



## Prairie Provident Confirms Shareholder Consent Process for Acquisition of Marquee Energy Ltd.

**Calgary, Alberta – November 13, 2018** – Prairie Provident Resources Inc. ("Prairie Provident" or the "Company") (TSX:PPR) is pleased to confirm that, in connection with its previously-announced acquisition of Marquee Energy Ltd. ("Marquee"), the Company elected to obtain requisite approval of the Prairie Provident shareholders by written consent. The acquisition is proposed to be completed by way of statutory plan of arrangement under section 193 of the *Business Corporations Act* (Alberta) (the "Arrangement"), implementation of which will result in the Company acquiring all of the outstanding Marquee shares and the Marquee shareholders receiving, in exchange, 0.0886 common share of the Company for each Marquee share held.

Subject to requisite approvals by the Marquee shareholders at a special meeting to be held on November 19, 2018 and from the Court of Queen's Bench of Alberta, and to satisfaction or waiver of other conditions precedent as provided in the Arrangement Agreement between Prairie Provident and Marquee dated September 13, 2018, the Arrangement is expected to close on or about November 21, 2018.

The Arrangement, as well as certain ancillary transactions involving the issue or potential issue of Prairie Provident common shares ("PPR Shares") as previously announced by the Company and more particularly described below, are also subject to acceptance by the Toronto Stock Exchange ("TSX"). Pursuant to TSX rules, because the total number of Prairie Provident shares potentially issuable under the Arrangement and such other transactions exceeds 25% of the number of PPR Shares currently outstanding (on a non-diluted basis) the TSX requires as, a condition to its acceptance, that the Company's shareholders shall have approved the issuance of PPR Shares thereunder.

Support agreements in respect of the Arrangement were previously entered into with holders of more than 50% of the total number of PPR Shares outstanding (on a non-diluted basis) having effective voting rights. In this regard, of the 119,514,260 PPR Shares currently outstanding, 14,791,375 are held by Goldman, Sachs & Co., which elected to irrevocably waive any voting entitlement it may have in the PPR Shares owned or controlled by it. Excluding such PPR Shares, there are 104,722,885 PPR Shares outstanding (on a non-diluted basis) having effective voting rights. Accordingly, for shareholder approval purposes the Company has elected to obtain written consent of the supporting shareholders in lieu of incurring the expense of a formal meeting of shareholders.

The disclosure in this news release responds to regulatory requirements applicable where an issuer elects to obtain shareholder approval by written consent in lieu of a shareholders' meeting.

Based on the number of Marquee shares currently outstanding and the share exchange ratio under the Arrangement, up to 38,610,000 PPR Shares will be issued pursuant to the Arrangement. If all outstanding Marquee warrants and stock options are duly exercised (which would include full payment of the exercise price therefor) before completion of the Arrangement, up to an additional 5,490,000 PPR Shares could be issued such that, in aggregate, and as further supplemented by approximately 1% to accommodate the effects of rounding or other

administrative matters in completing the Arrangement, up to a maximum of 44,500,000 PPR Shares are potentially issuable pursuant to the Arrangement. The Company expects, however, that no Marquee warrants or stock options will be exercised and that the number of PPR Shares in fact issued under the Arrangement will therefore not exceed 38.7 million.

In connection with the Arrangement, PPR has also agreed to or otherwise anticipates completing the ancillary transactions described below involving the issue or potential issue of PPR Shares.

*Delivery of shares to Marquee's term loan lender on early repayment*

The Company anticipates delivering up to a maximum of 4,400,000 PPR Shares to Crown Capital Partner Funding, LP ("Crown"), as lender under Marquee's outstanding \$30,000,000 five-year term loan, in connection with the repayment of that loan on closing of the Arrangement. The Crown loan bears interest at 10% per annum and matures on May 30, 2022, and is not currently subject to a prepayment right. Effective May 31, 2019, prepayment is allowed but only on payment of a prepayment fee. The prepayment fee is 3% of the repaid principal for any prepayment made between May 31, 2019 and May 30, 2020.

To facilitate the refinancing of Marquee's indebtedness to Crown on closing, PPR and Marquee entered into an agreement with Crown to allow for early repayment of the loan (including unpaid interest and reimbursable costs, if any) without payment of a cash fee but subject to delivery of such number of whole PPR Shares as have an aggregate value, based on the 10-day volume weighted average trading price of the PPR Shares on the TSX before the effective date of the Arrangement, equal to \$1,500,000 – to a maximum of 4,400,000 PPR Shares. Although no discount is intended, it is possible that the 10-day volume-weighted average trading price of the PPR Shares is less than the 5-day price generally contemplated under TSX rules. Based on the aggregate \$1,500,000 issue price, the limit on the number of PPR Shares issuable to Crown to not more than 4,400,000 results in an effective minimum issue price per share of \$0.341. To Prairie Provident's knowledge, Crown does not currently own any securities of the Company.

*Expansion of Prairie Provident's existing credit arrangements*

The Company's wholly-owned subsidiary, Prairie Provident Resources Canada Ltd. ("PPR Canada"), obtained commitment letters for an expansion of its existing credit arrangements with Prudential Capital Group ("Prudential") on completion of the Arrangement. Borrowings under the expanded credit will be used, in part, to finance repayment of Marquee's indebtedness at closing (including the Crown term loan).

PPR Canada's existing credit arrangements with Prudential are comprised of (i) a US\$45 million senior secured revolving note facility (the "Revolving Facility") due October 31, 2020, and (ii) US\$16 million original principal amount of senior subordinated notes due October 31, 2021 ("Subordinated Notes"). The Revolving Facility is a borrowing base facility based on, among other things, proved reserves, and is subject to semi-annual redetermination. Amounts borrowed under the Revolving Facility can be drawn in the form of USD or CAD prime advances bearing interest based on reference bank USD and CAD prime lending rates announced from time to time, or LIBOR advances (in the case of USD amounts) or CDOR advances (in the case of CAD amounts) bearing interest based on LIBOR and CDOR rates in effect from time to time, plus an applicable margin. The Subordinated Notes bear interest at 15% per annum, with up to 5% per annum payable in-kind at PPR Canada's election. Interest amounts paid in-kind are deferred and become additional principal payable at maturity. The terms of the Revolving Facility require that PPR Canada make the maximum in-kind election.

The expanded credit arrangements with Prudential involve an increase in the Revolving Facility from US\$45 million to US\$65 million and the issue of up to an additional US\$12.5 million principal amount of Subordinated Notes.

In connection with the expansion, PPR will issue to Prudential 6,000,000 share purchase warrants (the "Lender Warrants"), each of which will entitle the holder to purchase one PPR Share at a price not less than the 5-day volume weighted average trading price of the PPR Shares on the TSX before the closing date. The Lender Warrants will have a five-year term, be subject to customary anti-dilution and other adjustments for certain events, and provide for a "cashless exercise" alternative pursuant to which the holder may exercise Warrants on a net basis, without payment of funds, and receive a lesser number of shares based on the "in-the-money" value of the exercised Warrants and the then-current market price of the PPR Shares. The Lender Warrants are in addition to warrants to purchase up to 2,318,000 PPR Shares currently held by Prudential.

*Private placement of subscription receipts*

On October 11, 2018, PPR completed a private placement (the "Private Placement") of 2,780,000 subscription receipts at a price of \$0.39 per unit, with each subscription receipt entitling the holder to receive, in connection with completion of the Arrangement, one PPR Share and one-half of one share purchase warrant. Each whole warrant ("Investor Warrant") will entitle the holder to subscribe for and purchase one PPR Share at an exercise price of \$0.50 until October 11, 2020 (subject to adjustment in certain circumstances).

The 2,780,000 subscription receipts sold in the Private Placement on October 11, 2018 are in addition to the 6,810,200 subscription receipts (and 3,750,150 flow-through common shares) distributed by the Company in a 'bought deal' prospectus offering completed on the same date.

The proceeds from the sale of the subscription receipts are currently held in escrow and will be released to PPR in connection with closing of the Arrangement, failing which they will be refunded to the purchasers.

Assuming that the maximum 4,400,000 PPR Shares are delivered to Crown on early repayment of its term loan to Marquee, that 2,780,000 underlying PPR Shares and 1,390,000 underlying Investor Warrants are issued pursuant to the 2,780,000 subscription receipts sold in the Private Placement, that the 6,000,000 Lender Warrants are issued, and that all such Investor Warrants and Lender Warrants are duly exercised in the future, then up to 14,570,000 PPR Shares are potentially issuable pursuant to these ancillary transactions.

The maximum PPR Shares issuable under the ancillary transactions, when added to the maximum 44,500,000 PPR Shares that could be issued pursuant to the Arrangement as described above, result in an aggregate maximum of 59,070,000 PPR Shares potentially being issuable under and in connection with the Arrangement, representing approximately 49% to the 119,514,260 PPR Shares currently outstanding (on a non-diluted basis). It is this level of share issuance for which shareholder approval is required under TSX rules and is being obtained by way of written consent in lieu of a shareholders' meeting.

In the circumstances of a public company acquisition transaction, the TSX will generally not require further securityholder approval for the issuance of up to an additional 25% of the number of securities approved for issuance by securityholders, provided that the additional securities are made issuable to target securityholders pursuant to an increase in the consideration offered under the transaction. Accordingly, the TSX will generally not require further shareholder approval for the issuance of up to an additional 11,125,000 PPR Shares under the Arrangement, such number being 25% of the number of PPR Shares approved for the Arrangement. No such increase is contemplated, however.

Each insider of the Company holding PPR Shares will experience dilution of their shareholdings from the Arrangement and ancillary transactions that is proportionately equivalent to the dilution experienced by the general body of Prairie Provident shareholders. No insider of the Company otherwise has an interest (direct or indirect) in the Arrangement or the ancillary transactions, no new control person or insider will be created as a result of

completing them, and there are no reasonable grounds to believe that completion could materially affect control of the Company.

The terms of the Arrangement were negotiated at arm's length between Prairie Provident and Marquee, and the respective counterparties to the ancillary transactions similarly deal at arm's length with the Company.

#### **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 Glauconite 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.

For further information, please contact:

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#### **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, and are based upon internal assumptions, plans, intentions, expectations and beliefs. All statements other than statements of current or historical fact constitute forward-looking statements.*

*In particular, this news release contains forward-looking statements pertaining to the anticipated closing of the Arrangement and timeframe for completion. Such statements reflect material factors and expectations and assumptions of Prairie Provident including, without limitation: approval of the Arrangement by the Marquee shareholders, the Court of Queen's Bench of Alberta and the TSX; continued support for the Arrangement and ancillary transactions from supporting shareholders of the Company; and continued willingness of Prairie Provident's lenders to advance additional credit on completion in accordance with the terms and conditions proposed by them and accepted by the Company; and the likelihood of satisfying all other conditions to completion of the Arrangement.*

*Prairie Provident believes that the material factors, expectations and assumptions reflected in the forward-looking statements contained herein and upon which they are based are reasonable in the circumstances based on currently available information, but undue reliance should not be placed on such information. Forward-looking statements are not guarantees of future outcomes, and the Company can give no assurance that forward-looking statements will prove to be correct or that the factors, expectations and assumptions reflected therein or upon which they are based will occur or be realized. Actual results will differ, and the difference may be material and adverse to the Company and its shareholders.*

*The forward-looking statements contained in this news release are made as of the date hereof, and Prairie Provident undertakes and assumes no obligation to publicly update or revise any of them, whether as a result of new information, future events or circumstances, or otherwise, except only as required by applicable Canadian securities laws. All forward-looking statements contained in this news release are expressly qualified by this cautionary statement.*