



News Release

Pine Cliff Energy Ltd. Announces Third Quarter 2019 Results

CALGARY, Alberta (Newsfile Corp. – November 5, 2019) - Pine Cliff Energy Ltd. (“**Pine Cliff**” or the “**Company**”) (**TSX: PNE**) is pleased to announce the filing of its third quarter financial and operating results. Included in the filings were Pine Cliff’s unaudited interim condensed consolidated financial statements and related management’s discussion and analysis for the three and nine months ended September 30, 2019 (the “**Q3-Report**”). Selected highlights are shown below and should be read in conjunction with the Q3-Report.

The third quarter of 2019 was a difficult quarter for natural gas producers with AECO 5A natural gas pricing averaged \$0.90 per Mcf, the lowest quarterly average in decades. Even with Pine Cliff’s low cost structure and access to diverse natural gas markets, the Company was unable to avoid negative adjusted funds flow. Highlights from Pine Cliff’s third quarter ending September 30, 2019:

- realized a gas price of \$1.55 per Mcf, 172% of the AECO 5A benchmark of \$0.90 per Mcf;
- realized a gas price of \$2.02 per Mcf for the nine months ended September 30, 2019, 133% of the AECO 5A benchmark of \$1.52 per Mcf;
- exited with \$3.9 million of cash in the bank; and
- subsequent to the third quarter, Pine Cliff entered into a credit agreement with AIMCo which extended the maturity dates of its \$30 million in promissory notes from September 30, 2020 to December 31, 2024 and extended the term of its debt to insiders amounting to \$12 million from September 30, 2020 to December 31, 2024.

Operations Update

In the fourth quarter of 2018, Pine Cliff drilled its first Pekisko oil well in Central Alberta. To date, this well continues to exceed expectations, averaging 280 Boe/d (56% oil and natural gas liquids) and generating \$2.1 million of adjusted funds flow in the first 290 days of production. That means over 70% of the \$3 million cost of this well has been recovered. Following up on that success, Pine Cliff plans to drill two Pekisko oil wells in the fourth quarter of 2019 starting in mid-November. Pine Cliff is expected to have one of these wells completed and on production by the end of the year and the other well will be completed and on production in the first quarter of 2020. Both well locations are on lands that were part of the strategic acquisition earlier this year. Pine Cliff currently has 30 gross (29 net) Pekisko oil locations in its inventory.

Nova Gas Transmission System (“NGTL”) Update

The Canadian Energy Regulator approved TC Energy’s Temporary Service Protocol (“TSP”) application in late September. The TSP was enacted with the goal of providing TC Energy more flexibility in how they deal with curtailments on the NGTL during times of maintenance. The TSP was only in effect in October of this year, but will be in place again from April to October 2020. To date, the TSP seemed to have had the desired impact of reducing volatility of AECO prices in October. From Pine Cliff’s perspective, any steps to lower the volatility in natural gas prices the Company has been dealing with in the past two years is welcomed and the Company applauds this decision and TC Energy’s and the Alberta Government’s leadership in this matter.

Transformation of Debt on Our Balance Sheet

Pine Cliff's reported debt was at its peak level of \$156 million on December 31, 2015 after its largest asset acquisition in the fall of 2015. At that time, the Company had a \$185 million credit facility with a syndicate of five Canadian financial institutions. Despite the low natural gas prices since that time, the Pine Cliff management team has lowered the Company's net debt to \$63.7 million at the end of the third quarter and converted all of the bank debt to term debt. All of the Company's debt is now held by three of its biggest shareholders.

Financial and Operating Results¹

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
(\$000s, unless otherwise indicated)				
Oil and gas sales (before royalty expense)	20,107	25,625	73,667	77,275
Cash flow from operating activities	(2,931)	(309)	11,497	7,201
Adjusted funds flow ²	(3,922)	1,920	854	6,080
Per share – Basic and Diluted (\$/share) ²	(0.01)	0.01	-	0.02
Loss	(17,739)	(10,710)	(48,443)	(44,199)
Per share – Basic and Diluted (\$/share)	(0.05)	(0.03)	(0.15)	(0.14)
Capital expenditures	1,123	1,910	2,933	6,363
Acquisitions	(7)	659	8,599	368
Net Debt ²	63,745	56,325	63,745	56,325
Production (Boe/d)	19,033	19,603	18,967	19,721
Weighted-average common shares outstanding (000s)	91%	94%	92%	94%
Basic and diluted	327,784	307,076	316,406	307,076
Combined sales price (\$/Boe)	11.48	14.21	14.23	14.35
Operating netback (\$/Boe) ²	(0.97)	2.34	1.59	2.37
Corporate netback (\$/Boe) ²	(2.24)	1.06	0.17	1.13
Operating netback (\$ per Mcfe) ²	(0.16)	0.39	0.27	0.40
Corporate netback (\$ per Mcfe) ²	(0.37)	0.18	0.03	0.19

¹Includes results for acquisitions from the closing dates.

²This is a non-GAAP measure, see NON-GAAP Measures for additional information.

About Pine Cliff

Pine Cliff is an oil and natural gas company with a long-term view of creating shareholder value. Further information relating to Pine Cliff may be found on www.sedar.com as well as on Pine Cliff's website at www.pinecliffenergy.com.

For further information, please contact:

Philip B. Hodge – President and CEO
 Cheryne Lowe – CFO and Corporate Secretary
 Telephone: (403) 269-2289
 Fax: (403) 265-7488
 Email: info@pinecliffenergy.com

NON-GAAP Measures

This press release uses the terms “adjusted funds flow”, “operating netbacks”, “corporate netbacks” and “net debt” which are not recognized under International Financial Reporting Standards (“IFRS”) and may not be comparable to similar measures presented by other companies. These measures should not be considered as an alternative to, or more meaningful than, IFRS measures including earnings (loss), cash flow from operating activities, or total liabilities. The Company uses these measures to evaluate its performance, leverage and liquidity. Adjusted funds flow is a non-Generally

Accepted Accounting Principles (“**non-GAAP**”) measure that represents the total cash flow from operating activities, before adjusting for changes in non-cash working capital, and decommissioning obligations settled. Net debt is a non-GAAP measure calculated as the sum of promissory notes at the principal amount, amounts due to related party and trade and other payables less trade and other receivables, cash, restricted cash and prepaid expenses and deposits. Operating netback is a non-GAAP measure calculated as the Company’s total revenue, less operating and transportation expenses, divided by the Boe production of the Company. Corporate netback is a non-GAAP measure calculated as the Company’s operating netback, less general and administrative expenses, interest and bank charges, divided by the Boe production of the Company. Please refer to the Q3-Report for additional details regarding non-GAAP measures and their calculation.

Cautionary Statements

Certain statements contained in this news release include statements which contain words such as “anticipate”, “could”, “should”, “expect”, “seek”, “may”, “intend”, “likely”, “will”, “believe” and similar expressions, statements relating to matters that are not historical facts, and such statements of our beliefs, intentions and expectations about developments, results and events which will or may occur in the future, constitute “forward-looking information” within the meaning of applicable Canadian securities legislation and are based on certain assumptions and analysis made by us derived from our experience and perceptions. Forward-looking information in this news release includes, but is not limited to: expected production levels, expected operating cost, royalty and general & administrative expense levels; future capital expenditures, including the amount and nature thereof; future acquisition opportunities including Pine Cliff’s ability to execute on those opportunities; future drilling opportunities and Pine Cliff’s ability to generate reserves and production from the undrilled locations; oil and natural gas prices and demand; expansion and other development trends of the oil and natural gas industry; business strategy and guidance; expansion and growth of our business and operations; maintenance of existing customer, supplier and partner relationships; supply channels; accounting policies; risks; Pine Cliff’s ability to generate cash flow from operating activities and adjusted funds flow; future capital spending and other such matters. Because of the risks, uncertainties and assumptions contained herein, readers should not place undue reliance on these forward-looking statements.

All such forward-looking information is based on certain assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances. The risks, uncertainties and assumptions are difficult to predict and may affect operations, and may include, without limitation: foreign exchange fluctuations; equipment and labour shortages and inflationary costs; general economic conditions; industry conditions; changes in applicable environmental, taxation and other laws and regulations as well as how such laws and regulations are interpreted and enforced; the ability of oil and natural gas companies to raise capital; the effect of weather conditions on operations and facilities; the existence of operating risks; volatility of oil and natural gas prices; oil and gas product supply and demand; risks inherent in the ability to generate sufficient cash flow from operations to meet current and future obligations; increased competition; stock market volatility; opportunities available to or pursued by us; and other factors, many of which are beyond our control. The foregoing factors are not exhaustive.

Actual results, performance or achievements could differ materially from those expressed in, or implied by, this forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do, what benefits will be derived there from. Except as required by law, Pine Cliff disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

Natural gas liquids and oil volumes are recorded in barrels of oil (“**Bbl**”) and are converted to a thousand cubic feet equivalent (“**Mcf**”) using a ratio of one (1) Bbl to six (6) thousand cubic feet. Natural gas volumes recorded in thousand cubic feet (“**Mcf**”) are converted to barrels of oil equivalent (“**Boe**”) using the ratio of six (6) thousand cubic feet to one (1) Bbl. This conversion ratio is based on energy equivalence primarily at the burner tip and does not represent a value equivalency at the wellhead. The terms Boe or Mcfe may be misleading, 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 of oil, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

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

The TSX does not accept responsibility for the accuracy of this release.