

News Release

Pine Cliff Energy Ltd. Announces Annual 2019 Results and Filing of 2019 Disclosure Documents

CALGARY, Alberta – (Newsfile Corp. – March 11, 2020) - Pine Cliff Energy Ltd. ("**Pine Cliff**" or the "**Company**") (TSX: **PNE**) is pleased to announce its year-end financial and operating results and the filing of its 2019 disclosure documents. Included in the filings were Pine Cliff's annual information form ("**AIF**"), which includes disclosure and reports related to reserves data and other oil and gas information pursuant to National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* and its consolidated financial statements and related management's discussion and analysis for the year ended December 31, 2019 (the "**Annual Report**"). Selected highlights are shown below and should be read in conjunction with the Annual Report and the AIF.

2019 Highlights

Pine Cliff's natural gas market diversification strategy was successful in generating positive adjusted funds flow in 2019, despite enduring one of the lowest AECO gas prices in 20 years. Pine Cliff was also able to use its extensive seismic database to expand the Company's prospect inventory by identifying a number of drilling locations on its existing land base and during the fourth quarter, drilled two 100% Pekisko oils wells. Significant Pine Cliff highlights from the fourth quarter and 2019 include:

- generated \$5.0 million of adjusted funds flow (\$0.02 per basic share) for the three months ended December 31, 2019 and \$5.9 million of adjusted funds flow (\$0.02 per basic share) for the year ended December 31, 2019;
- realized a \$2.15 per Mcf gas price for the year ended December 31, 2019, 23% higher than the AECO 5A benchmark of \$1.75 per Mcf;
- closed an acquisition of oil and natural gas assets in the Ghost Pine area of Central Alberta for cash consideration of \$8.8 million (after closing adjustments) on May 31, 2019, which added over 1,600 Boe/d (79% natural gas, 12% natural gas liquids and 9% oil) as of the closing date and increased the Company's undeveloped Pekisko oil locations as at December 31, 2019 by eight gross (8.0 net) booked locations;
- exchanged its \$49.0 million subordinated promissory notes for Term Debt, and extended \$42.0 million of debt originally expiring in 2020 to December 31, 2024; and
- drilled and completed two 100% working interest Pekisko oil wells that came on production in December 2019 and January 2020, respectively.

Debt Transformation on Pine Cliff's Balance Sheet

On October 1, 2019, Pine Cliff entered into a credit facility with Alberta Investment Management Corporation ("**AIMCo**"), acting on behalf of its clients, to repay its \$30 million promissory notes maturing September 30, 2020 and its \$19 million promissory notes maturing July 31, 2022 and replace them with a non-revolving term credit facility ("**Term Debt**"). The Term Debt consists of a first tranche with a principal amount of \$30 million that matures on December 31, 2024 and a second tranche with a principal amount of \$19 million that matures on July 31, 2022, (collectively the "**Refinancing**"). The Refinancing with AIMCo, one of the Company's major shareholders, as well as the extension of \$12 million of debt held by Pine Cliff's Chairman of the Board and a third party holding more than 10% of Pine Cliff's shares, out to December 31, 2024, allows the Company flexibility to focus on its business and any opportunities that are expected to arise during these turbulent times. The Company's focus continues to be to maximize shareholder value and to capitalize on opportunities during this cycle of low natural gas prices.

Outlook

With the recent collapse in global crude oil prices arising from both demand destruction due to COVID-19 and OPEC's inability to manage supply amongst its members, Pine Cliff remains committed to managing its financial flexibility and controlling capital expenditures. The Company's 2020 capital budget includes the drilling of one (1.0 net) Pekisko oil well in the fourth quarter and this timing provides Pine Cliff the flexibility to amend its capital spending during the year to stay

within adjusted funds flow. With natural gas representing over 90% of Pine Cliff's production, the Company believes it is well positioned to manage the volatility of crude oil prices while protecting asset and shareholder value.

Financial and Operating Results

	Three months ended December 31,		Year ended December 31,	
	2019	2018	2019	2018
(\$000s, unless otherwise indicated)				
Commodity sales (before royalty expense)	31,339	30,110	105,006	107,385
Cash flow from operating activities	4,039	1,415	15,536	8,616
Adjusted funds flow ¹	5,025	4,433	5,879	10,513
Per share – Basic and Diluted (\$/share) ¹	0.02	0.01	0.02	0.03
Loss	(7,987)	(28,520)	(56,430)	(72,719)
Per share – Basic and Diluted (\$/share)	(0.02)	(0.09)	(0.18)	(0.24)
Capital expenditures	5,446	4,302	8,379	10,665
Acquisitions	202	(61)	8,801	307
Capital dispositions	(1,443)	(51)	(1,542)	(285)
Net Debt ¹	64,038	56,819	64,038	56,819
Production (Boe/d)	19,661	19,576	19,142	19,684
Weighted-average common shares outstanding (000s)	92%	94%	92%	94%
Basic and diluted	327,784	307,076	319,274	307,076
Combined sales price (\$/Boe)	17.33	16.72	15.03	14.95
Operating netback (\$/Boe) ¹	4.16	3.56	2.25	2.68
Corporate netback (\$/Boe) ¹	2.79	2.46	0.84	1.47
Operating netback (\$ per Mcfe) ¹	0.69	0.59	0.38	0.45
Corporate netback (\$ per Mcfe) ¹	0.47	0.41	0.14	0.25

¹ This is a non-GAAP measure, see “NON-GAAP Measures” for additional information.

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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: 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; and other such matters.

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.

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 net income (loss), cash provided by 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 of funds provided by 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 bank debt, subordinated promissory notes at the principal amount, amounts due to related party and trade and other payables less trade and other receivables, cash, prepaid expenses and deposits and investments. Operating netback is a non-GAAP measure calculated as the Company’s total revenue, less operating 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 plus finance and dividend income, divided by the Boe production of the Company. Please refer to the Annual Report for additional details regarding non-GAAP measures and their calculation.

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