prairie Provident holds a strategic and concentrated approximately 153,000 net acre (239 net sections) land base in Michichi and with multi-zone potential. In addition to the BQ, the acreage offers development opportunities in the Banff and other formations. With over 40 identified BQ drilling opportunities, Prairie Provident has the scalability to support long-term growth, benefiting from the de-risked nature of its lands due to offsetting competitor activity.

#### Company-Owned Infrastructure and Significant Tax Pool Coverage

Prairie Provident benefits from a combination of legacy and third-party infrastructure in the Michichi area, providing advantageous egress solutions. The Company owns two oil batteries (one LACT-connected) and two gas plants with a combined inlet capacity of 10 MMscf/d. Year-round access, existing surface leases and on-site facilities combine to facilitate cost-efficient operations with reduced downtime, supporting Prairie Provident's development strategy.

Prairie Provident has significant tax pool coverage with approximately \$590 million in tax pools, including approximately \$330 million of non-capital losses.

#### Additional Financing Details

The Agents will be granted an option to increase the size of the LIFE Offering by up to an additional 14,470,589 Units (up to \$615,000), exercisable in whole or in part up to two business days before closing.

Closing of the Offerings is expected to occur on or about February 24, 2025, or such other date or dates as Prairie Provident and the Agents may agree, and is subject to certain conditions including receipt by Prairie

Provident of all necessary approvals from the TSX.

The LIFE Offering will be made in accordance with the 'listed issuer financing exemption' in Part 5A of National Instrument 45-106 - *Prospectus Exemptions* ("NI 45-106"), to purchasers in any province of Canada, except Québec. The Units issued and sold under the LIFE Offering will not be subject to a 'hold period' pursuant to applicable Canadian securities laws.

There is an offering document related to the LIFE Offering that can be accessed under the Company's issuer profile at [www.sedarplus.ca](http://www.sedarplus.ca) and on the Company's website at [www.ppr.ca](http://www.ppr.ca). Prospective investors should read this offering document before making an investment decision.

The Private Placement will be made in reliance on available exemptions from the prospectus requirements of applicable Canadian securities laws, and the Common Shares issued and sold thereunder will subject to a hold period of four months and one day from the date of issuance.

In consideration for their services, the Agents will receive a cash commission of 8.0% of the aggregate gross proceeds of the Offerings (reduced for Lead Orders) and non-transferable broker warrants equal to 8.0% of the total number of Units sold under the LIFE Offering (except for Lead Orders). Each broker warrant will entitle the holder to purchase one Unit at an exercise price of \$0.0425 per Unit for a period of 36 months following closing.

*This news release does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of, any securities in the United States or to or for the account or benefit of U.S. persons or persons in the United States, or in any other jurisdiction in which, or to or for the account or benefit of any other person to whom, any such offer, solicitation or sale would be unlawful. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons or persons in the United States except in compliance with, or pursuant to an available exemption from, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. "United States" and "U.S. person" have the meanings ascribed to them in Regulation S under the U.S. Securities Act.*

## ABOUT PRAIRIE PROVIDENT

Prairie Provident is a Calgary-based company engaged in the exploration and development of oil and natural gas properties in Alberta, including a position in the emerging Basal Quartz trend in the Michichi area of Central Alberta.

For further information, please contact:

Prairie Provident Resources Inc.  
Dale Miller, Executive Chairman  
Phone: (403) 292-8150  
Email: [info@ppr.ca](mailto:info@ppr.ca)

## *Forward-Looking Information*

*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", "seek", "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: Basal Quartz drilling opportunities, including estimated payout periods on potential Basal Quartz wells; completion of the Offerings; the expected closing date of the Offerings; the successful completion of the Lead Orders; the intended use of proceeds from the Offerings; and the intended number of Basal Quartz wells that are anticipated to be drilled by the Company in the first quarter of 2025.*

*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. 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: results from drilling and development activities; 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 internally generated 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 production.*

*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: reduced access to external debt 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; the imposition of any tariffs or other restrictive trade measures or countermeasures affecting trade between Canada and the United States; 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 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 dated April 1, 2024 as filed with Canadian securities regulators and available from the SEDAR+ website ([www.sedarplus.ca](http://www.sedarplus.ca)) 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.*

#### *Oil and Gas Reader Advisories*

#### *Barrels of Oil Equivalent*

*The oil and natural 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. Boe's 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.

#### Analogous Information

Information in this news release regarding initial production rates from offset wells drilled by other industry participants located in geographical proximity to the Company's lands may constitute "analogous information" within the meaning of National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities (NI 51-101). This information is derived from publicly available information sources (as at the date of this news release) that Prairie Provident believes (but cannot confirm) to be independent in nature. The Company is unable to confirm that the information was prepared by a qualified reserves evaluator or auditor within the meaning of NI 51-101, or in accordance with the Canadian Oil and Gas Evaluation (COGE) Handbook. Although the Company believes that this information regarding geographically proximate wells helps management understand and define reservoir characteristics of lands in which Prairie Provident has an interest, the data relied upon by the Company may be inaccurate or erroneous, may not in fact be indicative or otherwise analogous to the Company's land holdings, and may not be representative of actual results from wells that may be drilled or completed by the Company in the future.

#### Potential Drilling Opportunities vs Booked Locations

This news release refers to potential drilling opportunities and booked locations. Unless otherwise indicated, references to booked locations in this news release are references to proved drilling locations or probable drilling locations, being locations to which Sproule Associated Limited (Sproule) attributed proved or probable reserves in its most recent year-end evaluation of Prairie Provident's reserves data, effective December 31, 2023. Sproule's year-end evaluation was in accordance with NI 51-101 and, pursuant thereto, the COGE Handbook. References in this news release to potential drilling opportunities are references to locations for which there are no attributed reserves or resources, but which the Company internally estimates can be drilled based on current land holdings, industry practice regarding well density, and internal review of geologic, geophysical, seismic, engineering, production and resource information. There is no certainty that the Company will drill any particular locations, or that drilling activity on any locations will result in additional reserves, resources or production. Locations on which Prairie Provident in fact drills wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, commodity prices, costs, actual drilling results, additional reservoir information and other factors. There is a higher level of risk associated with locations that are potential drilling opportunities and not booked locations. Prairie Provident generally has less information about reservoir characteristics associated with locations that are potential drilling opportunities and, accordingly, there is greater uncertainty whether wells will ultimately be drilled in such locations and, if drilled, whether they will result in additional reserves, resources or production.

#### Type Well Information

Information contained in this news release regarding estimated payout periods and internal rate of return (IRR) on potential Basal Quartz wells is based on the Company's internally-defined type wells. Type well information reflects Prairie Provident's expectations and experience in relation to wells of the indicated types, including with respect to costs, production and decline rates. There is no assurance that actual well-related results (including payout periods and IRR) will be in accordance with those suggested by the type well information. Actual results will differ, and the difference may be material.

#### Payout

Prairie Provident considers payout on a well to be achieved when future net revenue from the well is equal to the capital costs to drill, complete, equip and tie-in the well based on project economics. Forecasted payout periods disclosed in this news release are based on the following commodity price and CAD/USD exchange

rate assumptions: USD \$70.00/bbl WTI, CAD \$3.00/Mcf AECO, CAD \$1.35-to-USD \$1.00.

### Initial Production Rates

*This news release discloses initial production rates for certain wells as indicated. 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.*

### Non-GAAP Measures

*This news release uses the financial measure internal rate of return (IRR). IRR is a non-GAAP financial measure within the meaning of applicable Canadian securities laws, which does not have a standardized or prescribed meaning under International Financial Reporting Standards (IFRS) and may not be comparable to similar measures presented by other issuers. Investors are cautioned that non-GAAP measures should not be construed as a substitute or an alternative to net income or cash flows from operating activities as determined in accordance with IFRS. IRR is a measure used in financial analysis to estimate the profitability of potential investments and/or projects, and means the discount rate that makes the net present value equal to zero in a discounted cash flow analysis.*

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<sup>1</sup> Comprised of approximately 275 bbl/d of medium crude oil and 850 Mcf/d of conventional natural gas.

<sup>2</sup> Comprised of approximately 240 bbl/d of medium crude oil and 800 Mcf/d of conventional natural gas.

<sup>3</sup> Comprised of approximately 221 bbl/d of medium crude oil and 674 Mcf/d of conventional natural gas.

<sup>4</sup> Comprised of approximately 189 bbl/d of medium crude oil and 697 Mcf/d of conventional natural gas.

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