Prairie Provident Resources Inc. Announces Strategic Acquisition of Marquee Energy Ltd. to Unlock Significant Undeveloped Light Oil Growth Potential; Concurrent Flow-Through and Unit Financing

Calgary, Alberta – September 13, 2018 – Prairie Provident Resources Inc. ("Prairie Provident" or the "Company") (TSX: PPR) and Marquee Energy Ltd. ("Marquee") (TSX-V: MQX) are pleased to announce that they have entered into an agreement to effect the acquisition of Marquee (the "Acquisition") by way of a plan of arrangement (the "Arrangement"). Under the terms of the Arrangement, Marquee shareholders will receive 0.0886 of a Prairie Provident common share ("Prairie Provident Share") for each Marquee share ("Marquee Share"). Based on Prairie Provident's closing price of $0.42 on September 12, 2018, the exchange ratio translates to $0.037 per Marquee common share, representing a 24% premium to Marquee's closing price on September 12, 2018. The total consideration, including Marquee's net debt of $39 million(1), is approximately $55 million. The Arrangement includes a reciprocal break fee of $2.5 million.

Upon completion of the Arrangement, Prairie Provident production is anticipated to be approximately 7,700 boe/d (69% oil and liquids)(2) and proved plus probable reserves more than double to 43,321 Mboe(3) as of December 31, 2017, yielding a pro forma net asset value per share(4) of $2.71 (or $561 million). The proved plus probable reserve life index ("RLI") goes to 23 years (from 10 years).

Marquee is a publicly traded, western Canadian focused, oil and gas producer with current production of approximately 2,700 boe/d (>50% oil and liquids). Marquee's core assets are located in the Michichi area where it owns a high working interest position in a large, proven and delineated, Banff light oil accumulation with >60 Proved Undeveloped drilling locations that deliver robust new well economics at current strip prices and significant waterflood upside potential. At Michichi, Marquee owns and operates a pipeline-connected 2,000 bbl/d central oil battery, as well as two gas plants and associated gas gathering infrastructure with 15 mmcf/d of combined processing capacity, all of which are expected to provide considerable operating synergies to Prairie Provident. In addition, the Acquisition also provides G&A synergies as Prairie Provident benefits from economies of scale.

The Board of Directors of Prairie Provident and Marquee have both unanimously approved the Acquisition and have received verbal fairness opinions from their respective financial advisors, Cormark Securities Inc. and GMP FirstEnergy. The Arrangement remains subject to customary closing conditions including receipt of applicable court, Marquee shareholder, TSX, and other regulatory approvals, and is expected to close on or about November 15, 2018.

Concurrent with the Arrangement, Prairie Provident has also entered into a $3.5 million bought-deal short-form prospectus equity financing (the "Financing") led by Mackie Research Capital Corporation as sole lead and bookrunner for the offering.

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(1) Estimated net debt at closing as per the Arrangement agreement, exclusive of transaction costs.
(2) Based on forecast November 2018 production.
(3) Based on the respective reserves evaluation reports of Prairie Provident and Marquee, prepared by Sproule Associates Ltd., evaluating the reserves data of each company as of December 31, 2017 in accordance with the requirements of National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.
(4) Assumes outstanding common shares of 167 million pro forma the Transaction, Financing and debt redemption costs.

Strategic Highlights

The Board of Directors and executive management teams of both Prairie Provident and Marquee believe that the Arrangement will provide significant benefits to the shareholders of both companies. Shareholders are expected to now benefit from an improved light oil-weighted growth profile that can be executed on, while supported by a stronger financial position better suited to fund the long-term development of the deep inventory of highly attractive drilling prospects at Michichi.

The Acquisition is accretive to Prairie Provident shareholders on a fully-diluted per share basis on all pertinent fundamental metrics[(5)] .

Cash flow per share (2019 estimate)	**5%**
Production per share (2019 estimate)	**18%**
Total proved reserves per share (Dec. 31, 2017)	**48%**
Total proved net asset value per share (Dec. 31, 2017)	**35%**

The combined company will have three high quality core areas (Michichi/Wayne, Princess and Evi) with exposure to Canadian light oil and will manage the combined portfolio to choose the best projects and optimize capital allocation. The diverse oil-weighted asset portfolio with a strong inventory of opportunities and associated capital allocation optimization are expected to provide more profitable growth than either company could achieve on a stand-alone basis.

Pro forma the Acquisition, the combined Company will have a total enterprise value of approximately $177 million, and the shareholders will benefit from larger cash flows, operational and G&A synergies, better economies of scale and significantly improved trading liquidity.

Summary of the Acquisition

Total purchase price[1]	**$55 million**
Current production	**2,700 boe/d (53% oil and liquids)**
Proved plus probable RLI[2]	**23 years**
Total net undeveloped land (at Michichi)[3]	**187 sections (140 sections)**
Total proved undeveloped locations[4]	**62**
Operating netback (2019 estimate)[5]	**$17.76/boe**
Reserves (Mboe)[4]:	
Proved developed producing (“PDP”)	**5,270 (50% oil and NGLs)**
Proved (“1P”)	**13,915 (62% oil and NGLs)**
Proved plus probable (“P+P”)	**22,643 (64% oil and NGLs)**
Reserves value (BT NPV_{10})[4]:	
PDP	**$67 million**
1P	**$154 million**
P+P	**$262 million**

The associated Acquisition metrics are as follows:

Current production	**$20,451 per boe/d**

5) These metrics exclude the impacts from Financing, New Credit Facilities and potential non-core asset disposition.

Net operating income multiple (2019 estimate)[6]	**3.2x**
Finding, development and acquisition cost (“FD&A”)[4,8]:	
PDP	**$10.48 per boe**
1P	**$3.97 per boe**
P+P	**$2.44 per boe**
P+P Recycle Ratio[7]	**7.28x**
Reserves value (BT NPV_{10})[4]:	
PDP	**0.82x**
1P	**0.36x**
P+P	**0.21x**

Notes to the tables above:

1 The purchase price will be subject to normal adjustments for a transaction of this nature.
2 Defined as proved plus probable reserves relative to years of current production.
3 Land totals estimated as at June 30, 2018.
4 As per independent qualified engineering evaluation of the oil and natural gas reserves attributable to the properties of Marquee prepared by Sproule dated March 7, 2018 and effective December 31, 2017, prepared in accordance with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities. 'Mboe' means thousands of barrels of oil equivalent.
5 Forecast 2019 operating netback based on US$67/bbl WTI, $1.60/mcf AECO and 0.78 CAD/USD, realized revenue net of royalties, operating and transportation costs and prior to realized hedging gains/losses.
6 Forecast 2019 field cash flows multiple is calculated by dividing the purchase price by the current production and forecast 2019 operating netback from the acquired assets.
7 The recycle ratio is calculated by dividing the forecast 2019 operating netback by the P+P FD&A cost.
8 The reserve acquisition metrics are calculated off the stated Arrangement enterprise value, and are exclusive of 1P and P+P future development capital of $129 million and $215 million, respectively.

Pro Forma Key Operating and Financial Information

Production[1]	**7,700 boe/d (69% oil and liquids)**
P+P reserves (Mboe)[2]	**43,321**
Net debt[3]	**$104 million**
Enterprise value[4]	**$170 million**
Outstanding shares	**167 million**

Notes to the tables above:

1 Based on forecast November 2018 production.
2 Based on the respective reserves evaluation reports of Prairie Provident and Marquee, prepared by Sproule Associates Ltd., evaluating the reserves data of each company as of December 31, 2017 in accordance with the requirements of National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities, prior to adjusting for anticipated non-core asset dispositions.
3 Estimated net debt at closing of the Arrangement, after the net proceeds from the Financing and proceeds from anticipated non-core asset dispositions.
4 Estimated enterprise value at closing of the Arrangement, after the net proceeds from the Financing and proceeds from anticipated non-core asset dispositions.

Upon completion of the Arrangement, Prairie Provident anticipates a forward 12-month Adjusted Debt to EBITDAX ratio of approximately 2.2x, a 27% improvement over the second quarter of 2018. Pro forma Prairie Provident is expected to have the following key attributes:

- A light and medium oil-weighted asset base focused on three core areas in Alberta (Michichi/Wayne, Princess and Evi), which offer meaningful growth potential through lower risk development drilling opportunities, a proven water flood program and future consolidation prospects;
- A combined land base of approximately 715,000 net undeveloped acres (pro forma, as at June 30, 2018), with over 114 proved drilling locations that are expected to generate compelling returns at current strip commodity prices;
- Operatorship of over 90% of its production and an average working interest greater than 98% in its core areas;

- PDP and P+P reserves[4] of 13,738 Mboe and 43,321 Mboe, respectively, which had NPV_{10} value of $217 million[5] and $561[5] million as at December 31, 2017 yielding a pro forma net asset value per share[6][5] of $0.65 and $2.71, respectively;
- Forecast Q4 2018 Adjusted EBITDAX of approximately $11 million based on forward strip pricing that is expected to position Prairie Provident to efficiently develop its inventory of capital projects, as well as pursue accretive new opportunities;
- Enhanced operational and G&A efficiencies from economies of scale with annualized cost synergies of approximately $5 million;
- A senior secured credit facility of US$65 million (or C$84 million equivalent) backed by the Prudential Capital Group, with approximately US$44 million (or C$57 million equivalent) anticipated to be drawn at closing, depending on the outcome of certain non-core asset disposition previously announced by Marquee on August 29, 2018, which will support ongoing development and continued growth; and
- A robust three-year hedge book that Prairie Provident believes will provide meaningful protection against commodity price volatility and underpins funds from operations[4], further details of which will be outlined in the information circular.

Bought Deal Prospectus Financing

Concurrent with the Arrangement, Prairie Provident has entered into an agreement for a $3.5 million bought deal financing (the "Bought Deal Financing") with Mackie Research Capital Corporation ("MRCC") as lead underwriter and bookrunner, on its own behalf and on behalf of a syndicate of underwriters (collectively, the "Underwriters"), for the offering by way of a short-form prospectus. Under the terms of the Bought Deal Financing, the Underwriters have agreed to purchase for resale to the public, on a bought deal basis, 5,129,000 subscription receipts of the Company ("Subscription Receipts") at a price of $0.39 per Subscription Receipt for total gross proceeds of approximately $2.0 million (the “Subscription Receipt Offering”).

The Bought Deal Financing will also include the issuance of 3,261,000 Common Shares on a “flow-through” basis under the Income Tax Act (Canada) (the “CEE Flow-Through Shares” and, together with the Subscription Receipts, the "Securities") at a price per CEE Flow-Through Share of $0.46 (the “CEE Flow-Through Issue Price”) for aggregate gross proceeds of approximately $1.5 million (the “Flow-Through Offering”). The Underwriters will have an option to offer for sale up to an additional 489,150 CEE Flow-Through Shares issued under the Bought Deal Financing to cover over-allotments.

The gross proceeds from the Subscription Receipt Offering will be placed in escrow (the “Escrowed Proceeds”) and will be released to the Company (together with the interest thereon) and each holder of Subscription Receipts shall received one unit of the Company (a "Unit") for no additional consideration upon Mackie receiving a certificate from the Company to the effect that: (i) all conditions precedent to the completion the Acquisition have been satisfied or waived in accordance with the terms of the Acquisition Agreement (any such waiver to be consented to by Mackie in writing, acting reasonably); and (ii) receipt by the Company of all necessary regulatory and other approvals regarding the Subscription Receipt Offering and the Acquisition (together, the “Escrow Release Conditions”).

If: (i) the Acquisition has not been completed by 5:00 p.m. (Calgary time) on December 6, 2018 (or such later date as MRCC may consent on behalf of the Underwriters in writing); (ii) the agreement in respect of the Arrangement is terminated in accordance with its terms; or (iii) the Company advises the Underwriters or the public that it does not intend to proceed with the Acquisition, the gross proceeds from the Subscription Receipt Offering will be reimbursed pro rata to the holders of Subscription Receipts together with each such holder's pro rata portion of interest earned thereon, if any. To ensure that each holder of the Subscription

(4) These metrics exclude the impacts from Financing, New Credit Facilities and potential non-core asset disposition.
(5) Based on the respective reserves evaluation reports of Prairie Provident and Marquee, prepared by Sproule Associates Ltd., evaluating the reserves data of each company as of December 31, 2017 in accordance with the requirements of National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities.
(6) Net asset value calculated using estimated net debt at closing, after consideration for the net Financing proceeds but prior to contemplated non-core asset sales.

Receipt receives an amount equal to the aggregate purchase price of such Subscription Receipts, the Company shall contribute such amounts as are necessary to satisfy any shortfall.

Each Unit shall consist 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 shall entitle the holder to acquire one Common Share (a “Warrant Share”) at the exercise price of $0.50 for a period of 24 months from the Closing of the Offering. The Underwriters will have an option to purchase up to an additional 769,350 Subscription Receipts issued under the Subscription Receipt Offering to cover over-allotments.

The Securities will be offered by way of a short-form prospectus to be filed in those provinces of Canada (other than Quebec) as the Underwriters may designate, pursuant to National Instrument 44-101 - Short Form Prospectus Distributions and, other than the CEE Flow-Through Shares, may be offered in , in the United Kingdom and Europe and in the United States on a private placement basis pursuant to Rule 144A of the U.S. Securities Act of 1933, or such other exemptions as agreed to by the Company and Mackie Research Capital Corp.. The completion of the Offering shall be subject to the receipt of all necessary regulatory approvals and the other conditions listed herein, including TSX acceptance.

The Company will use commercial reasonable efforts to obtain the necessary approvals to list the CEE Flow-Through Shares, the Subscription Receipts, the Common Shares and Warrants issuable in exchange of the Subscription Receipts issued pursuant to this Offering, and the Warrant Shares issuable on the exercise of Warrants on the Toronto Stock Exchange on the Closing Date and the date of the issuance of the underlying Common Shares, Warrants and Warrant Shares, respectively.

The Bought Deal Financing is expected to close the week of October 8, 2018.

New Credit Facilities

Prairie Provident has received a commitment letter from Prudential Capital Group in respect to an expansion of its current credit agreements, to be effected concurrently with the closing of the Arrangement (and subject to the closing of the Arrangement). The highly confident letter contemplates that the expanded debt structure will provide Prairie Provident with senior secured revolving credit facilities up to US$65 million (or C$84 million equivalent) and up to US$28.5 million (or $37 million equivalent) of senior secured revolving notes due October 31, 2021 (“Secured Notes”). The credit facilities are expected to be available following the closing of the Arrangement to finance Prairie Provident's ongoing capital expenditures and for general corporate purposes. Concurrently with the closing of the Arrangement, it is anticipated that Marquee’s existing credit facilities will be repaid in full and terminated. In addition, Prairie Provident will issue $1.5 million equivalent of shares to Marquee’s term loan lender for early repayment of the term loan.

Governance

Prairie Provident’s Board of Directors will include one additional member from Marquee and will be led by Prairie Provident’s current chairman, Patrick McDonald, with the balance of the board to be detailed in the information circular being sent to the shareholders of Marquee.

Shareholder Approvals and Closing Matters

Implementation of the Arrangement will be subject to the approval of Marquee shareholders at special meetings to be held on, or about, November 26, 2018, by majorities of not less than two-thirds of the votes cast by Marquee shareholders at the Marquee meeting, and not less than two-thirds of the votes cast at the Prairie Provident meeting by the common shareholders of Prairie Provident.

All of the directors and officers of both Marquee and Prairie Provident have entered into support agreements under which they have agreed, among other things, to vote in favour of the Arrangement. In addition, shareholders of Prairie Provident related to Goldman Sachs Asset Management, holding approximately 42.67% of the outstanding Prairie Provident shares have agreed to vote in favour of the Arrangement. Such shareholders will hold approximate 30% of pro forma Prairie Provident Shares (after the Acquisition, Financing and shares issued for redemption of Marquee term loan). Shareholders of Marquee holding approximately 23% of the outstanding Marque Shares have agreed to vote in favour of the Arrangement.

The Arrangement provides for non-solicitation covenants on the part of Marquee with respect to alternative transactions, subject to its ability to consider, pursuant to the fiduciary obligations of the Marquee Board of Directors, a proposal for an alternative transaction that meets specified criteria and the right of Prairie Provident to match any such proposal, and for the payment of certain fees if the Arrangement is terminated.

Fairness Opinions

The Prairie Provident Board has unanimously approved the Arrangment, determined that the Arrangment is in the best interests of Prairie Provident and the holders of Prairie Provident shares, and has recommended that the holders of Prairie Provident shares vote in favor of the issuance of Prairie Provident Shares pursuant to the Arrangment. Cormark has provided the Prairie Provident Board with its verbal opinion that, subject to its review of the final form of documents effecting the Arrangment, the exchange ratio pursuant to the Arrangement Agreement is fair, from a financial point of view, to Prairie Provident.

GMP FirstEnergy has provided the Marquee Board with its verbal opinion that, subject to its review of the final form of documents effecting the Arrangment, the consideration to be received by holders of Marquee Shares pursuant to the terms of the Arrangement Agreement is fair, from a financial point of view, to Marquee shareholders.

Advisors

Cormark Securities Inc. is acting as the exclusive financial advisor to Prairie Provident with respect to the Transaction. Bennett Jones LLP is acting as Prairie Provident's legal advisor.

GMP FirstEnergy is acting as exclusive financial advisor to Marquee. DLA Piper (Canada) LLP is acting as Marquee's legal advisor.

Mackie Research Capital Corporation has been engaged by the Company to act as a strategic advisor.

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.

About Marquee Energy Ltd.

Marquee is a Calgary-based, junior energy company focused on light oil development and production in the Michichi area of eastern Alberta. Additional information about Marquee may be found on its website www.marquee-energy.com and in its continuous disclosure documents filed with Canadian securities regulators on SEDAR at www.sedar.com.

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FORWARD-LOOKING INFORMATION

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.

The forward-looking information and statements contained in this news release reflect material factors and expectations and assumptions of Prairie Provident including, without limitation: commodity prices and foreign exchange rates for 2018 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 agreements) 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; the successful application of drilling, completion and seismic technology; 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; 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.

In respect of the forward-looking information and statements concerning anticipated benefits and completion of the proposed Arrangement and the anticipated timing for completion of the Arrangement, Prairie Provident and Marquee have provided such information and statements in reliance on certain assumptions that they believe are reasonable at this time, including assumptions as to the time required to prepare and mail shareholder meeting materials, including the required information circular; the ability of Prairie Provident and Marquee to each receive, in a timely manner, the necessary regulatory, court, shareholder, stock exchange and other third party approvals, including but not limited to the receipt of applicable competition approvals; the ability of each of Prairie Provident and Marquee to satisfy, in a timely manner, the other conditions to the closing of the Arrangement; and expectations and assumptions concerning, among other things: commodity prices and interest and foreign exchange rates; planned synergies, capital efficiencies and cost-savings; applicable tax laws; future production rates; the sufficiency of budgeted capital expenditures in carrying out planned activities; and the availability and cost of labour and services. Other specific forward-looking statements contained in this news release such as, outstanding debt at closing, estimated production levels, estimated combined tax pools and borrowing base available to Prairie Provident on closing, are provided based on, among other assumptions described herein. To the extent that the proposed sales are not complete, such forward-looking statements may be materially inaccurate.

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,; 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.*

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 EBITDAX and Adjusted EBITDAX (before pro forma adjustments) – These measures are indicative of the Company's ability to manage its debt levels under current operating conditions. "Adjusted EBITDAX" corresponds to defined terms in the Company's debt agreements 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 ("pro forma adjustments"). As transaction costs related to merger and acquisition transactions 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 long-term debt, Adjusted EBITDAX is determined using financial information from the most recent four consecutive fiscal quarters. Adjusted EBITDAX (before pro forma adjustments) is determined by subtracting pro forma adjustments from Adjusted EBITDAX.